

**TESTIMONY BEFORE THE SENATE FINANCE COMMITTEE**

**KENT SCARRETT**

**EXECUTIVE DIRECTOR**

**OHIO MUNICIPAL LEAGUE**

**HB 166**

**FY 2020-‘21**

**State Operating Budget Bill**

**June 13, 2019**

Chair Dolan, Vice Chair Burke, Ranking Member Sykes and members of the Senate Finance Committee, my name is Kent Scarrett and I am the executive director of the Ohio Municipal League. On behalf of our 751 members, I appreciate the opportunity to testify as an interested party on Substitute HB 166.

The League is grateful that the Senate has addressed many of the top priorities concerning municipalities in the budget bill. I am happy to briefly share a list of the changes made by the Senate that are supported by our membership:

* **Local Government Fund (LGF)**. We support the increase of the LFG to 1.68%, which translates to an additional $5.2 million each year over the biennium.
* **Supplemental LGF Distribution Fund.** The League is grateful for the Senate’s the restoration Supplemental LGF Distribution fund back to Ohio’s cities after it had been previously redirected in the last budget bill.
* **Multi-Agency Radio Communications System (MARCS)**. We support the Senate’s increased funding for the MARCS program, which will help allow many of Ohio’s local first responders to remain in the program.
* **Motion Picture Tax Credit**. The League appreciates the Senate’s removal of the provision discontinuing the Motion Picture Tax Credit, which will continue to bring jobs and additional revenue to our state.
* **H2Ohio Fund.** We support the Senate’s decision to increase the FY 2019 General Revenue Fund (GRF) surplus allocation to the H2Ohio fund up to $172 million. These funds will help local governments across the state deliver this basic service to Ohioans and their families.
* **August Special Election Ballots.** The League supports the removal of a provision that would have prohibited local tax levies from appearing on August special election ballots, potentially jeopardizing cash flow for many municipalities.
* **Property Tax Contests.** We appreciate the Senate’s removal of a provision to mandate local legislative bodies to pass individual resolutions for each property tax contest, burdening municipalities with unnecessary bureaucratic red tape.
* **Residential Development Properties.** The League is grateful to the Senate for removing a provision exempting unimproved land subdivided for residential development from increased property taxes for up to 5 years, depriving local governments of much-needed revenues.
* **Bureau of Criminal Investigation (BCI) Lab Testing.** We support the allocation of $41 million over the biennium for BCI lab tests, defraying the cost that would otherwise be passed to municipalities.

I want to briefly mention a couple of issues that remain areas of concern for our membership:

* **Audit Referrals.** We are asking that a municipality be authorized to refer an audit of a taxpayer paying net profit income taxes through the Ohio Business Gateway (OBG) to the Tax Commissioner with the guarantee that the audit will be conducted.
* **Taxpayer Examination Notifications.** The League requests a provision requiring the Tax Commissioner notify the municipality when examining a taxpayer and share any subsequent records as the result of the examination.
* **Ohio Business Gateway (OBG) Opt-Out.** We ask for a provision enabling taxpayers to leave the Ohio Business Gateway within 24 months of opting in provided they give the state a 60-day notice.
* **Tax Increment Financing (TIFS).** The League requests the reinstatement of the provision extending TIFS to an additional 30 years for large, high-impact developments. We believe this is an important tool in the toolbox for economic development opportunities across the state and appreciate the recognition of such by this body.
* **Unpaid Garbage Fees.** We request the readdiction of the provision authorizing all municipalities providing for garbage collection, not just municipalities within charter counties, to have unpaid garbage fees charged as a lien against real property.

In closing, we appreciate the work the Senate has done in the budget bill that will invest in Ohio’s municipalities, and we also appreciate the work that was put into the recently-passed Transportation Budget. We look forward to working with you to rebuild the partnership between our municipalities and the state.

I thank you for your time and I would be happy to answer any questions you may have.