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Mr. Chairman and Members of the Joint Committee on Property Tax Review and Reform:

I come before you today as a former Marysville City Councilman from 2004-2007, a member of both the Ohio House and Ohio Senate from 2009-2020 and currently as a Union County Commissioner. During my tenure in office, I have been a part of Tax Increment Financing agreements or the crafting of law pertaining to at each level of government. Since first adopted under HB1328 in 1976 but particularly in the last several years, I have witnessed a broadening of legislative interpretation by TIF users as well as intergovernmental divisiveness larger projects with enhanced tax revenue can bring. As you know, TIF revenue exists from increased property values, the increased property tax revenue that follows, and the intended levied recipients of these funds who form the future cashflows to be generated.

Traditionally, TIFs were used to fund infrastructure that enhanced and grew projects that otherwise the governing entity would not have been able to support or fund. This was generally seen as leading to increased economic development, increased property valuations outside the TIF area and an increased quality of life for residents in that area without increasing general taxation. Today, particularly in faster growing counties, it could be argued that some governmental entities appear to be using TIFs as mechanism of primal revenue enhancement, supplanting or control. I fear this unintended consequence could become commonplace and degrade the original intention of TIF law. To that, I submit the following points for your consideration:

- 1.) Within TIF law, the term 'public infrastructure or purpose' is being interpreted very broadly to mean any infrastructure that allows a project to occur. While most of us think of roads, bridges, environmental remediation, or the running of public utilities, some believe this latitude includes a developer's sunk costs, such as water and sewer taps, that only benefit a single parcel or developer rather than a larger public good. While it is easy to understand a TIF used to run a water or sewer line to a site, it's hard to imagine the paying for the tap fee was an intended covered cost by a TIF. Candidly, if a developer claimed covering the cost of roofing was a requirement for a project to occur, it would likely be an acceptable use of TIF revenue under current law.
- 2.) The above leads to the issue of single entity TIFs versus intergovernmental TIFs, particularly among counties and townships. While municipalities enjoy Home Rule and broad utility authority, counties and townships do not. Ohio statute dictates these limits. For example, a township can initiate a TIF for a county road without any input from the county itself. The township may not have the bonding authority or engineering capacity to build the road. Because the county might not have the revenue to build the road due to the township capturing the TIF revenue, the road is never built. Because of this statutory paradox, such TIFs should be collaborative.
- 3.) The state should better define TIFs regarding commercial and retail use versus residential use. One is clearly a long-term job and tax creator while the other, most respectfully, burdens the very entities whose funds are being utilized by the TIF itself. State and county functions such as public education,

developmental disabilities, public health and mental health are further suffer levy erosion when TIF fund taken from them are used to purvey additional users of their services. Simply put, residential TIFs should be better separated from commercial and retail TIFs given their impact on the levying entities.

- 4.) TIF rollover, extended life beyond debt payment and expansion beyond original intent are seeming to have a negative impact on voters who pass levies for specific purposes but are repeatedly subverted by these tools. In some cases, voters are forced to consider additional or new levies to offset the lost revenue that TIFs have removed. Rolling a 30 year, 10/75 or other type TIF should encounter the same thoughtful and public process that originated it.

Mr. Chairman and members of the committee because Union County is a growing and prosperous county, these problems are more pronounced than most areas of our state. I will venture that some counties around Hamilton County are dealing with similar issues. My concern today is that some developers will utilize these loopholes across Ohio to their own benefit and at the cost of the public while it is still legal to do so. Until such matters are better defined, I am uncertain how meaningful discussion around tax valuations are impactful when a significant amount of future revenue is captured and delegated for purposes beyond the scope of which the voters intended.

Thank you for your attention and I would be happy to answer any questions you might have.

Respectfully,



David E. Burke  
County Commissioner  
Union County Ohio