Ohio General Assembly

77 South High Street
Thirteenth Floor
Columbus, Ohio 43215
Phone: (614) 466-1482
Rep71@ohiohouse.gov

Committees
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THE GENERAL ASSEMBLY OF THE STATE OF OHIO
HOUSE OF REPRESENTATIVES

Mark D. Fraizer

State Representative, District 71

Chairman Blessing, Vice Chair Roegner, and Ranking Member Williams for hearing HB 123, to modify the law governing community reinvestment areas.

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 aligning economic development tools like TIFs and CRA, to default tax incentive percentages to range to 75% with up to 100% available 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 for Ohio.

Issues from committee discussed with interested parties:

- 50% to 75%
- Relocation, no difference between 2 years and 5 years
- Notification of leaving CRA, no real impact
- DSA rubber stamp approval
- Income sharing agreement, $3 million tied to inflation
- Added local townships
- Agreement language is less restrictive and adoptable to local government

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.