



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 *2019 Local Impact Statement (LIS) Report*. The LIS Report is an important educational resource for our members and the members of the General Assembly, as it highlights the effect certain legislation passed the previous year may have on townships' budgets. It also keeps legislators and local officials aware of any unfunded mandates created in legislation.

While its often difficult to estimate the exact fiscal impact that legislation will have on townships, LSC does a wonderful job of recognizing the impacts. A total of fourteen bills enacted in 2018 have a fiscal impact on local governments, according to the LIS Report. Of those fourteen bills, five have a direct impact to townships: HB 133, HB 425, HB 430, HB 454, and SB 226.

House Bill 133 authorizes certain tax and licensing exemptions for out-of-state businesses and employees that perform disaster relief work on certain infrastructure items. Two of these exemptions include state income tax and commercial activity tax (CAT). Reductions in state income tax revenue will affect the General Revenue Fund (GRF) and, therefore, the Local Government Fund (LGF), while CAT revenue reductions affect the GRF and the Local Government Tangible Property Tax Replacement Fund. As the LIS notes, it's impossible to know Ohio's future experience of disasters or how much work will be performed by out-of-state companies and employees. Therefore, it's also unknown how much these exemptions will ultimately cost Ohio townships.

House Bill 425 exempts certain restricted portions of a body-worn camera or dashboard camera from Public Records Law. LSC notes that local law enforcement agencies may have increased costs relating to staff training on the new policy and ensuring necessary information is redacted in compliance with the bill, but those costs are likely minimal. For townships, any unfunded mandate may be a burden on certain departments.

House Bill 430 exempts certain aspects of oil and gas production from sales tax and Senate Bill 226 makes permanent a three-day sales tax holiday in August each year. For HB 430, LSC estimates that the LGF will lose up to \$0.1 million in 2019, with minimal yearly losses thereafter. For SB 226, LSC projects that the LGF will lose \$0.6 million in 2020, with losses likely growing each year. For most townships, the LGF is the second highest source of revenue behind property tax collection. Any decrease in LGF support increases the strain on township revenues as levies are increasingly difficult to pass.

House Bill 454 requires a township to compensate the owner of an unused cemetery lot or right who comes forward after the township reclaims its interest in the lot or right. The bill applies to lots or rights purchased before July 24, 1986 and entombment rights purchased before September 29, 2015. Townships in Ohio operate approximately 2,400 cemeteries. The fiscal impact of this bill depends on the number of applicable lots or rights.

While the LIS Report is a helpful review of legislation passed in the previous year and its impact to local governments, it does not give the full picture, as budget bills are not required to have a LIS and are not included in the report. The OTA encourages the General Assembly to consider including budget bills in these processes to give a more comprehensive look at local impact.

Although the true impact of these new laws will not be known until they are implemented, the fiscal analyses provide a base for which townships can determine how a new law may affect their budgets. The OTA appreciates the opportunity to comment and thanks LSC for all their hard work in compiling this data, as it is truly beneficial to legislators and local government groups.