



OHIO TOWNSHIP ASSOCIATION

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The Ohio Township Association (OTA) would like to thank the Ohio Legislative Service Commission (LSC) for the opportunity to comment on the proposed *2017 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 2017 report, there are nine bills with a local impact, 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, three will result in a loss of revenue or an increase of expenditures for townships.

There were two bills (SB 2 & SB 172) passed in 2016 with a direct impact on the Local Government Fund (LGF). While the intent of the legislation is noble, the bills will result in lower income and sales tax revenue collected by the state and lower LGF revenues. The LGF receives 1.66% of the general revenue fund tax receipts in total collected by the state. A reduction in income tax revenues directly impacts the LGF percentage. Monies from the LGF are used in every community across the state and therefore affect every resident in Ohio. For most townships, the LGF is the second highest source of revenue for townships behind property tax collection of inside and outside millage.

House Bill 116 requires public employee benefit plans to provide coverage for medication synchronization, if specified conditions are met, as of January 1, 2017. In the detailed analysis of HB 116, it is estimated that local governments could see an increase in costs, both for the plan and the administration of said plan. According to a recent survey by the National Business Group on Health, healthcare plans are expected to cost five percent more in 2018, to an average cost of more than \$14,000 per employee. Townships are experiencing these types of healthcare costs as well.

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