

**May 2, 2019, Testimony Offered Before
the House Finance Committee**

by Mike Barhorst, Mayor, City of Sidney, Ohio
and President, Ohio Municipal League Board of Trustees

Chairman Oelslager, Vice-Chair Scherer, Ranking Member Cera and members of the House Finance Committee. Thank you for scheduling me to testify today.

I am Mike Barhorst, Mayor of the City of Sidney and have the privilege of currently serving as President of the Board of Trustees of the Ohio Municipal League.

As you may recall from my last appearance before you, Sidney is located on Interstate 75 about half-way between Cincinnati and Toledo. State Route 29 and 47 pass through Sidney and intersect with the Interstate. In addition, we have both north/south and east/west rail lines that pass through Sidney, and there is an important rail connection between the lines in Sidney. Sidney is the County Seat of Shelby County, with a population of just over 21K. Sidney has more manufacturing jobs per capita than any other city in Ohio. Several thousand people come into Sidney every day to fill jobs within the community before returning home to their families. In fact, there were more than 33K W-2 forms filed in Sidney last year.

Wearing my second hat, the Ohio Municipal League (OML) represents Ohio's 933 municipalities – from the largest city – Columbus with 880K people to the smallest village – Rendville with just 36 souls – our municipalities are diverse - some large – some small; some thriving – some not; but the one thing we all have in common is that the leadership of each of our municipalities understands the importance of the financial support we receive from the State of Ohio.

Today I want to address several issues that the Finance Committee as well as your colleagues in the House will wrestle with in the coming days. Perhaps the most important to Ohio's municipalities is the restoration of the Local Government Fund. During the Great Depression, the state sales tax was enacted and sold to voters as a way to help local governmental units through the crisis. Villages, townships, cities and counties all benefitted from the distribution of the sales tax – likely preventing an even worse economic disaster. I will admit that as someone who taught economics for a number of years, albeit to high school students, I could not imagine why the monies that flowed from that fund were halved during the Great Recession – the worst economic disaster to hit the United States since 1929! It simply didn't make sense then – it still doesn't now despite the passage of the intervening years.

The Governor's proposed budget includes a 9.1% increase in the Local Government Fund in Fiscal Year 20, and an additional 1.8% increase in Fiscal

Year 21. The OML certainly supports the Governor's proposal, and would urge you to consider increasing the Fiscal Year 21 increase if possible. In our view, it makes sense to return the dollars to local governmental entities and let them invest in local needs as appropriate – certainly more sense than establishing state-wide, weakly funded competitive grant opportunities – especially for those smaller communities that do not have the staffing necessary to seek grant funding.

The Governor's budget proposal includes a cut for the funding for MARCS radios. Several years ago the State identified interoperable communication for first responders as a critical need and developed the MARCS radio system.

The MARCS system is operated by the State of Ohio and emergency services departments were encouraged to join the system so that they would be able to communicate with each other during critical incidents and natural disasters. The cost for the system was high, but with a \$10 per radio subsidy, the associated benefits of the system helped convince many departments to move to the platform.

Currently, the City of Sidney has 147 MARCS radios. This budget reduction will cost the City of Sidney an additional \$17,640 in subscriber fees per year – I know of departments that will have to abandon the system because they simply do not have the resources to be able to continue to afford the system. In addition, Shelby County still has one fire department and five law enforcement agencies that have not purchased MARCS radios – it is highly unlikely that they will purchase them if the funding is cut – making the prospect of interoperability unlikely to ever happen. MARCS funding is crucial to maintaining an effective emergency communications system that is necessary to keep Ohioans safe. On behalf of the OML, I am requesting that legislators restore the fee offset.

I was recently privileged to attend Governor DeWine and Lieutenant Governor Husted's rollout of the H2Ohio fund. Water is vital to everyone, yet communities throughout the state face real and different challenges, such as algae blooms, failing septic systems, nutrient pollution, and threats of lead contamination – to name but a few. Ohio cannot move forward if we continue to lurch from water crisis to water crisis. The OML supports the H2Ohio initiative as it will allow communities to invest in targeted, long-term solutions to ensure safe and clean water across the state of Ohio in perpetuity.

The OML is also in support of two items in the Governor's proposed budget that would be beneficial to economic development – those items include the proposed legislation on Opportunity Zones and Tax Increment Financing.

The proposed language would bring Ohio law into compliance with the language contained in the Tax Cuts and Jobs Act of 2017 providing for the opportunity to

establish Opportunity Zones in economically-distressed communities with the hope of attracting businesses that would invest in revitalizing those places.

The proposed language concerning Tax Increment Financing would provide the opportunity for local governmental units to extend TIF agreements an additional 30 years for large, high-impact developments.

The Ohio Municipal League is in support of the budget proposal that allocates \$21M over the biennium for lab testing conducted by the Bureau of Criminal Investigation. That allocation would defray costs that would otherwise be passed on to local governments. As we saw in the case of what the national media referred to as the “Rhoden Family Massacre” in Pike County, the resources of a community can be completely overwhelmed in a case of this magnitude. Defraying lab testing costs is one way to level the field for all communities.

The OML is opposed to any further diversion of funds from the Local Government Fund. We are in support of funding local crisis services for those who suffer from substance abuse disorders, and recommend that such funding come from General Revenue Funds rather than diverting monies from the Local Government Fund.

In addition, we are in support of audit support for local governmental units, and would encourage support for the allocation of \$10M each fiscal year for that purpose.

Finally, we are recommending that the language that mandates that if a municipality receives a negative distribution from the State of Ohio for business net profit filings through the Ohio Business Gateway, the municipality must pay the amount of the deficiency to the state to balance the state's books be removed from the budget bill and introduced as separate legislation.

On behalf of Ohio’s 933 municipalities, I thank you for your time. I would be happy to try to answer any questions you may have.