OHIO TOWNSHIP ASSOCIATION

The Ohio Township Association (OTA) would like to thank the Ohio Legislative Service Commission (LSC) for the opportunity to comment on the proposed 2012 Local Impact Statement Report. The LSC Local Impact Statement Report helps educate our membership and the members of the General Assembly on the effect certain legislation will have on township budgets and keeps legislators and local officials aware of any unfunded mandate created in legislation proposed and passed by the General Assembly.

The fiscal impact legislation may have on townships often is underestimated. Provisions established in legislation such as filing, notification and public hearing requirements could create significant costs for townships. The OTA is pleased that LSC takes such costs into consideration when determining local fiscal impact.

A bill is determined to have fiscal impact if its estimated annual cost is more than $1,000 for townships with a population of less than 5,000 or if its estimated annual cost is more than $5,000 for townships with a population of more than 5,000. Although $1,000 or $5,000 may not seem like a great deal of money when compared with the total budget of the township, the loss of such revenue may create a significant impact.

According to the 2012 Report, there are three bills with a local impact on townships. It is projected that the Local Government Fund (LGF), of which townships receive revenue, will see a reduction in funds from the enactment of H.B. 58 and H.B. 167. The enactment of H.B. 95 potentially could force townships to pay higher prices for natural gas.

While the 2012 Local Impact Statement Report offers an analysis of legislation passed in 2011, it is not as inclusive as we would like. State budget bills are exempted from local impact statement requirements and, therefore, are not included in this Report. Significant fiscal impacts were incurred by townships as a result of the state's budget (H.B. 153) process. Financial hardship was experienced due to the LGF being reduced 25% in FY 2012 from amounts received in FY 2011 and 50% in FY 2013, the accelerated phase out of the tangible personal property and electric deregulation tax, and the elimination of the estate tax as of January 2013.

Monies from the LGF are used in every community across the state and therefore affect every resident in Ohio. For most townships, the LGF is the second highest source of revenue for townships behind property tax collection of inside and outside millage.

Townships do not have the ability to make up the lost LGF revenue by passing other taxes such as the income or sales tax. Any lost LGF revenue will require additional property tax levies. In a time when it is increasingly difficult to pass levies, this could mean reductions in services provided by the township or financial troubles.

The OTA encourages the General Assembly to include budget bills in the LIS Report in order to provide a more comprehensive look at how legislation passed affects local governments. A procedure should be established by which local governments can contest new laws that are not fully funded, yet give the General Assembly adequate time to modify or fund the mandates they impose.

Although the actual impact these new laws will have on townships will not be known until the laws are put into practice, the fiscal analyses provide a base for our townships to determine how a new law may affect their budgets. The Ohio Township Association appreciates the opportunity to provide our input and thanks the Legislative Service Commission for all of their hard work in compiling this data, as it is truly beneficial to legislators and local government groups.