



The Forum for Commercial Real Estate

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The Central Ohio Chapter NAIOP is opposed to Governor's Taft tax plan as it includes following proposed taxes:

- Real Estate commissions subject to sales tax
- Property Management subject to sales tax
- Title services subject to sales tax
- Reduction in the commercial property rollback.
- Increase recording fees.

The Governor's tax plan will have a detrimental impact on the commercial real estate industry and businesses that operate commercial property throughout Ohio. The plan will:

- Increase the cost of businesses
- Increase transaction costs for businesses buying commercial property
- Diminish commercial real estate values
- Negatively impact in the residential market, which has been one bright spot in Ohio's economy through the current recession
- The increase in taxes on vacant properties will increase the rate of foreclosures.

The vast majority of commercial leases in Ohio are "triple net" leases with the tenant paying all operating expenses including all taxes. Because of this provision Ohio's businesses will bear the majority of the commercial property tax increase, which Governor Taft is proposing. This increase will come at a time when Ohio is struggling to attract new businesses and has become less competitive in attracting and retaining jobs.

Commercial property owners have already been hit with significant vacancy during the most recent recession and additional taxes on vacant properties will result in higher vacancies and increased foreclosures. At a time when businesses are asked to stimulate new growth in the economy, a new 220 million unvoted property tax hike is not the answer to aid Ohio's economic growth. A 220 million dollar tax increase on businesses will not encourage economic development in our communities. A year ago this month we lost a major Hyundai expansion to the state of Alabama. As we raise the cost of business even higher, how many additional jobs will we see go to other states?

While we understand the state's budget issues we feel that a further reduction in State's expenses are required to represent a balanced budget without tax increases, which will effect economic growth. If the state cannot balance its budget then a temporary sales tax increase is a more reasonable solution, which is less likely to impact the long-term growth of Ohio.