



OHIO MAYORS ALLIANCE

TESTIMONY BEFORE THE OHIO SENATE FINANCE COMMITTEE
House Bill 49 – The State Operating Budget FY 2018-19
Submitted by Ohio Mayors Alliance

Chair Oelslager, Vice-Chair Manning, Ranking Member Skindell and members of the Senate Finance Committee, thank you for the opportunity to testify on behalf of the Ohio Mayors Alliance – a bipartisan coalition of mayors in Ohio’s largest cities and suburbs.

As you may know, the Ohio Mayors Alliance was formed last year to help give voice to the issues that impact Ohio’s cities and metropolitan regions. Our goals are to build greater collaboration amongst the mayors and build stronger partnerships with our state and federal policymakers.

It is in that spirit that I come before you today. We have some significant concerns about several provisions included in the budget, but in the interest of starting off on a positive note, let me first thank you for the making the following changes: Removing the lead abatement preemption language; strengthening the urban renewal program by adding environmental remediation as a factor; eliminating the capacity-based component of the LGF formula; and not reducing the 1.66 LGF rate any further.

As noted, our mayors believe that cities can be important partners with state government to strengthen our economy and stop the scourge of deadly opioids that are ravaging our state. However, those opportunities for partnership can be hard to achieve when disputes over home rule and revenue sharing persist.

I don’t want to belabor the point about revenue sharing between state and local governments, but that context is important given the considerations that are before you today. Over the last several years, cities have been stuck between a rock and hard place: revenue sharing from the state has gone down, but costs to fight Ohio’s opioid epidemic continue to go up.

Cities have reported that police, fire and EMS runs are up significantly over the last 4 years. In many cases, cities are paying for the cost to equip first responders with the life-saving drug Narcan and local health departments are seeing a spike in Hepatitis C cases, which can cost \$100,000 a person to treat.

Again, I don’t want to belabor this point, but several provisions in this budget will have financial consequences for our local communities.

First, while the rate of LGF is the same, we are anticipating that state revenue overall will be down. If that is the case, Ohio’s local communities will see a lower overall LGF allocation.

Second, diverting revenue from the LGF will add to this lower overall allocation to Ohio's local communities. Two specific changes will result in over \$50 million in LGF revenue being diverted away from cities:

- The first is the proposal to redirect \$24 million from municipalities' portion of the LGF and redistributing it to townships and smaller villages.
- The second is the recently proposed \$35 million that is being diverted out of the LGF to pay for various addiction treatment programming.

We do appreciate the intention to drive more resources to treatment and addition, but to take revenue from cities that are already deeply invested in this fight is counterproductive.

Third, we prefer the House-passed changes to the centralized collection proposal. While the most recent proposal is better than the original proposal, this more limited approach will still have financial impacts on our cities. This is because of the 1 percent administrative fee charged to our cities for the state to administer this program. Most of our cities self-collect and therefore the 1 percent fee would simply be an added cost.

Fourth, by eliminating the Throwback rule - which allows cities to tax the sale of a good that is shipped to another location where a sales tax is not applied - many Ohio cities will see an immediate financial loss. For some cities, it has little impact, but for others it could cost as much as a full-time police officer. Akron estimates that it will cost nearly \$2 million in local revenue. For others like Grove City, it will cost nearly \$850.

As you wrap up the budget process, we recognize that there will need to be some compromise. We hope that you'll take our concerns into consideration, and if you are going to proceed with one of these changes, that you avoid implementing all of these changes all at once.

Ohio's mayors are on the front lines of Ohio's greatest challenges and biggest opportunities. And we hope to work together with you to accomplish our shared goals in fighting the opioid epidemic, creating jobs, and strengthening the state economy.

Respectfully submitted,



Keary McCarthy, Executive Director

The Ohio Mayors Alliance

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