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Am. Sub. House Bill 110 - Operating Budget Senate Finance Committee May 19, 2021

Chair Dolan, Vice Chair Gavarone, Ranking Member Sykes, and members of the Senate Finance Committee, on behalf of the Ohio Township Association (OTA), thank you for the opportunity to provide written testimony on Am. Sub. House Bill 110, the state operating budget. My name is Heidi M. Fought, and I am the Executive Director of the OTA.

Ohio's 1,308 townships provide essential services to 35 percent of the state's residents. Over the years, as costs have risen and state support has decreased, it has become increasingly difficult to meet citizens' needs. This strain on local resources has become even more acute during the COVID-19 pandemic, as townships strive to serve their residents in a new and unprecedented environment.

Am. Sub. HB 110 largely maintains funding for townships in Ohio, and the OTA appreciates the effort to preserve the state's financial commitments to local governments in this challenging time. With so much uncertainty, our members value this financial support. Nonetheless, there are several areas on which we would like to comment.

Force Account Limit Increases

House Bill 74, the transportation budget, created the Joint Committee on Force Accounts to study the current force account limits prescribed in law. Township force account limits are set in R.C. §5575.01 at \$45,000 per project for maintenance and repair and \$15,000 per mile for road construction and reconstruction. These limits have not been increased since 2003, and the Committee heard testimony describing how these outdated limits affect local governments' ability to complete small road projects with their own resources and in a cost-effective manner. Simply stated, a dollar does not go as far in 2021 as it did in 2003 and increasing the force account limits would allow townships to more efficiently maintain and repair roads for the safety and convenience of residents and the traveling public.

The OTA appreciated the ability to participate on this committee. We respectfully request that the General Assembly increase the force account limits to reflect the rising cost of construction projects over the last 18 years and retain the language from HB 74 that ties the limits to inflation.

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. Partnership funding from the state has been reduced over the last 10 years forcing townships to go to local voters for additional revenue.

Township residents have filled some of the hole left by state revenue sharing reductions; however, townships still have to keep the lights on and pay for basic administration - and these expenses come out of the general fund, where money is greatly lacking.

Am. Sub. HB 110 maintains the LGF at 1.66 percent of state general revenue, which provides for modest increases tied to the state's revenue growth. The OTA appreciates that this fund is kept steady. Ideally, we would like the percentage restored to 3.68 percent but would appreciate any additional resources that could be directed to the LGF to help townships.

The bill before you 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 three operating budgets and is included in Am. Sub. HB 110. The OTA appreciates that this revenue is available exclusively for townships and requests that the General Assembly maintain this allocation.

Indigent Burial

Last General Assembly, HB 166 provided \$2 million dollars to reimburse local governments for the cost of indigent burials under the Board of Embalmers and Funeral Directors. With the opiate epidemic and now COVID-19, indigent burials have been a significant cost for some Ohio townships, and this funding has been a way to alleviate some of that strain. Am. Sub. HB 110 maintains this funding and provides an allocation to the Board, which has experienced staffing issues in administering this program. The OTA supports this program and an allocation for the Board to administer it.

Auditor of State Funding

Also included in HB 166 (133rd GA) was funding for the Auditor of State to support the cost of local government audits. Am. Sub. HB 110 retains this funding at \$13.2 million each fiscal year. 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 efforts to keep audit costs affordable for townships.

Broadband Expansion

If we have learned anything from the pandemic, it is that broadband is no longer a luxury - it is an essential service. The OTA appreciates the General Assembly's efforts to expand broadband access in Ohio with the recent passage of HB 2 and supports additional funding for the program through the state's operating budget.

Safety Services

The Small Government Fire Department Services Revolving Loan Program was created by the General Assembly to assist local governments in funding certain fire department major related expenses. This program is enormously helpful to small departments that may not otherwise be able to afford certain purchase. Am. Sub. HB 110 allows funding to be transferred from the State Fire Marshal's Fund upon request from the Department of Commerce to support the small government fire department services revolving loan fund, if funding for the program runs short. This will ensure that cash flow problems will not hinder the success of the program.

Additionally, the bill provides funding for various fire department and MARCS grants under the Department of Commerce. The grants are widely used and assist local governments in providing essential safety services to their residents. Finally, Am. Sub. HB 110 adds support for the training of peace officers and grants for local law enforcement agencies for body camera programs. The OTA appreciates this support of these services.

Continuous Joint Policy and Fire Levies

There is language included in Am. Sub. HB 110, at the request of the OTA, that allows for a continuous joint police and fire levy. Unlike police levies and fire levies, a joint police and fire levy cannot be continuous and must be voted on every five years (R.C. §5705.19 (AAA)(3)(a)). We believe this is a practical change that would ensure continuity of service in jurisdictions that provide both police and fire services.

Extension of Electronic Meetings

The COVID-19 pandemic has allowed public bodies to modernize their meetings through the use of virtual meeting tools. By and large, this change has allowed greater flexibility and public access. While not all townships are able to conduct virtual meetings for various reasons (i.e., lack of broadband or other technology infrastructure) and pandemic restrictions are easing, the OTA appreciates that the bill before the Committee would allow for virtual meeting options through December 31, 2021, for those entities that would like to utilize them.

Health District Mergers

Am. Sub. HB 110 requires each city with a population less than 50,000 served by a board of health of a city health district to complete a study evaluating the efficiency and effectiveness of merging with the general health district that includes the city for the administration of health affairs in the merged general health district. Townships and municipalities, where applicable, are required to provide funding to the general health district. The cost to support the district is apportioned based on taxable valuations in townships and municipal corporations that comprise the district. (ORC §3709.28) In townships, the cost is allocated to a township's general fund, monies for which have been depleted over the last ten years. The OTA appreciates that if the study indicates that a merger is advisable, the city health district would have to enter into a contract with the District Advisory Council (DAC) for the general health district, as each township, along with applicable municipalities, has a seat on the DAC.

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 thanks Governor DeWine and his administration for this proposal, which funds the items listed above, as well as the Ohio House for their work on the bill, and would again like to thank this Committee for its time and consideration of our requests. Should you have any questions or concerns about our position, please do not hesitate to contact me at the number listed above.