



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 proposed 2002 Local Impact Statement Report. The LSC Local Impact Report helps educate our membership and the members of the General Assembly on the effect certain legislation will have on townships budgets and keeps legislators and local officials aware of any unfunded mandate created in legislation proposed and passed by the General Assembly.

As we have stated in the past, the fiscal impact legislation may have on townships often is under estimated. Provisions established in legislation such as filing, notification and public hearing requirements could create significant costs for townships. The OTA is pleased that LSC takes such costs into consideration when determining local fiscal impact. 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.

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. Although \$1,000 or \$5,000 may not seem like a great deal of money when compared with the total budget of the township, the loss of such revenue may create a significant impact.

According to the 2002 report, there are nine bills with a local impact for townships, potentially resulting in a loss of dollars for township governments. Of the nine pieces of legislation that will potentially result in a negative net effect, five of the bills will result in a loss of revenue for townships and eight of the bills will result in an increase of expenditures. In addition to the bills listed in this report, several budget correction bills were passed in 2002 that also created a loss of revenue for townships. Townships have not experienced this type of revenue loss since the establishment of this Local Impact Statement Report.

Townships, unlike other political subdivisions, do not have the taxing authority to replace lost revenue. The only tax that a township can levy is the property tax. In 2002, three bills passed that could potentially result in the loss of real property tax revenue. One such bill is HB 65, which exempts from taxation property held or occupied by veteran's organizations that qualify for income tax exemption under the Internal Revenue Code. In the detailed analysis of HB 65, it is estimated that real property tax revenue will decrease by \$1.96 million for tax year 2002 and the loss would increase in subsequent years as the qualifying income level increases. Townships in Ohio would receive approximately 20% of that revenue which amounts to \$392,000 for tax year 2002.

Rising health care costs is one of the largest problems facing employers today and township government is no exception. Health insurance rates for townships raised an average of fifteen percent in 2002. There were two pieces of legislation passed in 2002 that could cause those rates to increase even more: House Bill 150 and Senate Bill 223. House Bill 150 requires insurance plans to cover the cost of hearing screenings for newborns and thus could result in insurance companies raising their rates to cover this mandate. According to the LIS for SB 223, the legislative change could result in additional cases and additional health care costs for local governments.

The OTA appreciates the opportunity to provide our input and we look forward to working further with the Legislative Service Commission.