



OHIO TOWNSHIP ASSOCIATION

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House Bill 33, Operating Budget Senate Finance Committee May 30, 2023

Good morning Chairman Dolan, Vice Chair Cirino, Ranking Member Sykes, and members of the Senate Finance Committee. My name is Kyle Brooks, and I am the Director of Governmental Affairs for the Ohio Township Association. On behalf of Ohio's 1,308 townships, thank you for the opportunity to testify on House Bill 33.

The OTA appreciates the effort to preserve the state's financial commitments to local governments in this remarkable time in our state's history. Our members value this financial support, and there are several areas on which we would like to comment.

First, I would like to express our support of the following items included in the As Passed by the House version of the budget:

- Funding law enforcement continuing education funding (R.C. §109.803)
- Next Generation 9-1-1 (R.C. §128.01)
- Appropriation item for township development grants (R.C. §513.10)
- Clean-up language for deputy fiscal officer (R.C. §507.02)
- Funding for solar eclipse funding (R.C. §373.10)
- Redistribution of brine injection well fees (R.C. §1509.22)
- Clarification of newborn safety incubator law (R.C. §2151.3516)
- Increase of the county "floor" to \$850,000 (R.C. §131.51)
- Required review of an alternative county LGF formula (R.C. §5747.53)

I would also like to explicitly express the OTA's support of a few provisions that are included in the bill:

Competitive Bid Thresholds

The last general increase in township competitive bidding thresholds occurred in 2013, whereby the majority of limits were increased to \$50,000. This spring, local government organizations worked with the Affiliated Construction Trades Association and the Ohio Contractors Association on a proposed amendment that would increase all township competitive bidding thresholds to \$75,000 with the inclusion of a yearly inflationary index. The provision was included in the As Passed by the House version. Since passage, it has come to our attention a minor revision to the project subdividing language is needed. All parties are in agreement on amendment SC1552. **The OTA respectfully requests that this body include amendment SC1552 in HB 33.** This provision is revenue neutral.

Tax Relief for Volunteer Firefighters/EMS

Included in the As Passed by the House version of the budget was a provision that gives a \$1,000 tax credit to a volunteer firefighter or volunteer emergency medical service provider. Townships depend highly on volunteers to provide safety services for 35% of

Ohio's population that reside in townships. These volunteers save local communities and the state millions of dollars, and this provision helps show gratitude to those first responders. This tax relief for our first responders is an OTA legislative priority and one of the findings of Governor DeWine's Volunteer Fire Service Task Force to improve volunteer fire service in Ohio.

Parity for Gas Tax Flexibility

During the latter stages of hearings on HB 23, the transportation budget, a township in Putnam County brought to our attention a disparity in Ohio law regarding the use of motor vehicle gas tax revenue. According to R.C. §5735.27, a county may use gas tax revenue to purchase a building to house road machinery and equipment. However, a township may not use its gas tax money for the same purpose. This language was added by the House to address this disparity in HB 33 and would save taxpayers significant funds by buying an existing structure for sale rather than building one. This provision is revenue neutral.

There are two specific items in HB 33 that the OTA opposes. The first is a provision that exempts the value of unimproved land for residential development from property tax for up to 8 years. If enacted, the fiscal impact will result in the loss of millions for local governments. There is no recourse for townships to recover the revenue and would allow development groups to speculate the housing market to increase profits. This could lead to developing land more slowly while at the same time paying less taxes. In the past, this provision has been standalone legislation. **The OTA requests the removal of the provision and that it be considered as a standalone bill.** A bill with merit should be able to pass on its own. Also included is the elimination of replacement levy options for township. Concerns regarding replacements levies are unwarranted due to the elimination of special elections. Current law, based on legislative actions taken by the 134th General Assembly require that townships put replacement levies in primary and general elections only. It should be noted, replacement levies do not always increase millage. In fact, a township in Northeast Ohio expressed their interest to the OTA in placing a replacement levy on the ballot to *decrease* millage collected. However, this provision would make it so the township would have to wait until the levy expires to stop collecting the millage. **The OTA respectfully requests townships continue to have the ability to use replacement levies.**

OTA Requested Amendments

As you know, townships are creatures of statute and require the expressed or implied authority in law to provide services, develop regulations, and run their local jurisdictions. As such, the OTA is pursuing several additions to HB 33 that will address nuances in the Revised Code, help townships meet the needs of their residents, or provide flexibility to townships. We would like your favorable consideration of their inclusion in HB 33.

Local Government Fund

Included in HB 33 is a provision to increase the Local Government Fund (LGF) from 1.66% to 1.7%. We appreciate the proposed increase; however, with the proposed decrease in the General Revenue Fund (GRF), local government funding will decrease by about \$7 million.

With a bright current and prospective economy, and the largest rainy-day fund in its history, thanks to the stewardship of the General Assembly and Governor DeWine, the OTA, in conjunction with the County Commissioners Association of Ohio, **respectfully request that**

some of those dollars be returned through higher revenue sharing with local governments.

Our groups request the following:

1. An increase to the LGF to 2.5% of the state's GRF (R.C. §131.51);
2. Additional funds placed into the Township and Small Village Fund (R.C. §5757.503). In 2015, the General Assembly allocated \$10 million yearly for townships. This allocation has been retained in the last four operating budgets and is included in HB 33.

The OTA appreciates that, currently, \$10 million is available in the Township and Small Village Fund. When the LGF was slashed in 2013, townships across the state lost nearly \$30 million.

We are requesting additional revenue be directed to this fund.

New Community Authority

Included in HB 33 is a provision to allow townships with a population of at least 5,000 within a county with a population of 200,000 to 400,000 to create a "new community authority" rather than by the approval of the county commissioners. With these parameters the provision would apply to 7 counties and 34 townships. We appreciate the flexibility given to townships within this provision, **but respectfully request it be further extended to limited home rule townships** (33 in total), as well as those townships within the population requirements.

Cemetery Maintenance Grant Program

Townships maintain over 2,400 cemeteries in Ohio. The Ohio Revised Code mandates that a township provides for the protection and preservation of cemeteries under its jurisdiction (R.C. §517.11). Since the care and maintenance of the cemeteries are mandated by law, a township must find the funds to care for the cemeteries. Over the last four years, nearly \$1 million in requests have been submitted to the Ohio Department of Commerce for the Cemetery Maintenance and Training grant program. However, only approximately \$400,000 in projects have been funded. To help with the preservation of Ohio's cemeteries, and the proper remembrance of Ohio citizen's loved ones, **the OTA requests that an additional \$1.00 be added to the current \$2.50 burial permit fee with the monies to be earmarked for the grant program.** It should be noted that the cemetery line item for Commerce shows a 40% increase because the grant program fund is being consolidated into the cemetery line item.

Parity of Local Historic Preservation Commission

We respectfully request the authority to allow townships to establish a Township Preservation Commission, a power that municipalities currently have. The Commission would be tasked with preserving historic properties in the township. By establishing a Commission, a township would be eligible for the Ohio History Connection Certified Local Government (CLG) program. Federal grants would then be accessible to carry out preservation activities for homeowners. This request is revenue neutral.

Mr. Chairman, I appreciate the opportunity to testify before you and the Senate Finance Committee, and I would be happy to answer any questions you or the committee members may have.