



Ohio Municipal League

Our Cities and Villages ★ Bringing Ohio to Life

Date: April 1, 2014

Dear Chairman Amstutz, Vice Chairman Boose, Minority Ranking Member Sykes
House Finance & Appropriations Committee members:

RE: HB 483-MBR-Operation of State Programs; Restoration of Local Government Fund

On behalf of the Ohio Municipal League's Board of Trustees and our 735 municipal members, we ask that as the Ohio House Finance and Appropriations Committee considers the state priorities included in HB 483, the "State Programs" legislative component of the Mid Biennial Review bill (MBR), that committee members will include language to restore the nearly \$350 million in revenues eliminated from the Local Government Fund (LGF) as part of HB 153, the 2011-13 Operating Budget bill. The elimination of roughly \$350 million to the LGF resulted in the fund being cut by half of the total revenue distributed back to local governments through the LGF and was part of a package of state policy changes that also eliminated Ohio's Estate Tax resulting in an estimated \$300 million depletion from municipal coffers and legislative language accelerating the phase-out of the tangible personal-property and the dealer's intangible taxes which totals roughly another \$300 million in lost revenue sorely needed by numerous cities and villages across the state that once went to support vital services.

As you recall, the Local Government Fund (LGF) was established in 1935 after state legislative leaders understood that local government revenues and municipalities specifically, would be negatively impacted by the institution of Ohio's sales tax and then again in the 1970's when Ohio instituted its own statewide income tax. Although the predictions were realized and revenues were impacted on the local level by these changes in state tax policy, local governments have continued to adapt and work with their state partner to provide the most robust economic development landscape for current and future employers.

Ohio's employer-hosting cities and villages have lived up to their part of the agreement to continue to provide critical services employers demand such as police, fire, well maintained infrastructure, water, electricity, and public health and to be a safe and hospitable environment for a work force that lifts-up the entire state and generates opportunities that current and future employers demand.

Ohio municipal leaders are proud of the role their communities played to assist their State partner when projections were made in 2011 that the state operating budget faced an \$8 billion deficit and called in the assistance of revenues generated at the local level. Now that that financial storm has cleared and the last enacted operating budget for the state of Ohio included a \$2.7 billion tax cut and rebuilt the state's rainy day fund to \$1.48 billion, we hope relief can be given to the partners who have been faithful to the team and have played their critical role to make employers excited to be doing business in Ohio again.

Respectfully yours,

Susan J. Cave
OML Executive Director