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Kent M. Scarrett

To: Sub. HB 110 Conference Committee Members

From: Ohio Municipal League Board of Trustees

Date: June 16, 2021

RE: Deleterious Budget Items to Ohio's Municipalities

Dear Conferee:

The Ohio Municipal League Board of Trustees urges the Ohio General Assembly to eliminate provisions in substitute HB 110, the state operating budget bill, that would not only create significant financial difficulties for municipalities across the state but would enact substantial preemptions on the constitutional Home Rule authority granted to Ohio's cities and villages.

We thank the Ohio legislature for the inclusion of several provisions in Sub. HB 110 that would invest in Ohio's municipalities, including the increase in the threshold for force account limits, the authorization for municipalities to participate in the federal Treasury Offset Program (TOP), the continuation of the Local Government Fund (LGF) at current statutory levels, and funding for the Multi-Agency Radio Communications System (MARCS) local fee offset, H2Ohio and local law enforcement training.

However, the OML is opposed to several other provisions that would have detrimental impacts on cities and villages across the state. We respectfully request that the following amendments be removed from the state operating budget bill:

- Retroactive Treatment of Temporary Withholding Policy: Sub. HB 110 contains the harmful language previously included in Sub. HB 157, causing retroactive treatment of Sec. 29 of HB 197, the temporary municipal income tax withholding provision. Although the language includes an extension of the temporary withholding policy until December 30, 2021, it also fundamentally alters the purpose of the emergency authority by allowing taxpayers to file refund requests back to March 9, 2020, for withholdings lawfully provided. This retroactive change to the intent and application of HB 197 passed in the previous General Assembly, will result in potentially devastating financial consequences to the ability of Ohio's cities and villages to support first responder services and other critical functions of municipal government.

- Preemption of Municipal Broadband Systems: This budget bill as currently written effectively bans new municipal broadband projects and severely inhibits the service of existing systems by limiting these networks to “unserved” areas of a municipality. It also subjects any new system to the same requirements as a private company, imposes limits on how municipalities can use federal funds for broadband expansion, and imposes additional, burdensome requirements that are not imposed on private companies. Municipalities systems are non-profit entities that generally provide broadband services because private companies have not extended services to the area after determining it would not be profitable. This language would restrict municipalities from providing this essential service, especially in rural areas, and would reduce critical internet services that make educational opportunities and economic development possible.
- Elimination of Broadband Expansion Funding: The Senate version of the budget eliminated the Ohio Residential Broadband Expansion Grant Program, which would have provided roughly \$190 million in grant funding to expand broadband service, which the League strongly supports. This funding is needed to ensure Ohio residents across the state have access to critical internet services.
- “Bag Tax” Preemption: HB 242 of the 133rd General Assembly enacted a temporary preemption on communities imposing a tax, fee, assessment or other charge on auxiliary containers, also called the “bag tax”, and the sale or consumption of auxiliary containers. That provision was set to expire on January 15, 2022; however, Sub. HB 110 as currently written will make this Home Rule violation permanent.
- Virtual Meetings: The budget bill no longer contains language added by the Ohio House of Representatives that extended the temporary authorization for public bodies to meet via electronic technology until December 31, 2021. The current authority will expire on July 1 without an extension by the legislature. Ohio municipalities need this authority extended as they continue to transition their local communities out of the COVID-19 pandemic.

As Conference Committee continues deliberations over Sub. HB 110, we strongly urge the removal of these provisions due to the harmful impact these changes in state policy will have on cities and villages across Ohio. Thank you for your time and consideration.

Respectfully,

Mark Schwiterman

Mark Schwiterman
President, Kettering City Manager



Kent Scarrett
Executive Director