

Louis W. Blessing III

State Senator
8th Senate District
1 Capitol Square
Columbus, Ohio 43215
(614) 466-8068



Committees

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Chair O'Brien, vice chair Gavarone, and ranking member DeMora, thank you for the opportunity to testify on SB 75. This legislation seeks to allow two or more municipalities to create a joint economic development district (JEDD) without involving a township.

JEDDs were created in 1993 when the Ohio General Assembly passed legislation allowing them as special-purpose districts and have since formed across the entire state of Ohio. JEDDs currently exist as one or more municipal corporations and a township that form an agreement via contract to develop township land for commercial or industrial projects. JEDDs levy an income tax in the area, and the tax revenue is then shared by the involved parties within the JEDD. The agreement is voted on by each involved community for approval, and each JEDD agreement requires a five-member board with representatives from the township, municipality, business owner, and employee from a business within the JEDD to govern the special-purpose district.

There are numerous benefits of JEDDs. Municipalities benefit from collecting a portion of taxes levied in the JEDD without having to annex it, increased amounts of utilities customers, and new growth opportunities. Townships benefit from collecting income and property taxes on otherwise vacant land and creating new economic growth opportunities. The ultimate purposes of JEDDs are to cut costs, preserve jobs, increase efficiency, and promote development in communities.

This legislation aims to extend these many benefits to municipal corporations, specifically those in distress, without the involvement of a township. The operation of the bill would authorize JEDDs to exist as two or more municipal corporations in an

agreement if at least one of those municipalities meets two of the “distressed area” criteria as defined by law for Enterprise Zones. The distress-qualifying criteria include any two of the following that occur within the municipality: 125% of the state average unemployment during the most recent 12 months, at least 10% population loss between 1980 and 2000, prevalence of vacant or demolished commercial or industrial facilities, 51% of the population is below 80% of the area’s median income, specific vacant industrial facilities, and income weighted tax capacity of the school district is below 70% of the state average. By targeting municipal corporations under economic distress, this legislation allows the opportunity for municipalities to reap the benefits from involvement in a JEDD.

This legislation does not require substantial changes to existing law. The current JEDD requirements would apply to municipal-only JEDDs. Under this legislation, in the absence of a township, the township representative on the JEDD board would be replaced with a second municipal representative. The voter approval requirement for a municipal-only JEDD contract would exist for any involved municipal corporation that levies an income tax over the rate of 1%. Similar to townships, this legislation would allow a municipal corporation to not submit a JEDD contract for voter approval if the contract is unanimously approved by its legislative authority, the standard petition requirements are met, and the territory within the JEDD is appropriately zoned to the function of the district.

JEDDs were created and exist to encourage economic development, create jobs, and improve the economic welfare of citizens. These benefits should be extended to municipal corporations under distress without the involvement of a township, as a way to combat the distress and provide growth opportunities to the municipalities.

Thank you for your consideration of SB 75. I am happy to answer any questions from the committee.