



Ohio Senate Finance Committee

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Chair Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and Members of the Senate Finance Committee:

Thank you for the opportunity to provide testimony in support of restoring the Ohio Historic Preservation Tax Credit Program to the as-passed by House version.

I am providing testimony on Playhouse Square. We are proud to be one of Broadway's premier touring partners, made possible by the region's enthusiastic Broadway audiences - the largest community of season tickets holders in North America, skilled labor force, knowledgeable and hard-working staff, dedicated volunteers and beautiful venues.

We are a champion of arts education and downtown Cleveland, and delighted to be the home of our resident companies: The City Club of Cleveland, Cleveland Ballet, Cleveland International Film Festival, Cleveland Play House, Cleveland State University Department of Theatre and Dance, DANCECleveland, Great Lakes Theater and Tri-C JazzFest.

The Ohio Historic Preservation Tax Credit has been monumental in transforming Cleveland and its city center, generating over \$10 billion in total economic activity and over 7,000 jobs since 2006 according to the Cleveland Restoration Society. Additionally, Cleveland is now a national leader in office conversions and is looked to as an example from peer cities, largely thanks to this incentive.

While the program has been truly transformative, we from the business community understand that there are modifications that can be made to make the program more impactful and competitive.

Firstly, we are asking for an restoration of the funding level as-passed by the House to increase the annual cap to \$120 million, with the additional per project increase from \$5 million to \$10 million. The limited supply of historic preservation funding has created a strong incentive for projects to pursue allocations in the earliest stages of the development process, tying up portions of each annual allocation as owners work to complete pre-

development work. An increase to the per project cap is needed to follow the rise in construction and project costs. Increasing the per project cap would help push projects toward completion and help fully realize the potential of the incentive.

Additionally, adjusting the qualified rehabilitation expenditure percentage allocation for small projects to 35% from 25% incentivizes developers to take on smaller projects or projects in smaller communities due to improved economic circumstances created by the program.

Second, since all historic preservation projects generate a net positive return on investment to the State, as verified by the cost-benefit analysis that is a precondition for every award, the State's best interests are served by maximizing the volume of historic preservation projects completed each year.

Finally, a rolling application process with preference for higher scoring projects, rather than a biannual approach, would free up the market to pursue all viable redevelopment opportunities on a natural timeline. With more shovel-ready applicants applying on a rolling basis, preservation funds can be deployed more efficiently, reducing current delays between allocating awards and project completion to maximize the program's effectiveness. This would also further reduce the administrative burden on the State and better leverage the incentive, because projects will apply for credits when all financial and other requirements are secured.

We feel that these improvements are needed to simplify the program and make it a more reliable economic development tool incentivizing developers to invest in Ohio. On behalf of Playhouse Square, Thank you for your time and consideration on this critical investment in Ohio.