



OHIO HOUSE FINANCE COMMITTEE
March 12, 2025

Interested Party Testimony
House Bill 96 – State Operating Budget

Chair Stewart, Vice Chair Dovilla, Ranking Member Sweeney, and members of the Ohio House Finance Committee:

Thank you for the opportunity to provide testimony on House Bill 96, the state operating budget. My name is Donald Mason and I have the pleasure of representing the Ohio Municipal League and the more than 730 cities and villages it counts as members. In addition to serving as OML's board president, I am currently the mayor of the City of Zanesville, in Muskingum County.

Overall, we have been pleased with the proposed operating budget and believe OML-member communities of varying population size, geography, and economic environment can find benefit from it.

The current version of the budget includes beneficial provisions such as expanding the Historic Preservation Tax Credit, continuing H2Ohio funding to provide for clean drinking water, implementing safeguards related to local governments' cybersecurity, continuing the implementation of the Next Generation 911 system, and paying costs for fees associated with the use of MARCS radios.

Public safety-related aspects of the budget are especially useful because this is a large part of what municipalities do, with some spending as much as 70-85% of their budgets for this purpose. Many municipalities, especially smaller ones without a large tax base, have growing needs that challenge their ability to provide the services their residents and businesses depend upon – including police and fire, maintaining current infrastructure while investing in new public infrastructure, trash collection, snow removal, and more. This makes the state's partnership in funding essential.

With this in mind, I will transition to some changes we are requesting to further improve upon House Bill 96, as well as to urge the Legislature to avoid any preemptions or unfunded mandates that take away municipalities' ability to make the best decisions for their communities.

Local Government Fund Increase

We are asking for the Local Government Fund percentage to be increased to an attainable 2.5%, which remains much lower than the 3.68% where it once stood. The currently proposed budget increases the LGF percentage by 0.05%, making it 1.75% of the state's general revenues. We appreciate the proposal by Gov. DeWine to increase this percentage, and we believe more can and should be done in this area.

Based on feedback from OML-member communities, the LGF increase would largely be used for public safety and training, infrastructure projects (water/sewer), and staffing – along with

providing a greater opportunity for local matching dollars to participate in state and federal grant opportunities.

Cannabis Tax Distributions to Local Governments

Ohio's recreational marijuana law put in place following the passage of Issue 2 in 2023 has helped municipalities that host dispensaries navigate the post-legalization landscape by providing them with 36% of the overall 10% tax on marijuana. Ohio voters recognized when they voted on this that municipalities would be significantly affected by this issue, with the potential for it to further strain local government budgets – including through the increased demand in services such as police and fire.

Communities that have allowed for dispensaries did so with the knowledge that the tax distribution as passed in Issue 2 and left in place by the Legislature since then would be available to them. We ask that the current tax distribution planned for by host communities through current law be honored in full, recognizing the ongoing demand placed upon communities. We also note that the tax distribution passed by voters was to continue beyond the initial implementation period.

Brownfield & Demolition Funding

The current budget proposal lacks significant funding for the Department of Development's very successful Brownfield Remediation Program, so we are asking that \$150 million per fiscal year be allocated for this program.

The program includes the acquisition of a brownfield, demolition performed at a brownfield, and the installation or upgrade of the minimum amount of infrastructure necessary to make a brownfield site operational for economic development. This funding is a need in communities throughout the state and a regular ask of municipal officials. A permanent funding source should also be considered.

Modernized Zoning Grant Assistance

The lack of housing and cost of housing can further be addressed by the state playing a greater role in financial and technical resources to aid in modernized zoning and development. Unfortunately, the financial investment required to perform a comprehensive review and update of local land use policies is considerable, and many of Ohio's municipalities do not have the financial ability or expertise to complete these important updates without assistance.

In recognition of the assistance that is required for municipalities and Ohio's other political subdivisions to modernize zoning codes, we are asking that the members of this committee consider appropriating \$10 million per year for modernized zoning grants through the Department of Development. While this would not meet the entire need throughout the state, it would be a healthy start for many communities to implement needed updates and spur innovation.

OP&F Pension Fund Board Seats

Municipalities are the largest contributors to the Ohio Police & Fire Pension Fund and have a significant interest in the health and solvency of the fund. We would like to see the board expanded to include representatives who represent the diverse sizes of Ohio's municipalities. Specifically, we are asking for two seats on the board – one to represent a large city and one to represent a small city.

Local Liquor Options

Under current law, local liquor option elections may be held during a primary or general election even if no local issue or candidate offices appear on the ballot. As a result, municipalities are required to bear the full cost of these elections. To address this concern, we request an amendment requiring that a local option petitioner pay the entire cost of an election if it is held on a day other than the day of an election for a local issue or candidate.

Cemetery Funding

Some municipalities are responsible for cemeteries, and there is a limited source of funding through the Cemetery Grant Program for the duties and responsibilities incurred for their proper maintenance. Additional funding is needed to meet existing and future challenges for the management of cemeteries. We are requesting an additional \$250,000 to be deposited into the grant program, as well as an increase to the burial permit fee currently found in HB96. By increasing the burial permit fee to \$6, \$1.50 of that can be placed into the Cemetery Grant Program Fund.

NextGen 9-1-1

Ohio is upgrading and migrating to a Next Generation 911 system. The previous operating budget included increasing and expanding a 911 user fee to fund these projects, and we ask that the House ensures there is significant funding for this purpose in HB96.

Mr. Chair and members of the committee, on behalf of the Ohio Municipal League's membership, thank you for considering these requests and for the opportunity to share our views on the proposed state operating budget.