



OHIO TOWNSHIP ASSOCIATION

MATTHEW J. DeTEMPLE, Executive Director
HEIDI M. FOUGHT, Director of Governmental Affairs
6500 Taylor Road, Ste. A
Blacklick, OH 43004
Phone: (614) 863-0045 Fax: (614) 863-9751
www.ohiotownships.org

March 21, 2017

The Honorable Tim Schaffer, Chair
Ways & Means Committee
Ohio House of Representatives
77 S. High Street
Columbus, OH 43215

Re: HB 49 Biennium Budget

Dear Chairman Schaffer:

On behalf of the Ohio Township Association (OTA), I would like to express our views on one specific provision of House Bill 49 dealing with centralized collection of income taxes imposed by municipal corporations.

Our interest in this topic focuses on two economic development tools that townships are given the statutory authority to use - Joint Economic Development Zones (JEDZs) and Joint Economic Development Districts (JEDDs). As stated in the Code, both JEDZs and JEDDs were created with the purpose of facilitating economic development. House Bill 49 defines a "municipal corporation" to include JEDZs and JEDDs.

A Joint Economic Development Zone is a contractual agreement between one or more municipal corporations or one or more townships and one or more municipal corporations that allows the parties to share in the costs of improvements to an area for the purpose of facilitating economic development. The General Assembly, in 1985, gave municipalities the authority to create a JEDZ and, due to the success, expanded the use of JEDZs to permit the inclusion of townships in the zones in 1996. There are requirements set forth in the Revised Code but generally parties negotiate a contract that sets forth the contributions of each entity, as well as the distribution of revenue received in the area.

Like the Zone, a Joint Economic Development District is a contractual agreement between one or more municipal corporations or one or more townships and one or more municipal corporations concluding in the creation of an area that provides benefits to each contracting party. In 1993, the General Assembly created the JEDD for use by townships and municipalities in charter counties. At that time, Summit County was the only charter county. The use of JEDDs was deemed a success due to the increased economic development in the areas, and that the use of the JEDD was staving off annexations in those townships. The General Assembly then afforded all municipalities and townships in the state the opportunity to create a JEDD by enacting legislation in 1994 and 1995. Now a JEDD may be formed in a variety of ways as set forth the Revised Code. There are numerous requirements that must be met and followed in order to create a JEDD but contracting parties are provided flexibility to create a district that meets their needs.

In both the JEDZ and JEDD, the contracting parties have the ability to share revenue derived from the income earned by persons employed by businesses that locate within the Zone or the District. In plain English, a municipal income tax that is collected within the area is shared between municipal and township partners. Thus, Mr. Chairman and members of the Committee, the reason we are submitting written testimony.

To the extent that HB 49 strives to bring uniformity to the municipal income tax process, it serves a laudable goal. However, it seems clear that HB 49 could impact the revenue generated on behalf of JEDZs and JEDDs. Municipalities and townships are contractually bound to provide services and other contributions under JEDZs and JEDDs, but these provisions of HB 49 could decrease the revenue townships receive via JEDZs and JEDDs in exchange for those services. These potential revenue losses are in addition to other funding cuts which townships have already experienced.

The cost of doing business continues to escalate, both in the private and public sectors. Over the last few years, townships have learned to do more with less while still providing quality services to their residents. Townships, like the state, plan budgets. We are willing to do our share and do more with less, but many townships cannot cut anything more or essential services will be further impacted. We have heard of situations where townships are turning off street lights, reverting chip seal roads back to gravel and eliminating employees and services in an effort to save money. These actions are in addition to townships participating in cooperative purchasing programs, sharing services with neighboring entities and other cost saving programs. JEDZs and JEDDs are examples of local governments sharing services and revenues.

The Ohio Township Association strongly urges the members of the General Assembly to consider the impact of HB 49 on JEDZs and JEDDs. Thank you for the consideration of our concerns. Should you have any questions or concerns regarding this or other township matters, please do not hesitate to contact me or Heidi M. Fought, OTA Director of Governmental Affairs, at 614.863.0045.

Sincerely,

A handwritten signature in black ink that reads "Matthew J. DeTemple". The signature is written in a cursive, flowing style.

Matthew J. DeTemple
Executive Director

MJD:hf

cc: Members of House Ways & Means Committee