OHIO ECONOMIC DEVELOPMENT ASSOCIATION

May 23, 2019

Chair Dolan, Vice Chair Burke, Ranking Member Sykes and members of the Ohio Senate Finance Committee, my name is Jennifer Price, Executive Director of the Ohio Economic Development Association (OEDA). Thank you for an opportunity to testify as an interested party on the state's general operating budget, H.B. 166.

OEDA is a non-partisan professional association that advocates on behalf of economic development practitioners. The OEDA focuses on the issues that are most important to growing Ohio's economy.

OEDA joins with several others in expressing opposition to the inclusion of provisions of H.B. 149 in H.B. 166, as passed by the House of Representatives. OEDA members believe that the legislation warrants additional discussion, independent of the budget process.

After reviewing H.B. 149, OEDA members understand that some communities are not seeing adequate new residential development and that the legislation is intended to address that need. However, OEDA members have concerns that the legislation may have unintended consequences to local communities, causing an unnecessary loss of revenues to local government, school districts, local libraries and boards of developmental disability.

Generally, OEDA opposes provisions that usurp local control and/or mandate a property tax exemption. Tax abatements or exemptions should only be offered when there is a proven need to incentivize jobs or capital investments in a community. An automatic property tax exemption negatively impacts the ability of local officials to use proven economic development tools, like TIF agreements, which may be adversely affected due to their dependence on property value increases, such as those exempted by H.B. 149.

Historic economic development patterns show that demand for new homes will increase as the economy grows, with no tax-break incentives. The incentive for successful housing developments is access to jobs for potential home-buyers. In addition, by granting an automatic property tax exemption, H.B. 149 decreases a community's property tax revenue, which impacts a community's ability to fund infrastructure projects and hampers a local economic development official from utilizing the full range of economic incentives for a project that is more beneficial to the community.

Furthermore, by decreasing local property tax revenues key community services such as utility services, schools, libraries, or developmental disability services, which are often key selling points for employees of relocating businesses, may be negatively impacted.

Given the concerns expressed by many of potential unintended consequences and the possible complex impacts to economic development efforts across the state, OEDA respectfully asks that the provisions of H.B. 149 be removed from H.B. 166 so that we can continue fully exploring impacts and benefits of the proposal in the House.

Thank you for this opportunity and I am happy to answer any questions.