



**Senator Kirk Schuring**  
**Senate District 29**

**Senator Vernon Sykes**  
**Senate District 28**

Thank you Chairman Dolan, Vice Chair Burke, Ranking Member Sykes, and members of the Finance Committee for the opportunity to provide sponsor testimony on SB 204.

SB 204 is designed to help airports compete in an ever increasing competitive environment and will also provide tools to foster economic development in and around the airport. The bill allows for the establishment of an Airport Development District (ADD). It is actually a variation of Ohio's successful Special Improvement District (SID) law.

By way of background, Special Improvement Districts (SIDs) are economic development tools that allow private property owners in a self-defined area to establish a program for services or improvements aimed at the economic enhancement of the area. The area can be any size, as long as it is contiguous.

The SID enables businesses to assess themselves for specific improvements and services. Property owners can pay for the program with assessment on all properties in the given area.

The concept originated in the 1970s. SIDs are governed by private, nonprofit corporations created by the private property owners. The board that runs the corporation is made up of the property owners.

Since their inception, many studies have been conducted on SIDs, by both nonprofit and academic organizations. These studies show that SIDs increase tourism, increase quality of life for residents, reduce crime, and raise property values within their designated areas.

SIDS create sustainable funding streams for the community and allows property owners to dictate how funding is spent on a yearly basis. SIDs improve cleanliness and safety and allow organizations to be nimble and put resources to work where they are needed most. With no additional financial burden to local governments, SIDs can capture the energy of the motivated property owners wanting to improve their community and can provide at-large benefits to everyone involved in the community.

Like a Special Improvement District, an Airport Development District (ADD) is designed to pool the resources of the property owners surrounding the airport to assist in infrastructure improvements that will benefit the airport and the district as a whole. Additionally, funds generated from the ADD can be used to increase flights at the airport with flight guarantees, fee reductions and other incentives that can be offered to airlines.

Airports connect citizens, companies and communities to destinations around the world and provide a significant economic value to our state and local communities. To that end, a recent survey indicated that 62% of businesses consider the proximity to a commercial airport as a deciding factor in choosing where to locate.

However, competition is intensifying across the U.S. to retain and increase air service due to airline consolidation and a shortage of qualified pilots. Accordingly, air carriers are increasingly looking for incentives to reduce their financial risks, particularly in marginal markets.

S.B. 204 is designed to provide the necessary tools to increase flights and also foster economic development in and around the airport.

Under the legislation, the Airport Board of Directors must adopt a resolution expressing their desire for an Airport Development District to be established.

The resolution shall include the boundaries of the proposed district, the development plan of the district and the proposed development charge on the property owners within the district.

After the resolution is adopted, 60% of the property owners within the proposed district must sign a petition authorizing its creation. The petition must include a development plan stating the proposed improvements and incentives that will be underwritten by the ADD. The petition must also include the proposed developmental charge that will be assessed on each property owner.

The developmental charge may be up to 2% of the gross receipts of the property owner or up to two dollars a sq. ft. of the building or buildings on the property.

Once established, the ADD will be governed by an ADD Board of Directors. The Board will consist of seven directors, three of whom will be appointed by the Airport Board, one of the three shall be the airport manager. The remaining four members shall be appointed by the property owners within the ADD. All actions of the ADD Board will be with the advice and consent of the Airport Board.

In summary, airports are vital to a region's economic viability and overall quality of life.

Accordingly, an Airport Development District will strengthen an airport's positive impact on the region. It will improve the airport's infrastructure and increase the number of flights servicing the region. It also will benefit the property owners within the ADD by fostering more economic activity that will help to grow their businesses and also attract new businesses to locate within

the ADD. The final effect will be a collaborative use of resources where the total benefits will be greater than the sum of its parts.

Thank you Chair Dolan and member of the committee for the opportunity to give sponsor testimony. I will be glad to answer any questions you may have at this time.