



**Senate Ways and Means Committee  
Substitute Senate Bill 212  
Interested Party Testimony (Written Ony)  
Ohio School Boards Association  
Buckeye Association of School Administrators  
Ohio Association of School Business Officials  
February 25, 2020**

On behalf of the members of our three education management organizations, we are writing to express our views on the provisions in Substitute Senate Bill (Sub. SB) 212, a bill to provide tax breaks for residential developers and existing homeowners through the establishment of a Neighborhood Development Area (NDA). We appreciate that the bill 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 the bill's sponsor in the substitute version of the bill that extended the period under which the board of education would have to consider the proposed Neighborhood Development Area (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.

However, the substitute bill would still allow exemptions of 70% of property valuation to be granted without approval of the school district board of education. We believe boards of education should fully participate in decisions that have such an impact on school district resources. It is our experience that local governments choose to stay within statutory limits that do not require school district input when making tax exemption agreements, and we expect this practice to continue under Sub. SB 212.

We have been in touch with the bill's sponsor, Senator Kirk Schuring, and we have agreed to work together as the bill continues through the legislative process. In the meantime, we have listed some changes we would like to see in bill:

An additional provision that could be added to SB 212 would be the requirement that the **resolution designating an NDA 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.

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.”

Finally, Substitute SB 212 is unclear about what terms the school district and the township or municipality would be negotiating for the ability to exempt 100% of the property values. With other local abatement and tax exemption programs, school districts may receive payments in lieu of taxes (PILOTs) to help offset the forgone tax revenue. There is no such provision in SB 212. In fact, according to the LSC Fiscal Note and Local Impact Statement, “The revenue loss from this program is clearly indeterminate, but could be quite substantial.” **We request that boards of education be involved in all discussions about possible NDAs and that Board approval be required, whether the proposed exemption be 100% or 70%.**

Thank you for your consideration of our input on Sub. SB 212. We realize the bill has been making its way through the committee process for some time. We would be happy to work with the sponsor regarding our suggestions for improving the bill as the bill moves forward.

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