

SB 225 Proponent Testimony

Heritage Ohio

Joyce Barrett, Executive Director

Thank you Chairman Merrin, Vice Chair Riedel, and Ranking Member Sobecki, and members of House Ways and Means.

I am Joyce Barrett, Executive Director of Heritage Ohio, the statewide nonprofit which supports historic preservation and downtown revitalization through the Main Street Approach™.

I am here in support of SB 225 and the changes proposed to the Ohio Historic Preservation Tax Credit.

Heritage Ohio has promoted historic tax credits as a tool for redevelopment since the early 1990s, and was the original advocate for the legislation in 2006 of Sub. HB149 and its companion bill SB 66, which became the Ohio Historic Preservation Tax Credit Program (OHPTC).

This program has been a huge success in the revitalization of our historic buildings with 535 projects approved in 75 communities; of those 374 projects have been completed.

Total investment for completed projects has passed \$5 Billion, with \$647 million in credits paid out. This is a return on investment of \$7.73 for every \$1 dollar of tax credit. These dollars are buying materials, paying professional services and hiring skilled labor with the result that 1/3 of the tax revenue comes back to the state in income BEFORE the credit is even paid out.

All Historic Tax Credit projects are certified as 100% complete before any credit dollars are taken. Until Senator Schuring's TMUD bill, this was the ONLY tax credit which required an economic impact analysis as part of the allocation process. We know from professional studies and experience that these projects payback with increased local and state revenues. We can walk into the streets and see the catalytic affect these rehabilitations have had in our communities.

Three provisions in this Bill are important to highlight:

1. 35 % for small town projects

Since 2015, Heritage Ohio has led a partnership with the Department of Development and the State Historic Preservation Office to educate communities about the OHPTC program. We have made presentations in 65 counties taking the message to Ohio's smaller communities that this program is for them. With this proposed increase to a 35% credit for smaller communities, they will have a better chance to make these projects work financially.

Construction costs are very similar in large and smaller communities, but rents (and thus ultimately income) are significantly less. This program helps to fill the gap in a project proforma and make these smaller historic projects financially viable.

2. Raising the Aggregate cap to \$120 million a year

The proposed \$120 million per year will help to meet Ohio's demand for this program. Currently, some of the application rounds have only been able to fund one third of the applications, meaning that viable projects are not moving forward. Increasing the cap means more projects can be accomplished in more communities and accelerate the revitalization of our cities.

3. Per project cap of \$10 million

Increasing the per project cap to \$10 million will stimulate the large projects while enabling more money to be spread around the state. The larger projects do stimulate the fastest economic impacts which benefit with revenues to the state.

What is great about OHPTC is you can **see the results** in communities large and small across Ohio. Vacant or underutilized buildings become income producing, tax paying assets, that have a catalytic effect on neighboring businesses and buildings. Historic rehabilitation is a proven revitalization strategy.

You have to keep in mind how rehabilitation is financed. Banks are conservative, generally not lending more than 80% of value. Neglected buildings have very value, and borrow against low value doesn't provide much capital. Providing incentives such as OHPTC to twin with the 20% federal historic tax credit has driven the \$5 billion in rehabilitation Ohio has seen in the past 15 years.

Ohio has the third highest number of historic properties on the national register in the nation. This is one of Ohio's "natural resources" that we can capitalize on to attract and retain our youth, our talent, and our entrepreneurs with beautiful and vibrant downtowns and main streets of all sizes.

Effective downtown revitalization supports local businesses and labor and is how Ohio can grow – by providing the kinds of places that people, businesses and industry are looking for. The Ohio Historic Preservation Tax Credit program is important to this effort.

Heritage Ohio has recorded a dozen webinars and posted those on YouTube to educate Ohioans about how to apply for the credit; how to use the Secretary of Interiors Guidelines to comply with the historic rehabilitation; and case studies of small-scale developers' successes.

Many of you have experienced the impacts in your community. I submit that **this is the ticket** to revitalize our communities.

I would be happy to ask any of your questions.