



TESTIMONY BEFORE THE OHIO HOUSE FINANCE COMMITTEE

PROPONENT TESTIMONY HB 110

March 11, 2021

Chair Oelslager, Vice Chair Plummer, Ranking Member Crawley and members of the House Finance Committee, my name is Kent Scarrett and I am the Executive Director of the Ohio Municipal League. Thank you for the opportunity to speak today in support of HB 110, the state operating budget for fiscal years 2022-2023.

The Ohio Municipal League is a non-profit organization that represents the collective interests of Ohio's cities and villages before the General Assembly. Of Ohio's 931 municipalities, over 700 of them are members of the League. We represent municipalities of all sizes, from our largest member Columbus along with every large city in the state, down to the smallest villages. As part of the umbrella of services the League provides, we currently manage multiple cooperating local government associations including the Mayors' Association of Ohio, the Ohio Association of Public Safety Directors, the Ohio Municipal Attorneys Association, the Municipal Engineers Association of Ohio, and the Municipal Finance Officers Association of Ohio. Additionally, we have access to the best local tax minds through our very active Municipal Income Tax Committee, which provides guidance and insight on policies affecting the municipal income tax.

We would like to take this opportunity to thank the DeWine administration for many important components included in the Governor's proposal that our member believe are important and will play key roles in addressing issues faced by cities and villages across the state. The League supports the following provisions that invest in Ohio's local communities:

- Enhancing Our Communities: Infrastructure not only plays a crucial role in ensuring safe transportation for Ohio residents travel safely to and from work and the services they need, but also enables Ohio cities and villages to remain business-friendly, attracting and retaining employers. As local budgets continue to experience reductions due to the COVID-19 pandemic, it is critical that municipalities be able to continue to invest in safe, reliable infrastructure. HB 110 allocates \$450 million for Ohio's local communities. \$200 million would be allocated specifically for infrastructure in Ohio's communities, including funding to help local governments address the important issue of underground infrastructure and ensuring residents have access to clean drinking water. The budget also earmarks funding for "brownfields" or blighted properties that many local governments are financially unable to demolish and revitalize.

The plan also allocates funding for broadband expansion. Internet access has become a necessity for Ohioans' daily lives, offering crucial, life-improving services, such as educational and employment opportunities. Over the course of the COVID-19 pandemic, Ohioans have come to rely on internet access more than ever, as millions of residents have been working and schooling from home for the better part of a year. \$250 million of this funding will be allocated to expanding broadband access throughout the state. \$200 million would go to in expanding broadband access to households without basic internet connectivity, and \$50 million would be allocated to make broadband more affordable by paying infrastructure costs, leveraging state assets and matching Federal dollars.

- Sustaining Our Businesses: 80% of Ohio businesses are located within a city or village, meaning municipalities play a critical role in the economic health and development of the state. Ohio's economy cannot recover from the COVID-19 pandemic without an investment specifically in the small businesses that have been substantially impacted by the ongoing pandemic. HB 110 would invest nearly half a billion dollars in relief for small businesses in the entertainment and hospitality industries, such as bars and restaurants. The plan would also protect those small businesses from tax increases and enhance minority and small-business assistance centers. \$20 million would be earmarked for businesses that started in 2020.
- Local Government Fund: Municipalities large and small across the state are struggling with reduced revenues as they continue to navigate the economic fallout of the COVID-19 pandemic. As cities and villages continue to provide the critical local services that Ohioans depend upon, the state and local partnership needs to be reinvigorated through a full restoration of the Local Government Fund (LGF). While more needs to be done, the League appreciates that HB 110 continues funding for the LGF at current statutory levels. Based on current revenue estimates, the LGF and the Public Library Fund will each provide \$425 million in FY22 and \$440 million in FY23 in shared revenue.

Support for Local Law Enforcement: The past year has demonstrated the importance of investing in local law enforcement. Communities continue to experience challenges that place a strain on local first-line responders. HB 110 would strengthen the partnership between the state and local governments in supporting first line responders. The bill proposes critical investments that will ease local budget constraints and provide more opportunity to invest in better policing practices and efforts to reduce crime in our local communities. HB 110 would allocate the following for local law enforcement:

- \$10 million in grants to local law enforcement agencies across the state to implement or enhance body-worn camera programs, including the body cameras themselves and other associated expenses.
- \$8 million to help reduce violent crimes through state and local law enforcement agencies through flexible grant funding
- \$1 million to support state and local law enforcement agencies in recruiting and hiring new peace officers.

- \$6.5 million to expand the Ohio Narcotics Intelligence Center (ONIC) to further support local law enforcement and their partners.
- Local Health Departments: The past year has highlighted how imperative it is that local health departments be fully funded and equipped to serve their local communities. HB 110 allocates \$6 million to support local health departments and \$25 million to improve public health data, while also continuing funding for the lead hazard control program.
- Underground Infrastructure: Municipalities across the state are struggling to fund repairs for aging water and wastewater infrastructure. The ongoing revenue impacts of the pandemic have resulted in many municipalities finding themselves unable to fund necessary replacement of old lead pipes. Under HB 110, \$92 million would be allocated for the Ohio Environmental Protection Agency (OEPA) to continue improving water and wastewater infrastructure and reducing lead exposure by replacing an additional 1,500 lead service lines and more than 600 failed home treatment systems across seven counties.
- H2Ohio Investment: In addition to repairing and replacing aging water and wastewater systems, municipalities continue to struggle with nutrient runoff contaminating local bodies of water. HB 110 makes an investment in the H2Ohio initiative that will help address the issue of water contamination around cities and villages. The bill allocates \$100 million for the Department of Agriculture to continue efforts regarding mitigating nutrient runoff, and \$50 million for the Department of Natural Resources to continue wetland restoration efforts.

We appreciate the investment in local communities included in the budget, and we have identified other important areas that would enhance the ability of cities and villages to deliver the critical quality local services Ohio businesses and residents both need and deserve. The League respectfully requests that the following provisions be included in HB 110:

- Law Enforcement Assistance Fund: Local law enforcement should have access to critical and timely training that will best equip them to serve and protect their communities. For this reason, we are requesting a dedicated funding source for the Law Enforcement Assistance Fund, which provides funding for police training. Currently, the Law Enforcement Assistance Fund relies on General Revenue Funds (GRF) funding allocated in the biennial budget. A dedicated funding source will help ensure that local law enforcement have access to these trainings consistently from year to year. The League will continue to work with our local government partners to address the issue of consistent and improved police training.
- Treasury Offset Program (TOP): The Treasury Offset Program (TOP) is a federal program whereby states can have eligible debts withheld from a taxpayer's federal income tax return. The Ohio Attorney General's office participates in the program to help recover state debt – however, municipalities are currently unable to participate in the program. Municipalities should be granted the authority to participate in TOP in order to

effectively recover the municipal revenues they are owed, which in turn funds local services. Taxpayers would also benefit from this, as could be saved from paying more than what they originally owe the municipalities because of penalties and interest.

- Taxpayer Returns: Municipal income tax administrators continue to experience challenges due to the net profit centralized collection system that was initiated in HB 49. This encroachment upon local control and the ability of municipalities to manage their local revenues has resulted in local tax administrators being unable to review full taxpayer returns filed with the state through the Ohio Business Gateway. This is a serious impediment to the accurate bookkeeping of the income tax revenues that are the primary source for the majority of the state's municipalities. Under O.R.C 5703.21, items are deemed confidential unless a statute specifically allows the Ohio Department of Taxation to share information with municipal income tax administrators. In order to ensure this critical transparency, the League is requesting that Ohio law require the Tax Commissioner to share full taxpayer returns with municipal tax administrators.
- Easing municipal public notice requirements: Responsible local leadership requires that community leaders must be good stewards of local taxpayer dollars. However, in O.R.C. 731.21, Ohio law mandates that summaries of all municipal ordinances, notices and other such information be published three times in the largest newspaper of general circulation in the municipal corporation. We believe that this requirement, which became law in 1986, is no longer necessary in the internet age where many municipalities do not have a newspaper of general circulation within the municipal corporation. In addition to being unnecessary, it is extremely costly. The League is requesting that the mandate requiring municipalities to publish such notices in a newspaper of general circulation be removed from statute.
- Fully restoring funding for the Local Government Fund (LGF): Most cities and villages rely on the income tax as their primary source of revenue due to the elimination of the estate tax and the tangible personal property tax. Even more impactful was the 50% cut to the LFG in 2011, which equated to \$550 million lost over the biennium. This has only made it harder for municipalities to fund the delivery of essential services and invest in economic development and infrastructure. Now, many municipalities are experiencing further revenue loss resulting from the economic impacts of the COVID-19 pandemic and reduced tax collections. To avoid passing financial burden down to taxpayer, the League is requesting the full restoration of the LGF to its original funding level of 3.68% of the General Revenue Fund.
- Combating the opioid epidemic: Ohio must have a multi-faceted approach to combating the ongoing opioid epidemic. Municipalities, especially first responders, serve on the front lines of the battle against opioid addiction. Ohio cannot effectively respond to the opioid epidemic unless there is an investment in the response that takes place at the local level. The League is requesting increased funding for local public safety response and public-private partnerships. Additionally, the League requests that the state partner with local leaders on enhanced educational and prevention efforts, data-collection and effective information sharing.

- Multi-Agency Radio Communications System (MARCS): MARCS enables law enforcement departments to communicate with other law enforcement departments across the state. This critical capability enables law enforcement across the state to effectively work together to keep Ohioans safe. However, local governments must pay to participate in MARCS. For this reason, we are supporting the initiative that would allocate \$3 million in each fiscal year of the biennium to fund the MARCS program's local fee offset to ensure that many of Ohio's local first responders to remain in the program so that Ohio's safety forces able to continue to communicate with one another.

Thank you for your time and for your consideration of these requests. I am happy to answer any questions you may have.