



## 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 2014*. 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.

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.

According to the *Report*, there are six bills with a local impact on townships. Sub. HB 10 requires continuing education and creates an additional procedure for removal from office for township fiscal officers. A board of township trustees is required to pay for the continuing education, thus all townships will see an increase in costs. Furthermore, a township is required to pay reasonable legal expenses of any fiscal officer accused under this new removal procedure. If judgment is entered against the fiscal officer, the officer is required to reimburse the board of trustees, as determined by the court. Conversely, Am. Sub. SB 243 actually provides revenue to townships. The legislation allocated \$10 million to townships to be divided among the townships so that half (\$5 million) is distributed equally and the other half (\$5 million) is apportioned based on road miles in each township.

The changes made in Am. Sub. HB 492, Am. Sub. SB 243, Sub. SB 250 and Am. Sub. SB 263 will reduce the Local Government Fund (LGF), of which townships receive revenue. Any lost LGF revenue will require additional 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 the property tax. For most townships, the LGF is the second or third highest source of general fund revenue and any reduction causes fiscal hardships in townships.

It is worth noting, Sub. HB 5, municipal income tax reform, is listed in the *Report* as having a local fiscal impact on just municipalities. We would like to point out that there are some townships that will be impacted by the changes in Sub. HB 5. Townships may create and implement Joint Economic Development Districts (JEDDs) or Joint Economic Development Zones (JEDZs) with neighboring municipalities. These districts or zones facilitate economic development in townships without threat of annexation due to a revenue sharing agreement that includes municipal income tax. The *Report* indicates that municipalities are likely to see a net revenue loss, thus townships that have JEDDs or JEDZs will likely also see a net revenue loss.

While the *Local Impact Statement Report* offers an analysis of legislation passed in 2014, it is not as inclusive as we would like. Two pieces of legislation enacted did not require a local impact statement but ultimately do have a fiscal impact on some townships. In 2014, the General Assembly enacted Sub. HB 289 and Sub. SB 287. Sub. HB 289 eliminates the opportunity for a township to create a JEDZ after December 31, 2014. By eliminating this ability, the General Assembly is eliminating a potential economic development tool and revenue stream for townships. On the flip side, SB 287 expands to townships the ability to invest in municipal bonds, thus potentially growing revenue for townships that pursue this option.

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.