



M E M O R A N D U M

Date: January 22, 2018

To: Cliff Rosenberger, Speaker

From: Buckeye Associations of School Administrators
County Auditors Association of Ohio
County Commissioners Association of Ohio
Mid-Ohio Regional Planning Commission
Ohio Association of County Boards of Developmental Disabilities
Ohio Association of School Business Officials
Ohio School Boards Association
Ohio Library Council
Ohio Municipal League
Ohio Township Association

Re: Local Government, Schools and Economic Development Groups Oppose HB 371

C: Ohio House of Representatives

We are writing as a strong coalition of ten organizations representing schools, local governments, and local economic development interests, urging you to oppose the passage of House Bill 371, a bill to provide a tax exemption for new residential development. HB 371 is an attempt to usurp local decision making on land use, community planning and economic development incentives with a **one-size-fits-all state mandate**.

The bill would treat property owned by housing developers differently than other property by freezing the taxable value of the property for up to 8 years (or until construction begins). We believe HB 371 is unnecessary because there are currently incentive programs that are available to local governments to accomplish the underlying purpose of the bill. Community Reinvestment Areas (CRAs), Tax Increment Financing (TIF) agreements, and other programs provide local governments with adequate tools to offer residential construction incentives in specific circumstances that are tailored not only to provide assistance and inducements to the developer, but also to take into consideration the unique requirements of the particular local government.

The following are additional reasons why we are urgently requesting that you reject HB 371:

- Local governments are required to develop and maintain land use plans in order to be sure development occurs where it makes sense and where the development can be supported efficiently. HB 371 circumvents the purpose of local planning.
- Local communities should be permitted to decide where residential development will be encouraged (with tax incentives and other supports).
- Existing economic development agreements like TIF agreements could be rendered useless if HB 371 is adopted.
- Some communities are over saturated with housing stock, yet developers could still take advantage of this tax break.
- HB 371 has been promoted as a potential driver for an improved economy, yet historic economic development patterns show that demand for new homes will increase as the economy grows with no tax-break incentives. The incentive for successful housing developments is access to jobs for potential home-buyers. HB 371 is **not** providing new jobs.
- Conversely, experts have testified that Ohio's population is stable, and there is no demonstrated need for housing developer tax subsidies in many communities.
- Unplanned and unorganized housing developments have the potential for over-burdening local government services and school districts.
- During the time period of the exemption, existing property owners may end up paying more to make up the difference for levies raised through outside millage.

In addition to the broad application of the bill affecting local economic development decisions, our groups oppose the loss of potential incremental revenue increases for schools and local governments that would occur naturally under current law. This is particularly important, in light of the current scarcity of funds coming from the state to these local entities.

Again, we respectfully urge you to reject HB 371. If you have questions, please feel free to contact us.