



The Ohio Township Association (OTA) would like to thank the Ohio Legislative Service Commission (LSC) for the opportunity to comment on the proposed 2011 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 township 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 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. 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 2011 report, there are five bills with a local impact, potentially resulting in a loss of dollars for township governments. Of the five pieces of legislation that will potentially result in a negative net effect, three of the bills will result in a loss of revenue or an increase of expenditures for townships.

One bill enacted in 2010, SB 232, exempts qualifying energy facilities from property taxation. In the detailed analysis of SB 232, it is estimated that local governments could lose several million dollars for fiscal year 2011. 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.

Am. Sub. SB 110 revises the Household Sewage and Small Flow On-Site Sewage Treatment Systems Law. At first glance the short description of the bill may not indicate a local government impact but townships could be negatively impacted by SB 110. According to the LSC Fiscal Note & Local Impact Statement for SB 110, costs for implementation of rule changes and development of maintenance programs could increase costs for local boards of health. County boards of health are funded by townships. Any increase in expenditures will require an increase in funding from townships within the health district.

While the *2011 Local Impact Statement Report* offers an analysis of legislation passed in 2010, it is not comprehensive. State budget bills are exempted from local impact statement requirements and, therefore, are not included in this report. 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. A procedure should be established by which local governments can contest new laws that are not fully funded, yet give the General Assembly adequate time to modify or fund the mandates they impose.

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.