



County Auditors' Association of Ohio

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Senate Ways and Means Committee Interested Party Testimony on HB 123

March 5, 2022

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Chairman Blessing, Vice Chair Roegner, Ranking Member Williams, and Members of the Ohio Senate Ways and Means Committee, the written interested party testimony below is on behalf of the County Auditors' Association of Ohio in regards to House Bill 123.

Contrary to popular belief the CAAO does not oppose all property tax abatements. We appreciate the need for abatements in areas where it creates jobs or cleans up blighted areas. We do believe that there need to be guardrails on when abatements can be offered and accountability for those abatements that have been granted.

The CAAO continues to be concerned with exemptions being offered for new residential neighborhoods. Offering tax exemptions to certain newly constructed properties results in an additional burden on local government to provided additional services without additional revenue to offset the cost of those services. This additional services burden could result in additional tax levies most of which would fall on those individuals not eligible for the tax exemption.

The CAAO has worked with Representative Frazier on a number issues related to HB123. Those issues include both policy issues and administrative issues that would assist auditors in implementing the proposed CRA statute.

Require Financial Data be Provided as Part of the CRA Agreement

HB123 has been amended to include a requirement that investment, jobs created/retained, and payroll dollars be required as part of new CRA agreements. We appreciate that amendment as we believe this provides a necessary level of transparency and accountability.

Eliminate the Pre 1994 CRA

Pre 1994 CRA's do not provide any accountability to the public for the tax abatement being granted and requires the auditor to implement two different systems which attempt to meet the same goal. We would propose that all new CRA's would fall under the proposed legislation and existing CRA agreements could continue until the expire.

Change the Reporting Requirements for the Tax Incentive Review Council (TIRC)

Currently TIRC's government agencies are required to report abatement activities to the State by March 31st. The TIRC meets to make recommendations on the continuance of abatements for the prior calendar year and are required to give the granting government agency of the abatement thirty days to act on the recommendation. As you can see this is a very tight time frame to obtain payroll information, schedule TIRC meetings, issue written recommendation and have the government agency act on those recommendations. We would propose to delay the reporting requirement to the State Director of Development to October 31st.

Require Subdivisions Granting Abatements to Take Action on the TIRC Recommendation

Under current law the TIRC is required to issue a recommendation to the subdivision regarding the continuance of an abatement, but the subdivision that granted the abatement is not required to pass formal legislation acting on the recommendation. We would propose to require subdivisions that grant abatements to take formal action to accept or reject the TIRC's recommendation.

Require Subdivisions Granting Abatements to Provide a Specific List of Parcels Eligible for the CRA

The Current bill does not require the subdivision to provide a list of parcels eligible for the CRA. Instead, it requires the area to provide a map in sufficient detail to denote specific boundaries of the area. Each parcel has a specific legal description that would more accurately define the boundaries of the CRA. Any resolution approving a CRA should include a list of the parcels in existence at the time the CRA is approved and that this list be provided not only to the State Director of Development Services, but also filed with the county auditor. This would allow the auditor to ensure specific CRA agreements are within the defined boundaries and allow this information to be depicted within the GIS information made available to the public.

Abatements Related to Remodeling Should Specify That Only the Value Change as a Result of the Remodeling is Subject to Exemption

Current legislation indicates that any increase in value after the remodeling is subject to exemption. This would mean the property would not be subject to future valuation updates during the term of the agreement. We would request that the language be changed so that only valuation increases related to the improvement or remodeling be subject to exemption.

Time Limit Associated with a CRA

The current legislation allows for a designated CRA area to remain indefinitely. If a CRA were successful there would be no need to continue it. We would propose to establish a maximum period for a CRA of ten years subject to renewal through legislative action.

Consider Increasing the Required Investment to Qualify for a CRA

Current legislation contains a minimum of \$2,500 or \$5,000 depending on the development. A valuation increase of \$5,000 would save approximately \$100 per year. In order to help ensure efficient operations of government, we would request the minimum value be increased to \$20,000.

The CAAO believe the issues outlined above assist county auditors in implementing the CRA statute. We appreciate the committee's attention to the issue and look forward to working with members on our proposed changes.