



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [Sub. H.B. 347 of the 129th G.A.](#) **Date:** December 11, 2012
Status: As Reported by Senate State & Local Government & Veterans Affairs **Sponsor:** Rep. Anielski

Local Impact Statement Procedure Required: No

Contents: Authorizes nonchartered village councils to be composed of five instead of six members and authorizes council members' terms of office to be nonstaggered and permits townships to offer premium reimbursements for dependents of employees

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- The bill provides a way for statutory nonchartered villages to reduce council membership from six to five members, either by ordinance that is subsequently approved by voters, or by initiative. There appear to be 629 nonchartered villages in Ohio.
- There will be lower council member compensation costs for village councils that reduce membership under the bill. For most village councils, the annual savings will be a few thousand dollars.
- The bill permits townships to reimburse employees for insurance premiums for their dependents in addition to employee reimbursements. This could result in cost increases for reimbursements. However, it could result in cost savings if the employee would opt for a reimbursement instead of electing to receive the townships insurance plan.

Detailed Fiscal Analysis

Village council composition

The bill authorizes the legislative authority of a nonchartered village to be composed of five rather than six members, either by ordinance or resolution that is subsequently approved by the voters, or by initiative. The bill also permits the terms of council members to be nonstaggered. According to Ohio Municipal League records and 2010 decennial census data, there are 691 villages in the state of Ohio. Of these, 629 appear to be statutory nonchartered villages. Because statutory nonchartered villages have the discretion to set council member salaries, the savings derived from reducing council membership by one position will vary from village to village. Although LSC did not undertake a comprehensive survey of council member salaries, a cursory review suggests that annual council member compensation in statutory nonchartered villages generally falls within the \$2,500 to \$15,000 range. The table below shows an estimate of the possible savings if all of the 629 statutory nonchartered villages were to reduce council membership to five positions at various salary levels. Assuming that most council members are paid on the lower end of the compensation scale shown in the table, the total maximum statewide savings are likely to fall in the lower range of potential savings indicated. That is, it is highly unlikely that the statewide savings would go beyond the \$1.6 million to \$3.2 million range annually.

Effect of Reducing Village Council Size from Six to Five Members (629 Statutory Nonchartered Villages)	
Council Member Compensation	Potential Maximum Annual Savings Statewide
\$2,500	\$1,572,500
\$5,000	\$3,145,000
\$10,000	\$6,290,000
\$15,000	\$9,435,000

Insurance reimbursements for township employees

Current law states that any township officer or employee that is denied coverage under a health care plan, or any township officer or employee that elects to not participate in the plan, may be reimbursed by the township for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits. An Attorney General opinion (OAG 2012-27) indicates that townships are not permitted to issue these reimbursements to dependents of the employee. The bill therefore extends this provision to include the dependents of these employees.

As a result, it is possible that this provision could increase costs to townships in those instances in which the township is issuing reimbursements to officers or employees, and now is including dependents in the reimbursement. However, it is also possible that this provision could result in cost savings for townships as well, the key being that reimbursements are generally less expensive than providing a family insurance plan to an employee. As an example, a township trustee in Butler County currently receives approximately \$200 a month in reimbursements. If the authority to offer reimbursements to include dependents is not granted, it is possible that this employee would elect to take the township's insurance at a cost of approximately \$1,600 per month. The total cost increase or decrease would depend on the number of reimbursements issued relating to dependents of the employee. It is not clear how many of the 1,308 townships statewide have adopted resolutions authorizing these reimbursements for their current employees and officers, and thus might incur additional reimbursement costs or savings for dependents of employees or officers under the bill.

Local organizing committees for grantees

Current law authorizes the Development Services Agency to provide state grants to counties and municipalities that participate in the organization of certain sporting events. The Director is not to issue grants with a total value of more than \$1 million in any fiscal year, and shall not issue any grant before July 1, 2013.

The bill includes a "local organizing committee" to the list of possible grantees, and modifies the types of competitive events that qualify for state grants based on projected incremental increases in sales tax receipts. The bill also changes criteria for the calculation of projected increase in sales tax receipts from those events and specifies that the amount of the grant, as determined by the Director, may be not less than 50% of the estimated increase in receipts, but shall not exceed \$500,000.