



City of North Royalton

Dan Langshaw

Ward 3 Councilman

*Storm Water Committee,
Chairman*

*Safety Committee, Vice
Chairman*

*Review & Oversight Committee,
Member*

**North Royalton Ward 3 Councilman Dan Langshaw
Substitute House Bill 49 Testimony
Ohio Senate Finance Committee
May 31, 2017**

Chairman Oelslager, Vice Chair Manning, Ranking Member Skindell, and committee members. My name is Dan Langshaw and I am the Ward 3 Councilman on the North Royalton City Council. Thank you for the opportunity to testify on Substitute House Bill 49 the State Operating Budget.

Why am I here today? It is simple our Governor John Kasich and you our leaders in the Ohio General Assembly are failing to listen to the concerns of my constituents, my fellow local government leaders, and all Ohioans in this next state budget. What makes matters worse, is in the Governor's original budget proposal he called for changing how our state allocates the over \$368 million dollar local government fund to be allocated based on need, or the local governments "capacity" to raise local revenue. This is a complete betrayal against everything that this fund was established for dating back to 1930s.

This funding is supposed to return money from Columbus back to the local governments who are the closest to ensuring the needs of the people that live in their respective communities. A study done earlier this year by Policy Matters Ohio reported that cuts in local government funds and tax changes made at the state level will cost Ohio counties and communities an estimated \$1.2 billion dollars in 2017, as compared to 2010.

I live in the 24th Ohio Senate District in which Senator Dolan represents. There are about 28 different communities that call this district home, including my city of North Royalton. We all have taken a disproportionate hit from the last state budget, losing over \$10 million dollars in combined local government cuts. Since 2011 the state has made deep cuts to local government fund through slashing it in half from 3.68% to 1.66% today. As a result my own city has experienced over \$5 million dollars in state local government funding cuts. Attached is a chart of a breakdown of those cuts since 2011.

Residents I serve and all Ohioans wonder why there are so many communities having to put more levies, bond issues, and other ballot measures these days? Why are our highways, roads, bridges, and infrastructure falling apart in our state? The answer is looking you in the mirror. It is you our leaders in Columbus who have caused this and it is not getting any better. Local governments are not getting the funding they desperately need to address these important issues in our communities.

The budget that was approved by the House made some positive changes. In the most recent version, it discards the proposed changes to the distribution of the local government fund that the Governor originally proposed. Also the provisions that would have centralized collection of municipal income tax have been taken out of the budget.

However, the House failed to address the issue of improving local government funding. There were three amendments that were offered by members that would have either increased the local government fund to either 2.25% or 3.5% or even 3.68%. Sadly none of them were included in the House's approved version of House Bill 49. Attached to my testimony are copies of those amendments.

In closing, Senators the cuts in local government fund, decline of the CAT tax, and elimination of the estate tax have not created the Ohio miracle that the Governor had promised years ago. Instead it has created the nightmare for all of Ohio's local governments and its people. Local governments are better equipped and the closest to the people to address the needs of our communities. I urge you and your fellow Senators to invest back into Ohio's communities and add to Substitute House Bill 49 an increase in the local government fund to 3.68%. It won't fully restore all the cuts the state has made since 2011, but would be a step in the direction for Ohio's recovery. Until then I am opposed to this budget.

Thank you for the opportunity to speak to you. I am happy to answer any questions you may have.

CITY OF NORTH ROYALTON - GENERAL FUND - STATED SHARED TAXES BY YEAR

STATE SHARED TAXES



FUND #	Dept.	Object Name/Department	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
101	STATE SHARED TAXES	Local Gov't - County	643,802	543,643	552,520	557,521	378,240	6,099	238,743	262,924	218,480	292,206
101	STATE SHARED TAXES	Local Gov't Rev Assist	-	-	-	-	69,698	56,804	56,116	44,096	18,034	-
101	STATE SHARED TAXES	Local Gov't - State	116,450	102,808	104,183	100,210	69,698	56,804	56,116	44,096	18,034	-
101	STATE SHARED TAXES	Estate Tax	677,565	642,611	748,544	524,722	378,125	28,655	221,455	62,376	32,568	-
101	STATE SHARED TAXES	Cigarette Tax	304	371	1,316	-	-	1,264	652	557	-	-
101	STATE SHARED TAXES	Liquor/Beer Permits	29,127	26,552	31,191	27,576	29,533	27,816	29,594	23,510	4,946	27,000
101	STATE SHARED TAXES	Homestead Exemption	21,349	22,265	19,172	28,256	19,794	28,476	27,239	29,965	28,907	27,000
101	STATE SHARED TAXES	Rollback - Prop Tax	102,182	103,177	82,841	120,705	83,654	112,636	104,696	122,666	124,594	120,000
	STATE SHARED TAXES		1,590,769	1,441,427	1,539,767	1,358,990	959,043	261,749	678,495	546,095	427,529	466,206
		Difference	157,379	(149,342)	98,340	(180,777)	(399,947)	(697,294)	416,746	(132,400)	(118,566)	38,677
		% change	11%	-9%	7%	-12%	-29%	-73%	159%	-20%	-22%	9%

	Cumulative Loss of Revenue Since 2010 (cuts Enacted in 2011)	2016	2017
Loss From Local Gov	(180,777)	(761,501)	(2,039,519)
Loss From Estate Tax	(223,822)	(594,242)	(1,314,131)
		(1,028)	(2,297,750)
		(207,737)	(2,527,389)
		(801,638)	(3,243,365)
		(1,163,382)	(3,991,909)
		(1,841,220)	(4,660,263)
		(2,527,389)	(5,006,702)
		(3,243,365)	(5,006,702)
		(3,991,909)	(5,006,702)
		(4,660,263)	(5,006,702)

_____ moved to amend as follows:

1 In line 103740, delete "\$381,800,000 \$393,500,000" and
2 insert "\$537,500,000 \$557,360,000"

3 In lines 103746 and 103763, add \$155,700,000 to fiscal year
4 2018 and \$163,860,000 to fiscal year 2019

5 Between lines 103770 and 103771, insert:

6 "LOCAL GOVERNMENT FUND

7 Notwithstanding the requirement in division (A) of section
8 131.51 of the Revised Code that the Director of Budget and
9 Management shall credit to the local government fund one and
10 sixty-six one-hundredths per cent of the total tax revenue
11 credited to the general revenue fund during the preceding month,
12 the Director shall instead calculate these amounts during fiscal
13 year 2018 and fiscal year 2019 using two and twenty-five
14 hundredths as the percentage."

15 The motion was _____ agreed to.

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SYNOPSIS

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State Revenue Distributions

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Sections 387.10 and 387.20

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Requires the Director of Budget and Management to credit 2.25% of total tax revenue credited to the General Revenue Fund during the preceding month to the Local Government Fund (Fund 7069) in each month during FY 2018 and FY 2019, instead of 1.66% as specified under division (A) of section 131.51 of the Revised Code.

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Increases RDF appropriation item 110969 Local Government Fund (Fund 7069) in the State Revenue Distributions' budget by \$155.70 million in FY 2018 and \$163.86 million in FY 2019. The increased funding to Fund 7069 has the effect of decreasing GRF revenue by corresponding amounts.

_____ moved to amend as follows:

1 In line 103740, delete "\$381,800,000 \$393,500,000" and
2 insert "\$805,000,000 \$829,700,000"

3 In lines 103746 and 103763, add \$423,200,000 to fiscal year
4 2018 and \$436,200,000 to fiscal year 2019

5 Between lines 103770 and 103771, insert:

6 "LOCAL GOVERNMENT FUND

7 Notwithstanding the requirement in division (A) of section
8 131.51 of the Revised Code that the Director of Budget and
9 Management shall credit to the local government fund one and
10 sixty-six one-hundredths per cent of the total tax revenue
11 credited to the general revenue fund during the preceding month,
12 the Director shall instead calculate these amounts during fiscal
13 year 2018 and fiscal year 2019 using three and fifty hundredths
14 as the percentage."

15 The motion was _____ agreed to.

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SYNOPSIS

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State Revenue Distributions

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Sections 387.10 and 387.20

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Requires the Director of Budget and Management to credit 3.5% of total tax revenue credited to the General Revenue Fund during the preceding month to the Local Government Fund (Fund 7069) in each month during FY 2018 and FY 2019, instead of 1.66% as specified under division (A) of section 131.51 of the Revised Code.

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Increases RDF appropriation item 110969 Local Government Fund (Fund 7069) in the State Revenue Distributions' budget by \$423.2 million in FY 2018 and \$436.2 million in FY 2019. The increased funding to Fund 7069 has the effect of decreasing GRF revenue by corresponding amounts.

_____ moved to amend as follows:

1 In line 103740, delete "\$381,800,000 \$393,500,000" and
2 insert "\$846,400,000 \$872,400,000"

3 In lines 103746 and 103763, add \$464,600,000 to fiscal year
4 2018 and \$478,900,000 to fiscal year 2019

5 Between lines 103770 and 103771, insert:

6 "LOCAL GOVERNMENT FUND

7 Notwithstanding the requirement in division (A) of section
8 131.51 of the Revised Code that the Director of Budget and
9 Management shall credit to the local government fund one and
10 sixty-six one-hundredths per cent of the total tax revenue
11 credited to the general revenue fund during the preceding month,
12 the Director shall instead calculate these amounts during fiscal
13 year 2018 and fiscal year 2019 using three and sixty-eight
14 hundredths as the percentage."

15 The motion was _____ agreed to.

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SYNOPSIS

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State Revenue Distributions

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Sections 387.10 and 387.20

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Requires the Director of Budget and Management to credit 3.68% of total tax revenue credited to the General Revenue Fund during the preceding month to the Local Government Fund (Fund 7069) in each month during FY 2018 and FY 2019, instead of 1.66% as specified under division (A) of section 131.51 of the Revised Code.

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Increases RDF appropriation item 110969 Local Government Fund (Fund 7069) in the State Revenue Distributions' budget by \$464.6 million in FY 2018 and \$478.9 million in FY 2019. The increased funding to Fund 7069 has the effect of decreasing GRF revenue by corresponding amounts.