



Chairman Dolan, Vice-Chair Gavarone, Ranking Member Sykes and members of the Senate Finance Committee, on behalf of NAIOP Ohio, thank you for the opportunity to provide proponent testimony in support of Senate Bill 225, sponsored by Senator Kirk Schuring.

NAIOP Ohio is the leading association for the commercial real estate industry and advocates for the industry at the state level. Our primary pursuit is to assist the progression of economic development activity in Ohio, acting as an advocate of Ohioans and the development community to create jobs, viability, and a quality of life that retains and attracts talent to the state. By enhancing two very successful Ohio tax incentives for which there is significant demand, it will improve Ohio's communities and generate significant returns for the state's economy and is why we are excited to endorse this legislation.

Recently, Senator Schuring provided you with a summary of the key aspects of Senate Bill 225. We will focus on the success of the Ohio Historic Preservation Tax Credit (HPTC) and the Ohio Opportunity Zone Tax Credit and the continued need for those credits.

The HPTC has proven to be one of the most successful tax incentives used in Ohio. Cleveland State University undertook an economic impact analysis of the HPTC and found that it had an incredible return on investment to Ohio – \$6.72 for every \$1.00 of the credit. It is well-designed to “twin” easily with the federal historic tax credit, and accordingly, it makes Ohio a more attractive place in which to develop historic properties when compared to other states. Moreover, it continues to be in significant demand, with the demand for such credits, which are applied for through a competitive application process, substantially exceeding their availability. By increasing the amount availability for HPTC and making the other positive changes set forth in Senate Bill 225, the General Assembly will be driving more investment in Ohio's communities (especially small Ohio communities), improving those communities, and increasing overall revenues to state and local governments in Ohio.

The Ohio Opportunity Zone Program has been a success thus far, but it could use additional financial support to make it more successful. During the pandemic, many investors were more inclined to hold onto their funds out of concern over what might happen with the economy. Now, as we continue to pull out of the pandemic, investors throughout the country are increasingly inclined to invest their funds, and many of them are investing in commercial real estate. Opportunity Zones can be an attractive investment due to momentum that is building in some of those areas, and due to federal tax advantages of long-term Opportunity Zone investments, in

particular. Providing additional funding will help stimulate the momentum that is building in some of those historically underserved areas, and it should help jump-start activity in other areas that have not yet seen it.

Current Ohio Opportunity Zone law does not allow c-corporations to benefit. Thus, c-corporations do not have the same incentive to invest in Opportunity Zone projects that individuals, trusts, and LLCs have. However, we want c-corporations to have the same incentives. That will help drive more capital, not just from Ohio, but from throughout the country, into Ohio Opportunity Zone projects. C-corporations will then have the ability to earn some return on their investments within the first year, which might otherwise be difficult to do with Opportunity Zone investments. So, allowing c-corporations to participate in the Opportunity Zone Program should generate more funding for Opportunity Zone projects throughout Ohio and drive more overall growth in those areas.

Chairman Dolan and members of the committee, we again thank you for the opportunity to submit testimony in support of Senate Bill 225 and encourage its favorable passage.