



**BEFORE THE SENATE WAYS AND MEANS COMMITTEE
PROPONENT TESTIMONY ON HOUSE BILL 182
WEDNESDAY – MAY 4, 2016**

Chairman Peterson and Members of the Committee,

My name is Dan Navin, and I am the assistant vice president of tax & economic policy for the Ohio Chamber of Commerce. I am here this morning to give formal testimony in support of House Bill 182, the Joint Economic Development District (JEDD) revision legislation. My testimony will focus on two issues – the bill’s expanding authority to create a JEDD for redevelopment and the provisions protecting landowners and businesses, as well as the contracting parties, both before the JEDD is created and when the JEDD agreement is revised or amended.

Back in 1995, the Ohio Chamber worked collaboratively with Rep. Kirk Schuring to expand the authority to create a JEDD beyond its existing locations at that time – the sole charter county in the state (Summit County), an area surrounding the Clark County airport, and one transportation improvement district in Butler County. Until then, the Ohio Chamber had been very skeptical and cautious about how attractive and useful JEDDs would be for business development and thus resisted their expansion statewide. At their core, JEDDs involve the extension of a municipal income tax to businesses located in a township which, of course, has no authority to levy a local income tax. Consequently, the passage of House Bill 269 in 1995 established sufficient safeguards to protect businesses from what would amount to a forced, hostile annexation.

The Ohio Chamber’s assessment of the operation of the JEDD law in the 20 years since HB 269 was enacted is that it has worked reasonably well and constitutes an effective tool for commercial and industrial development. However, historically JEDDs have been created mostly in previously undeveloped, often rural, township territory. We believe, and hope, that passage of HB 182 will pave the way for JEDDs to be created for purposes of

redevelopment and therefore facilitate economic development in more land-locked urban and suburban areas that are having a tough time attracting investment capital and jobs.

As I mentioned previously, we were skeptical back in 1995 as to how the JEDD law would work. But we did recognize that one of the most constructive aspects of a JEDD is that the businesses involved in its creation and functioning would have a say in how it will be governed and funded. However, there are several tweaks in HB 182 that we believe respond effectively and fairly to concerns that may held by affected property owners, business owners and contracting parties of a JEDD. Those are:

- Allowing the contracting parties to designate “excluded parcels” within the JEDD’s boundaries that are not part of the JEDD nor subject to the JEDD income tax;
- Requiring the contracting parties to send written notice to property and business owners that did not sign the petitions supporting an amendment to add territory to a JEDD;
- Authorizing the contracting parties to amend an existing JEDD contract for the purpose of removing territory from the JEDD or designating excluded parcels within the JEDD;
- Establishing a procedure permitting the owner or a business operating in the unincorporated territory of a JEDD to apply to the director of the Development Services Agency (DSA) for exemption from the JEDD income tax on behalf of the business and its employees; and,
- Requiring that the JEDD contract expressly includes an economic development plan, procedures for appointing the board of directors of the JEDD, and a restatement of the law prohibiting municipal annexation of unincorporated JEDD territory.

While we have some qualms about the 4th provision that says the DSA director’s decision on such petitions is subject to appeal only to the local Common Pleas Court where the majority of the JEDD territory is located and its decision is final, we also recognize that it’s important to obtain a decision so that the JEDD is firmly established and soundly funded as expeditiously as possible.

Finally, the provision in HB 182 allowing the contracting parties to designate excluded parcels from the JEDD involves somewhat of a leap of faith, such that it does not open the door to scenarios where businesses or their employees are not paying the JEDD tax yet are receiving significant economic benefits. But again, there are safeguards regarding the fact that the contracting parties must identify on a map the parcel number of each excluded parcel of land.

We urge your support for HB 182.

Chairman Peterson, that completes my testimony and I will be happy to answer any questions the committee members may have.