



THE BUCKEYE INSTITUTE

Focusing Taxpayer Dollars on Critical Infrastructure

Interested Party Testimony
Ohio House State and Local Government Committee
House Bill 264

Greg R. Lawson, Research Fellow
The Buckeye Institute

November 20, 2019

As Prepared for Delivery

Chairman Wiggam, Vice Chair Stephens, and Ranking Member Kelly, thank you for the opportunity to testify today on House Bill 264 and the importance of saving local government and taxpayers' money.

My name is Greg R. Lawson, I am a research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

In our 2018 report, ***Principled Spending: Using Ohio's Capital Budget to Benefit Ohioans***, the Buckeye Institute encouraged policymakers to focus taxpayer resources on the state's physical infrastructure—schools, roads, bridges, sewer and water lines, and water treatment facilities. Local governments and communities struggle to maintain and upgrade physical infrastructure, and federal pressures from the U.S. Environmental Protection Agency are not making it any easier for them. Rising maintenance and regulatory costs place heavy burdens on our local governments and the taxpayers that support them.

House Bill 264 will help to ease this burden by allowing the Ohio Water Development Authority (OWDA) to refinance local government loans for public water and waste water infrastructure projects. The bill authorizes the OWDA to issue bonds for refinancing those loans, which, in turn, will allow local governments to repay their debts for ongoing projects on more affordable terms.

The Buckeye Institute remains concerned about the cost of local government. Ohio's local government labyrinth is expensive and complicated for taxpayers. In fact, the state's local tax burden ranked 11th worst in the nation at 4.5 percent in **2015-2016**, while our state income tax rated among the nation's best. Ohio's municipal income tax structure ranked worst in the country and requires businesses and residents to spend countless hours and pay professional service fees to decipher and comply with municipal tax obligations.

Ohio's byzantine local government structure imposes layers of taxation on households and small businesses that often lack the armies of accountants, lawyers, and compliance officers needed just to file their taxes. That arcane structure and its inordinate costs keep Ohio less competitive than it otherwise could and should be. Consequently, Ohio consistently lags the rest of the nation in job and income growth.

Policymakers should embrace any effort to stretch local tax dollars and reduce fiscal burdens on taxpayers and local governments whenever possible. House Bill 264 is an admittedly small piece of a large financial puzzle, but by helping to reduce the costs of maintaining and improving sewer and wastewater infrastructure it will help our taxpayers and make Ohio more economically competitive.

Thank you again for the opportunity to testify today. I am happy to answer any questions that the Committee may have at this time.

About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

The Buckeye Institute is a non-partisan, non-profit, and tax-exempt organization, as defined by section 501(c)(3) of the Internal Revenue code. As such, it relies on support from individuals, corporations, and foundations that share a commitment to individual liberty, free enterprise, personal responsibility, and limited government. The Buckeye Institute does not seek or accept government funding.

