



Ohio Municipal League

Our Cities and Villages ★ Bringing Ohio to Life

June 23, 2015

Honorable John Kasich
Governor
State of Ohio

Governor Kasich:

On behalf of the OML Board of Directors and our member municipalities, we are writing to ask that you exercise your constitutionally provided authority through veto power to strike items detrimental to Ohio municipalities currently proposed in the state operating budget bill before you. The areas highlighted below include changes that have been incorporated into the proposed state budget plan which if enacted, would further compromise the ability of municipalities to deliver the quality services business and resident constituents depend upon daily without increasing the financial burden through higher local tax rates.

The most objectionable policy changes proposed in the current budget language relate to the “redirection” of Local Government Fund (LGF) distribution amounts specifically dedicated to municipalities that will now be siphoned away from the locales that are instrumental in generating the state revenue amounts making the program possible. Ohio municipalities are once again being told that they must “pick-up the slack” and have more revenue withheld to support perceived financial deficiencies in other government entities, to fund new state mandates applied to a universe of service providers, and as a punitive measure meant to punish autonomous political subdivisions. Specifically, the following provisions included in HB64 will take more LGF revenue from service-providing municipalities:

1. \$24 million over the biennium “redirected” from the LGF municipal distribution to townships and small village’s general funds. State revenue dedicated towards municipalities should not be a “revenue enhancer” for other political subdivisions financial challenges, originally created by changes in state revenue sharing policies. This revenue should be “redirected” back to municipalities.
2. \$15 million over the biennium “redirected” from the LGF municipal distribution to the Law Enforcement Assistance Program to increase the required number of hours of police officer training for all police officials across the state including State Highway Patrol Troopers, Township Constables, County Sheriff Deputies, Park Rangers and municipal police forces, changes proposed by the Governor’s Police Relations Advisory Commission. State revenue dedicated towards municipalities should not be redistributed to other state supported law enforcement programs or mandates initiated through executive order.
3. \$2 million over the biennium “redirected ” from the LGF municipal distribution to implement key recommendations of the Governor’s Community Police Relations Task Force including financing the creation and operation of a database and public awareness campaign.

4. The league objects to language incorporated in HB64 financially penalizing municipalities that have conformed to new state statutes regulating the use of electronic traffic devices by withholding LGF distribution. The league believes this is a reckless attack on the Home Rule provision of the Ohio Constitution and will only perpetuate future constitutional challenges.

The Ohio Municipal League objects to language added late in the budget hearing process that we believe has not been vetted extensively enough through the legislative process to determine the full impact to municipal worker's compensation rates and premiums required of our local governments. Specifically, portions of SB5 has been inserted into the state budget bill, legislation making the mental affliction of post-traumatic stress disorder (PTSD) an eligible condition covered through workers' compensation benefits for peace officers and other first responders, regardless of the presence of a physical injury. The league shares the concerns put forth by the Administrator of BWC, which have been expressed during committee hearings held on the proposal that this inclusion of covered conditions will place a significant strain on the state insurance program causing an undetermined increase in public employer rates. We are hopeful this provision is removed from the state operating proposal and more study is given to the change.

The Ohio Municipal League asks that language be removed currently in HB64, which also was a late addition to the bill, that received no legislative hearings this session and was previously attempted to be enacted surreptitiously only to be removed through veto. The Senate Finance committee included language that will encroach upon the regulatory responsibilities placed upon municipalities with maintenance of buffer zone requirements around drinking water reservoirs. The proposal will prevent a municipality that has established and implemented a watershed management program with respect to a drinking water reservoir from restricting a property owner that has a parcel of land contiguous to property that constitutes a buffer from interfering in maintenance requirements and responsibilities placed upon the municipality. This provision violates requirements by USEPA for erosion management and other pollution control procedures mandated on municipalities.

Further changes are being proposed for the administration of the municipal income tax that were not vetted through the legislative process, neither through committee hearings or distribution of the included changes to municipal tax officials or representatives of municipal government. These include changes to extension for municipal income tax returns; taxation of publicly traded partnerships; changes to municipal taxation of foreign income; new procedures for former municipal income taxpayer to submit affidavits; changes to municipal tax sharing with school districts; and language related to the Net Operating Loss (NOL) Carry Forward provision that was tremendously ambiguous in previous tax reform legislation.

Our members appreciate the fact that you have been and continue to be a vocal supporter of Ohio municipalities through the many programs your administration has championed to lift up all Ohioans from our big city urban areas to the smallest villages that dot Ohio's landscape, supporting the economic development that makes Ohio such a healthy and exciting place to be. With your continued partnership and consideration of our requests to improve upon the two year spending plan before you, cities and villages will continue to lead the way in bringing jobs and a brighter future for businesses and residents of the Buckeye State.

Yours in service,



Susan J. Cave
Executive Director



James A. Bodenmiller, President
OML Executive Board