

October 8, 2018

Senator Bob Peterson
President Pro Tempore
Ohio Senate

Senator Stephanie Kunze
Ohio Senate

Senators Peterson and Kunze –

Thank you for the opportunity to provide feedback on Senate Bill 309, which seeks to strengthen Ohio's ability to attract "mega" job projects to the state. We support the direction of the legislation. It has the potential to positively impact a few key business development projects that we typically attract to Northeast Ohio every few years. As SB 309 moves forward, we want to offer additional considerations either for this bill or separate legislation to maximize business retention and expansion incentives for companies interested in Ohio.

The Greater Cleveland Partnership one of the largest chambers of commerce in the country with more than 10,000 small, mid-market and large member companies. Our mission is to mobilize private sector leadership, expertise and resources to create jobs and leverage investment to improve the economic vitality of Northeast Ohio. We do that in many ways, including a strong focus on business retention and expansion efforts to help companies already committed to our region (and state) deepen their connection, job growth, and overall impact.

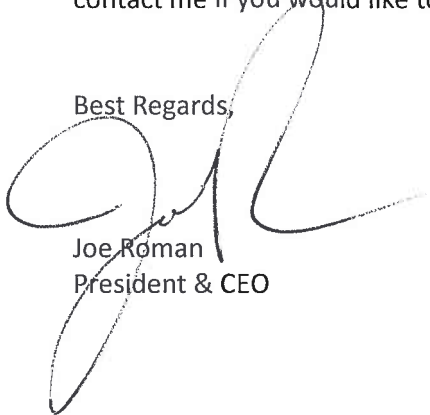
We support SB 309's expansion of the Job Creation Tax Credit (JCTC) from a 15-year to a 30-year credit but also recognize there are many environmental factors that can impact a company's growth potential over that length of time. Ohio should uphold its commitment to the JCTC program but ensure it is flexible enough to adapt to changing economic conditions. Maintaining annual review of a project's JCTC compliance to its initial agreement is a critical accountability measure to make sure suppliers and operators are achieving key milestones for job creation and growth. To further strengthen oversight, we would recommend the proposed 30-year JCTC to be structured as an initial 15-year agreement with the option for three five-year renewals. The renewals would be based on the established rate of the agreed upon JCTC for a project and would consider employment and payroll growth over that period of time.

Further, while business attraction is critically important, economic development data shows that much of all job growth comes from business retention and expansion. Our focus on retention and expansion in Northeast Ohio is driven by 80% of our business development projects falling in this category with just 20% representing attraction opportunities. Our companies across the region want to grow here and we must be committed to providing these businesses with the resources and incentives to expand their role as job creators for our state.

Moving forward, we recommend Ohio consider tax incentives for mid-market companies with high-growth potential. Data indicates that mid-market companies represent approximately 3% of all businesses nationally but accounts for more than 33% of gross domestic product and jobs. To support the policy intent of SB 309, we would recommend mid-market companies be defined as those with annual revenues greater than \$10 million and less than \$1 billion. Further, we recommend maximizing the Job Retention Tax Credit to support companies invested in Ohio that want to grow here. Understanding that few projects have qualified for the JRTC in recent years, we are ready and willing to be a partner with the state to determine modifications for this program to ensure it can support those companies that are key to Ohio's continued growth.

Thank you again for the opportunity to provide feedback on this important legislation. We look forward to supporting SB 309 as it moves through the legislative process. Do not hesitate to contact me if you would like to discuss any of our recommendations further.

Best Regards,



Joe Roman
President & CEO

