



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** H.B. 413 of the 131st G.A.

**Date:** April 22, 2016

**Status:** As Passed by the House

**Sponsor:** Rep. Brinkman

**Local Impact Statement Procedure Required:** No

**Contents:** Revises various township laws

### State Fiscal Highlights

- No direct fiscal effect on the state.

### Local Fiscal Highlights

- **Outside millage expansion.** The bill expands the township's authority to include additional equipment and costs in an outside millage tax levy for both police and fire services. The bill expands the allowable costs in currently existing levies.
- **Inside millage expansion.** The bill expands a township's authority to include additional equipment and costs for inside millage tax levies for fire services. The bill expands the allowable costs and equipment in currently existing levies.
- **Township recycling programs.** The bill allows a township to offer a recycling program to its residents. The costs of such a program could be partially offset through cost decreases associated with landfill fees associated with current waste disposal services.
- **Refuse collection.** The bill allows the legislative authority of a municipal corporation to place unpaid refuse collection charges as a lien on the property to which services are provided, placed on the tax lists, and collected as other taxes. This could potentially increase revenues to the general funds of municipal corporations if additional unpaid charges are collected.
- **Tax increment financing.** The bill includes maintenance costs to road and highway and water and sewer line improvements that are permitted to be financed through tax increment financing.
- **Limited home rule government.** The bill reduces the minimum population threshold required to adopt a limited home rule government in a township from 3,500 to 2,500. There are approximately 160 townships that have a population between 2,500 and 3,500.

- **Disposition of property.** The bill permits a board of township trustees to dispose of obsolete or unneeded property through an executive session, rather than open meeting. This would appear to allow a quicker disposition of such property.
  - **Township cemetery maintenance.** The bill includes entombments, mausoleums, columbariums, and other internment rights as structures that townships may supervise, repair, and improve for cemetery purposes. This may increase maintenance costs for townships. These costs are generally paid for through tax levies.
  - **Group life insurance.** The bill allows townships to offer group life insurance coverage to part-time employees as well as full-time employees and officers. This could increase costs to add additional employees to group coverage plans.
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## Detailed Fiscal Analysis

### Overview

The bill makes several revisions to various township laws pertaining to such things as inside and outside tax levy limitations, limited home rule, disposition of equipment, as well as other topics. Several of these provisions are permissive in nature and therefore would not impose any direct costs on a township. Several of the provisions are simply expanding currently existing authority and would also likely not result in any additional costs. All of the provisions of the bill are discussed in greater detail below.

### Ten-mill tax levy limitations and bond issuance

The bill expands a township's authority to levy a tax in excess of the ten-mill limitation (outside millage) in two cases. First is for the provision and maintenance of fire equipment to include mechanical resuscitators, underwater rescue recovery equipment, and other fire equipment. Such a tax is subject to the voters of the township. Second, the bill expands a township's authority to levy a tax in excess of the ten-mill limitation for certain specified expenses related to the operation of a police department to include the payment of other related costs. This levy is also subject to the approval of the voters.

The bill expands the current authority of a township with respect to levying a tax within the ten-mill limitation (inside millage) to provide for fire and rescue services, which would include levying such a tax to maintain certain fire equipment to include mechanical resuscitators, underwater rescue and recovery equipment, and other fire equipment.

In all of the instances above, the bill expands the authority of the township to include other equipment and related costs for which these tax levies are used. The bill does not create any new authority for levying a tax. These provisions expand the permissible use of these tax revenues for the additional costs and equipment listed above.

Finally, current law prohibits a township from issuing bonds for the purpose of providing fire equipment unless approved by the voters. The bill expands this prohibition to include the maintenance of fire equipment, and includes mechanical resuscitators and underwater rescue and recovery equipment.

### **Township recycling services and refuse collection**

The bill allows a board of township trustees to provide recycling services or to contract with municipal corporations, counties, or independent contractors for the provision of such services. Under current law, a township is permitted to provide or contract for the provision of waste collection, transfer, and disposal services. For these existing services, current law allows a township to impose a charge or levy a sufficient tax within the ten-mill limitation against individuals receiving this service. The bill expands this authority to also include recycling services. It is unclear as to whether or not operating such a program will increase overall costs to townships for waste collection, transfer, and disposal. Typically, the cost of such services is partially based on per ton fees at landfills. It is therefore possible for the costs of operating a recycling program to at least partially offset overall waste disposition costs.

The bill also allows the legislative authority of a municipal corporation that has established a rate or charge for collection or disposal services for garbage to certify to the county auditor, by ordinance, the amount of the rate or charge that has not been paid, which shall be a lien on the person's property to whom those services are provided, placed on the tax list, and collected as other taxes. This provision could possibly allow for the collection of such unpaid charges, thereby increasing revenues to a municipal corporation's general fund.

### **Tax increment financing**

The bill includes continuing maintenance of public roads and highways and water and sewer lines in what may be a public infrastructure improvement for purposes of tax increment financing. These improvements are currently included in the meaning of a public improvement, but the continued maintenance of these improvements is not. This provision could therefore allow a political subdivision to fund maintenance projects for these improvements using tax increment financing.

### **Limited home rule government**

The bill decreases the minimum population required for a township to adopt a limited home rule government from 3,500 to 2,500. The maximum population for adopting a limited home rule government of 5,000 (as well as the requirements needed to be satisfied for adopting such a government) is not changed by the bill. According to 2010 decennial census data and 2014 population estimates by the Ohio Development Services Agency, there are approximately 160 townships that have a population between 2,500 and 3,500 that may potentially qualify for limited home rule under the bill.

## **Disposition of certain township property**

The bill allows a board of township trustees to hold an executive session to consider the sale or other disposition of unneeded, obsolete, or unfit-for-use property. Generally, such an action would be required to be held at an open meeting. This provision would appear to allow boards of township trustees to more quickly act to dispose of such property.

## **Insurance for township employees**

The bill expands the authority of a township to provide group life insurance to its officers and employees. Currently, a township is only permitted to pay all or part of the cost of group life insurance for officers and full-time employees. The bill eliminates the limitation that employees be full-time. If a township elects to offer group life insurance to all employees, the township could experience cost increases to add additional employees to its group plan.

## **Township cemeteries**

The bill includes entombments, mausoleums, columbariums, and other internment rights as structures that townships may supervise, repair, and improve for cemetery purposes. Townships generally provide for the protection and preservation of cemeteries under their jurisdiction. The costs for doing so are generally paid for through a tax levy designated for that purpose, although the levy is not permitted to exceed one-half mill in any one year. This provision may increase cemetery maintenance costs in some townships, however, those costs would presumably be paid for through tax levy moneys for that purpose.