



Ohio Senate Ways and Means Committee
Proponent Testimony Senate Bill 186
January 24, 2024

Chair Blessing, Vice Chairman Roegner, and members of the Senate Ways and Means Committee; thank you for allowing me the opportunity to provide proponent testimony for SB 186.

My name is Shawn Carvin, and I serve as the Executive Director of the Ohio Land Bank Association (OLBA). The OLBA is a statewide nonprofit organization to support the work of and advocate on behalf of all county land reutilization corporations, commonly known as land banks, across Ohio. The OLBA works with its 66 member counties to identify their organizational and community needs and works to close the gap on those needs through policy, support, and advocacy.

Based on the information from the bill language and sponsor testimony for Senate Bill 186, I can draft a proponent testimony for the Ohio Land Bank Association. This testimony will emphasize the need for the bill, focusing on the challenges posed by LLCs and other entities using property transfers to avoid tax liabilities and the negative impacts on local communities.

We stand in strong support of Senate Bill 186, a crucial piece of legislation that aims to address a growing problem in our real estate market – the evasion of tax and related liabilities by LLCs and other entities through strategic property transfers.

Our communities are being increasingly affected by a practice where investors, often using different LLCs, purchase properties without any intention of contributing to the betterment of the community. These investors often neglect their tax obligations, which puts a significant fiscal burden on local governments. The impact is twofold: strain on financial resources for essential community services, and an increase in neglected, often deteriorating properties.

An example is the former St. Joseph's Riverside Hospital in Warren, Ohio. The 300,000 sq. ft. building was once an anchor in Warren. Still, after the sale of the property to an LLC out of Florida, the property quickly fell into disrepair and became a haven for drugs, prostitution and squatting. After the first buyer stripped anything of value from the property, they transferred the property to another LLC, again out of Florida, with a nearly \$200,000 tax lien. This happened two more times until the tax foreclosure was completed and the Trumbull County Land Bank assumed ownership. At the time of sale the tax delinquency was nearly \$1MM. This battle went on for nearly 30 years and due to the incorporation structure of the LLC's no legal action was able to be taken, though the City of Warren Law Director and the EPA attempted many times to hold the property owner accountable for the dilapidated property. This property was finally cleaned up in 2021 (the property was first sold in 1990) through the support of the General Assembly's Brownfield Remediation Program. Due to the property owners transferring this property amongst LLCs while carrying significant tax delinquency, Trumbull County lost nearly \$1MM in taxes, the City of Warren

spent hundreds of thousands of dollars in emergency services, mowing, etc., and eventually, the State spent over \$5.5MM in demolition and environmental remediation.

Senate Bill 186 proposes a straightforward yet powerful solution – pay your taxes. By requiring individuals and entities to settle outstanding tax issues before participating in public property auctions or executing property transfers, the bill ensures that these practices are stopped, and nefarious investors are held accountable for their properties. This legislation not only promotes fiscal responsibility but also encourages more meaningful and community-focused property development.

The current landscape allows tax-delinquent entities to thrive, often under the radar. This not only undermines the efforts of law-abiding citizens and organizations but also jeopardizes the integrity of our real estate markets. Senate Bill 186 brings much-needed transparency and accountability, aligning with the work of land banks by creating a more responsible and transparent property transfer process, reducing the incidence of blight caused by neglectful property ownership, and ensuring that properties contribute positively to community and fiscal health. This legislative environment is conducive to the land banks' goals of revitalizing and reutilizing vacant, blighted properties for community benefit.

In summary, the Ohio Land Bank Association firmly supports Senate Bill 186. This legislation is not just about enforcing tax compliance; it's about protecting the integrity of our communities and ensuring equitable development. We urge the committee to pass this bill, sending a clear message that Ohio values responsible property stewardship and community well-being over the opportunistic tactics of problematic investors.

Chair Blessing, Vice Chairman Roegner, and members of the Senate Ways and Means Committee; thank you for allowing me the opportunity to provide proponent testimony for SB 186. I am happy to answer any questions or concerns that the Committee may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Carvin".

Shawn Carvin
Executive Director,
Ohio Land Bank Association