

## **May 23, 2019, Testimony Offered Before the House Finance Committee**

by Mike Barhorst, Mayor, City of Sidney, Ohio  
and President, Ohio Municipal League Board of Trustees

Chairman Dolan, Vice-Chair Burke, Ranking Member Sykes and members of the House Finance Committee. Thank you for scheduling me to testify today.

I am Mike Barhorst, Mayor of the City of Sidney, and I currently have the privilege of serving as the President of the Board of Trustees of the Ohio Municipal League.

Sidney is located on Interstate 75 about half-way between Cincinnati and Toledo. Sidney is fortunate to have four interstate interchanges. State Route 29 and 47 pass through Sidney and intersect with the Interstate. In addition, both north/south and east/west rail lines pass through Sidney, and there is an important rail intersection between the lines in Sidney.

Sidney is the County Seat of Shelby County, with a population of just over 21K. Sidney has more manufacturing jobs per capita than any other city in Ohio. Several thousand people come into Sidney every day to fill jobs within the community before returning home to their families. In fact, there were more than 33K W-2 forms filed in Sidney last year.

As you likely know, the Ohio Municipal League (OML) represents Ohio's 933 municipalities – from the largest city – Columbus with 880K people to the smallest village – Rendville with just 36 souls – our municipalities are diverse -some large – some small; some thriving – some not; but the one thing we all have in common is that the leadership of each of our municipalities understands the importance of the financial support we receive from the State of Ohio.

Today I want to address several issues that the Finance Committee, as well as your colleagues in the Senate, will wrestle with in the coming days. Perhaps the most important to Ohio's municipalities is the restoration of the Local Government Fund. During the Great Depression, the state sales tax was enacted and sold to voters as a way to help local governmental units through the crisis. Villages, townships, cities and counties all benefitted from the distribution of the sales tax – likely preventing an even worse economic disaster. I will admit that as someone who taught economics for a number of years, albeit to high school students, I could not imagine why the monies that flowed from that fund were halved during the Great Recession – the worst economic disaster to hit the United States since 1929! It simply didn't make sense then – it still doesn't to me now despite the passage of the intervening years.

The Governor's proposed budget included a 9.1% increase in the Local Government Fund in Fiscal Year 20, and an additional 1.8% increase in Fiscal Year 21. While the OML certainly supports the Governor's proposal, I am personally disappointed that the investment in our local communities has not been increased further, and know that our members are in full agreement. I stand before you today asking that you consider additional relief to our financially strapped hometowns – communities that the State of Ohio depends upon each and every day for the delivery of critical services.

Rather than creating new funds and pitting governmental units against each other, I would urge you to consider simply restoring the Local Government Fund and allowing each municipality to invest in local needs as appropriate. That approach certainly makes more sense than

establishing state-wide, weakly-funded competitive grant opportunities – especially for those smaller communities that do not have the staffing necessary to seek grant funding.

The Governor's budget proposal did not include funding for MARCS radios. Several years ago the State identified interoperable communication for first responders as a critical need and developed the MARCS radio system. As you know, the MARCS system is operated by the State of Ohio and emergency services departments were encouraged to join the system so that they would be able to communicate with each other during critical incidents and natural disasters. The cost for the system was high, but with a \$10 per radio subsidy, the associated benefits of the system helped convince many departments to move to the platform.

Currently, the City of Sidney has 147 MARCS radios. This budget reduction will cost the City of Sidney an additional \$17,640 in subscriber fees per year – I know of departments that will have to abandon the system because they simply do not have the resources to be able to continue to afford the system. In addition, Shelby County still has one fire department and five law enforcement agencies that have not purchased MARCS radios – it is highly unlikely that they will purchase them if the funding is cut – making the prospect of interoperability unlikely to ever happen. MARCS funding is crucial to maintaining an effective emergency communications system that is essential if we are to keep Ohioans safe not only during times of disaster, but on a daily basis.

As you know, the Ohio House has added \$2M to the budget, but we believe that it will require at least \$4M over the biennium to restore funding for the MARCS system. On behalf of the OML, I am requesting that the Senate restore the necessary funding so that the system's mission critical work can proceed as intended.

I was recently privileged to attend Governor DeWine and Lieutenant Governor Husted's rollout of the H2Ohio fund. Water is vital to everyone, yet communities throughout the state face real and different challenges, such as algae blooms, failing septic systems, nutrient pollution, and threats of lead contamination – to name but a few. Ohio cannot move forward if we continue to lurch from water crisis to water crisis. The OML supports the H2Ohio initiative as it will allow communities to invest in targeted, long-term solutions to ensure safe and clean water across the state of Ohio in perpetuity.

The OML is also in support of two items in the Governor's proposed budget that would be beneficial to economic development – those items include the proposed legislation on Opportunity Zones and Tax Increment Financing.

The proposed language would bring Ohio law into compliance with the language contained in the Tax Cuts and Jobs Act of 2017, providing for the opportunity to establish Opportunity Zones in economically-distressed communities with the hope of attracting businesses that would invest in revitalizing those places.

The proposed language concerning Tax Increment Financing (TIF) would provide the opportunity for local governmental units to extend TIF agreements an additional 30 years for large, high-impact developments.

The Ohio Municipal League is in support of the budget proposal that allocates \$21M over the biennium for lab testing conducted by the Bureau of Criminal Investigation. That allocation would defray costs that would otherwise be passed on to local governments. As we saw in the case of what the national media referred to as the "Rhoden Family Massacre" in Pike County,

the resources of a community can be completely overwhelmed in a case of this magnitude. Defraying lab testing costs is one way to level the field for all communities.

The OML is opposed to any further diversion of funds from the Local Government Fund. We are in support of funding local crisis services for those who suffer from substance abuse disorders, and recommend that such funding come from General Revenue Funds rather than diverting monies from the Local Government Fund.

The Ohio Municipal League would ask that the language that exempts unimproved land subdivided for residential development from increased property taxes for up to five years be removed from the budget bill.

The OML is also asking that the Senate remove from the budget bill the requirement that local governmental units pass an individual resolution for each property tax complaint. The added red tape will unnecessarily increase the cost of local government without adding any significant benefit to property owners.

In addition, we are in support of audit support for local governmental units, and would encourage support for the allocation of \$10M each fiscal year for that purpose.

We are asking that the Senate remove the prohibition for placing local tax levies on the August special election ballot. In times of fiscal emergency, municipalities need this tool in their toolbox. Waiting another quarter to place a levy on the ballot could, in certain circumstances, be financially disastrous for cities and villages.

We support removing from the budget bill the language that mandates that if a municipality receives a negative distribution from the State of Ohio for business net profit filings through the Ohio Business Gateway, the municipality must pay the amount of the deficiency to the state to balance the state's books. This needs to be introduced as separate legislation.

We are concerned that the refundable tax credit for motion picture production expenditures is being eliminated. We believe that Ohio's location within the country as well as our natural features and our varied communities offer the motion picture industry a palate that is unequalled anywhere else. The Ohio Municipal League believes strongly that support for the expansion of this industry should be nurtured.

Finally, we are appreciative that the legislation as written authorizes all municipalities the opportunity to have unpaid refuse collection fees charged as a lien against the real property owner. The City of Sidney currently has approximately 7,400 refuse accounts. Out of those, approximately 4.6%, or 340 accounts are well over 120 days in arrears – or \$15,068.28. Needless to say, being able to have another avenue available to collect these accounts would be extremely helpful.

On behalf of Ohio's 933 municipalities, I thank you for your time. I would be happy to try to answer any questions you may have.