



OHIO TOWNSHIP ASSOCIATION

6500 Taylor Road, Ste. A

Blacklick, OH 43004

Phone: (614) 863-0045 Fax: (614) 863-9751

www.OhioTownships.org

House Bill 335 County Budget Commissions, Property and Sales Tax House Ways & Means Committee June 18, 2025

Chair Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the House Ways & Means Committee, my name is Kyle Brooks, Director of Governmental Affairs for the Ohio Township Association (OTA). On behalf of Ohio's 1,308 townships, thank you for the opportunity to provide interested party testimony on House Bill 335 regarding county budget commissions, property and sales tax.

First, the OTA appreciates the bill sponsor's recognition of the limited sources of revenue available to townships. HB 335 preserves townships' ability to collect inside millage. Since the 2011 reduction of the Local Government Fund (LGF), townships collectively lost a minimum of \$30 million a year. Additionally, despite being based solely on property tax, townships levy the least amount of property tax among all jurisdictions, collecting just \$1.2 billion out of the \$17.2 levied across the state or 6.9%. In the 2024 General election, the average millage rate of a passed levy was just 1.699 mills. We also collect the least amount of inside mills – on average, 1-2.5 mills.

The OTA opposes language in HB 335 that would allow a county budget commission (CBC) to reduce a township's voter-approved levy collection if the township's carryover balance exceeds 30%. The proposed 30% limit penalizes responsible fiscal planning. Setting an arbitrary carryover threshold creates disincentives for long-term planning and undermines a township's ability to invest in services and infrastructure.

Another provision the OTA opposes grants the CBC the authority to reduce the amount to be raised by any voter-approved levy. Townships operate with extreme financial discipline. The levies that support township services are voter approved and must be used for the express purpose of the ballot language. If township residents want fire protection, they approve a fire levy. If township residents want additional road paving, they approve a road levy.

Data shows that higher millage rates make levies harder to pass. Voters carefully weigh the value of the services against the tax burden. To allow a CBC to arbitrarily reduce what voters have expressly approved undermines the fundamental principle of local self-governance.

Finally, I would be remiss if I did not express our support for the proposal's changes to the allocation of county Local Government Fund revenue. Current law allows a county to use one of two-distribution formulas – a statutory or a locally created alternative distribution

formula. The statutory formula, which was established decades ago, no longer reflects the landscape of Ohio today. Most, if not all, counties have adopted an alternative distribution formula. Under current law, the approval of an alternative formula shall be by a majority of the following: (1) the board of county commissioners, (2) the legislative authority of the largest city in the county, and (3) a majority of the townships and municipalities.

HB 335 alters the approval process by requiring only the board of county commissioners (1 vote) and the majority of townships and municipalities (1 vote) to approve a new alternative formula. The OTA appreciates this attempt to make the local government formula a more equitable process. For example, a county in central Ohio has not changed its formula since 1993. For 2025, the largest city will receive over \$750,000, while a township with only 4,000 fewer residents will receive just \$23,000. This example is certainly not unique.

However, the OTA suggests modifying the process further to achieve a broader consensus. **To ensure all voices are heard, we recommend a process whereby 75% of the political subdivisions within a county must approve the use of an alternative LGF distribution formula** (R.C. 5747.53). This would remove the board of county commissioners as a single vote holder.

The OTA echoes the other local governmental groups in requesting that the provisions in HB 335 not be included in HB 96, the state operating budget, during the conference committee process. We remain committed to working with the General Assembly on collaborative solutions that support property tax relief while preserving the critical services that townships provide on a daily basis.

Thank you for considering our position. If you have any questions or concerns about our position, please do not hesitate to contact me or Heidi M. Fought, OTA Executive Director, at 614-863-0045.

Sincerely,



Kyle A. Brooks
Director of Governmental Affairs