



OHIO TOWNSHIP ASSOCIATION

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HB 344 Eliminate Replacement Property Tax Levies Opponent Testimony January 23, 2024 House Ways & Means Committee

Chairman Roemer, Vice Chair Lorenz, Ranking Member Troy, and House Ways & Means Committee members, my name is Kyle A. Brooks. I am the Director of Governmental Affairs for the Ohio Township Association (OTA). On behalf of our members, thank you for the opportunity to submit written opposition testimony to House Bill 344, which eliminates replacement levies.

The 1,308 townships in Ohio represent approximately 35% of Ohioans. Townships provide essential services, including fire, emergency medical services, police, road maintenance, zoning, cemetery management, and parks.

Outside of the property tax, townships have very limited other funding sources. Township services, such as fire, EMS, and cemeteries, are funded almost exclusively by the property tax. As pointed out in previous testimony, the Ohio Constitution allows for up to 10 inside mills equal to 1% of true value. Those ten mills are shared between local government entities and schools. Out of the ten mills, on average, townships usually receive between 1.5 - 2.5 mills, the least amount of any jurisdiction.

Due to the lack of additional revenue sources, townships must seek property tax levy approval to offer and maintain essential services. Currently, townships have three different types of levies. In the May 2023 election, there were 77 township levies on the ballot statewide. Of those 77 levies, 31 were renewal levies, 14 were replacement, and 32 were additional (referred to as new) levies. The Ohio Township Association would like to clarify the three different types of levies a township may use.

A renewal levy extends the term of an expiring, existing levy. A renewal considers the original property valuations at the levy's initial passage. Renewal levies also have reduction factors applied to them due to HB 920. For example, an approved 0.5 mill levy would collect 0.44 mills the following year and 0.42 the year after.

A replacement levy extends an expiring, existing levy. However, unlike renewal levies, a replacement allows a township to take advantage of growth and development by considering current property valuation. In other words, it brings the millage effective rate back up to the initially passed millage prior to it being subjected to HB 920 reduction factors. It should be noted that replacement levies do not always increase millage. Last year, a township in Northeast Ohio expressed its interest in placing a replacement levy on the ballot to decrease millage collected.

Regardless of the levy type placed before voters, current law requires specific ballot language to educate voters. Most recent legislative changes (HB 140 134th GA) require increased

communication efforts by townships and other local governments to inform voters about the necessity of a proposed levy and the impact on their tax bills.

The education of voters is a crucial component of our society. Still, it cannot be the sole responsibility of a township. As previously stated, township residents must vote on any relevant service levy, which makes the township government very transparent. If residents want a service, they will vote for a levy. Suppose the residents do not want the service or feel the township officials should go another route. In that case, the residents will not vote in favor.

I previously noted the May 2023 township levies that township residents voted on. All but one renewal levies (30 of 31) passed, and all but one replacement levies (13 of 14). However, additional levies failed over 35% of the time (21 of 32 passed).

The Ohio Township Association is concerned that the passage of HB 344 will lead to an even higher rate of levy failures for townships. Instead of asking for current levy replacements, more townships will be forced to ask residents to support an additional (or new) levy to provide the primary, essential services residents expect.

The ability for townships to ask voters to pass a replacement levy is crucial for townships facing revenue shortages and economic challenges. The Ohio Township Association opposes HB 344.

Thank you for considering our position. If you have any questions or concerns about our position, please do not hesitate to contact me or OTA Executive Director Heidi M. Fought at 614-863-0045.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kyle A. Burt". The signature is fluid and cursive, with a long horizontal stroke at the end.

Director of Governmental Affairs