



May 15, 2019

Dear Members of the Senate General Government and Agency Review Committee,

The Ohio Economic Development Association (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 writes today to join with others in expressing opposition to the inclusion of provisions of H.B. 149 in the Operating Budget Bill, 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.

If you have any questions, please do not hesitate to contact me at jprice@ohioeda.com or 614.506.1500.

Sincerely,

A handwritten signature in cursive script that reads "Jennifer Price".

Jennifer Price
Executive Director