OHIO MUNICIPAL LEAGUE
Partnering for Stronger Cities and Villages

June 26, 2017

Honorable John Kasich
Governor
State of Ohio

Governor Kasich;

On behalf of the OML Board of Directors and our member municipalities, we write to respectfully ask you use your constitutional veto power to strike items detrimental to Ohio's municipalities in the state operating budget, Sub. HB 49.

Should the items listed below become law, municipalities will be compromised in their ability to deliver the quality services both families and businesses depend upon. Due to the loss in revenue, many municipalities will be forced to choose between cutting services and increasing the financial burden of their residents through local tax increases.

The following provisions undermine municipal authority and weaken their financial stability. These are the items we ask you to strike from the state operating budget and begin the process of rebuilding the fractured relationship between state government and its municipal partners:

- The Tax Commissioner's administration of the municipal net profit business filings for businesses who "opt-in" to file through the Ohio Business Gateway (OBG) with a .5% administration fee charged to municipalities. This legislative proposal received almost no vetting in the Ohio Senate to explore intended and unintended consequences and will create two separate laws for the same class of taxpayer. The poorly-crafted language will further erode local control of municipal authorities by removing all auditing and enforcement capabilities of local tax administrators and does a disservice to all municipal taxpayers in Ohio by removing these crucial safeguards. Furthermore, the constitutionally-challenged proposal continues to interfere with the ability of municipalities to generate and manage revenues locally by creating cash flow disruptions, uncertainties and greater dependencies upon future state distributions of municipal revenues. The League supports the language crafted by the Ohio House of Representatives to address the challenges of roughly 13% of municipal business filers through the investment of a rebuilt OBG system that preserves local control and provides greater certainty in municipal revenue collections. **TAXCD38.-** R.C 718.01, 113.061, 709.023, 715.691, 715.70, 715.71, 715.72, 718.02, 718.04, 718.05, 718.91, 718.27, 718.41, 5701.11,5703.052, 5703.053, 5703.19, 5703.21, 5703.50, 5703.57, 5703.70, 5703.90; Section 803.100, Repealed 718.06

- The elimination of the municipal income tax "throwback" provision. The financial implications on municipal budgets with the elimination of this local revenue statewide will be significant, and in many instances, will further preclude the ability of cities and villages to invest in opportunities for greater job creation. There are no state revenues associated with the repeal of this municipal tax provision and we ask that the language be removed from Sub. HB49 and given an opportunity to be studied in future legislation. **(DESCRIPTION AND CODE SECTIONS ARE INCORPORATED INTO TAXCD38)**

- The preemption of local water ordinances that would prevent certain municipalities from charging what they deem an appropriate fee for water and wastewater services to surrounding communities by deeming them "predatory municipal annexations" and withholding 20% of their LGF revenues. We believe this provision significantly challenges the Home Rule authorities of the Ohio Constitution and should be removed from the budget. **EPACD28**.- R.C. 5747.504, 5747.51, 5747.53, SECTION 803.210

- The redirection of $35 million from the Local Government Fund (LGF) to fund statewide opioid interdiction programs. This revenue would come directly from the municipal LGF distribution formula and would further interfere with the ability of our frontline responders to save lives in order to get those afflicted to treatment. We believe our local governments and municipal safety officers must be properly funded if our state stands a chance of winning this battle. The elimination of financial resources to our first responders is a misguided state policy that we ask be reconsidered. **RDFCD9.-** R.C. 301.132, 5747.503, and Sections 291.20, 307.110,307.193,333.63, 337.220, 337.231, 383.10, and 757.20

- The redirection of $24 million in municipal LGF dollars to all Ohio townships and very small villages. As cities and villages continue to struggle with local economic conditions, we recognize that there are very successful townships in our state that are not in need of municipal revenue to continue their financial solvency while cities and villages of every size and location continue to struggle. We ask that revenue dedicated to municipalities remain with municipalities. **RDFCD1.-** R.C. 131.44, 131.51, 5747.50, 5747.502, 5747.503, and Section 757.20

- The decrease of the threshold of petition signatures for village dissolutions from 40% to 30% of the local population. **LOCCD17.-** R.C. 703.20, 703.21

We, along with our members, appreciate your consideration of these crucial issues. Many programs created and championed by your administration have partnered with municipalities to make them more stable, prosperous communities for Ohio's families and workforce. We believe municipalities, which house 80% of Ohio's businesses, are the economic engines behind the success of this great state. Like you, our goal is to work tirelessly to make Ohio grow and thrive, and we ask you continue the state's partnership with municipalities to achieve that goal. By vetoing these barriers, you create a greater capacity for more jobs, safer communities and a brighter future for the businesses and residents of the Buckeye State.

Yours in service,

Kent Scarrett
Executive Director