

Ohio General Assembly

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Committees

Technology &
Innovation, Chair,
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Ways and Means

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Thank you Chairman Merrin, Vice Chairman Riedel, Ranking Member Sobecki and members of House Ways and Means for hearing HB 123, revising laws governing Community Reinvestment Areas (CRAs) and their associated terms.

A Community Reinvestment Area is a primary economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing property or construct new buildings within a designated zone. Property owners operating within CRAs can receive tax incentives for investing in real property improvements with appropriate legislative authorization and agreements with local authorities and property owners. The program is delineated into two distinct categories, those created prior to July 1994 ("pre-1994") and those created after the law changes went into effect after July 1994 (post-1994).

There are many reasons that Ohio needs CRA reform, but one of the most glaring reasons is because of the overly bureaucratic nature of post-1994 CRAs with unnecessary State reporting. As a former Newark City councilman, I have seen the unnecessary impacts and limitations to economic and workforce development that pre-1994 to post-1994 CRA can cause. Post-1994 CRA's place burdensome additional reporting requirements, limitations, and unnecessary fees that if removed may vastly improve the opportunities for Residential, Industrial, and Commercial Investment that reside in a CRA zone; with corresponding benefits to County and Municipal entities offering the incentive. Creating opportunities for business, industries, and everyday people to benefit from improving their community and find gainful employment. This proposed legislation will remove much of this red tape, and turn CRAs into what they were always intended to be: a permissive economic tool for communities to enter into, and benefit from. This legislation is simply improving their usability and applicability.

Much of HB 123 has been focused on building consistency with Economic Development tools, aligning TIFs and CRA default tax incentive percentages to range from 75% to 100% based on school board approval (80% of CRAs tracked by DSA), reducing penalty years for relocating from 5 years to 2 years for relocating in the State, and cleaning up language and process for an Economic Development tool I believe has great potential.

Making CRAs more accessible by removing redundant reporting mechanisms, adding consistency in annual filing requirements, reducing the restrictions for who may enter into CRA agreements, and removing fees for property owners entering into CRAs will attract investment in Ohio. The bill will align with the original intent of CRAs, to build stronger Ohio communities.

Now my co-sponsor Representative Jon Cross will address the committee about this great bill.