



OHIO TOWNSHIP ASSOCIATION

On behalf of the Ohio Township Association (OTA), I would like to thank the Ohio Legislative Service Commission (LSC) for the opportunity to comment on the 2005 Local Impact Statement Report. The LSC Local Impact Report is an important educational resource for our members and the members of the General Assembly as it highlights the effect certain legislation 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. Provisions established in legislation such as filing, notification and public hearing requirements could create significant costs for townships. 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 our townships to determine how a new law may affect their budgets.

As mentioned at the start of this report, a bill is determined to have fiscal impact if its estimated annual cost is more than \$1,000 for townships with a population of less than 5,000 or if its estimated annual cost is more than \$5,000 for townships with a population of more than 5,000. According to the 2005 report, there are two bills with a negative fiscal impact on townships and one bill with an indeterminate impact potentially resulting in increased expenditures or a gain of revenue.

The most concerning of these three bills is SB 190, which extends the job training tax credit for training expenses in TY 2006. This bill affects local governments because extending the tax credit by one year decreases revenues by up to one million dollars in state taxes that are used to fund the Local Government Fund, Library and Local Government Support Fund and the Local Government Revenue Assistance Fund. These three funds are critical to local governments as they are used to fund police, fire and emergency services, parks, libraries, and senior centers. Loss of LGF revenue will cripple township services, especially in small, rural townships that have low tax valuations and large, urban townships that have high growth.

While the 2006 Local Impact Statement Report offers an analysis of legislation passed in 2005, it is not comprehensive. State budget bills are exempted from local impact statement requirements and, therefore, are not included in this report. House Bill 66, the state's biennial budget which was passed in June 2005, had several provisions that will have severe negative fiscal impacts on townships including the continued freeze on Local Government Funds that was in place for the prior biennium. In addition the General Assembly froze the local distribution formulas unless the jurisdiction(s) which would receive fewer funds under the new formula agrees to take the lesser amount. House Bill 66 also included language that would phase-out the tangible personal property tax over 13 years but would only hold townships harmless from years 2006-2010 at a reimbursement rate equal to TY 2004 levels. Even though townships may be held "harmless", a large revenue source is still being eliminated in townships and will have severe negative impacts on township budgets and services. The OTA encourages the General Assembly to include budget bills in the LIS report in order to provide a more comprehensive look at how legislation passed affects local governments.

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.