

## Protection of All Revenue Streams

### *Restore the LGF to its previous committed level of 3.68 percent of the state's GRF.*

Townships have lost over \$24 million in Local Government Funding, \$30 million in tangible personal property revenue, and \$79 million in estate tax revenue. Yet, the cost of providing essential services have increased ten-fold.

Townships receive the bulk of their revenue from local property taxes. Additional money is received from the gasoline and motor vehicle license taxes as well as local government fund money from the state. Other sources of revenue could include JEDDs, admission taxes, cigarette licensing taxes, public utility taxes, alternative fuel charges and manufactured home taxes. Any changes to state tax policy must be done with full consideration of the impact that such changes will have on township resources and the resulting impact on services to the community.

### *Establish new formulas for the distribution of LGF dollars.*

R.C. §5747.51 sets forth the process to apportion undivided local government funds. R.C. §5747.53 establishes procedures for approving an alternative formula at the county level. The alternative formula must be approved by all the following: the board of county commissioners, the legislative authority of the most populous city, and a majority of the legislative authorities of the remaining townships and municipalities in the county. This process gives significant weight to the county and the largest city in the county. The OTA and CLOUT recommend establishing a new default LGF formula and changing the approval process of an alternative formula to require that 75 percent of all jurisdictions in the county must approve the use of the proposed alternative formula. Formulas should include factors such as property wealth ratio, population density, population, taxable value, taxable value per capita, per capita income, or other relevant metrics.

### *Continue to provide revenue to townships that are heavily reliant on TPP reimbursements.*

When the General Assembly enacted tax reforms in 2005, they provided a program of revenue replacement for monies that will be lost due to the phase-out of the tangible personal property (TPP) tax. This mechanism provided a financial buffer for townships and a scheduled time frame to reduce costs and/or pass levies to make up for the lost revenue. In 2010, the buffer program was amended to provide for revenue distribution based on an entity's "reliance" on these funds and the amount is reduced annually by two percent. Most townships stopped receiving TPP reimbursements in 2015. The entities that are still receiving these funds have established that they have a high reliance on these funds. For example, Madison Township in Franklin County has a 19% on TPP reimbursements due to the township having a heavy industrial base.

## Annexation

### *Revise annexation laws (use of roads in annexation process, exclude township-owned land from property that can be included in petition and detachment by township of annexed land).*

The annexation laws were greatly revised in the 124<sup>th</sup> General Assembly with the enactment of SB 5 and more recently with the adoption of HB 50 during the 129<sup>th</sup> General Assembly. However, experience has shown that the law needs additional refinement. CLOUT fully supports the OTA's request that the language in R.C. Chapter 709 be altered to reflect what was originally agreed to by all parties during the SB 5 negotiations. Specifically, township-owned land is being included in annexation petitions and the township has no grounds for objection due to the township not being classified as an owner pursuant to the law. Additionally, when property is annexed under R.C. §709.023 (Type II) the land is to remain in the township, allowing the township to always collect inside millage on the territory that was annexed. Unfortunately, municipalities are using tax increment financing (TIF) and other tax diversion programs to divert the inside millage away from the townships. The OTA and CLOUT respectfully request that language be added to R.C. §709.023 to expressly prohibit any diversion of funds from townships when land is annexed under this provision.

### *Amend R.C. §709.021 to include Type II annexations when defining party or parties.*

Washington Township (Montgomery County), Centerville City Schools, and Montgomery County owned 96.5 acres of land which was annexed via Type II Expedited Annexation procedure. Yankee Development Group was the lone private property owner to sign off on the petition. Current annexation law defines party or parties for Type I and Type III annexations yet Type II annexations were excluded from the definition. The OTA and CLOUT request that R.C. §709.021 be amended to include Type II annexations when defining "party or parties."

## Affordable Water & Sewer