



TESTIMONY BEFORE THE OHIO SENATE FINANCE COMMITTEE

PROPONENT TESTIMONY

Sub. HB 110

May 18, 2021

Chair Dolan, Vice Chair Gavarone, Ranking Member Sykes and members of the Senate Finance Committee, thank you for the opportunity to write in support of Sub. 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 and the Ohio House of Representatives for many important components included in Sub. HB 110 that our member believe are important and will play key roles in addressing issues faced by cities and villages across the state. We also want to strongly urge the Ohio Senate not to include any provisions in Sub. HB 110 that infringe on municipalities' constitutional right to Home Rule authority, as the state operating budget should not be a vehicle for legislating preemptions on Ohio's cities and villages.

The League supports the following provisions that invest in Ohio's local communities:

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. Sub. HB 110 recognizes this by allocating \$170 million in fiscal year 2022 and \$20 million in fiscal year 2023 for broadband expansion.

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. Sub. HB 110 authorizes municipalities to participate in the program. This will ensure municipalities can effectively recover the municipal revenues they are owed, which in turn funds local services. Taxpayers will also benefit from this, as could be saved from paying more than what they originally owe the municipalities because of penalties and interest.

Electronic Meetings: As communities across Ohio continue to navigate through the effects of the COVID-19 pandemic, many local public bodies still require the authorization to conduct meeting or hearings virtually instead of in-person. Currently, this authorization expires on July 1, 2021. Sub. HB 110 extends the temporary authorization for public bodies to meet via electronic technology until December 31, 2021. We appreciate and support the extension of this deadline.

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 Sub. 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. Sub. HB 110 would strengthen the partnership between the state and local governments in supporting first line responders. The legislation allocates \$15 million for a one-year police training pilot program to assist law enforcement agencies with training costs and creates a 12-member Law Enforcement Training Funding Safety Commission to study possible long-term methods for providing state aid to law enforcement agencies for training police officers. This will help ensure local law enforcement can access to critical and timely training that will best equip them to serve and protect their communities

The bill proposes additional 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. Sub. 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.

Wetland Restoration: In addition to repairing and replacing aging water and wastewater systems, municipalities continue to struggle with nutrient runoff contaminating local bodies of water. We appreciate that Sub. HB 110 allocates \$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 Sub. HB 110:

Extend Section 29 of HB 197 (133GA) through December 31, 2021: We are requesting the extension of Section 29 of HB 197, which instructs municipalities to continue withholding municipal income tax at a taxpayer's place of work, even if the taxpayer is currently working from home in a different local jurisdiction due to the COVID-19 pandemic, until January 1, 2022. This grants municipalities revenue stability for the delivery of local services through the end of the calendar year and gives them more time to study and understand the impacts of permanent work-from-home policies for businesses in their community. Additionally, this grants the business community time to ensure they have the capability to withhold in each employee's local jurisdiction. It is imperative the date be extended as soon as possible, as the veto override of SB 22 means the Governor's declaration of emergency will automatically be repealed mid-July, ending Section 29 withholding provisions in mid-August. We believe this too soon for either municipalities or businesses that operate in municipalities to understand the short-term and long-term impacts of post-pandemic employment policies.

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 be amended to reflect today's communication environment.

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. While we appreciate the \$1.5 million currently allocated in Sub. HB 110, we are requesting an additional

\$1.5 million each fiscal year to fund the MARCS program's local fee offset to ensure that many of Ohio's local first responders can remain in the program so that Ohio's safety forces are able to continue to communicate with one another.

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. We are requesting that Sub. HB 110 appropriate an additional \$72 million over the biennium to the Ohio Environmental Protection Agency (EPA) to continue improving water and wastewater infrastructure and reducing lead exposure

Increased funding for brownfield demolition and revitalization: Municipalities cannot revitalize nor expand with the widespread and persistent presence of blighted properties or "brownfields" within their jurisdiction. Many municipalities, particularly in smaller or more rural counties, lack the adequate funding to demolish blighted properties. The League is requesting that the legislature work to bridge the funding gaps for communities to help ensure local governments can invest in the demolition and revitalization of blighted properties

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.

Thank you for your time and for your consideration of these requests