House Finance Agriculture, Development & Natural Resources Subcommittee
Interested Party Testimony, House Bill 110 (Oelslager)
Jason Warner, Greater Ohio Policy Center
Thursday, March 4, 2021

Chairman Kick, Ranking Member O'Brien, and members of the House Finance Agriculture, Development, and Natural Resources Subcommittee: thank you for providing us with this opportunity to provide interested party testimony on House Bill 110, the main operating budget for FY2022-2023.

My name is Jason Warner, and I am the Director of Strategic Engagement with the Greater Policy Center (GOPC). GOPC is a statewide non-profit organization that champions revitalization and sustainable growth in Ohio's cities and metros. GOPC is highly respected for its data-driven, nonpartisan policy analysis, research, and policy development, and regularly provides expert analyses to public, private and nonprofit leaders at the local, state and national level. Our mission is to improve Ohio's communities through smart growth strategies and research, with a vision of a revitalized Ohio.

This past year has been, without a doubt, a tumultuous one for Ohio's cities and towns, as they waded the waters of a global pandemic. GOPC applauds the tremendous efforts of local leaders, and commends state-level policymakers for their continued efforts in responding to the pandemic and assisting local leaders in these efforts.

I am here today to express GOPC's support for the Investing in Ohio's future proposal put forward by Governor DeWine as part of his budget proposal. GOPC sees very clear alignment with this proposal with our own policy agenda, including the proposed investment in broadband expansion – which the House has already advanced as part of House Bill 2 – as well as the Community Redevelopment Program. We were excited when the Governor described this proposal as a $200 million investment into communities' downtowns, streetscaping, placemaking-type programs and needed infrastructure projects such as water and sewer system improvements and modernization. We strongly encourage you to hold the Governor to the descriptions he offered in his introduction to the budget—while sewer and water replacements are important, each community has slightly different needs and priorities and the flexibility the Governor described could help many smaller legacy cities stabilize and thrive.

While Greater Ohio recognizes the budget bill thoughtfully considers many of Ohio's most pressing needs, I wish to speak to you today about one policy priority: brownfields funding. These former industrial and commercial sites are unusable for new development in their current condition, and they are found in every county of the state – in both rural and urban communities. These blighted properties discourage investment and create barriers to job creation across the state.

Ohio was once a national model for brownfield redevelopment; however, brownfield redevelopment is down in Ohio after the sunset of the Clean Ohio Revitalization Fund (CORF).

Current brownfield programs in Ohio often target specific site types or only offer loans, both of which have limited redevelopment possibilities. While the proposed budget includes a provision for brownfields loans, GOPC knows that many smaller communities, especially in this economic climate, will be unable to effectively utilize these dollars to make a meaningful impact. Without state investment, Ohio's older communities remain at an economic disadvantage to tackle blight and cannot access the economic potential locked in these sites which are often located in prime locations. Communities are unable to reactivate their downtowns, provide housing for their residents, or attract economic activity through industry and job growth.

The average cost of remediating one brownfield acre can be between $15,000 and $35,000. Research by GOPC and others shows that the high cost of brownfield remediation is more than paid back through the economic output of the cleanup itself. GOPC found that for every one dollar invested by the state, CORF generated an additional $4.67 in new economic activity. In cleanup alone, CORF contributed an annual $1.4 billion to Ohio's GDP. Additionally, new construction and ongoing tax revenues from the new businesses or homes on the remediated site contribute to the state's economy.

For Ohio to remain competitive in business re-shoring, the state must provide resources to local communities to revitalize once-productive sites.

Ohio has the potential to bring in millions of dollars in additional tax revenue, provide jobs, and spur economic activity in Ohio's communities if we seize the opportunity to redevelop the thousands of environmentally brownfields sites throughout Ohio. **In the 133rd General Assembly, legislation was introduced to provide a dedicated funding source to the Clean Ohio Revitalization Fund (HB675). In the 134th General Assembly, this legislation has been introduced again as HB143 and the companion bill, SB84. HB143 and SB84 dedicates the excess liquor profits returned to the state from JobsOhio to the CORF program.**

The Clean Ohio Revitalization Fund (CORF) was originally funded by bonds backed by the state liquor sales. When JobsOhio was established, the state transferred the state-owned liquor agency to provide operating capital for the organization, with profits earned from sales returned to each year to state. In FY2019, the returned profits to the state's GRF were $50.3M, and in FY20 this amount was $53.4M, according to the JobsOhio Audited Financial Statement. Estimates show this number will remain at or above $50M annually throughout FY23. As identified in Ohio law, these returned liquor profits can be used to: pay off bonding debts from the creation of JobsOhio; fund the GRF; or, fund the Clean Ohio Revitalization Fund (CORF).

The program structure of the CORF program still exists in Ohio law; however, funding has not been allocated since it was last bonded in 2008. Between 2002 and 2013, CORF was bonded twice – at $200M – for a total of $400M. **An amendment will be presented to the House Finance Committee for inclusion in the Main Operating Budget. This amendment would dedicate 75% of the excess liquor profits returned to the state from JobsOhio as the source of funding for CORF, with the remaining 25% going to the General Revenue Fund.**

As the original CORF program was funded by the state liquor sales, Greater Ohio recommends the legislature allocate the portion returned liquor profits to fund the CORF program. While minor tweaks to the program's structure would be necessary to ensure its sustainability, public and private stakeholders acknowledge CORF as a community-responsive and successful state-operated program that leveraged a more than 4:1 return for every state dollar invested.

One additional change under this proposal that is worth noting, is that the list of entities eligible to be a recipient of CORF funds would be expanded to include county land reutilization corporations, or land banks. Land banks have increasingly begun to take on the responsibility of addressing vacant and abandoned commercial and industrial sites, in addition to homes, and Greater Ohio believes that it makes sense to expand the scope of the bill to ensure that these sites, which may include brownfields, are able to be addressed in the proper manner.

In conclusion, Chairman Kick we wish to thank you and the members of the subcommittee for your attention and time today as we have outlined a policy priority that can enhance economic opportunity for the state and assist Ohio’s communities in returning blighted properties to productive use. I am happy to answer any questions you or members of the committee may have.