



OHIO TOWNSHIP ASSOCIATION

The Ohio Township Association (OTA) would like to thank the Ohio Legislative Service Commission (LSC) for the opportunity to comment on the *2018 Local Impact Statement (LIS) Report*. The LIS Report is an important educational resource for our members and the members of the General Assembly as it highlights the effect certain legislation passed the previous year will have on townships' budgets and keeps legislators and local officials aware of any unfunded mandates created in legislation.

The fiscal impact legislation may have on townships often is underestimated but the Legislative Service Commission has done a nice job of recognizing the impacts. A total of six bills enacted in 2017 had a fiscal impact on local governments, according to the LIS Report. Of those six bills, three have a direct impact on townships: Sub. HB 69 (TIFs), HB 118 (Property Tax Complaints) and Am. SB 9 (Sales Tax Holiday).

In 2006, changes were made to the Tax Increment Financing (TIF) law to require counties to sign off on municipal TIFs since county service levies are directly impacted by the creation of TIF districts. Subsequently, the General Assembly passed legislation requiring service payments in lieu of taxes for specific county service levies and park levies. Township fire levies, prior to Sub. HB 69, were not granted the same courtesy even though when a municipality creates a TIF district, the township safety service levy suffers. The township has more demand placed on their services but does not see an increase in funding. Sub. HB 69 will provide revenue protection for township fire departments in these limited, specific situations.

The General Assembly codified a recent Ohio Supreme Court decision with the passage of House Bill 118, which prohibits the dismissal of a property tax complaint for failure to correctly identify the property owner. As pointed out in the fiscal note, this could have a positive or negative impact on townships depending on the circumstances of a complaint filed.

It is projected that the Local Government Fund (LGF), from which townships receive revenue, will see a reduction in funds from the enactment of Am. SB 9. Monies from the LGF are used in every community across the state and therefore affect every resident in Ohio. For most townships, the LGF is the second highest source of revenue for townships behind property tax collection of inside and outside millage. Townships do not have the ability to make up the lost LGF revenue by passing other taxes such as the income or sales tax. Any lost LGF revenue will require additional property tax levies. In a time when it is increasingly difficult to pass levies, this could mean reductions in services provided by the township or financial troubles.

While the *2018 Local Impact Statement Report* offers an analysis of legislation passed in 2017, it is not as inclusive as we would like. State budget bills are exempted from local impact statement requirements and, therefore, are not included in this report. The OTA encourages the General Assembly to include budget bills in the Local Impact Statement requirement in order to provide a more comprehensive look at how legislation passed affects local governments. A procedure should be established by which local governments can contest new laws that are not fully funded, yet give the General Assembly adequate time to modify or fund the mandates they impose.

Although the actual impact these new laws will have on townships will not be known until the laws are put into practice, the fiscal analyses provide a base for which townships can determine how a new law may affect their budgets. The Ohio Township Association appreciates the opportunity to provide our input and thanks the Legislative Service Commission for all of their hard work in compiling this data, as it is truly beneficial to legislators and local government groups.