

Medina County Commissioners

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SENT VIA E-MAIL

Ohio House Finance Committee

RE: House Bill 2 Broadband Expansion

Dear Chairman Oelslager,

The Board of Medina County Commissioners wish to officially support the intentions and underlying premises of Senate Bill 8, establishing the state's first residential broadband expansion program. We thank the bill sponsor, Representative Rick Carfagna for his leadership and all his work in bringing this important legislation forward. House Bill 2 will help Ohio's employers connect and retain their workforce during these changing times, as well as assist some of the rural areas of our state that have lacked access to adequate infrastructure.

While overall supportive of the bill, the Board of County Commissioners have two significant concerns which we urge members of the General Assembly to consider. The first issue has already been raised to the committee in the testimony of the Medina County Port Authority, Ohio Economic Development Association, and the County Commissioners Association of Ohio. We are deeply concerned that the current bill significantly limits grant funding to only for-profit broadband providers. Locally owned municipal and county networks, as well as public-private partnerships are expressly ineligible to apply for the grant funding regardless of their ability to expand adequate, reliable, and affordable broadband to residential users. Broadband providers, whether they are private providers, co-operatives or government-owned/quasi government-owned networks should all have equal access to apply for these expansion grants.

The second issue that the Board would like to bring to your attention, involves expanding the authority of local governments to effectively "tax" property owners on financing these broadband expansion projects envisioned under this bill. Specifically, Section 303.251 (A) (B) and Section 505.881 (A) (B) of the bill permits townships and counties to levy special assessments if a program grant is awarded for an eligible broadband service expansion project. These special assessments are levied upon residential property within a township or county for the purpose of providing a contribution by the county towards the funding gap for the eligible project. According to the bill language, assessments may only be levied on property benefitting from the broadband project and must be calculated so that the total assessment collected from these properties is no more than the county's or township's contribution toward the funding gap for the eligible project.

Property owners that are to be assessed under the provisions of this bill are given only a two week notice by regular mail to file a written objection to the county or township before being hit by an assessment on their property tax bill. Given the recent problems with USPS service delivery throughout the State of Ohio, two-week notice is hardly a sufficient safeguard of due process. In

addition, if the property owner's objections are dismissed by the county or township, then the only recourse is appealing the final assessment to a Court of Common Pleas. We believe that single recourse for a dispute over the presumed benefit or monetary value of the broadband project to the property is problematic, if not fundamentally unfair to the property owner.

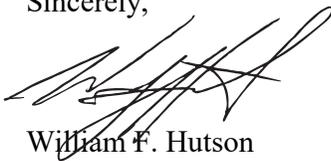
Secondly, under the provisions of this bill, if the newly assessed property owner successfully files a written objection to the county commissioners or township trustees, the respective boards only have the duty to review the objection. There are no stated criteria for the respective boards to use in evaluating those objections, other than an ill-defined "benefit" to the property owner. As a "benefit" to residential properties – occupied, vacant, or multi-tenant - we believe that there is no actual market data available to evaluate the monetary benefit to a property owner effected by a broadband expansion project. The provisions raise several questions, some of which are the following:

- Are the assessments to be based upon actual users of the proposed for-profit service providers building the broadband expansion?
- Are the assessments to be applied to property owners that already use alternative internet services from other providers, like wireless hot spots?
- Are assessments to be applied for those properties that are vacant, but could potentially benefit at some point in time after the broadband expansion project is built?
- In many rural areas of Ohio, land use involves many properties actively engaged in agriculture. Are those properties largely not being used for residential purposes going to be exempt from these special property tax assessments?

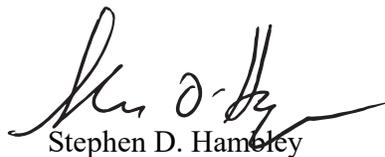
We request that the committee members and bill sponsors reflect on these concerns. We urge that the legislature resist expanding the authority of local government to levy special assessments on property owners that may or may not directly benefit from these for-profit broadband expansion projects. Using the mechanism of real estate property tax assessment and collection systems through the County Auditors and County Treasurers to provide funding to for-profit entities raises a number of concerns. We request that this provision be stricken from the current bill language and be reserved for further study and action at a later time.

Thank you for your consideration of our comments on this important bill.

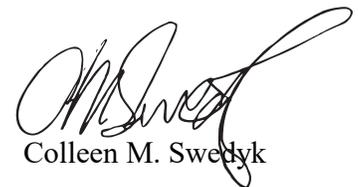
Sincerely,



William F. Hutson
Board President



Stephen D. Hambley



Colleen M. Swedyk

Medina County Board of Commissioners

Cc: Vice-Chairman Representative Plummer
Ranking Minority Member Representative Crawley
Representative Kick
Representative Ray
Representative Carfagna