

MEMORANDUM

Date: December 8, 2020

To: Honorable Members of the Ohio Senate Insurance & Financial Institutions Committee

From: Ohio Hotel & Lodging Association (OHLA), Joe Savarise, Executive Director

Re: H.B. 38

OHLA Supports Granting Property Tax Pandemic Impact Consideration

Ohio law sets the valuation of property on a triennial basis (once every three years) for purposes of property tax. Not every Ohio county operates on the same triennial period. Current Ohio law allows property owners/taxpayers to contest the valuation of their property only once in a three-year period. Amendment 0449-5 temporarily authorizes a county board of revision to make an adjustment to account for a reduction in the property's value due to circumstances related to the pandemic or state COVID-19 orders that occur within the tax year for which the complaint was filed, whether that tax year is 2020 payable 2021, tax year 2021 payable 2022, or tax year 2022 payable 2023. This permission includes those entities that already filed a complaint for the same property during the same triennial period.

OHLA Supports Flexibility for Hotels with Nonrecourse Loans

Many hotel businesses were not able to access assistance from the federal Paycheck Protection Program because of restrictions contained in their loan agreements. **Currently, there are 289 hotels in the state of Ohio who have financing through a Commercial Mortgage Backed Securities (CMBS) lending option. Their combined appraisal value is more than \$4 billion with a balance of \$1.62 billion.** Without some type of relief option for these businesses and employers, 37 Ohio counties will directly be impacted by massive foreclosures – not just these hotels, but a ripple effect will begin and have direct impact to other hotels with traditional lending SBA loans.

OHLA has suggested amending existing section of O.R.C. Chapter 1319 sections on Nonrecourse Mortgages as follows:

- Permit 60-120 day forbearances to borrowers on an immediate and expedited basis with basic documentation needed, i.e. borrower's certifications that a state-declared State of Emergency requires this forbearance
- Permit borrowers to grant 60-120 day forbearances of payment on all leases without requiring lender consent, provided the tenants agree to repay the obligations within a rolling 12-month period
- Permit the utilization of all reserves, except for tax and insurance reserves, to be utilized to pay operating expenses first, and then to pay debt service, while also waiving any additional reserve payments being made, except for taxes and insurance reserves, for 90 days
- Permit borrowers to obtain emergency federal disaster relief, including SBA-backed loans without triggering a negative repercussion for the borrower such as Event of Default or creating any Guaranteed Obligation, or such terms as defined in applicable loan documents

OHLA Supports Assistance for Ohio's Most Impacted Industries

Early financial assistance helped build a bridge through 2020 for many businesses, but additional relief is needed to allow the most heavily impacted employers to survive into 2021, when vaccine and other developments will allow a return to sustainable business levels. Additional programs to provide relief to Ohio businesses should also include needs testing and measurements to ensure the most impacted enterprises are helped proportionally. Targeted bridge loans or other accessible financing as available to our industry in other states would greatly enhance the grant funding and dividends the state has provided to employers across the board. Funding to help house medical staff, first responders and others involved in COVID-19 response in the event of future surges would be a prudent step for protection.