



# OHIO TOWNSHIP ASSOCIATION

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The Ohio Township Association (OTA) would like to thank the Ohio Legislative Service Commission (LSC) for the opportunity to comment on the 2022 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 previously passed legislation will have on townships' budgets and keeps legislators and local officials aware of any unfunded mandates created in legislation.

The fiscal impact legislation may have on townships is often underestimated, but the Legislative Service Commission has done a nice job of recognizing the impacts. A total of eight bills enacted in 2021 have a fiscal impact on local governments, according to the LIS Report. Of those eight bills, three have a direct impact to townships: SB 18, SB 57, and SB 166.

Senate Bill 57 authorizes a property tax exemption for housing used by individuals diagnosed with mental illness or substance use disorder and their families. SB 57 also makes three modifications – one permanent and two temporary – to the manner by which an administrative complaint may be filed and resolved against a property's assessed tax valuation or classification with a county board of revision. The majority of township revenue comes from the property tax and state/local tax sharing. It is important to note that many of these property tax levy funds are restricted by the Ohio Constitution and cannot be used for general purposes. Reduction in property valuations, permanent or temporary, will cause a reduction in a vital revenue stream for townships.

Senate Bills 18 and 166 have varying levels of impact on the Local Government Fund (LGF). SB 18 incorporates into Ohio income tax law changes made to the federal Internal Revenue Code since March 2020. SB 166 authorizes a nonrefundable tax credit against the state personal income tax for employers equal to 15 percent of the total wages paid to a student participating in a career-technical education program. Both of these bills have great intentions but both will have an inadvertent affect on the state's Local Government Fund, from which all townships benefit. 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.

While the 2022 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 an 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. Additionally, a procedure should be established by which local governments can contest new laws that are not fully funded to 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 which townships can 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.