House Local Government Committee
House Bill 113 Proponent Testimony
Buckeye Association of School Administrators
Ohio School Boards Association

Chair King, Vice Chair Kishman, Ranking Member Sims, and members of the House Local Government Committee, thank you for the opportunity to testify in support of House Bill (HB) 113. My name is Paul Imhoff with the Buckeye Association of School Administrators, which represents Ohio's public school superintendents. Joining me today in support of HB 113 and in answering your questions is Malania Birney with the Ohio School Boards Association.

Before I begin, I want to be clear that our support of HB 113 is limited solely to the bill's provision pertaining to community reinvestment areas. Our associations have taken no position on the other provisions of the bill.

Under Ohio law, local governments are afforded a wide variety of tools to spur economic development. One of those tools – community reinvestment areas or CRAs – allows counties and municipalities designate certain areas as a CRA and then abate property taxes on new structures or on the increased value of existing structures after remodeling. Residential and commercial and industrial property can be exempted from a percentage, up to 100%, of real property taxation for a specified number of years.

For commercial and industrial development projects, the law requires the county or municipality to receive the approval of the affected school district board of education if the property tax abatement exempts more than 75% of the project's value. Abatements of less than 75% do not require school board approval. Meanwhile, for residential projects, the law does not require any school board approval for residential CRAs at any project value. That means that a municipality or county can unilaterally impose a property tax abatement in a CRA, even when the school district, which is most reliant on property taxes, opposes the exemption.

HB 113 would treat residential CRAs the same way as commercial and industrial CRAs by requiring school board approval for any residential project whose property taxes are abated by more than 75% of the project value. Residential CRAs are intended to spur residential

development, and more residential development means increased student enrollment. But under current law, districts with residential CRA territory receive no additional property tax revenue from property owners in the CRA during its life. That means schools must educate more students from those properties with no additional property tax revenue for the duration of the CRA. It also means that other property owners currently paying taxes could pay fewer taxes if those in the CRA paid their share.

On behalf of our members, I would like to thank Representatives Bird and Newman for their work to bring this bill to where it is today. HB 113 maintains the ability for Ohio's local governments to utilize economic development tools while also ensuring the input and consent of schools is received throughout that process. By connecting these two features, HB 113 helps ensure economic development does not occur at the expense of our students.

Chair King and members of the committee, thank you for your time and attention. I am happy to answer any questions you may have.