

TESTIMONY
Marysville-Union County Port Authority (MUCPA)

- **Before the Ohio House of Representatives Development Committee On Substitute House Bill 147**
- **Chair Hoops, Vice Chair Lorenz, Ranking Member Brownlee, and Members of the House Development Committee**

Good morning, and thank you Chairperson Hoops, Vice Chairperson Lorenz, Ranking Member Brownlee, and members of the committee for allowing me to speak this morning.

My name is **Eric Phillips**, and I serve as the **Executive Director** of the **Marysville-Union County Port Authority (MUCPA)**. I also serve as an officer as the **Secretary** for the **Ohio Council of Port Authorities**.

I am here on behalf of our Board to express our **strong opposition to Substitute House Bill 147**.

While this bill attempts to address some issues raised by Port Authorities, in practice it would create new challenges to growth, reduce accountability, and weaken the local economic development ecosystem that has made Ohio's communities successful.

First, Sub HB 147 would provide broad sales tax exemptions for large projects, but there is **no guarantee these incentives will benefit local residents and communities**. Ohio's 88 counties and their local governments (municipalities, townships, counties, port authorities, etc.) currently administer community-specific tax incentives, including: Tax Increment Financing (TIF) districts, Community Reinvestment Area (CRA) agreements, Enterprise Zone (EZ) agreements, Capital lease financing, and other similar programs. These incentives are typically tied to measurable outcomes such as job creation, payroll growth, private investment, infrastructure improvements, and community benefits. Local officials, who best understand their area's unique economic needs, goals, and values, are best positioned to negotiate, approve, modify, or deny these incentives in alignment with community priorities, ensuring accountability and responsiveness. It enables targeted economic development, avoids one-size-fits-all state mandates, promotes efficient resource use, and upholds Ohio's home-rule principles.

In fact, recently, a developer in Union County was awarded a Tax Increment Financing district (TIF) by a township valued at approximately **\$36 million** for two multi-family developments. The TIF agreement allows the developer to expend TIF funds on internal infrastructure improvements that are technically considered public due to the broad definition of the term in the Ohio Revised Code. This reallocation of TIF funds takes public

tax dollars not only away from our schools, but also from the county engineer's office who is responsible to cover the expense of true public infrastructure that supports economic development. When that same developer sought capital lease financing through MUCPA, our Board declined after considering the following: First, Union County is Ohio's fastest growing county and is seeing unprecedented residential development. Second, the need to incentivize such development, especially greenfield, should be thoroughly considered and scrutinized in our county. But moreover, the project had already received substantial local public funds in the form of the TIF scheme mentioned above. Soon thereafter the MUCPA adopted a capital lease financing policy that focuses and promotes deals on economic base projects (true commercial or industrial) and multi-family projects meeting certain requirements. Specifically, multi-family projects will be eligible if they are considered affordable housing, not receiving an additional local incentive, located in a brownfield or in a true mixed-use development. That is responsible local decision-making — and this bill could take that discretion away.

Second, the bill undermines **local consideration and control**. Port Authorities are created by local governments, and our boards are appointed by locally elected officials. We are accountable to our communities. Sub HB 147 would allow developers to claim that a Port Authority is being “unreasonable” if it declines to grant an automatic tax break. That kind of state-level override runs counter to the purpose of local governance.

Third, the bill weakens economic development programs across Ohio. Throughout Ohio, Port Authorities are or support the lead economic development program in their respective community. Port Authorities rely on revenue from lease and leaseback financing to support workforce programs, site readiness, lead project management, infrastructure investments, and various economic development activities. Sub HB 147 would cap Port Authority fees at **20% of the exempted sales tax**, regardless of project size or complexity. Each project should be evaluated on a case-by-case basis and in some cases an ongoing monitoring fee is important to ensure compliance with the incentive over the term.

Fourth, the bill favors large corporations over Ohio's small and mid-sized businesses. By limiting eligibility to projects worth **\$25 million or more**, small businesses, the backbone of Ohio's economy, are effectively excluded. Our own threshold of **\$7.5 million** allows smaller, community-driven projects to access support when they bring clear local benefits.

Finally, we ask the Committee to reaffirm that **public infrastructure** means true, publicly accessible and owned improvements, not internal private improvements mislabeled as public benefit. For the aforementioned TIF, the developer was permitted to classify private interior improvements as its public infrastructure investment.

In closing, Substitute House Bill 147 would potentially:

- Limit local review and control and potentially allow projects that are not based on community values and goals;

- Erode the authority of Port Authorities and communities who have the responsibility to provide services and infrastructure to their residents;
- Create unfair advantages for large developers; and
- Undermine the financial sustainability of economic development programs and Port Authorities throughout Ohio.

We respectfully urge you to **oppose Sub HB 147**. Ohio thrives when development decisions are made locally by the communities who know their needs best.

Thank you for your time and consideration. I would be happy to answer any questions.

FORMAL WRITTEN TESTIMONY SUBMISSION

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Before the Ohio House of Representatives Development Committee
Regarding Substitute House Bill 147**

**Submitted by:
Eric S. Phillips, Executive Director
Marysville-Union County Port Authority
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