

2020: A Year in Review

2020 is drawing to a close, and it is safe to say that there has been no other year in recent history that has seen more uncertainty, societal unrest and change in just a few short months. As local leaders learned to navigate the COVID-19 pandemic and rising social tension, the Ohio General Assembly continued to pass legislation impacting cities and villages. We wanted to briefly recap the bills that affected municipalities as the 133rd General Assembly draws to a close and we look towards a new legislative session in January.

Earlier this year, Ohio received \$4.5 billion from the CARES Act, which Congress passed in response to the economic fallout of the pandemic. \$1.2 billion of those revenues were reserved for local governments that do not have a population of over 500,000 and therefore did not receive a direct distribution of federal aid.

Qualifying local governments received those revenues in three separate distributions. \$350 million were initially distributed via HB 481, followed by an additional \$175 million allocated by the Ohio Controlling Board. These funds were allocated via a slightly-modified version of the Local Government Fund (LGF) formula. The remaining \$650 million were distributed by HB 614, this time on a per capita basis. Despite requests that Congress extend the deadline to use the CARES Act funds and allow for greater flexibility in how those dollars could be spent, the legislation dictated that the revenues be used only for non-budgeted COVID-19-related expenses and had to be encumbered by November 20.

In addition to the CARES Act distributions, Governor DeWine signed two bills during the pandemic that affected municipalities. The first was HB 606, which provides civil immunity protection to a variety of entities including local governments, businesses, healthcare workers, and schools against coronavirus lawsuits as they perform necessary functions during the course of the ongoing pandemic.

The other bill signed by the Governor was a preemption. Despite a veto request from the League, Gov. DeWine signed HB 242, which preempts a municipality from passing a plastic and paper bag tax, but also any tax on straws, plastic utensils, aluminum cans, glass bottles, Styrofoam cups, and carry-out food containers. Additionally, the bill prohibits municipalities from discontinuing the use of plastic products, such as banning the use of plastic bags, and was amended in the Senate to sunset the ban after one year.

The 134th General Assembly will be sworn in this January and will immediately face the tremendous task of creating Ohio's biennial budget. The Ohio Office of Budget and Management (OBM) is projecting that balances in Ohio's General Revenue Fund (GRF) will be approximately \$2.5 billion less than what was originally budgeted. Over the upcoming year and for the foreseeable future, the biggest issue both the state and municipalities are facing is the loss of revenue.

As the economic fallout of the pandemic continues, municipal leaders will be working to try to balance budgets and continue to ensure Ohioans are getting the quality local services they deserve. It will be crucial that local leaders stay engaged, continuing to impress upon their state senators and representatives that an investment in municipalities is an investment in Ohio's economic recovery. We also urge our members to continue to call on their Congressional delegation for more local aid and increased flexibility so municipalities can use federal aid to balance local budgets.

Without further state and federal investment in local governments, municipalities will struggle to provide quality local services such as health and safety personnel and safe infrastructure, severely impeding their ability to drive both regional and statewide economic recovery. It is critical that local leaders use their voices to advocate for the cities and villages that will help rebuild a strong and robust statewide economy.