



Chair Manchester, Vice Chair Brenner, Ranking Member Weinstein, and Members of the Senate Government Oversight & Reform Committee, thank you for the opportunity to provide testimony on the House passed version of Substitute House Bill 96, the state operating budget. My name is Mike Sikora, and I serve as NAIOP of Ohio Board President. We appreciate the opportunity to share our priorities that focus on proven Programs that will help Ohio remain a national leader in economic development. As the state's leading commercial real estate association, we respectfully ask for your affirmative support for the following policy and funding initiatives.

Opportunity Zone Tax Credit Program

Amendment: SC0527

NAIOP has found this Program to be the most commonly utilized Program in developments that are actually completed throughout Ohio. This Program needs to continue its momentum and attract more investments in those targeted areas, creating a multiplying effect by pairing well with the Federal Opportunity Zone Program that was created by the 2017 Tax Cuts and Jobs Act, which seems to have a bright future at the Federal level. The ability to pair the Federal Program with the Ohio Program is powerful, and that makes it much more likely that a development will actually be able to be completed utilizing the benefits of both of those Programs during these challenging economic times for the commercial real estate industry. In order to sustain the existing development momentum and investments being made in Ohio's Opportunity Zones, it is vital that this Program receives additional funding; otherwise, the Program will once again run out of funding, just as it did this past year. That would quash development momentum, and the State will forego its greatest opportunity to generate more commercial real estate development activity.

- Tax Credit Amount Requested: Increase Governor DeWine and the House's proposal from \$25 million to \$75 million each year of the Biennium, with any funding remaining available from the first year of the biennial cycle rolling over to the second year of the cycle.

Transformational Mixed-Use Development (TMUD)

Amendment: SC1298-1

We commend the Ohio House for voting to continue this successful and impactful Program originally authored by the late Senator Kirk Schuring. The TMUD Program creates more opportunities for mixed-use developments of scale to transform more communities and regions in our state. This highly competitive Program has a rigorous application process that, perhaps most importantly, requires proof of anticipated return on investment on the State's investment, in order to receive an award; yet, it is significantly oversubscribed each round, causing many worthy projects to not receive funding and remain unable to move forward.

- Tax Credit Amount Requested: NAIOP respectfully continues to advocate for \$150 million per year of the Biennium, which is \$50 million more than the House allocated. This Program has a built-in mechanism to advance economic development in rural, suburban, and metro communities, while ensuring a healthy return on investment to the State.

- Policy Requested:
 - Clarify the applicable standard for satisfying the “but for” test for eligibility under the TMUD Program.
 - Verify readiness of projects to put the State’s funds to the best possible use.
 - Allow TMUD Tax Credit Certificates to be transferred to insurance companies, financial institutions, and individuals, trusts, and pass-through entities, in order to maximize the pool of available buyers and thereby increase their overall value at no additional cost to the State.

Brownfield Remediation Program

Amendment: SC0021

The Brownfield Remediation Program has supported the clean-up and redevelopment of numerous contaminated properties. The market has proven that there is a need and justification for additional funding to support the cleanup of contaminated sites throughout Ohio to ready them for productive use and to facilitate development of those sites moving forward.

- Amount Requested: Maintain the House’s allocation of \$125,000,000 per fiscal year.
- Policy Requested: Focus grants on economic development projects in order to generate even greater economic return by cleaning up brownfield sites all throughout Ohio and repurpose them in a way that puts them into productive use.

Historic Preservation Tax Credit (HPTC)

Amendment: N/A- Maintain the House passed version.

This well-established Program has a proven track record of economic return on investment. As Ohio grapples with a housing shortage and reduced overall demand for office space, this Program is well suited to facilitate even greater adaptive reuse of office space to residential spaces.

- Tax Credit Amount Requested: Maintain the House’s \$90 million per fiscal year.
- Policy Requested:
 - Maintain the House’s provision that prohibits effectively requiring 90% building vacancy for more than one year in order to receive an historic rehabilitation tax credit award.
 - Maintain the House’s increase in the percentage of rehabilitation costs that a certificate owner may claim as a credit from 25% to 35% for a project that is not located in a municipality with a population of at least 300,000.

NAIOP has targeted these key initiatives to support a thriving economic environment that enables the commercial real estate industry to create jobs, promote vibrancy, and heighten quality of life for Ohio residents. With the strong backing of over 550 members who are among Ohio’s top commercial real estate professionals who work for over 380 companies statewide, we encourage your affirmative support of the above initiatives, and we thank you and your colleagues for what you do to support economic development in Ohio.

Chair Manchester, thank you again for the opportunity to testify.