



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 302 of the 131st G.A.

Date: November 18, 2015

Status: As Introduced

Sponsor: Reps. Henne and Butler

Local Impact Statement Procedure Required: Yes

Contents: Permits a fire, police, or EMS tax levy following a type-II annexation only by the subdivision that provides the service, beginning five years after approval of the annexation

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2016	FY 2017	FUTURE YEARS
Townships			
Revenues	- 0 -	Possible loss	Possible loss
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- May result in loss of revenue from fire, police, or emergency medical services (EMS) levies of townships with territory that became part of a municipal corporation through a type-II annexation under R.C. 709.023.
- Permits such territory to be subject to these levies only if they are imposed by the subdivisions that provide the fire, police, or EMS services to the territories.
- The loss of tax revenue to townships appears to be less than \$3.3 million, possibly substantially less. Because of uncertainty regarding how frequently property subject to taxation by both municipal corporations and townships is so taxed because of type-II annexations, this number is subject to considerable uncertainty.

Detailed Fiscal Analysis

H.B. 302 may result in loss of revenue to certain townships. It provides that, beginning five years after a type-II annexation is approved, the annexed territory is subject to a fire, police, or emergency medical services (EMS) tax levy only if the levy is imposed by the subdivision that provides the fire, police, or EMS service to the territory. Type-II annexations are those carried out pursuant to R.C. 709.023, which pertains to annexation by a municipal corporation of township land in which the land also remains part of the township. Under current law, the land may be subject to levies by both the municipal corporation and the township in perpetuity even if only the municipal corporation provides the services after the annexation.

How frequently this occurs is unclear at this time. The Department of Taxation does not track whether property taxed by both a municipal corporation and a township is subject to taxation by both as a result of a type-II annexation or for other reasons. Annexations of township territory by municipal corporations in which the resulting territories of the political subdivisions overlap appear not to be unusual, and taxation by both types of entities may reflect a type-II annexation, the subject of H.B. 302, or any of multiple other types of annexations that would be unaffected by the bill.

Analysis of tax year 2013 abstracts posted by the Department of Taxation on its website indicates that nearly 200 taxing districts in 50 counties are subject to a levy by both a township and a municipal corporation identified on the abstract as for ambulance, fire, or police purposes. Most are fire levies, followed by police levies, then ambulance levies. Some of the fire levies in the abstract are for fire and EMS purposes, or for fire and other purposes, including equipment and pensions, and similarly for police levies. Ambulance levies also included EMS and equipment.

In the taxing districts in which both municipal corporations and townships levied taxes identified as for ambulance, fire, or police services, the township taxes totaled about \$3.3 million in 2013. The fiscal effect of the bill would be some portion of this total, possibly a substantially smaller amount depending on the prevalence of type-II annexations versus other types.

Effective date language in the bill states that it applies beginning in tax year (TY) 2015. However, the earliest that the bill could go into effect, as of the date of this writing, is February 2016, after the due date of the first payment of TY 2015 taxes, given that the bill does not include an emergency clause. LSC consequently assumes that the bill could first affect tax revenues in townships' FY 2017.