



OHIO SENATE FINANCE COMMITTEE
June 5, 2025

Interested Party Testimony
House Bill 96 – State Operating Budget

Chair Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Ohio Senate Finance Committee:

Thank you for the opportunity to provide written interested party testimony on House Bill 96, the state operating budget. My name is Kent Scarrett, and I serve as the executive director of the Ohio Municipal League (OML), representing more than 730 cities and villages across the state.

The Ohio Municipal League is pleased with the direction of the operating budget and believes that communities of all sizes, geographies, and economic profiles will find many positive elements in this legislation.

We appreciate the continuation of the Welcome Home Ohio program, the Cemetery Grant Program, Next Generation 911 system implementation, MARCS radio fees, and grants for body-worn cameras, as well as addressing the needs of cybersecurity plans at the local level. These provisions directly support the ability of municipalities to meet the needs of residents and businesses, particularly in public safety and infrastructure maintenance – areas that often account for up to 70-85% of municipal budgets.

We also note our appreciation of added language ensuring that the prohibition against the regulation of broadband internet access service does not restrict municipalities and other subdivisions from managing access to and use of any public way or public rights-of-way.

To further strengthen House Bill 96, we respectfully highlight the following topics for your consideration:

Local Government Fund (LGF) Increase

We have continued to advocate for a Local Government Fund increase, and the current bill changes the percentage to 1.75% of general revenues. Continuing this conversation and building on the partnership between the state and localities will be needed in the future, especially if other tax proposals in the state budget impact general revenues at the state level, and therefore LGF distributions are affected. OML-member communities rely on such funding for public safety, water and sewer infrastructure, staffing, and as local match dollars for state and federal grant opportunities. Continued, sustainable funding for communities is critical.

Property Tax Provisions

Added language in the current version to eliminate the authority of political subdivisions to levy replacement property tax levies is best considered in separate legislation – HB28 – and should be removed from the budget. Property taxes are an important issue that affect many

local governments. The importance of property taxes increases with smaller communities that rely on the funding in order to carry out their services, because they do not have a strong income tax base. Considering property tax provisions separately is all the more important now, in light of other legislation being considered in the Legislature, including a proposal that would eliminate inside millage – a massive tax shift that has the potential to effect the ability of communities to even carry out municipal services, let alone survive as municipalities.

Preserve Funding for Marijuana Dispensary Host Communities

Following the passage of Issue 2 in 2023, municipalities that host dispensaries were to be provided with 36% of the 10% excise tax on marijuana to address increased demands on local services like police and fire. We appreciate that this budget bill creates the funding mechanism for these distributions thus far. However, it currently allocates \$20 million for this purpose. It is important that host communities are made whole and receive all the funding that was expected in order to honor the intent of what voters approved when Issue 2 was passed. This applies to both what has already been collected and what will be collected in the future.

OP&F Pension Fund Board Representation

Municipalities are the largest contributors to the Ohio Police & Fire Pension Fund and have a strong interest in its health and solvency. We ask that the board be expanded to include two municipal representatives – one from a large city and one from a village – appointed by the governor, to better reflect the diverse interests of Ohio's municipalities. This is especially important as additional OP&F-related legislation is considered.

Brownfield & Demolition Funding

The current budget proposal decreases funding to go toward remediation of brownfields through the Department of Development's very successful Brownfield Remediation Program. It also limits funding to only remediation proposals involving planned economic development projects. Given the popularity of the program, it is important that the program can be used for a variety of needed projects and that the funding from the House version of the budget be restored.

Housing Assistance

Many communities lack the resources to modernize their land use policies to address housing shortages and affordability. In addition to creating residential economic development district (REDD) grants near major economic development projects to incentivize pro-housing policies, the budget creates a grant program for political subdivisions that adopt pro-housing policies in these areas. We appreciate this and continue to stress that funding for the new Housing Technical Assistance Program within the Department of Development should be continued for areas outside of megaprojects to benefit through updates to their local zoning and development policies.

Eminent Domain / Recreational Trail Preemption

The budget bill currently includes language stating that property taken for recreational trails does not satisfy the public use requirement under Ohio's eminent domain law, with the exception of use by regional transit authorities. Recreational trails, however, are critical for connecting neighborhoods and providing safe, non-motorized transportation options. Given that municipalities are often pivotal in carrying out these goals, we ask that this preemptive language be removed and that current law is kept in place.

Village Dissolution Language

The current bill includes language regarding village dissolution that would best be considered outside of the state budget. This includes the new Senate language that would eliminate the acreage maximum (currently two square miles) and increase the population maximum from 150 to 500, which makes it apply to many more communities across the state and should be given more due diligence.

On behalf of Ohio's cities and villages, thank you for your work on this important budget and for considering our requests to ensure that the needs of local governments – and specifically municipalities – are fully supported.