



January 15, 2014

Dear Chairman Beck,

On behalf of our respective associations and the local elected officials that we represent, we would like to take this opportunity to express concerns with the as introduced version of HB 375 (Severance Tax).

The current version contains two areas of concern for local governments. The first concern is that the overall impact of the legislation results in a decrease to the local government fund. The LSC fiscal note states that the net effect of the tax credit created, the exemption of oil and gas from the CAT tax, and other provisions will result in the state losing "tens of millions" in state revenues that are used to derive the LGF funding. Any new tax proposals for the state should not result in a negative impact on local governments that are still struggling with the historic cuts at a time of increased demand for many government services.

The second concern is that the proposal in its current form does not allow for the local governments within the areas of the state impacted by the expanded oil and gas activities to receive any funding to address the challenges that the extraction of a non-renewable resource presents to its citizens. A severance tax should inure some benefit to the areas of the state that bear the burdens associated with the removal of a natural resource and the demand for government services that logically result.

We understand that efforts are already underway to craft a substitute version of HB 375. We look forward to working with you, Representative Huffman, and the members of your Committee to seek modifications that will strengthen the bill for the Ohioans we all serve.

Thank you in advance for your consideration.

Respectfully Submitted,

Suzanne K. Dulaney
CCAO Executive Director

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OTA Executive Director

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Cc: Speaker Pro Tem Huffman