



# Plain Township Board of Trustees

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## House State & Local Government Committee

### House Bill 69

### Proponent Testimony

**Ben Collins**

**March 15, 2017**

Good afternoon Madam Chairwoman and members of the State & Local Government Committee. On behalf of Plain Township, Franklin County, thank you for the opportunity to testify in support of the Tax Increment Financing amendment proposed in House Bill 69.

### Financial Impact of TIFs

The diversion of fire levy taxes due to Tax Increment Financing can result in the loss of significant funding for township fire departments. Plain Township provides fire and EMS to the City of New Albany. The value of fire levy taxes levied within New Albany's 12 residential TIF districts is the equivalent of 1 Mill of taxation for the entire township fire department and more than 10% of its operating revenue. Property taxes are the primary source of revenue to fund township fire departments and current law allows fire levy taxes to be diverted away from providing fire and EMS services.

Fortunately, Plain Township and New Albany reached an agreement to return those TIF fire levy tax dollars to Plain Township. In 2016, TIF fire levy service payments to Plain Township totaled \$675,242 representing more than 1 Mill of Plain Township's 2015 taxable valuation.

When fire levy taxes within TIF districts are not returned to townships, this can result in higher taxes paid by all residents. Without the levy proceeds within TIF districts, fire departments have to request additional millage to meet funding needs. By returning TIF fire levy tax dollars to townships, the residential tax burden can be lowered for all residents.

Without the TIF fire levy service payments, Plain Township would need an additional 1 Mill of taxes to meet the department's budget needs. In our examples, the City of New Albany is still able to finance debt on important public infrastructure and community projects while returning TIF fire levy tax dollars to Plain Township.

### Fairness

Fire and emergency services are a critical component of local government. When voters approve fire levies, they expect those levy dollars will provide fire and emergency services. TIF development typically leads to additional fire and EMS runs, which increases the cost of operating the fire department. However, the township does not receive the incremental tax increase from the TIF fire levy taxes. As a result, other residents bear the burden of supporting the increased operational cost of the fire department.

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House Bill 69 would give township fire levies the same statutory treatment as libraries, joint recreation districts, township park districts, and similar local levies. House Bill 69 would provide fair and equitable treatment of township fire levies – not preferential treatment.

House Bill 69 is prospective, giving municipalities time to plan for its future impact and does not impact any current TIF district funds or financing. House Bill 69 also permits townships to negotiate with municipalities for a lesser amount of payments in lieu of taxes when the economics of TIF districts make that desirable. Plain Township has greatly benefited from TIF service payments in lieu of taxes and agrees that other townships should have the same opportunity.

Plain Township supports House Bill 69 and encourages the State & Local Government Committee to favorably report the measure to the full House for passage. Madam Chair, thank you for the opportunity to share our support for this legislation. I would be happy to answer any questions you or the members of the committee may have.