On behalf of the County Commissioners Association of Ohio, thank you for seeking feedback on the 2014 *Local Impact Statement Report*. As you note in the report, various bills are exempted from the LIS requirement. Consequently, the *Local Impact Statement Report* does not accurately capture the impact of state policy decisions on local governments. Primary among those exemptions is the state's biennial budget bill.

In addition to serving as a vehicle for the state funding plan, the biennial budget contained sweeping policy changes, including an array of tax policy changes.

BUDGET IMPACTS

After years of challenges to the Local Government Fund (LGF) culminating in a 50% cut two years ago, this budget saw the LGF placed back on a percentage of tax receipts formula, albeit at a reduced percentage. Throughout the public budget testimony, it appeared that HB 59 would result in modest revenue gains over the biennium for local governments. However, one important component of receiving a percentage of state tax receipts is that the amount depends upon the overall amount to state taxes collected. Once the last minute tax policy changes were taken into account, the overall tax policy changes resulted in the LGF experiencing a 3.1% increase for the two-year average between SFY 2013-2015, and local governments seeing a 23.7% cut in CY 2013, and a 1.3% increase in CY 2014.

Some positive impacts for counties resulted from the budget bill. The reimbursement rate for indigent defense costs was increased from 35% to 40%. For the first time since 2005, the budget contained no proposed cuts in Job & Family Services programs, and $42 million was restored per year for county TANF programs aimed at helping people retain or obtain employment, combined with $7.2 million per year to help fund county JFS agencies as they transition to a new eligibility determination system.

ELECTION REFORMS

Senate Bill 10 modifies the election process in which the counties find themselves precariously positioned. County commissioners are delegated the responsibility to pay for elections. However, election ground rules are set at the federal and state level. Additionally, the board of county commissioners, which is the budgetary authority for most county operations, does not have control over appropriations to the boards of elections. Ohio law enables a board of elections to apply to the court of common pleas to fix the necessary and proper expenses of the board of elections pertaining to the conduct of elections.

Between federal and state legislative enactments changing election requirements, the cost of administering elections has increased substantially for counties. Of utmost concern to counties in the near future is the need to replace the aging voting equipment that was mandated as a result of HAVA.

ADDITIONAL TAX REFORMS

Senate Bill 28 incorporates changes to the Internal Revenue Code into Ohio law that negatively impact the tax base, thus reducing the amount of funding counties receive from the LGF. The LGF represents an important source of flexible funding to pay for various state-mandated programs and services counties are required to provide.

EROSION OF PROPERTY TAX BASE USED TO SUPPORT CRITICAL SERVICES

Several recent legislative enactments over the past decade have significantly impacted levy-funded programs and services. Combined with the recession which reduced property values, a once stable source of funding has experienced significant erosion. Tax abatements also have an impact. Senate Bill 112 provides another extension of the enterprise zone program, now through October 2015. The Fiscal Note indicates that a county would lose property tax revenues for any enterprise zone agreement created by a municipal corporation. CCAO has continually sought legislation that would require notification and consent of the board of county commissioners affected by either property tax abatement, such as an enterprise agreement, or tax increment financing that a township or municipal corporation grants within a county.

Furthermore, the elimination of the tangible personal property tax has significantly reduced the value that can be offered through an enterprise zone agreement. CCAO believes that the authority for counties to provide tax abatement is a valuable economic development tool and should be preserved under a revised statutory format that restores some relevance to the enterprise zone program.

CONCLUSION

Counties are uniquely tied to the state as the provider of state services at the local level on the state's behalf. The vitality and viability of this state/county partnership is directly impacted through all actions of the General Assembly. Therefore, CCAO urges the General Assembly to review **all** legislation enacted for its impact upon Ohio's local governments through the LIS process. Only then will the General Assembly and the public receive the true picture of the impacts that unfunded mandates and policy decisions have upon the counties and other local governments.

Again, CCAO thanks the Legislative Service Commission for the opportunity to comment on this report and wishes to acknowledge the professionalism and expertise of the LSC staff. Thank you.