

Medina County Commissioners

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SENT VIA EMAIL

Ohio House Ways and Means Committee

RE: HB 123 Modify Community Investment Area Agreements

Dear Chairman Merrin and Ways & Means Committee members,

The Medina County Board of Commissioners respectfully but strongly oppose HB 123 currently being heard in the House Ways and Means Committee. We agree the goals of reducing paperwork and streamlining the process for Community Reinvestment Area agreements are worthy. However, the proposed legislation unfortunately repeals many commendable features of the current system that encourages a statewide economic development tax incentive program that is predictable, effective, efficient, and fair to all parties.

The Board of Medina County Commissioners feel strongly that counties should focus their economic development efforts on the attraction of new businesses, the retention and expansion of existing businesses, and the promotion of their communities as good places to do business. To that end, state tax incentive policies should encourage local government leaders, businesses, and school district officials to work constructively together to further those commendable goals.

Several of the proposals put forth by this legislation, unfortunately, will foster local government behavior and tactics that are predatory and likely result in cannibalistic outcomes for local school district tax bases. The most disturbing of those changes undermines a constructive relationship between local economic development offices and school districts. These include:

- Removing the requirement that annual reports detailing CRA commercial and industrial projects be submitted to school districts.
- Increasing from 50% to 75%, the percentage of a proposed CRA exemption for a commercial or industrial project that requires obtaining permission from a school district encompassing the project. Absent a significant reform of school funding statewide that reverses the over reliance upon local property taxes, this provision alone will undermine public confidence in the efficacy and fairness of tax abatement programs.

Other provisions that are also of great concern include:

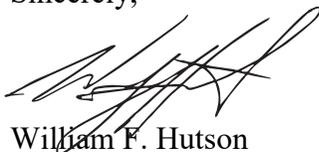
- Reducing from five to two years eligibility to apply between tax exemption programs will encourage “jurisdiction jumping.” (lines 373-374)
- Repeal of relocation notices is a loss of public transparency that could encourage a “poaching” behavior that is destructive to statewide and regional economic development cooperative efforts.
- Elimination of fees to the local government for the necessary and reasonable administrative tasks of managing the program and ensuring compliance with tax incentive agreements shifts the costs to the local government, rather than the company benefitting from tax abatements. (lines 303-324)

Lastly, public confidence and support for statewide business incentive programs needs to remain a high priority. Over the last 25 years, businesses have been required to justify receipt of property tax incentives by declaring a commitment to create new jobs or retaining workers. This bill seeks to undermine a consistent and statewide requirement that justifies those tax abatements.

It also undermines the enforcement of those provisions, even if a county chooses to retain those parameters for the investment. If counties and municipalities do not have consistent requirements enforced statewide, it could accelerate a “race to the bottom” by competing jurisdictions. Jurisdictions that do not enforce their requirements would be at a competitive advantage against those that have stringent enforcement. Without the appropriate accountability, public confidence in the efficacy of the CRA programs would ultimately and eventually be diminished.

We urge members of the Ohio House Ways and Means Committee to take these concerns into consideration of House Bill 123, if the legislation moves forward through the process. Thank you for the opportunity to provide written testimony on this impactful legislation.

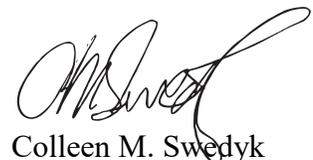
Sincerely,



William F. Hutson
Board President



Stephen D. Hambley



Colleen M. Swedyk

Medina County Board of Commissioners

cc: Vice-Chairman Representative Riedel
Ranking Member Representative Sobecki
Representative Fraizer
Representative Cross
Representative Kick
Representative Ray