



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 *Local Impact Statement Report* for bills enacted in 2013. The LSC *Local Impact Statement Report* helps educate members of the General Assembly and our membership on the effect certain legislation will have, and keeps legislators and local officials aware of any unfunded mandate created in legislation proposed and passed by the General Assembly.

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. The OTA is pleased that LSC takes such costs into consideration when determining local fiscal impact.

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 *Report*, there are two bills with a local impact on townships. It is noted that the enactment of Am. Senate Bill 10 could cause a potential increase in costs to local boards of elections, and in turn, the political subdivisions that are billed for election expenses.

Am. Senate Bill 28 will reduce the Local Government Fund (LGF), of which townships receive revenue. Townships are funded primarily through property tax levies. Unlike counties that may levy both a property tax and sales tax and municipalities that may levy a property tax and income tax, townships may only levy one type of tax, the property tax. For most townships, the LGF is the second or third highest source of general fund revenue for townships. 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 *Local Impact Statement Report* offers an analysis of legislation passed in 2013, it is not as inclusive as we would like. House Bill 59 was enacted in 2013 but because it is a budget bill, it is not subject to a local impact statement. 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.

Additionally, two pieces of legislation enacted did not require a local impact statement but ultimately do have a fiscal impact on some townships. In 2013, the General Assembly enacted HB 7 and SB 115, which address sweepstakes establishments. There are internet cafes or sweepstakes parlors in many townships across the state. Some townships have established regulations and fees as conditions for operating these businesses within their townships. Neither bill enacted provided specific authority to townships to charge operators of these establishments a fee, which results in a loss of revenue to the townships that were charging such a fee.

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. The Ohio Township Association appreciates the opportunity to provide its 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.