

State & Local Government Commission

In 2000 the Legislative Budget Office (LBO) has issued the fifth Annual Review of local impact statements. The review was conceived in S.B. 33 in the 120th General Assembly and eventually signed into law by Governor George V. Voinovich in 1994. The purpose of the review was to reduce the number of unfunded mandates passed on to local governments and school boards. The State and Local Government Commission (SLGC) by law participates in the annual review by gathering input from the associations representing counties, municipalities, townships, and school districts. The commission also includes brief comments on the review as well.

The key component of S.B. 33 requires LBO to add to their fiscal impact statements the “net additional cost” to local governments of certain bills. The law stated that beginning in 1996, LBO would prepare a report containing all bills with a local fiscal impact enacted in the preceding year. The previous reviews of legislation showed how much the legislative process could be impacted.

Our role in this process is consistent with our efforts to find solutions to the burdensome problem of unfunded state mandates on local governments. The Local Government Mandate Task Force was created by Gov. Voinovich’s Executive Order 94-62V and serves as a sub-committee of the SLGC. Since its creation in 1994, the task force has made substantial progress in helping local governments deal with state unfunded mandates. Most notably, the task force helped SLGC publish the first ever Quadrennial Report on Unfunded Mandates. The report made several recommendations to either fund, modify or eliminate unfunded mandates. A second report is anticipated by the end of 2000.

One of those recommendations became a welcome reality in the fiscal year 1998-99 biennial budget. This recommendation was a proposal to create a new line item for unfunded mandate assistance. This line item, entitled “Mandate Assistance,” was included in the executive budget, passed Ohio’s General Assembly, and was signed by Gov. Voinovich in June 1997. Since then, the commission has transferred over \$2 million for mandate assistance to local governments, fire departments, and school boards. The commission continued this assistance in fiscal year 2000 and will seek to ensure future funding to FY 2002-2003..

This increased attention on unfunded mandates has prompted further action in the reduction of state mandates on local governments by Ohio’s General Assembly. Many of our state representatives and senators have introduced and enacted legislation in recent General Assemblies that provide additional assistance in reducing state mandates. LBO’s local impact statements and annual review remain a positive influence on curbing the frequency of future state mandates in the legislative process. The Commission support strongly H.B. 706, which would revise the impact statement process and seek to sunset future mandates.

In the previous report 1998, LBO found that bills with an impact on local governments were less likely to survive the committee process and eventually be enacted (15% of all enacted bills had a local impact). In 1999, the percentages were up slightly, as a bill with a local impact had a 17% chance of enactment. As LBO correctly points out, it is difficult to make a decisive judgment

based solely on these numbers. There are many factors that influence the probability of a bill becoming law. However, with the information gathered over the past four years, it appears that a bill with a fiscal impact on local government is less likely to become law.

The local impact statement process was designed to provide legislators with more information on the potential cost to local governments before a bill passes through the General Assembly. As a result, there are fewer bills with a significant fiscal impact surviving the committee process. A bill without a significant impact upon local governments appears to be more likely to be enacted than one with a greater impact. The result is fewer unfunded mandates reaching local governments.