



MID-OHIO REGIONAL
MORPC
PLANNING COMMISSION

**Ohio Senate Finance Committee
Written Interested Party Testimony — House Bill 166
William Murdock, Executive Director
Mid-Ohio Regional Planning Commission
May 23, 2019**

Chair Dolan, Vice Chair Burke, Ranking Member Sykes and members of the Senate Finance Committee, thank you for the opportunity to submit written interested party testimony to you today regarding MORPC's view of House Bill 166 (HB 166), the 2020-2021 state operating budget. My name is William Murdock and I am the executive director of the Mid-Ohio Regional Planning Commission or MORPC. MORPC is a regional council of over 65 local governments across Central Ohio's rural, suburban, and urban areas. We provide programs, services, and funding related to transportation, land use, data, sustainability, and economic prosperity.

MORPC's membership consists of cities, townships, counties, villages, and other government entities. Our policy stances reflects the collective voice of a very diverse group of local governments in Central Ohio, which is the fastest growing region in Ohio. To prepare for substantial growth and its future challenges, local governments need reliable resources to ensure communities can compete in the future. But, we shouldn't just settle with being competitive. In order for Ohio to thrive tomorrow, we must invest in our communities today.

Central Ohio local governments view this operating budget as an opportunity to collaborate with the state in finding solutions for our residents. By working together, we can ensure Ohio and its communities have the necessary tools to thrive. We have six recommendations for your consideration in helping to position our region – and the entire state – for prosperity.

Reinvesting in Local Communities

Local governments are the heart of Ohio's success. They deliver critical services for residents and businesses. Ohio has long valued the role of local communities and has supported efforts statewide with Local Government Funds (LGF) as a way to invest in the local voice and strategy. That's why we are concerned that there is no change to the LGF funding formula. The purpose of the LGF is to share revenue that local governments lost when the state began to impose its sales tax and to be more efficient by helping local governments meet local burdens, so state government does not have to do so. Twelve years ago, the LGF funding earmark percentage was 3.68 percent of the state GRF. This changed during the Great Recession to assist the state in balancing its budget. Even though the recession is over and state funding is much stronger, the burden of these cuts still fall disproportionately to local communities. In 2017, the state allocated just 1.66 percent of total General Revenue Fund (GRF), totaling

\$349 million, to local governments. Had the prior LGF rate of 3.68 percent been in effect, local governments would have received an allocation of \$774 million annually. Due to this reduction, local governments are losing an estimated \$424 million a year. Local communities have been creative and conservative with their budgets and when necessary have raised taxes at the local level to make sure their basic needs are met. Our local governments are asking the state to restore some of this funding to the fair share that worked for so many years.

To ensure a continued level of local services statewide as well as giving our region the ability to deal with pressures of growth, we strongly advocate for the LGF percentage of the GRF be slightly increased from 1.66 to 2.00 percent. This investment to our communities will assist local governments in providing services such as working to retain and recruit new businesses, ensuring needed repairs and improvements to local infrastructure, or solving difficult issues with both rural and urban access to employment and access to senior services.

Removing a Detrimental Mandate to Local Governments

While MORPC appreciates the interest in providing more tools for the development of residential property, we are strongly concerned with House Bill 149's inclusion into the House passed version of the budget. The language provides a tax exemption for new residential development and is an attempt to usurp local decision making on land use, community planning and economic development incentives with a one-size-fits-all mandate. This exemption is expected to create an incentive for developers to retain and develop land and promote an increase in residential development in the state. Local governments would be unduly affected since there is no incentive for developers to begin construction, especially in a market downturn. Most importantly the loss of revenue will negatively impact our local governments and school districts.

The language would treat property owned by residential housing developers differently than other property by freezing the taxes for up to three years or until the sexennial reappraisal is completed or until construction begins or the property is sold. It is likely this is unconstitutional because similar properties must be treated the same for valuation and taxation purposes. The Ohio Constitution provides that "land and improvements thereon shall be taxed by uniform rule according to value". (Article XII, Section 2).

Furthermore, we believe this language is unnecessary because we already have the tools available to local governments to accomplish the underlying purpose of this language. Community Reinvestment Areas (CRAs), Tax Increment Financing (TIF) agreements, and other programs provide communities with adequate residential construction incentives in specific circumstances that are tailored not only to provide assistance and incentives to the developer, but also to take into consideration the unique requirements of the particular local government.

Attached with my testimony, is a copy of a memorandum from thirteen local government, school and economic development organizations who all believe this language is detrimental. On behalf of MORPC and this diverse coalition we respectfully request members of this committee to remove provisions of HB 149 from HB 166.

Census 2020: Ensuring an Accurate Complete Count

With many already projecting Ohio to lose a congressional seat, it is critical we conduct a clear and accurate count of Ohio's population. This includes properly supporting communication and outreach efforts to reach Ohio's hard-to-count populations and ensuring the state and its communities are fully prepared when the official count begins in April of next year. We are encouraged by Governor DeWine's recent executive order which establishes the state's Complete Count Commission. In addition we appreciate the Ohio Department of Administrative Services (DAS)—the agency that oversees Ohio's Census efforts— leadership in dedicating resources for a communications and outreach strategy in its internal budget.

We request a \$1.1 million appropriation which will provide grants to nonprofit organizations in hard-to-count (HTC) communities and to local complete count committees to fund localized communication and outreach to their residents. To put this conservative appropriation request in perspective, the National Conference of State Legislators (NCSL) reports that the state of California is already investing over \$100 million toward strategies and activities related to their complete count. Ten other states have enacted laws to spend a total of \$31.7 million to make sure as many residents as possible are counted. That total could soon grow by \$22.5 million if governors in Colorado, Georgia, and Washington sign bills passed by their legislatures. Six other states have legislation pending that would allocate \$112 million.

This is not an urban, rural, or regional issue. It's an Ohio issue that affects all of us. We stand to lose significant federal funding and representation if the effort is not sufficiently funded at the state level.

Helping Families Weatherize their Home and Save Money

MORPC offers home energy efficiency and safety services at no cost to income-eligible residents to help keep them warmer in the winter and cooler in the summer, all while lowering their energy bills. These programs are available all year to Franklin County residents. This benefit is critical for these families, who may have lower household incomes and are paying up to four times as much of their income on utilities compared to the average consumer. Through home weatherization services, these households will be safer and healthier for families and cost less to keep warm or cool that translates into savings for other critical needs like transportation, medical care, and food.

This budget currently calls for up to 20 percent of Low-Income Home Energy Assistance Program funds to be transferred to weatherization. MORPC supports increasing this transfer to 25 percent, so MORPC staff can effectively administer this program that impacts so many hard working Ohioans. In addition, as your colleagues in the House deliberate over HB6 we urge you not to eliminate efficiency programs.

Protecting Dedicated Transit Dollars

We thank members of the Ohio General Assembly for their leadership in dedicating \$70 million of GRF funding per year in the state transportation budget. Since these funds are from the GRF, we urge legislators to protect these dollars because quite simply this issue is too important to ignore. No matter where an Ohioan lives, people need access to transit to connect them to their job, hospital, or place of worship. Ohio can no longer remain 41st in the nation for state assistance in funding transit. We cannot expect to grow our workforce or serve our most vulnerable without protecting these dollars. Transit accessibility is a top concern for workforce growth and economic development – especially more and more with large, growing employers. We simply cannot compete on some employer site selection projects because of insufficient transit funding. Preserving this investment in transit will create jobs and make Ohio more competitive.

Investing in Rural Ohio

A new and effective tool for transportation development is a Regional or Rural Transportation Planning Organizations (RTPO). RTPO's develop transportation plans to better prepare rural and Appalachian communities for both safety and economic growth. Now that rural areas across the state – including Central Ohio – have clearly identified their needs, it's time to invest more than just planning dollars. We support our partners at the Ohio Rural Development Association's recommended allocation of \$6 million for use by the state's six RTPOs. Doing so will advance critical infrastructure programs throughout rural Ohio.

Thank you for your consideration of these items of opportunity and concern. We sincerely appreciate this committee's work on the state operating budget. We look forward to continuing our important work together.

Please do not hesitate to contact me, at 614-233-4101 or at wmurdock@morpc.org with any questions or whenever MORPC can be of assistance.

Kind Regards,

A handwritten signature in blue ink that reads "William Murdock". The signature is written in a cursive style with a large initial "W".

William Murdock, AICP
MORPC Executive Director