



OHIO TOWNSHIP ASSOCIATION

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House Local Government Committee Proponent Testimony HB 225 County Auditor Reviews June 7, 2011

Good afternoon Mr. Chairman and members of the Committee. On behalf of the Ohio Township Association (OTA), I stand before you this afternoon to express our support for House Bill 225, which would grant townships the authority to adopt a mandatory direct deposit payroll policy.

Townships currently have the statutory ability to pass a resolution authorizing direct deposit of funds by electronic transfer (ORC 9.37). Specifically, a township may allow for direct deposit for employees pursuant to a resolution of authorization adopted by the board of trustees. However, a board of township trustees may not pass a resolution *requiring* all employees to participate in a direct deposit program. As a safeguard for those employees that may not have the ability to have direct deposit, the bill before you contains language that would require a township to have an exemption clause “for employees who cannot provide an account number, or for other reasons specified in the policy.”

As you heard Sponsors Peterson and Landis mention in testimony, the OTA is seeking an amendment to HB 225 which would grant townships the same authority as counties with respect to increasing reserve balance accounts. Current law permits political subdivisions, including townships, to have a reserve balance account, or rainy day fund, the amount of which cannot exceed 5% of the revenue credited in the preceding fiscal year to the fund for which the account is established. In the bill before you, counties are granted permissive authority to have reserve balance accounts not to exceed one-sixth of the revenue credited in the preceding fiscal year. The Ohio Township Association respectfully requests townships be granted this same permissive authority.

Finally, the OTA was contacted a few months ago by a county prosecutor’s office regarding a township’s authority to offer deferred compensation plans. In 2006, the General Assembly enacted HB 385, which included a provision to remove the limit on the number of deferred compensation programs a township may provide. Thus, according to HB 385 Final Bill Analysis, a township may offer as many deferred comp programs as they wish. However, it was brought to our attention that there is not expressed authority permitting a township to offer such programs and it was requested that the Revised Code be amended. Therefore, the OTA is seeking an amendment to HB 225 to expressly grant townships the authority to offer such programs.

Mr. Chairman, thank you for the opportunity to support HB 225. We appreciate your consideration of the amendment suggested and we urge your support of the bill. I would be happy to answer any questions you may have.