



### Week of March 13, 2023

#### Local governments oppose HB 1 as experts discuss HB 920

Statewide organizations representing local governments testified in opposition to [House Bill \(HB\) 1](#) on Tuesday during the third hearing on the bill that establishes a 2.75% flat income tax, eliminates the state's \$1.3 billion property tax reimbursement payments to schools and local governments, and reduces the property tax assessment rate to 31.5%. Led by the County Commissioners Association of Ohio, Ohio Township Association, Ohio Parks and Recreation Association, Ohio Mayors Alliance, and others, [the members of the House Ways and Means Committee were informed](#) of the bill's devastating impact to local revenues and tax increases for property owners.

Before their testimony, the panel received a [presentation from the nonpartisan Legislative Service Commission on property tax reduction factors](#) – a major factor at play with HB 1. Against the intent of the bill's sponsor, Rep. **Adam Mathews**, the equalization factors under current law mean the bill will automatically increase taxes by \$929 million for homeowners and farmers, slash local revenue by \$538 million, and cut taxes for commercial and industrial properties by \$157 million.

Some sources indicate the bill may not make it into the House's version of the budget – a stated goal of the sponsor. Nevertheless, our advocacy in opposition to this issue must continue. The bill is reportedly undergoing modifications behind the scenes, but no real proposal to address the equalization issue or another source to finance the tax cut has been realized.

An interested party hearing on HB 1 will occur on Tuesday, March 21 at 2:30 p.m. Opponent testimony will not be heard at this hearing, but will likely occur the following week on Tuesday, March 28.

#### Finance subcommittee delves into school-funding formula

Led by chair Rep. **Tracy Richardson**, the Finance Subcommittee on Primary and Secondary Education continued its review of [House Bill 33](#) – the biennial budget bill - and, this week, the school-funding formula and state voucher programs, among others. On Tuesday, members of the Fair School Funding Plan workgroup, including **Tom Hosler**, **Michael Hanlon**, and **Ryan Pendleton**, [testified and answered questions over a three-hour period](#) on the formula and the workgroup's recommendations for the upcoming biennium. In addition to transportation issues and the formula's categorical components, the two core issues facing the subcommittee are (1) whether to merely continue the phase-in and to what extent or (2) whether to continue the phase-in and also update the base cost inputs to a more recent fiscal year. Throughout the week, Richardson expressed concerns with the cost of the latter option, almost appearing to favor the former. She also expressed concern with the justification of increased funding to the formula in light of record-high cash balances, which total \$9.23 billion for fiscal year 2022, representing approximately 45.3% of that year's expenditures (\$20.37 billion). Speaking to reporters after Tuesday's hearing, Richardson said, "I listened carefully to their responses. I will just say it is a process, and we will continue to move forward in considering both options. But I am respectful of what they had presented today."

Tony intends to testify on the budget bill on Thursday, March 23.

### **Supporters pack hearing room during four-hour hearing on the Backpack Bill**

The first opportunity for supporters of [House Bill 11](#), the Backpack Bill, came on Tuesday when droves of universal voucher supporters descended on the Ohio Statehouse. Led off by [a press conference in which the sponsors blasted the state's \\$1.13 billion fiscal analysis of the bill](#), the debate continued in the House Primary and Secondary Education Committee in which parents, lobbyists, and statewide and national organizations testified in support of expanding vouchers universally.

A third hearing on the bill, which typically features opposition testimony, is not yet scheduled. Tony expects to testify on HB 11, as well as [Senate Bill 11](#), focusing on fiscal accountability, academic accountability, and accessibility and opportunity issues for students.

### **Heard around the Statehouse**

“That is the response to a three-decade challenge constitutionally to properly fund education. I do believe there's a wholesome respect for the achievement, and now our challenge is just to make sure we appropriately fund it.” - Rep. **Tracy Richardson**, chair of the Finance Subcommittee on Primary and Secondary Education, commenting to reporters about the House's thoughts on the Fair School Funding Plan and the five years of work it took to become law.