

## Testimony of Chief Robert Bates

Chairman and Distinguished Members of the House Finance Committee, I am Chief Robert Bates of the Madison Township Fire Department in Groveport, Ohio. I also serve as the Legislative Committee Chairman for the Ohio Fire Chiefs Association who I am here to represent today. I am here to testify in opposition to the provisions contained in House Bill 64 that would change the manner in which CAT funds are distributed to replace funds received by local governmental entities prior to the passage of House Bill 66 in 2005 which resulted in the elimination of the Tangible Personal Property Tax. In 2005 we agreed that there was a need to overhaul the tax scheme in Ohio as it existed but also believed and accepted the General Assembly at their word when we were told that the distribution and reimbursement scheme would be changed and entities would be “held harmless”. This has not occurred. We have been opposed to and continue to be opposed to further loss of this funding and other changes to local funding efforts such as House Bill 5 passed in 2014.

Current law provides for the distribution of these funds based on the local governmental entities “reliance” on these funds. This reliance is a percentage of the entities “total resources”. The entities that receive these funds have already established that they have a high reliance on these funds.

The change proposed in this bill is to begin a phase out of the distribution of these funds to local governmental entities with no means provided to make up the lost funding. An inherent problem in this provision is how this funding will be made up as some governmental entities are at a substantial disadvantage when it comes to making up these funds. Townships and special districts such as fire districts are limited to property taxes as their sole funding source. They do not enjoy the same ability to select or utilize an alternative source of funding such as income taxes or sales taxes as municipalities, counties and schools do.

To date my department has lost approximately \$500,000 on an annual basis as a result of the elimination of the TPP Tax and changes to the CAT Tax distribution in previous budgets, most recently in House Bill 153 of the 129<sup>th</sup> General Assembly. In addition to this loss of revenue the granting of tax incentives such as abatements, TIF’s and CRA’s has resulted in our township failing to realize property tax funding that would otherwise be realized and used for fire services. In 2014, township fire levies failed to realize the collection of approximately \$1.3 million dollars of funding as a result of TIF’s, Tax Abatements and CRA’S that were granted without the township’s approval. All totaled, in 2014 between previous TPP cuts and the various tax incentives, the township fire service levies lost or did not realize \$1.8 million dollars. This equates to nearly 3 mills of additional property tax that Madison Township would have to request the voters pass in order to make up the revenue to just sustain operations.

As proposed in the current budget the change in the distribution of TPP / CAT reimbursement funds will result in an additional loss of \$866,000 dollars for fire service or roughly another 1.3 mills and our township as a whole stands to lose \$1.2 million dollars.

The granting of tax incentives are particularly frustrating in areas where annexations have occurred and the municipality has chosen not to conform their boundaries. State law permits a municipality to unilaterally grant tax incentives with no input from the township or special districts affected, which is the case that my township finds itself in. While a JEDD may be an option in some areas they are not in other areas because there is simply no incentive for some entities to enter into such an agreement.

Adding insult to injury is the construction and development of businesses that make frequent use of services, such as nursing homes and assisted living facilities, but do not provide any revenue to the service provider. In one of the areas of Madison Township where a TIF was recently approved by a municipality, an assisted living facility is under construction. We estimate, based on previous experience, we will be called between 80 and 90 times a year to this business. It is inherently unfair that those providing tangible direct services to facilities such as this are made to forgo the property tax funds generated by the facility while entities that do not directly provide services continue to receive funding from the facility (i.e. municipal income tax).

In order to try and make up for the funding we have lost, we have implemented EMS Billing and eliminated four positions through attrition. This spring we are going to the voters to ask for additional millage for the first time in 12 years. You may be wondering why has it been so long? Twelve years ago we asked the voters to replace 4 mills of existing levies. At that time the voters were told that we would not have to seek additional funding for at least eight years. Furthermore, the two school districts in our township have been on the ballot frequently over the last 12 years and the township road and police departments needed levies passed to sustain those operations. When you are property tax reliant, you must choose the greater need to help stave off voter fatigue and actually be successful at the ballot.

The Ohio Fire Chiefs Association is opposed to the provision contained in House Bill 64 to phase out the reimbursement of TPP funds to local governmental entities and requests that it be removed from the bill and any provisions that would adversely impact local funding mechanisms. We would further ask that provisions be added to HB 64 that will ensure a more equal treatment of governmental entities when economic development incentives are provided.