

Co-Chairman Blessing, Co-Chairman Roemer, and members of the Joint Legislative Committee on Property Tax Review and Reform. Thank you for the opportunity to offer testimony here today on behalf of the Clark-Shawnee Local Board of Education.

Tax increment Financing (TIF) started innocently enough in California in 1952 to attract companies to build facilities in blighted cities that would provide jobs for the residents. However, overtime, especially after the housing crisis in 2008, residential developers also began asking for TIF's to increase their profit margin. Though they're marketed as helping the local community, TIF's and CRA's (Community Redevelopment Area) hurt the local economy. There have been several major studies that show this.

An Iowa study of TIF's concluded that "On net... there is no evidence of economy wide benefits, fiscal benefits, or population gains." A study from Illinois "found that economic growth in cities that did not use TIF was stronger than in cities that did because TIF subsidies caused an inefficient allocation of resources."

The institutions that suffer the most from TIF's are our public schools. A study done by Good Jobs First, a national research firm headquartered in Washington DC stated that "local funding, 65% of which comes from property taxes, provided the greatest share of school funding." In Ohio, when residential developers come into a city, they ask for TIF under ORC 5709.40 which allows municipalities, without school board approval, to take away 75% of school property tax levy money for ten years from the schools. The purchasers of the homes still pay property taxes, but the school districts only get 25% of the money to educate the students for 10 years. The other 75% goes to the residential developer.

When residential developers come into a state, they usually start with bigger cities first, asking for TIF's. Once a city grants one TIF, the effect snowballs – all developers will ask for TIF's. In Cincinnati in 2018 – 2019 there were 20 residential TIF districts in the city and 8 TIF districts outside of the city but within school district limits. When I spoke to the president of the Teacher's Union there in 2019, she said the schools were losing out on \$814 million a year, and other local services like the Cincinnati Zoo, Children's Services, and health care for the poor lost an additional \$10 million a year. She said 38.5% of properties in Cincinnati were abated.

In Ohio, other cities are also affected. In Cleveland, according to Good Jobs First, schools lost \$9.2 million on 8 subsidized projects, while in Toledo abatements cost schools \$13.7 million a year. Youngstown, Massillon, Lorain, and most recently Vandalia Butler schools have also lost money due to TIF's. I'm sure that Policy Matters Ohio personnel can also provide you with information on the losses to Ohio schools.

After they targeted larger cities in Ohio, residential developers started going after smaller cities, like Springfield, where I live. Before 2018, our local residential builders had been community members who lived and worked in our county. In 2018 an outside developer, DDC Management, came in and asked the City of Springfield to give them a TIF against our district. Despite our asking them not to, the city gave DDC a 10-year,

75% TIF of our levy money for the 210 homes in the development. In the first year of the development, we had to buy a new bus to transport the students. Since then, more developers have come in and asked for TIF's and CRA's which the city has given them. Melody Parks will have 1200 units (residential), Sycamore Ridge 258 homes, and a third development, Maple Grove, 110 homes. We will have students from 1578 additional homes in our school district, with 25% of our property levy money to educate them. We also opened a new school under OSFC funding and went from three elementary schools to one. How are we supposed to be able to continue our tradition of excellence to educate them? I am telling you this so you will realize how much abatements of levy money affect schools across Ohio.

When a school district decides to go on the ballot, the State of Ohio has very specific wording that we must follow. Nowhere does it say that the money our residents voted on for schools will instead be taken from them and be given to developers to pay for infrastructure. The issue should be taken to the Ohio Supreme Court.

As of 2022, there were eight states that passed state laws exempting school property tax money from TIF's and CRA's: Alaska, Florida, Kentucky, Louisiana, Maryland, Massachusetts, North Dakota, and South Dakota, according to the National Education Association, but only two states – Florida and Texas – “shield school revenue from abatements and TIF's.”

Please let's add Ohio to the list and make our students and residents our priority, instead of an outside company that should have the business acumen to manage their own finances.

Respectfully Submitted,

Dr. Susan Page, on behalf of the Clark-Shawnee Local School Board of Education

Mr. Ben Galbreath, Board President

Mrs. Michelle Garrett, Board Vice-President

Mrs. Judith Pierce, Board Member

Mr. David DeHart, Board Member