



Ohio School Boards
Association

TO: Terry Steele, Senior Budget Analyst
FROM: Richard Lewis, Chief Executive Officer
Jennifer Hogue, Director of Legislative Services
DATE: August 31, 2021
RE: **2021 LOCAL IMPACT STATEMENT REPORT**

The Ohio School Boards Association (OSBA) is pleased to take advantage of the opportunity to review the 2021 Local Impact Statement Report on bills enacted in 2020. The Legislative Services Commission (LSC) report to the Ohio General Assembly and to the general public on the fiscal impact of certain specific bills is a valuable service.

The 2021 Local Impact Statement Report highlights 15 bills enacted during 2020 that require local impact statements. Six of the 15 bills have potentially negative fiscal impact on the level of revenues available to support public school districts. These three bills are House Bill (HB) 123, HB 150, HB 340, HB 436, HB 665 and Senate Bill (SB) 39.

OSBA strongly believes and reiterates its longstanding desire to see even more bills subject to having fiscal impact statements prepared. This is particularly true for omnibus bills, such as the biennial budget bill. We do, however, appreciate the opportunity to review and comment on these specific bills.

HB 123 makes changes to the law regarding school security and suicide awareness and prevention education. Districts will have additional costs to meet the bill's requirements related to threat assessment teams and plans as well as school curriculum and reporting programs. If a district does not currently have a threat assessment team, districts and schools will see new costs for administrative support for the team as well as potential collective bargaining issues for personnel serving on those teams. There will also be minimal costs for districts to update their curriculum to meet the new requirement to add at least one hour, or one standard class period, each of evidence-based suicide awareness and prevention, safety training and violence prevention and social inclusion instruction.

HB 150 eliminates for three years the first \$1 million of the financial institutions tax liability of new banks. Should this change occur, Ohio will see a reduction in the General Revenue Fund (GRF). It is difficult to estimate the extent of the impact this change will have because it is unknown how many institutions might be created and use this incentive.

The bill also creates a new commercial activities tax (CAT) exclusion in the case of receipts from the sale or transfer of a mortgage-backed security or a mortgage loan by a mortgage lender that holds a valid certificate of registration, or by a member of the mortgage lender's consolidated elected taxpayer group. This change will decrease annual CAT revenues. The amount of that decrease is not known but is estimated to be several millions of dollars per year.

OSBA leads the way to educational excellence by serving Ohio's public school board members and the diverse districts they represent through superior service, unwavering advocacy and creative solutions.

8050 N. High Street
Suite 100
Columbus, Ohio 43235-6481

(614) 540-4000
(800) 589-OSBA
(614) 540-4100 [fax]

www.ohioschoolboards.org

While funding for school districts is not directly impacted by these changes, any reduction in the CAT or GRF will have real implications for the total dollars available for state support of public education.

HB 340 makes changes to the laws that govern the process for proposing and approving water and drainage improvements undertaken by soil and water conservation districts and counties. A provision in the bill increases from four feet to ten feet the width of sod or seeded strips used for an improvement's erosion and sediment control which is removed from a property's taxable value. This change could result in a loss of property tax revenue to school districts as well as other local government entities. The local impact statement on the bill notes that, "the magnitude of such losses appears indeterminate in the absence of additional information."

HB 436 makes changes regarding screening and intervention for students with dyslexia as well as professional development and certification requirements for teachers. The bill requires, beginning with the 2022-2023 school year, that each district establish a multi-sensory structured literacy certification process for certain teachers and implement an annual dyslexia screening process for certain students.

Districts are likely to see costs increase beginning in FY 2023 to cover the cost of structured literacy certifications for teachers. The costs will vary depending upon guidelines developed by the Ohio Dyslexia Committee, the certification programs selected and the fees charged by providers. The annual dyslexia screenings will also increase costs to schools in the hundreds of thousands of dollars annually statewide and could reach into the millions of dollars, depending on the screening measures identified by the Ohio Department of Education. Districts will also see additional costs to provide intervention or special education services for students with dyslexia identified by the screening tool.

HB 665 amends the property tax exemption for county fairgrounds owned by an agricultural society, extending the exemption to other property owned by the agricultural society and used to further the society's purpose. This could result in property tax revenue losses for local government entities including school districts.

SB 39 specifies that the owner of one or more parcels of land in Ohio where a transformational mixed-use development is planned, or an insurance company that contributes capital to be used in the planning or construction of such a development, may apply to the Tax Credit Authority for certification and preliminary approval of a transformational mixed-use development project tax credit. The nonrefundable tax credits authorized by the bill will reduce receipts from the state foreign and domestic insurance premium taxes, which are deposited into the GRF.

Senate Bill 39 also allows taxpayers to claim a nonrefundable credit for contributions of money made to the campaign committee of a candidate for statewide public office and the General Assembly against the state personal income tax. The reinstatement of this credit will reduce GRF receipts by approximately \$3.2 million per year, starting in FY 2021.

Taken together, the tax exemptions and credits made available through individual bills continue the trend of lower and lower state revenues available to support common and public purposes, including the education of Ohio's children. Appropriate funding for the education of Ohio's children is an ongoing concern for boards of education and should be shared by all of Ohio's citizens.

Once again, OSBA wishes to express appreciation to the Legislative Service Commission for its hard work and diligence on this important task. We look forward to working with you now and in the future.