To: Governor Mike DeWine

From: Local Government Associations

Re: Local Governments, Schools and Economic Development Groups Oppose Inclusion of HB 149 in Operating Budget (HB 166) (TAXCD58)

Date: July 17, 2019

We are writing as a strong coalition of fifteen organizations representing schools, local governments, and local economic development interests, urging you to veto the changes to R.C. 5709.54 in House Bill 166 (TAXCD58), the Operating Budget Bill, as reported by the Conference Committee. This is a property tax exemption for new residential development. It usurps local decision making on land use, community planning and economic development incentives with a **one-size-fits-all mandate.**

- The language treats property owned by housing developers differently than other property by freezing the taxable value for up to three years or until the sexennial reappraisal is completed.
- The exemption could result is loss of revenue to school districts and other units of local government. According to the LSC Fiscal Note and Local Impact Statement from companion legislation H.B. 149, “The magnitude of tax revenue loss might range into the low millions of dollars statewide...”
- Existing development agreements could be seriously impacted by the passage of this language resulting in default bond payments or additional general fund obligations. Local governments are currently 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. This language circumvents the purpose of local planning.
- When developers and local governments negotiate tax incentives, the agreements are not one-size-fits-all, but rather specific, case-by-case agreements.
- During the time period of the exemption, existing property owners will end up paying more to make up the difference for levies raised through outside millage.
- The language essentially subsidizes sprawl by incentivizing and promoting economically and environmentally unsustainable development across the state.
- The financial risk of building-up an undeveloped area should be carried by the developer, not the local governments in which the development is proposed to occur.

On behalf of all our members, we respectfully urge you to veto the changes to R.C. 5709.54 (TAXCD58) from the budget bill. If you have questions, please feel free to contact any one of our associations.