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Ohio Department of Development
Ohio Senate General Government Committee
May 9, 2023

Chairman Rulli, Vice-Chair Schuring, Ranking Member DeMora, and members of the Senate General Government Committee, thank you for the opportunity to offer testimony on House Bill 33, the state operating budget. My name is Lydia Mihalik, and I am the director of the Ohio Department of Development.

Our mission at Development is to empower communities to succeed, which we are working to fulfill by investing our resources in all 88 counties in ways that maximize the return on those investments for our state's people, businesses, and communities. Under the leadership of Governor Mike DeWine and Lt. Governor Jon Husted, and in partnership with the General Assembly, we've delivered some big wins as a result and showcased why Ohio is the best place to live, learn, work, and visit.

Over the biennium, we've worked closely with JobsOhio and its regional partners to support job creation throughout the state. We have secured some of the biggest economic development projects in Ohio's history, including Intel's selection of Ohio as the site for its most advanced semiconductor manufacturing facility on the planet, and automotive giants such as Honda, GM, and Ford are investing billions of dollars to produce electric vehicles in Ohio. Ohio's economy is experiencing significant growth, and major companies are taking notice.

Since the start of the current biennium, the Ohio Tax Credit Authority (TCA) approved Job Creation Tax Credits (JCTC) for 135 projects in 43 counties. The projects are set to create 26,158 new jobs, result in \$1.7 billion in new payroll, and spur more than \$30.7 billion in investments across Ohio.

These projects include the Honda-LG Energy Solutions electric vehicle battery plant in Fayette County. This mega-project represents a recommitment by Honda to Ohio, 45 years after it announced that it would locate a production plant in the state. The TCA approved a 30-year JCTC in October 2022 for the project, which involves an investment of \$4.2 billion for the new plant in Fayette and upgrades to Honda vehicle production facilities in three other counties – Union, Logan, and Shelby. All told, the companies expect to create 2,527 new full-time jobs, generating \$117.6 million in annual payroll. The projects also will result in 8,023 retained jobs with a payroll of \$578.7 million.

In September 2022, the TCA also approved a 30-year JCTC for Ford Motor Company's mega-project in Lorain County. Ford is investing \$1.5 billion in its Avon Lake plant to add production capabilities for one of its next-generation electric vehicles. The company expects to create 2,000 new full-time jobs, generating \$108.1 million in annual payroll. It also will retain 1,660 jobs with a payroll of \$121.2 million.

These mega-projects are terrific news for Ohio, but the TCA reviews other projects every month. They may not be as big as Honda-LG or Ford, but they still are vitally important to their communities. In January 2023, the TCA approved an \$8 million JCTC for Abbott Laboratories in Wood County with the promise of adding 450 jobs. At the same meeting, the TCA approved a \$700,000 tax credit for 40 new jobs at Pathfinder Product Labs in Grandview Heights. And in October 2021, the TCA approved a \$695,000 tax credit for 135 new jobs at Apackaging Group in Defiance. In 2022, Apackaging also received a \$1 million Regional 166 Loan to buy five hybrid-electric injection molding machines, helping with company growth and employment.

WORKFORCE

As these companies look to relocate to and expand in Ohio, we know workforce is a top concern for large and small businesses throughout your districts. Under the leadership of Governor DeWine and Lt. Governor Husted, and through our collaboration with the Governor's Office of Workforce Transformation, we have worked hard to address the issue.

Among our successes is the TechCred program, which helps businesses address their workforce needs by upskilling current and prospective employees. Since its inception in 2019, more than 2,000 Ohio employers have been approved for funding through the TechCred program, paving the way for employees to earn more than 57,000 new tech-focused credentials.

And that's just one of the workforce programs we've championed this biennium. We've supported Industry Sector Partnerships, which help local communities build local solutions to their unique workforce issues. We've also implemented the Individualized Microcredential Assistance Program, which allows unemployed and underemployed people to earn career-enhancing credentials at no cost to them. We are supporting the work of Ohio's Innovation Districts which promise to create thousands of well-paying jobs, including a \$100 million investment toward health care innovation in Cleveland. And we're helping build the future workforce through our internship programs in technology, manufacturing, export, and procurement.

Our proposed budget reflects our continued commitment to these successful programs that are preparing Ohioans for quality, higher-paying jobs and helping companies fill in-demand jobs.

INVESTING IN COMMUNITIES

To help our communities pave the way for even more economic growth, Development has administered hundreds of millions of dollars through a variety of programs aimed at meeting the needs of infrastructure upgrades and other projects. With the support of the Ohio General Assembly, we've invested \$350 million for brownfield remediation and cleanup, \$150 million for demolition and site revitalization, and \$250 million to provide our communities with safer drinking water and more reliable sewer systems. Thanks to the support of the legislature, we're preparing to invest an additional \$250 million we received late last year to help even more Ohio communities with water/wastewater projects.

Here are some concrete examples of how we're helping communities:

- In Youngstown, we awarded \$6.8 million to demolish and revitalize 473 properties and an additional 126 properties in Mahoning County, laying the framework for numerous options for reuse.
- In Toledo, we awarded \$10.3 million to demolish the Rosemary Apartment Building, which has been vacant for 15 years and is highly visible to residents and visitors passing by on I-75 in north Toledo.
- The EAL property near downtown Edgerton is a prime location for redevelopment, but efforts stalled because of its brownfield status. We're providing nearly \$4 million to help clean up the site, likely leading to development as a recreational area and mixed-use buildings.
- And in Columbus, we awarded \$10 million to help clean up the American Smelting and Refining Company property, which has been vacant for 35 years. The property is expected to be reused for mixed-use development.

We're also implementing programs that have a dramatic impact on communities and neighborhoods in need. Through our highly competitive Historic Preservation Tax Credit and Transformational Mixed-Use Development programs, we're helping revitalize historic buildings and transform vacant properties to unlock their potential and create new spaces for retail, offices, housing, and recreation.

Here are a few examples:

- We awarded a \$1.2 million Historic Preservation Tax Credit to transition the Mahoning National Bank building in Youngstown into 71 residential units while maintaining commercial spaces on the first four floors.

- A Historic Preservation Tax Credit of \$247,400 will help transform the Kresge Building in Salem into a restaurant with outdoor dining.
- The Hall of Fame Village in Canton was awarded \$15.8 million in TMUD tax credits to help with the huge transformation of that area.
- In Grandview Heights, \$6.3 million in TMUD tax credits will help transform the Dublin Road Landfill into the Grandview Crossing. The project is expected to create more than 300 construction jobs and 1,900 permanent jobs.

And some projects use more than one of our programs to improve economic development and quality of life in their communities.

For instance, the Van Wert Forward project received a \$1.2 million Historic Preservation Tax Credit and a nearly \$900,000 TMUD tax credit to rehabilitate 19 mostly vacant buildings in the downtown business district.

And then there's the Renkert Building project in the Upper Downtown Canton Historic District. The 113,502-square-foot building will become an extended-stay hotel with restaurant space on the first floor. A three-story building will be built on an adjacent lot with hotel, restaurant, event, and retail uses, and public parking will be added to support businesses in the surrounding area. This project was awarded a \$9.7 million Historic Preservation Tax Credit and a \$4.2 million TMUD tax credit. And it was awarded \$3.4 million in the Brownfield Remediation Program to remove asbestos and mold from the interior.

In alignment with the vision of the DeWine-Husted administration, and thanks to the support of the legislature, the Governor's Office of Appalachia (GOA) is overseeing a \$500 million investment in the 32-county region. This is a long-overdue, comprehensive investment and a once-in-a-lifetime opportunity to create transformational projects that will have a lasting positive impact for generations to come. This is in addition to the many other GOA programs administered to meet the specific needs of Ohio's Appalachian communities. We're grateful for the four Local Development Districts and our many partners throughout the region who collaborate with us in this important work.

Spanning from the shores of Lake Erie to the banks of the Ohio River, Appalachia has so much to offer tourists, and it is one of the several inviting regions we've promoted through our tourism division.

TOURISM

Tourism has been a major economic driver for Ohio over the current biennium with visitor spending nearing \$50 billion annually. To keep pace with our competitors (Kentucky, Pennsylvania, West Virginia, Indiana, and that state up North), we're proposing \$10 million per fiscal year, consistent with the current biennium, to continue our successful tourism

marketing efforts and bring more visitors to the state. We believe this is a good investment for Ohio, and we'll continue to take steps to maximize our ROI. Longwoods International research showed that 70% of travelers in our markets recalled seeing our ads and that each marketing dollar we spent returned \$83 in visitor spending and \$6 in taxes for the state.

In the past year, we've also expanded our advertising into new markets and started promoting Ohio as a great place to live. In alignment with this broader messaging, our budget proposes changing the name of the state's tourism division from TourismOhio to the State Marketing Office to better reflect our expanded scope and intentional focus on promoting the state as a whole: not only as a great place to visit, but a great place to start and raise a family, pursue an education, do business, and secure a better job.

INVESTING IN PEOPLE

The DeWine-Husted administration is committed to ensuring all Ohioans can live up to their full potential, and we're making important investments to provide support for Ohioans in need.

Helping Ohioans at home is an important aspect of our work, which is why we propose continued investment in necessities such as energy assistance and weatherization programs, as well as broadband expansion. Ensuring Ohio families are safe, secure, comfortable, and connected in their homes is pivotal to helping them reach their full potential.

Our Community Services Division works every day to help keep Ohioans safe in their homes. In 2021-2022, we served nearly 233,000 households through the Ohio Home Energy Assistance Program, improved weatherization in more than 3,200 homes, and provided permanent supportive housing and transitional housing assistance to 3,805 households.

In addition, we're fortunate to work with some incredible local partners who aid us in our mission. For example, we provided more than \$26 million in 2022 to 47 Community Action Agencies across the state that served more than 200,000 Ohio families. We also provided \$6.4 million to 24 agencies serving 87 of Ohio's 88 counties to help with homelessness prevention and rehousing. The division also continues to operate the Home Relief Grant, to help those who are behind on rent, mortgage, and utility payments, as well as the Ohio Housing Trust Fund, which provides affordable housing opportunities for low-income Ohioans and families, and emergency shelter assistance.

BROADBAND

Because broadband access is critical to economic development and overall quality of life for Ohioans, we have spent the past year partnering with the Ohio General Assembly, local community leaders, and internet service providers to improve Ohio's digital ecosystem and bring community-based broadband solutions to life.

In March 2022, the Broadband Expansion Authority awarded more than \$232 million in grants, directly funding projects covering 43,000 homes in 31 counties and leveraging commitments from additional providers to build out their broadband networks. In total, nearly 100,000 households will receive service as a result of this funding.

As part of the executive budget, Ohio's broadband development and expansion efforts will receive access to \$403 million in federal funding over the next biennium to build infrastructure and increase the adoption of high-speed internet in underserved and unserved communities.

INVESTING IN BUSINESSES

As we've worked to stand up new programs, land major economic development deals, jumpstart economic development, and support Ohio families in their time of need, we've never lost sight of our responsibility to support existing Ohio businesses.

That includes strengthening Ohio's food supply chain by providing grants to meat processors. In collaboration with the Department of Agriculture, we provided nearly 128 grants totaling nearly \$28 million to meat processors in 59 of our 88 counties.

This Administration is committed to helping small businesses and minority- and women-owned businesses succeed, and we have made great strides in better supporting the needs of Ohio entrepreneurs. We've made processes easier, more efficient, and cost-effective.

Our small business assistance centers saw a record numbers of clients over the past two years. Advisors in our Minority Business Assistance Centers (MBAC) and Small Business Development Centers (SBDC) work every day to help small businesses get started, thrive, and grow. And they do it at no cost to the small business owner.

The 2022 fiscal year was one of the busiest in the 37-year history of the Ohio SBDC, as the program supported more than 15,000 small businesses with advising and training services—representing a 97.7% increase over the total clients served since the beginning of the DeWine-Husted administration.

We also started this biennium by merging the Equal Opportunity Division, which was part

of the Department of Administrative Services, with Development's Minority Development Business Division. We thank the legislature for approving this move. Not only is it more efficient, but this made accessing services more convenient for the businesses we serve. Now, businesses don't have to go to one agency to become state-certified and to another to receive services and access to capital. Development is the one-stop shop for minority-, women-, and veteran-owned businesses, as well as economically and socially disadvantaged businesses.

More than 1,200 businesses are now certified through the Minority Business Enterprise program (MBE), and more than 950 are certified as Women-Owned Business Enterprises (WBE). These certifications can open the doors of opportunity for businesses.

In addition, the legislature helped us launch two new loan programs that are making dreams come true for business owners across the state. In 2022, our Minority Business Development Division provided more than \$9.34 million in loans to more than 100 minority- and women-owned businesses. These programs are helping businesses that otherwise might not be able to get conventional loans.

Our budget proposes a \$3.2 million increase per fiscal year for our Minority Business Development Division to enable us to increase the resources and services available to minority-owned businesses throughout the state.

As we look to refine and expand the many assistance programs available to business owners and entrepreneurs, reinvesting in these programs will ensure the minority, women, veteran, and disadvantaged business community can continue to access the resources to ensure their growth and stability far into the future.

EXECUTIVE BUDGET

Each day, our team at Development collaborates with community and economic development leaders to help build strong, vibrant communities ready for job creation. I am proud to say that with your support in the current biennium, we have been successful in our mission.

Governor DeWine has said, "This is Ohio's Time!" As we look ahead, we find ourselves in a generational opportunity to build on our monumental success and bring greater prosperity to the state. This is our time to show the nation and the world why Ohio is the best place to live, learn, work, and visit, and showcase the Buckeye State as a shining model of economic growth for the country.

Development's operating budget for fiscal years 2024 and 2025 reflects our commitment to making important investments that strengthen our communities, bolster our workforce, support small and minority businesses, and showcase Ohio's many assets.

While many of the requests outlined in our operating budget are to continue the successful programs and services many Ohioans have come to rely on, there are two major initiatives we're proposing to propel the state forward and dramatically change Ohio's economic landscape for generations to come.

INNOVATION HUBS

There are cities and regions across Ohio that have made great strides in fostering innovation ecosystems and have great potential to create new jobs, spur economic growth, and advance workforce development. To help unlock their full potential, we're proposing \$150 million to support the creation of Innovation Hubs to fill existing gaps in regions outside the 3Cs (Cleveland, Columbus, and Cincinnati) that are best positioned to capitalize on this investment.

Our vision is for this funding to help band together each community's strengths to encourage more economic development and to attract and nurture the very best talent to create, develop, and share their ideas from Ohio with the world.

Our goal for these Innovation Hubs is to have communities – such as Akron, Canton, Dayton, Toledo, Youngstown, and others – work together to harness their assets in higher education, research, and industry to take their community to the next level.

We've already seen the promise and the success of the Innovation Districts operating in Cincinnati, Cleveland, and Columbus. We want that same promise for all of Ohio.

ALL OHIO FUTURE FUND

In the past four years, our state has seen incredible economic growth. We have a strong economy and favorable business climate, and we're getting calls from companies all over the world wanting to bring business to Ohio. But for us to continue to attract new businesses and support business growth and retention, we must increase our inventory of project-ready sites.

The executive version of the budget proposes an unprecedented \$2.5 billion investment in the All Ohio Future Fund to help position Ohio communities to compete more effectively for economic development projects.

The funds, which come mostly from accumulated one-time GRF, will support local communities with site-readiness and preparation so they can attract economic development projects.

Working with the General Assembly, and through the Controlling Board process, Development will administer the funds to help support communities in creating more project-ready sites.

When a business is looking for a site, they want to move quickly, so we must get these sites ready so we can capture these jobs in every part of the state.

The funding will help prepare sites for economic development by supporting necessary infrastructure improvements and other one-time enhancements, as well as advance efforts to attract new businesses, workforce, and residents to the state. Additionally, it will enable us to engage in a targeted marketing effort nationwide to bolster our workforce and encourage more talent to move to Ohio.

WORKFORCE HOUSING

As we attract more talent and communities throughout the state are adding to their workforce, we need to make sure we are expanding options for housing and homeownership to meet that demand.

We know that an adequate supply of housing is already an issue in many parts of the state, and an influx of people and workers will strain the system further.

To help address this issue, the executive version of the budget proposes \$1.5 million per fiscal year for a Housing Technical Assistance Grant program to help local governments modernize regulations and processes tied to local housing efforts such as housing-related zoning regulations. This program, paired with the proposed Ohio Housing Finance Authority's State Low-Income Housing Tax Credit and Single-Family Housing Development Tax Credit, will help increase inventory and ensure our families and workers have access to safe, affordable housing.

THANKS TO OUR PARTNERS

When I served as the mayor of Findlay, I learned early on that partnerships were the key to success. Now as the director of Development, I take the same approach in working to deliver on Governor DeWine's and Lt. Governor Husted's vision for Ohio. We know Ohio residents are better served when we bring local perspectives to the table, and we couldn't accomplish all we're doing without the support and collaboration of our state and local public and private partners and the General Assembly – so thank you!

At Development, we take pride in our role as a trusted partner to our business and community leaders, and we aim to be bold, diverse, responsive, and solution-focused. Our proposed budget reflects our commitment to these core values and advances the DeWine-Husted administration's objectives to accelerate economic growth and ensure economic vitality. We're confident prioritizing these focus areas will deliver a solid return on investment for Ohio taxpayers.

Thank you for your time today. I am happy to answer any questions you have regarding our budget proposals.