Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **S.B. 88** DATE: **May 1, 2007**

STATUS: **As Introduced** SPONSOR: **Sen. Gardner**

LOCAL IMPACT STATEMENT REQUIRED: **No — Permissive**

CONTENTS: **To provide a statutory mechanism allowing a subdivision that is a member of a regional transit authority to withdraw from the authority**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2007	FY 2008	FUTURE YEARS
Regional Transit Authorities			
Revenues	Potential loss in tax revenues from participating subdivisions	Potential loss in tax revenues from participating subdivisions	Potential loss in tax revenues from participating subdivisions
Expenditures	Potential decrease in service costs	Potential decrease in service costs	Potential decrease in service costs
Other Local Governments			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential decrease in transit authority tax payments to RTAs	Potential decrease in transit authority tax payments to RTAs	Potential decrease in transit authority tax payments to RTAs

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

- While a subdivision withdrawing from a Regional Transit Authority (RTA) would possibly decrease the service costs of an RTA, it is uncertain as to whether or not that decrease would offset the loss of transit authority tax revenue.

Detailed Fiscal Analysis

Regional Transit Authority Process

The bill permits any county, municipal corporation, or township that has created or joined a Regional Transit Authority (RTA) to withdraw from the authority by a new procedure that does not exist in current law. Under the bill, the legislative authority of the political subdivision proposing a withdrawal must adopt a resolution to submit the plan to the voters of the withdrawing territory, and certify the proposal to the board of elections to be put on the ballot at the next general election, or at a special election conducted on the day of the next primary election. If the proposal is approved, the withdrawal will be effective two years from the date of the certification of the passage of the proposal.

Fiscal Effect

If by a popular vote, a political subdivision opted to remove itself from participating in a regional transit authority, the RTA would experience a loss of revenue received from the taxes collected from that political subdivision. The transit authority would also experience a decrease in costs since it will no longer be providing service to the withdrawing local government. It is unclear as to whether or not the decrease in service costs would offset the loss of tax revenue, but these impacts would likely vary depending on the circumstances.

The bill requires the board of trustees of the RTA to ascertain, apportion, and order a division of the funds on hand, to the withdrawing entity. The power of the transit authority to tax the withdrawing entity is also terminated, except for any payment of any indebtedness within the withdrawing territory, as it existed at the time when the indebtedness occurred. Therefore, the withdrawing territory will still be responsible for its portion of any debt incurred before withdrawal, but can no longer be taxed for its portion of the operational costs of the transit authority.

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