



Ohio School Boards  
Association

TO: Terry Steele, Senior Budget Analyst

FROM: Richard Lewis, Chief Executive Officer  
Jennifer Hogue, Director of Legislative Services

DATE: September 5, 2019

RE: **2019 LOCAL IMPACT STATEMENT REPORT**

The Ohio School Boards Association (OSBA) is pleased to take advantage of the opportunity to review the 2019 Local Impact Statement Report on bills enacted in 2018. The Legislative Services Commission (LSC) report to the Ohio General Assembly and to the general public on the fiscal impact of certain specific bills is a valuable service.

The 2019 Local Impact Statement Report highlights 14 bills enacted during 2018 that require local impact statements. Four of the 14 bills have potentially negative fiscal impact on the level of revenues available to support public school districts. These three bills are House Bill (HB) 133, HB 158, HB 430 and Senate Bill (SB) 226.

OSBA strongly believes and reiterates its longstanding desire to see even more bills subject to having fiscal impact statements prepared. This is particularly true for omnibus bills, such as the biennial budget bill and mid-year budget bills. We do, however, appreciate the opportunity to review and comment on these specific bills.

HB 133 exempts certain out-of-state disaster businesses and out-of-state employees from various state and local taxes that result from work done on the property and equipment of a public utility, commercial mobile radio service provider, cable service provider or a video service provider during a declared disaster. This change will result in a decrease in state personal income tax revenue. While funding for school districts is not directly impacted, any reduction in the general revenue fund (GRF) will have real implications for the total dollars available for state support of public education.

HB 158 extends unemployment compensation benefits to spouses of members of the U.S. Armed Forces on active duty, a member of the Commissioned Corps of the National Oceanic and Atmospheric Association or the Public Health Services who quit work due to the transfer of their spouse. School districts are reimbursing employers for unemployment compensation. This means that districts are billed each month for the amount of benefits paid to their former employees. Benefits issued to military spouses under the bill would result in increased costs for a district that saw an employee leave due to a spouse's transfer.

HB 430 modifies the sales and use tax exemption for property used directly in producing oil and natural gas by exempting sales where the purpose is "to use

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or consume the thing transferred directly in production of crude oil and natural gas for sales. Persons engaged in rendering production services for others are deemed engaged in production.” The bill also expands “production” to mean “operations and tangible personal property directly used to expose and evaluate an underground reservoir that may contain hydrocarbon resources, prepare the wellbore for production and lift and control all substances yielded by the reservoir to the surface of the earth.” The Department of Taxation estimates that GRF revenues will be reduced up to \$2.7 million in FY 19 and by minimal amounts in proceeding years. While funding for school districts is not directly impacted, any reduction in the GRF will have real implications for the total dollars available for state support of public education.

SB 226 creates a three-day sales tax holiday, beginning the first Friday in August each year. The sales tax holiday will exempt clothing sales up to \$75, and school supplies and school instructional materials up to \$20. This change is estimated to reduce state sales tax revenue to the GRF by up to \$16.3 million in FY 20. It is estimated that losses will likely grow each fiscal year. While funding for school districts is not directly impacted, any reduction in the GRF will have real implications for the total dollars available for state support of public education.

Taken together, the tax exemptions and credits made available through individual bills continue the trend of lower and lower state revenues available to support common and public purposes, including the education of Ohio’s children. Appropriate funding for the education of Ohio’s children is an ongoing concern for boards of education and should be shared by all of Ohio’s citizens.

Once again, OSBA wishes to express appreciation to the Legislative Service Commission for its hard work and diligence on this important task. We look forward to working with you now and in the future.