



Mid-Ohio Regional
Planning Commission

Interested Party Letter Regarding Substitute Senate Bill 235
Ohio Senate Ways and Means Committee
April 13, 2016

111 Liberty Street, Suite 100
Columbus, Ohio 43215

T 614.228.2663
TTY 800.750.0750

www.morpc.org

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Dear Chairman Peterson and Ranking Member Tavares:

While the Mid-Ohio Regional Planning Commission (MORPC) appreciates the interest in providing more tools for redevelopment of property, we write to express our concerns and believe SB235 needs reworked prior to passage.

As an association of over 60 local governments and regional organizations in Central Ohio, we are concerned with the following aspects of SB 235 and believe they would discourage redevelopment and actually hurt local government economic development efforts:

- **First, there is no defined tax exemption period.** The bill would allow a developer to enjoy the exemption from taxes on the increased value of the property for an undetermined period of time even if no improvements are made to the property. This would be particularly troubling for properties located in communities with rapidly increasing property values. The proposed ten-year exemption period in an amendment to be considered by the committee does very little to address this concern.
- **Second, the scope of the tax exemption is too broad.** This legislation may have the unintended effect of eliminating the incremental increase in value for existing Tax Increment Financing (TIF) projects involving commercial and industrial developments.

- **Finally, the lack of local control of the tax exemption is problematic.** State law already provides several economic incentive programs for local government to work in partnership with the private sector to redevelop property. Under SB 235, developers would be entitled to a tax break as a matter of right – irrespective of the plausibility of or failure to make the planned improvements. Local government officials are in the best position to work in partnership with their community and private sector to promote, evaluate, and execute development and redevelopment projects that involve an exemption from local taxes. Local government should be provided an opportunity to scrutinize them prior to a tax exemption being permitted.

Furthermore, local governments have enterprise zones and community reinvestment area tax abatements that already serve the purpose of this legislation. State law carefully outlines and requires local governments to require that the developer or property owner submit information including investment, job creation, and payroll. Local governments review each tax abatement annually to make certain the developer and property owner have paid their taxes, completed the required improvements, and have met their employment benchmarks. It is imperative for performance measures to be considered appropriately when implementing such an incentive.

We thank you again for the opportunity to express our concerns about this legislation and hope there will be an additional opportunity to address them through an interested parties meeting.

Kind Regards,

A handwritten signature in blue ink that reads "William Murdock". The signature is fluid and cursive, with the first name being more prominent than the last.

William Murdock, AICP
Executive Director