



Representatives Bride Rose Sweeney & Thomas Hall
Sponsor Testimony on H.B. 519 (Brownfield Remediation)
June 20, 2024

Chairman Edwards, Vice Chair LaRe, and members of the House Finance Committee, thank you for the opportunity to testify on behalf of House Bill 519—legislation to provide for a dedicated funding source for the Brownfield Remediation Fund and an evaluation process by which future brownfield grant funding will be awarded.

Brownfield¹ Remediation funding is a critically important economic development tool by which the state supports local governments, non-profits, or for-profit developers in their efforts to assess and clean up environmentally contaminated sites that have been abandoned by their previous owners. These blighted properties can be found across Ohio, ranging from an idle 5,000 sq.ft. manufacturing facility inside Cleveland’s industrial center, to an unused 1-acre agricultural lot in rural southwest Ohio, collecting piles of leaking paint cans, asbestos-ridden roof shingles, and miscellaneous debris. Many of us are already familiar with such properties in our own districts—neglected, broken-down buildings that have become an embarrassing eyesore for the surrounding community.

Funding for brownfield remediation also represents a significant opportunity to spur further community revitalization and economic growth in Ohio. An economic impact study conducted by Greater Ohio Policy Center found that the economic return on investment was nearly \$5 for every \$1 invested by the state. As Ohio looks to create more construction-ready sites that will attract new business to our state, we can both mediate harm and create new economic opportunity by redeveloping existing brownfield sites rather than paving over greenspace or displacing agricultural land. Other brownfield sites may be more appropriately converted into business office space, community greenspace, or affordable housing units.

Through Ohio’s current Brownfield Remediation Fund, reestablished in 2021 with an initial investment of \$350 million, the state has provided grant dollars for 188 cleanup & remediation projects and another 125 assessment grants. These grants were awarded to projects in 83 of Ohio’s 88 counties. The program funds are also in high demand; when the third round of funding was opened in July 2022, the application portal was closed a week early after receiving more applications than the program could possibly fund. The 135th General Assembly followed up on this initial investment with another \$350 million in the last operating budget and the latest round of funding was similarly fully subscribed within 2 hours of the application window opening last December.

Under current Ohio law and the 2013 state liquor franchise agreement, JobsOhio is required to make an annual payment to the state General Revenue Fund (GRF) if net liquor profits exceed an annual threshold.² These payments began in 2014 around \$14 million but have since increased to just over \$104 million last fiscal year. HB 519 would set aside a portion of these excess liquor franchise profits to directly fund the Brownfield Remediation Program, with the remaining dollars continuing to be credited

¹ A brownfield is any abandoned or otherwise under-utilized property that was previously used for an industrial or commercial purpose and was compromised by the release of hazardous chemicals or petroleum products.

² Using FY 2013 profits as a baseline, these “deferred payments” are calculated each year by taking 75% of the liquor profits that were accrued beyond the base growth rate of 3% of liquor profits from the prior fiscal year. Deferred payments began in FY 2014, rising from \$14.0 million in that fiscal year to \$125.8 million in FY 2021. A total of \$380.3 million has been received over this time.

to the state's GRF.³ Importantly, this legislation would not impact JobsOhio's existing funding levels, rather, the dedicated brownfield funding would serve to supplement their ongoing economic development work.

Last budget cycle, there were changes to how this fund operated that made the program less effective and more cumbersome. Currently, applications are funded on a first-come, first-serve basis and must be submitted to the Department of Development by the county's designated "lead entity," typically the county landbank. This can be burdensome for local landbanks who are oftentimes responsible for submitting hundreds of applications in a short period of time and has led to some projects missing out on funding by a matter of minutes. I have heard from many constituents and business owners in my county who were frustrated by the rushed process that seemed to prioritize how fast the landbank could click "submit" over the strength of their project's application. Similarly, the long wait time in between the initial application and funding announcement, only for millions of dollars in funding to be announced all at once, has led to project delays and a scramble to secure a contract with one of the few firms able to complete the required assessment and remediation work.

HB 519 would reform this process by restoring an updated version of the Clean Ohio Council, composed of representatives from county & municipal governments, business interests, economic developers, and land reutilization corporations who would be responsible for administering a transparent & competitive evaluation process. The bill creates a scoring system by which projects will be evaluated & selected based on merit that would be made available to applicants before a request for funds is submitted. The bill also sets aside 20% of available funds specifically for assessment grants, ensuring those projects will not need to compete against clean-up projects for funds. Finally, the application and evaluation process will be a revolving system, meaning applications can be submitted when they are ready and can be revised as needed, alleviating the current scramble for funds when the application portal opens. As a result, all projects will be subject to a transparent & fair evaluation process that prioritizes the most effective use of state funds, creating a level playing field for all areas of the state and ensuring the proper stewardship of taxpayer dollars.

Ohio's Brownfield Remediation Fund has the potential to catalyze transformative change for communities across the state. In addition to the incredible economic return on investment, these remediation projects will also help to address pollution & environmental concerns, improve public health conditions, and enhance our constituent's overall quality of life. With these dedicated state dollars, we can turn Ohio's aging industrial infrastructure into the economic engine of Ohio's future and finally retire Ohio's "Rust Belt" moniker for good. Thank you for the opportunity to testify today; we would be happy to answer any questions you may have.

³ In fiscal year 2023 approximately \$83 million would have been set aside for the dedicated purpose of brownfield remediation, with the remaining \$21 million in excess liquor profits returning to the GRF.