



## **OHIO HOUSE FINANCE COMMITTEE**

**March 30, 2023**

### **Interested Party Testimony House Bill 33 – State Operating Budget**

Chair Edwards, Vice Chair LaRe, Ranking Member Sweeney, and members of the Ohio House Finance Committee:

I am Kent Scarrett, executive director of the Ohio Municipal League. Thank you for the opportunity to provide testimony on House Bill 33, the state operating budget.

The Ohio Municipal League represents more than 730 municipalities, from our state's largest cities to our smallest villages. Although these communities differ in population, geography, economic environment and more, the state operating budget contains provisions from which each one can find benefit. We also have been advocating with members of the Legislature about additional issues we would encourage being added to House Bill 33 that would directly benefit Ohio's cities and villages, and which I will cover in my testimony.

I will start off with one of the issues that most universally impacts our members and the critical services these cities and villages provide for their residents and businesses – including police and fire protection, maintaining safe streets, snow plowing, trash collection, and many more. That is the Local Government Fund.

In 2011, we were having a much different conversation at these hearings. That is when municipalities, along with other local governments, played an important role in the recovery of Ohio's financial position when the state was projected to have an \$8 billion deficit. The LGF, a critical state-local revenue sharing system, was cut by over \$500 million to help stabilize the state's financial position. In the same budget bill that brought this deep cut to the LGF, the state eliminated Ohio's Estate Tax, which provided roughly \$250 million annually to municipalities around the state. There was also the phase out of the tangible personal property tax that had taken place prior to that in 2005. These cuts were impactful to local budgets and caused significant disruptions to the services provided at the local level.

Although the previous funding reductions during past budget cycles have had significant impacts on our members, we are encouraged by the latest support of the Legislature and the DeWine administration for restoring funding to the LGF from the current 1.66% of the GRF to the proposed 1.7%. But we also urge the Legislature to move closer to a true reinvestment in local governments and restore the funding level back to where it was a decade ago at 3.68%. We understand that full restoration of the LGF in this budget is unlikely, but we would suggest a significant increase to support the critical services Ohio's municipalities and local governments provide.

Public safety is a significant portion of what municipalities do, with some spending as much as 70-85% of their budgets for this purpose. In fact, Ohio's cities and villages employ roughly 17,000 municipal police officers in Ohio – collectively outnumbering any other type of police force in Ohio. We want to thank Gov. DeWine and members of the Legislature for their continued support of our police officers and firefighters. The governor's budget continues the state's investment in police officer training (\$40 million per year for de-escalation, use of force, and crisis intervention training for those with a mental health illness), but we believe a permanent funding source for law enforcement training is a worthy goal that deserves consideration from this body.

The proposed budget includes several recommendations for our fire services, and we urge you to keep these public safety-related provisions in the budget, as well as the provisions which fully fund the Next Generation 911 system in every community, provide more resources for body cameras, and fully pay the monthly fees for any agency that uses Multi-Agency Radio Communication System (MARCS) radios.

As this body knows, public transportation systems are critical for economic development and supporting Ohio's workforce, and that is why we support the current recommendation of almost \$100 million in increased and continued investments for multi-modal transportation, some of which will go to public transit.

The economic development proposals in this budget include aspects to help get Ohioans back to work and create more shovel-ready and development-ready sites. It would invest \$2.5 billion in the All Ohio Future Fund to prepare infrastructure for large economic development sites, which are critical to our communities. Likewise, this budget would invest an additional \$150 million for hubs of innovation in each region of the state to encourage more economic development, and our member communities very much support this initiative.

The need for adequate and affordable housing is a top issue for the vast majority of Ohio municipalities, and we applaud the efforts being made through this budget to address these challenges through a series of tax changes and programs, including the creation of state low-income housing tax credits and single-family housing tax credits to stimulate housing for more families. On top of state investment in affordable housing, this is an area in which such funding can be leveraged with local funding through the LGF, as well as infrastructure related to housing.

Ohio's downtowns continue to be the center of not only local commerce but the heart of a community, and our members work hard to support and sustain these local hubs of the community. But more support is needed by the state in this area. Our municipalities have benefited from the previous funding provided for Downtown Revitalization grants, and we encourage legislators to consider such a grant program for inclusion in this budget. Likewise, the past budget included \$350 million in Brownfield Remediation grants through the Department of Development, which continue to be needed to clean up environmentally contaminated sites in municipalities across the state. We encourage additional funding for this program in the FY24-25 budget, while also ensuring funding for the demolition of buildings.

Additionally, Ohio's rivers add to the vibrancy of our communities. H2Ohio has been of great benefit to the state, and we would like to see the increased funding for this initiative remain in the budget. Because rivers flow through so many Ohio municipalities, H2Ohio's expanded focus of cleanup and restoration of rivers will serve to benefit these communities' economic development, as well as their residents' health and recreational opportunities.

Our final ask is a simple policy change that is specific to municipalities. Under current law, municipalities are required to place public notification announcements in general circulation newspapers. This generally pertains to summaries of ordinances and resolutions and other statements, orders, and proclamations. However, technology has moved beyond newspapers, and charges continue to increase, putting added expense on municipal government. We are asking to take advantage of modern, cost-effective methods. While general circulation newspapers would remain an option, these items could also be published on the state's public notice website or on the municipality's website and social media.

Lastly, I want to take a minute to discuss the municipal income tax. The municipal income tax is a primary source of funding for more than 600 cities and villages, providing revenue for our first responders, infrastructure improvements, capital projects, parks and recreation, debt service, and more. We would encourage the Legislature that the significant changes being discussed to municipal income taxes and impacting municipal revenues should be handled deliberately and through separate legislation. The Ohio Municipal League and our members have and continue to be willing partners with the state to ensure taxpayers have the most efficient system of filing municipal taxes, and over the past 15 years, they have been engaged to that effect on multiple reforms. That is why we believe any such proposed reforms either in this budget or otherwise impacting revenues in our communities deserve strong and thoughtful engagement with municipal officials.

Mr. Chairman, on behalf of the league's membership, I thank you all for the opportunity to share our views on the proposed state operating budget.