



**House Ways and Means Committee
Interested Party Testimony – Senate Bill 212
Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials
November 18, 2020**

Chairman Merrin, Vice Chair LaRe, Ranking Member Rogers, and members of the House Ways and Means Committee. Thank you for the opportunity to present interested testimony today on Substitute (Sub.) Senate Bill (SB) 212. My name is Nicole Piscitani with the Ohio School Boards Association. Joining me in answering your questions are Katie Johnson, Deputy Executive Director for the Ohio Association of School Business Officials (OASBO) and Kevin Miller, Director of Governmental Relations for the Buckeye Association of School Administrators (BASA).

On behalf of the members of our three education management organizations, we would like to present our thoughts on the provisions in Sub. SB 212, a bill that would provide full or partial tax exemptions for residential developers and existing homeowners through the establishment of a Neighborhood Development Area (NDA). We would like to echo the joint testimony of the County Commissioners Association of Ohio and the County Auditors Association of Ohio, and express our agreement with their remarks.

We appreciate that Sub. SB 212 is permissive in nature, meaning that townships and municipalities would not be mandated to use the exemptions, but would have authority to utilize them. We also appreciate that the bill specifies that several criteria must be met before making such a designation. We support the changes made by bill sponsor Sen. Schuring in the substitute version of the bill that extended the period under which the board of education would have to consider the proposed NDA, requiring the township or municipality to take the initiative to work with the school district.

The sub bill requires more details about the need for suitable housing in the area. The resolution designating an NDA must show evidence that housing is needed in the area, and that the development or improvements would not otherwise occur without the exemptions. The resolution must also include projections for how the “development area will enhance property values and thereby generate additional tax revenue” going forward. These are all improvements to the bill, and we thank Sen. Schuring and the Senate Ways and Means Committee for making improvements to the legislation.

However, there are areas of improvement still to be contained in the substitute bill.

First, the bill still allows exemptions of 70% of property valuation to be granted without approval of the school district board of education. **We believe boards of education should have a say on whether or not to grant an exemption, regardless of the exemption percentage**, as these decisions primarily impact school district revenues more than any other local government entity. The LSC Fiscal Note and Local Impact Statement states that “The revenue loss from this program is clearly indeterminate, but could be quite substantial.” It is our experience that local governments choose to stay within statutory limits that do not require school district approval when making tax exemption agreements, and we expect this practice to continue under the bill.

Second, a positive improvement to the legislation would be a requirement for the **resolution designating an NDA to contain information about the anticipated impact on the school district in terms of the cost of serving additional students**. Even if it can be demonstrated that more housing is needed in the area, the type of housing and the number of new units will inevitably result in new students and in turn, new operating costs for districts. Seldom does the revenue generated from one residential property cover the cost of educating even one student. These are factors that must be considered and taken seriously before decisions are made about tax exemptions.

Third, another improvement to SB 212 would be to **add guardrails around the types of homes that would qualify within the NDA**. If the goal is to provide incentives for developers to provide affordable housing, there must be limits on the values of the homes that qualify. At the very least, there should be valuation upper limits on which the exemption can apply. Currently, there are exemptions within current local CRAs that provide significant tax breaks to owners of high-end homes. We request that the bill include limits beyond the term “single family dwellings.”

Thank you for your consideration of our input on Sub. SB 212. We welcome any questions you may have.