



# OHIO TOWNSHIP ASSOCIATION

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## House Bill 33 Operating Budget House Finance Committee March 30, 2023

Good morning, Chairman Edwards, Ranking Member Sweeney, and members of the House Finance Committee. On behalf of Ohio's 1,308 townships, thank you for the opportunity to testify on House Bill 33, the operating budget.

House Bill 33 essentially maintains funding for townships in Ohio, and the OTA appreciates the effort to preserve the state's financial commitments to local governments in this challenging time. Our members value this financial support. Nonetheless, there are several areas on which we would like to comment.

### Local Government Fund

Included in HB 33 is a provision to increase the Local Government Fund (LGF) from 1.66% to 1.7%. We appreciate the Governor's proposed increase, as the additional revenue will help townships.

Additionally, HB 33 continues to provide revenue for townships explicitly for their use. In 2015, the General Assembly allocated \$10 million yearly for townships. This allocation has been retained in the last four operating budgets and is included in HB 33.

While the current and prospective economic state of Ohio is bright, the state currently has the largest rainy-day fund in its history, thanks to the stewardship of the General Assembly and Governor DeWine. Therefore, in conjunction with the County Commissioners Association of Ohio, we respectfully request that some of those dollars be returned through higher revenue sharing with local governments. Our groups request the following:

1. An increase to the LGF to 2.5% of the State's GRF (R.C. 131.51);
2. An increase to the minimum distribution for counties, otherwise known as "the floor," to ensure all counties receive at least a minimum of \$850,000 (R.C. 131.51);
3. Additional funds placed into the Township and Small Village Fund (R.C. 5757.503), and
4. Require each County Budget Commission, every five years, to convene a meeting of all LGF recipients to review the alternative revenue distribution formula currently being used to distribute the LGF revenue in the county (R.C. 5747.53).

Concerning the Township and Small Village Fund, the OTA appreciates that currently, \$10 million is available exclusively for townships. Still, we are requesting additional revenue be directed to this fund. When the LGF was slashed in 2013, townships across the state lost nearly \$30 million.

## **Grants**

Included in HB 33 is funding to maintain numerous grant programs and create new grant opportunities. The 1,308 townships across the state regularly rely on grants to provide essential services to the 35 percent of the population that resides in townships.

One new grant, the Ohio Future Fund, will provide financial assistance through loans, grants, or other investments that promote economic development throughout the state. The OTA is supportive of this initiative.

The following appropriation items make a positive impact on the township's emergency services professionals, as well as the safety of all Ohioans.

- Small Government Fire Department Services Revolving Loan Program
- MARCS Operations and Radios
- Law Enforcement Continued Training
- School Resource Officer Funding
- State Hazard Grants

House Bill 33 also contains funding for Cemetery Maintenance or Training Grants and the Indigent Burial & Cremation Support Fund. The OTA is very supportive of these line items, as both are unfunded mandates placed on township government.

I would be remiss if I didn't request that additional funding be placed into the Cemetery Maintenance and Training Grant program. Over the last four years, nearly \$1 million in requests have been submitted to the Ohio Department of Commerce by qualifying entities. However, only approximately \$400,000 in projects have been funded.

Townships maintain over 2,400 cemeteries in Ohio. The Ohio Revised Code mandates that a township provides for the protection and preservation of cemeteries under its jurisdiction (ORC §517.11). Since the care and maintenance of the cemeteries are mandated by law, a township must find the funds to care for the cemeteries. For the last several general assemblies, the OTA has repeatedly sought additional funding for cemetery care and maintenance. Below is the language currently in our legislative platform.

*In 2018, the General Assembly created the Cemetery Grant Program, managed by the Ohio Department of Commerce Division of Real Estate and Licensing. The grant program funds registered cemeteries in Ohio, such as township cemeteries, to defray the costs of exceptional maintenance or training of cemetery personnel in the care and operation. For FY 2023, over \$220,000 was requested by entities across the state, yet only \$104,000 was available. The OTA requests additional funding be included in the Cemetery Grant Program line item to provide for more grant awards.*

## **Potential Amendments**

As you know, townships are creatures of statute and require the express or implied authority in law to provide services, develop regulations, and run their local jurisdictions. As such, the OTA is pursuing several more minor changes to be included in HB 33 that will address nuances in the Revised Code, help townships meet the needs of their residents, or provide flexibility to townships. We would like your favorable consideration of including them in HB 33.

### *Fiscal Officer Vacancy*

The OTA would like to request a minor cleanup of a change made in the recently enacted HB 501 of the 134th General Assembly. Included in HB 501 was the language that permits a board of township trustees to appoint a deputy fiscal officer when there is a vacancy in the fiscal officer position. However, two words were accidentally left out in the change made in R.C. §507.02. “The deputy fiscal officer shall serve during the period the fiscal officer is absent or incapacitated, or until a successor fiscal officer is appointed or elected.” This change is needed because when a fiscal officer resigns, the board of trustees must “appoint” a replacement. This request is revenue neutral.

### *Competitive Bid Thresholds*

The last general increase in township competitive bidding thresholds occurred in 2013, whereby the majority of limits were increased to \$50,000. Last fall, the OTA, along with other local government organizations, requested an increase in competitive bidding thresholds, but we were not successful in securing that legislative change. This spring, the local government organizations worked with the Ohio Contractors Association and the Affiliated Construction Trades Association on a proposed amendment that would increase all township competitive bidding thresholds to \$75,000 with the inclusion of a yearly inflationary index. The OTA respectfully requests that this body include this amendment in HB 33. This request is revenue neutral.

### *Parity for Gas Tax Flexibility*

During the latter stages of hearings on HB 23, the Transportation Budget, the OTA was made aware of a disparity in Ohio law regarding the use of motor vehicle gas tax revenue. According to R.C. §5735.27, a county may use gas tax revenue to purchase a building to house road machinery and equipment. A township may not use its gas tax money for the same purpose. The OTA is requesting the addition of language permitting townships to use their gas tax monies to purchase buildings to house road materials, road machinery, and equipment. A township in Putnam County brought this matter to our attention, and the addition of language would save taxpayers a lot of money by buying a structure for sale instead of building one. In this matter, we ask for parity. This request is revenue neutral.

### *Parity for Local Historic Preservation Commission*

We respectfully request the authority to allow townships to establish a Township Preservation Commission, a power that municipalities currently have. The Commission would be tasked with preserving historic properties in the township. The format of the Commission is already outlined in current law and is based on municipal commissions. By establishing a Commission, a township would be eligible to participate in the Ohio History Connection Certified Local Government (CLG) program, which provides federal grants to carry out preservation activities for homeowners. This request is revenue neutral.

As the House continues its work on the operating budget, we encourage consideration of the partnership between state and local governments - a partnership that we hope continues to grow. The OTA and its 1,308 townships want to thank Governor DeWine and his

administration for this proposal, which funds the items listed above, and the Finance Committee for their work on HB 33 and the continued investment in Ohio's townships.