



Ohio Municipal League

*Our Cities and Villages ★ Bringing Ohio to Life*

Proponent Testimony on HB 233/Downtown Redevelopment Districts  
Before the Ohio Senate Ways and Means Committee

By Kent Scarrett

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Good morning Chairman Peterson, Vice Chairman Beagle, Ranking Minority Member Tavares and members of the Senate Ways and Means Committee, my name is Kent Scarrett and I am the Director of Communications for the Ohio Municipal League. I want to thank you for the opportunity to provide proponent testimony on HB 233, Representative Schuring's bill to create Downtown Redevelopment and Innovation Districts, that we believe will serve as an important mechanism for municipalities to encourage and support public-private redevelopment opportunities in core areas of cities and villages, many of which are challenged by pervasive fiscal constraints.

HB233 and the concept of Downtown Redevelopment Districts would, as we understand it, mirror the current Tax Increment Financing (TIF) system that local governments have accessed to direct additional financial support to economic development projects. The revenue generation system for a DRD would be similar to TIFs by allowing a municipality to initiate an ordinance exempting up to 70% of a parcel of properties' increased value in tax liability. In lieu of the revenue that would have been generated by the tax collection, those funds are instead received through annual payments to the municipality via "service payments" equal to the amount of real property taxes that would have been charged on the value exempted from taxation. Boundaries for a

proposed Downtown Redevelopment District prescribed in the bill call for the parcels of land to be included as part of the program to not be greater than ten acres, which is equivalent to the acreage we are on now, the land that makes up Capitol Square.

During Representative Schuring's testimony, he shared with committee members the benefits of the "synergy" his legislation will have with the current Ohio Historic Preservation Tax Credit program, further encouraging much needed revitalization of Ohio's downtowns.

We understand there have been conversations and considerations given to the idea to discontinue the Ohio Historic Preservation Tax Credit and change it to another grant program. The preservation tax credit program is a critical tool Ohio city and villages have used across the state as they partner with developers to breathe new economic life into communities that otherwise, because of limited access to capital or inadequate finances to support such large investments, would be unable to make the necessary investments to preserve their community's architectural heritage. Since its inception in 2007, the Ohio Historic Tax Credit program has completed 238 projects statewide, providing 21,000 Ohioans with permanent employment while creating an estimated 20,000 construction jobs.

We hope the General Assembly will continue to support the Ohio Historic Preservation Tax Credit so programs like the Downtown Redevelopment Districts can make a good program better.

An important difference between the current TIF and a DRD is that revenue generated by the proposed DRD can be used for a broader range of purposes. Currently, TIF's can be authorized to fund infrastructure needs of local governments including improvements to public roads and highways, water and sewer lines, remediation, land acquisition and demolition, and for enhanced public waterways, to mention a few.

Unlike a TIF, HB 233 would permit DRD revenue to be used to finance grants and loans to owners of historic buildings for rehabilitation of property or to make repairs or improvements to non-historic

buildings. Additionally, revenue generated through a newly created DRD can be used to enhance the work of current programs on the local level, driving prospective employers to the area of concentration by promoting the advantages of businesses investing in the district and to attract new economic development opportunities through business recruitment techniques.

To foster the energy and economic development opportunities that an educated, youthful, professional municipal downtown can bring to a region, cities continue to direct investment in local public-private collaborations. A key provision on HB 233 that our members are very interested in would allow municipalities to establish Innovation Districts within a Downtown Redevelopment District. The creation of Innovation Districts will provide Ohio cities and villages the ability to attract and support new, technology- oriented businesses by offering creative grant and loan programs to technology startups including small business incubators, vital to “cutting edge” business ventures.

Ohio’s municipal leaders are constantly focusing on the best ways to capture the energy of the private sector, to partner with entrepreneurs who are often best at identifying emerging trends in business and technology and to provide capital and space for these opportunities to merge. The league believes what is being proposed in HB 233 will be a benefit to our municipalities and the state, as we partner with you to put Ohio’s best foot forward.

By providing new avenues for creative economic development to be nurtured in our municipal core areas, young professionals who are not interested in such things as “commute times” will be, and are now, more interested in personally investing in central metropolitan areas by establishing their place of residence closer to where they work and socialize. If we are to be serious about supporting ideas that will slow, if not stop the loss of Ohio’s intellectual resources and investments, community leaders need the tools to try different strategies to encourage young professionals to invest personally and professionally in Ohio’s cities and villages and reverse the “brain drain” phenomenon.

In closing, the league believes HB 233 will give the financial leverage and tools municipalities need to harness the emerging synergy between a community's historical assets and the ability to affordably repurpose desirable dormant space for emerging opportunities.