



OHIO TOWNSHIP ASSOCIATION

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House Bill 166 – Operating Budget Senate Finance Committee May 23, 2019

Good morning Chairman Dolan, Vice Chair Burke, Ranking Member Sykes, and members of the Senate Finance Committee. My name is Heidi Fought, and I am the Assistant Executive Director of the Ohio Township Association. On behalf of Ohio's 1,308 townships, thank you for the opportunity to testify on House Bill 166.

Ohio townships provide essential services to 35 percent of the state's residents. Over the years, as costs rise and state support has decreased, it has become increasingly difficult to meet citizens' needs. With reductions to the Local Government Fund, elimination of the estate tax, and accelerated phase-out of TPP reimbursements, townships have been hit hard by budget cuts – to the tune of \$133 million.

We would be remiss if we did not say thank you for this body's recent actions involving the passage of HB 62, which will provide an increase in funding to townships for road maintenance and repairs. Our members appreciate your support and would like to continue the conversation on local government funding for other vital services provided by townships.

Township Funding

Townships in our state are still in great need of general funding. Unlike counties and municipalities, townships do not levy sales or income tax; therefore, they are heavily reliant on property tax. The recent cuts in state funding over the last eight years have forced townships to go to local voters for additional revenue. Townships across the state lost over \$26 million in Local Government Fund revenue alone when the Fund was slashed in half.

Township residents have filled some of the hole left by state revenue sharing reductions by passing local property tax levies. However, townships still have to keep the lights on and pay for basic administration – and this comes out of the general fund, where money is greatly lacking.

House Bill 166 will provide additional revenue to the LGF in FY '20 and FY '21 through diversion of programmatic funding to the GRF. The OTA appreciates this bump in the LGF, and we request that the General Assembly continues to support local government with their funding needs.

Additionally, HB 166 continues to provide revenue for townships explicitly for their use. In 2015, the General Assembly allocated \$10 million per year for townships. This allocation has been retained in the last two operating budgets and is included in HB 166. The OTA appreciates that this revenue is available exclusively for townships, but we are requesting some additional revenue be directed to this fund to help townships struggling to recover from the drastic cuts over the last eight years.

As mentioned, reductions in state revenue sharing have hit townships hard, with the loss of some revenue sources being more detrimental to certain areas. The phase-out of TPP caused major shortages in townships with a large industrial base and many of those communities are still heavily reliant on TPP reimbursements. The OTA would encourage the General Assembly to continue providing this reimbursement for the communities that need it most.

Solid Waste Fees

Solid waste and construction & demolition debris (C&DD) facilities have an impact on local communities. State law authorizes host communities to levy a per ton fee for solid waste and C&DD facilities, otherwise known as a host community fee. House Bill 166 extends current solid waste fees through 2022. The host

community fee has not been increased for either solid waste or C&DD and the OTA is asking for consideration to allow host communities to charge more per ton.

Auditor of State Funding

Included in HB 166 is \$13.3 million in funding that will be used by State Auditor Faber to supplement the cost of local government audits. Without this additional funding, townships, which are required to be audited every two years, will bear the higher audit costs when resources are already strained. The OTA supports Auditor Faber's request and his office's efforts to keep audit costs affordable for townships.

Potential Amendments

As you know, townships are creatures of statute and require express or implied authority in law to provide services, develop regulations, and generally run their local jurisdictions. As such, the OTA is pursuing several smaller changes to be included in HB 166 that will help townships meet the needs of their residents. We would ask for your favorable consideration of including the following amendments in HB 166:

Indigent Burials

HB 166 provides \$102 million in needed support to counties for indigent defense costs. This money comes as a reimbursement for those services. Like the counties' issue with indigent defense funding, townships also bear a heavy burden with indigent burials. With the opiate epidemic, indigent burials are a significant cost for some Ohio townships. Townships formerly received reimbursement through ODJFS, but that funding was removed in 2001. The OTA requests support from the state to help cover the cost of these burials. This amendment is also supported by the Ohio Municipal League, the County Commissioners Association of Ohio, and the Ohio Funeral Directors Association.

Transfer of Cemeteries

Townships are required to take control of cemeteries from religious or benevolent organizations without stipulation. For example, there is no requirement that a church transfer cemetery records or cemetery funds to the township should they wish to transfer a cemetery. Furthermore, there is nothing to prevent a cemetery from being transferred simply because a church or benevolent society wishes to stop caring for it. The OTA would like to put some minimum standards in place regarding the transfer of cemeteries and clarify the process by which an entity may transfer a cemetery.

Noise Regulations

Townships can regulate noise in any area zoned for residential use or to which a D liquor permit has been issued. The OTA requests an amendment that would permit a township to regulate noise township-wide.

Excavation Notification

Under current law, a company is required to file for a permit for new projects in township rights-of-way. However, no permit is required for an excavation to repair or replace an existing pole or line. The OTA requests that a company simply be required to provide notice to a township fiscal officer if they will be in the township right-of-way.

Notice of Conforming Boundaries

When a city or village conforms boundaries, it has a fiscal impact on the township. The OTA requests that a municipality be required to provide adequate notice to townships before acting on a resolution to conform boundaries.

Nuisance Statute Consistency

Townships have three nuisance statutes in the Revised Code that help them deal with structures, property and junk vehicles. Unfortunately, all three of those statutes use different language as it relates to the enforcement of collecting on the costs a township incurs to abate said nuisance. The OTA is seeking an amendment that updates the code and makes all three sections uniform.

Use of Comp Time

Current law allows counties and municipalities to authorize the use of compensatory time for employees. The OTA requests that townships also be given this explicit authority.

Requests for Reconsideration

The House also added several amendments to HB 166 that the OTA opposes and requests the Senate to reconsider. The House included language in or similar to several pending bills – HB 75, HB 149, and HB 187.

HB 75 requires a local government to pass a resolution and issue other notifications before filing a property tax complaint. This creates an unnecessary and costly burden for local governments and makes an efficient Board of Revision system more cumbersome. The OTA has joined with several local government and school groups on a letter of opposition to this provision that was sent to this committee.

HB 149 exempts from property tax the value of unimproved land subdivided for residential development, which interferes with local decision-making regarding economic development and tax incentives. This bill also treats property owned by housing developers differently than other property and removes incremental revenue increases that would support struggling townships funds. Again, the OTA has joined a coalition of thirteen organizations on a letter of opposition to this provision.

HB 187 disallows local tax issues at August special elections, which hinders townships' ability to raise revenue locally. With the loss of state support, townships are forced to go to the ballot more often to support essential services. Tying our hands by further restricting special elections and our option to raise revenue locally would exacerbate township funding issues.

As the Senate continues its work on the biennial budget, we would encourage consideration of the partnership between state and local governments – a partnership that we hope continues to grow. The OTA would again like to thank this committee for its time and consideration of our requests. Chairman, thank you for allowing me to testify today, and I would be happy to answer any questions the committee members may have.