

TAXATION & FINANCE

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INTRODUCTION

The 133rd General Assembly supported CCAO priorities by enacting legislation to provide permissive authority for counties to implement an additional 0.5% sales tax for jail construction and renovation. The 134th General Assembly extended this law to include support for jail operations as an allowable expense. Counties will continue to require significant financial assistance from the state, however, in order construct and renovate jails. A state program for jail funding should include a “look-back” period to reimburse counties that have already started or recently completed a jail project. More information is available in the **Justice and Public Safety** section of the Platform.

Counties also benefited from the legislature’s decision to require out-of-state vendors with more than \$100,000 annual sales into Ohio to collect use tax. This law played a key role in supporting county finances during the initial phase of the COVID-19 pandemic.

The committee thanks the General Assembly for its continuing support of counties and looks forward to a dialogue about taxation and finance issues in 2023 - 2024. Counties have identified six issues as priorities for the 135th General Assembly:

- Preserve the sales tax base.
- Extend the sales tax to small hotels.
- Ensure reporting and correct property valuations in real estate transactions using LLCs.
- Increase renewable energy PILOT payments.
- Increase the monetary threshold for competitive bidding requirements.
- Restore the Local Government Fund to 3.68% of State GRF Taxes.

COMMITTEE PRIORITIES

PRESERVE STATE/COUNTY SALES TAX BASE

CCAO urges the Administration and the General Assembly to preserve Ohio’s sales tax base. CCAO opposed legislation passed by the 134th General Assembly (HB 110) that exempted employment and employment placement services from the sales tax. This change will cost counties and transit authorities approximately \$40 million each year.

Given the state’s increased reliance on the sales tax as the #1 revenue source to the state GRF, it stands to reason that state government has a compelling interest in protecting the sales tax as a critical part of the state tax base. Thus, the state and counties should work together to protect the sales tax as a critical funding source for both levels of government.

THE STATE AND COUNTIES SHOULD WORK TOGETHER TO PROTECT THE SALES TAX AS A CRITICAL FUNDING SOURCE FOR BOTH LEVELS OF GOVERNMENT.

EXTEND THE SALES TAX TO SMALL HOTELS

CCAO recommends that the sales tax exemption for small hotels be removed so that the sales tax applies to all hotel transactions.

Currently, Ohio Revised Code section 5739.01(G) defines a “hotel” for the purpose of the sales tax law as being an establishment held out to the public where sleeping accommodations are offered to guests, in which there are five or more rooms that are used for the accommodation of the guests. The definition effectively exempts rooms at small hotels and “bed and breakfasts” from the sales tax. Commissioners can adopt a resolution to extend the

lodging tax, but not the sales tax, to these smaller establishments.

This exemption leads to a significant tax revenue loss in counties with numerous small hotels.

The revenue loss will only grow worse over time as Airbnb and other online hotel booking sites become more widely used.

The General Assembly should also consider extending the lodging tax and sales tax to permanent campgrounds to offset the costs of county services.

ENSURE CORRECT VALUATIONS IN REAL ESTATE TRANSACTIONS USING LLCs

It has become common in real estate transactions, including residential sales, to characterize the sale as a transfer of ownership shares in a limited liability company or other pass-through entity. In this way, the parties avoid recording a new deed with the county auditor and paying the conveyance fee (real property transfer tax). This practice reduces county revenue and undermines the ability of the auditor to fairly value the property. Over time, as real estate transactions are removed from public scrutiny, it becomes increasingly difficult to maintain a complete list of comparable arms-length transactions that are necessary for the county auditor to establish proper valuations. As a result, property tax millage may be set at higher rates than are otherwise necessary and taxing districts must file more frequent challenges of LLC-owned property.

Closing the LLC loophole has become more important given the passage of House Bill 126 by the 134th General Assembly. House Bill 126 limits the ability of schools and other taxing districts to use the board of revision process to challenge the valuations of properties they do not own. This change makes it even less likely that the auditor will be made aware of transactions using LLCs.

CCAO supports legislation that will ensure transparency when a controlling interest is transferred in an LLC that owns real estate. Legislation should create and enforce a method to fairly value real estate in transactions that include many different types of assets so that the transfer tax can be levied in a fair and transparent manner.

RENEWABLE ENERGY PILOT PAYMENTS

Ohio is experiencing increased interest from renewable energy developers and the passage of Senate Bill 52 gives commissioners authority over the location of projects in the county. With the increased activity in this area, the legislature should modernize the law governing payments in lieu of taxes (PILOT payments) for renewable energy projects (ORC 5727.75). Current law gives commissioners the authority to approve PILOT payments for wind, solar, other types of renewable energy projects. These payments are limited to \$9,000 per megawatt of nameplate capacity. This limit was set in 2010 and has not been revised. CCAO supports increasing the payment amount and indexing the payment limit to the annual rate of inflation. CCAO also supports legislation to require project applicants to provide accurate and verifiable information on the amount of utility tangible personal property taxes and real property taxes that would be foregone if the application is approved. Counties should have the option to choose the current system or to base PILOT payments on a percentage of annual taxes that are foregone due to the exemption.

Current law exempts a CAUV parcel that is converted to a renewable energy project from paying the recoupment charge under ORC 5713.34. CCAO recommends changing the law to apply the standard recoupment payment in order to ensure fairness for all types of non-agricultural uses.

PERFORMANCE BONDS

Larger counties should be permitted to waive performance bond requirements on construction projects that do not exceed \$250,000.

COMPETITIVE BIDDING

The threshold for competitive bidding should be raised from \$50,000 to \$100,000 (ORC 307.86). Indexing of the competitive bid limit to the consumer price index (CPI) should be required on either an annual or biennial basis. Corresponding increases should occur in the threshold for waiver of competitive bidding due to an emergency.

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FULL RESTORATION OF THE LOCAL GOVERNMENT FUND

CCAO urges the full restoration of the Local Government Fund to 3.68% of state General Revenue Fund tax revenue, the statutory level in 2011 before the LGF was cut in half.

The Local Government Fund (LGF) represents the most critical element of state assistance to counties. In most counties, the LGF is one of the larger individual sources of income to the county general fund. The concept of sharing the major state taxes with local governments should be retained. From the perspective of counties, the LGF helps pay for various state-mandated programs. Unfortunately, the Local Government Fund has been reduced in recent years, posing an increasing challenge for counties.

From 2001 to the present, the LGF experienced the following changes in relation to the state:

- July 2001 to January 2008 LGF was cut and frozen for 6.5 years resulting in a \$644 million gain to the state GRF and an equivalent loss to local governments.
- LGF put back on a percentage of tax receipts formula (3.68% of state GRF) with the support of local governments in 2008.
- LGF distributions decline by an additional \$100 million or 14% from 2008 to 2009 due to the fiscal impact of the Great Recession on state GRF revenues.
- SFY 2012-2013 state budget reduces LGF by roughly 50% over a two-year period.
- LGF put back on a percentage of state GRF tax receipts formula with LGF to receive 1.66% of state GRF as part of the SFY 14-15 state budget.

- House Bill 166, the FY 2020-2021 operating budget, increases the permanent share of state GRF tax receipts to 1.68%, but the percentage fell back to the statutory 1.66% in 2022-2023.

Since 2011, proposals have surfaced in the General Assembly to change the formula for distribution of LGF receipts so that townships and municipalities would receive a greater relative share of the funding by reducing the amounts received by most counties.

The primary reason stated for this redistribution among the political subdivisions in the county is the fact that counties now receive casino revenue. CCAO opposes this change in the local distribution formula because counties continue to fund many mandated state programs that benefit

the residents of municipalities and townships. If the LGF formula is to be changed, it must follow an analysis of not only revenues but also of state mandated expenditure requirements by various local governments.

CCAO URGES THE FULL RESTORATION OF THE LOCAL GOVERNMENT FUND TO 3.68% OF STATE GENERAL REVENUE FUND TAX REVENUE, THE STATUTORY LEVEL IN 2011 BEFORE THE LGF WAS CUT IN HALF.

COMMITTEE RECOMMENDATIONS

MODERNIZE INFRASTRUCTURE FUNDING

Ohio's infrastructure has a huge impact on economic development and quality of life.

The adequacy of infrastructure funding for our highway transportation system and our local utility infrastructure must be revisited.

Adjustments to highway user fees, and additional grants, loans and subsidies for the capital costs of local utility infrastructure need to be considered by the state.

Historically, Ohio has met its transportation needs with motor vehicle fuel (gas) taxes and motor vehicle license fees. Ohio counties rely on an equal share of gas taxes to each county as well as a formula for distribution of motor vehicle license taxes to provide

stable funding for county highway improvements. While the combination of gas taxes and license fees has worked well for Ohio's counties and the state, inflationary increases in the cost of construction have effectively reduced the buying power of user fee dollars to make necessary improvements to county roads and bridges.

In 2019, the transportation budget bill enacted the first increase in Ohio's motor fuel tax since 2005. The tax on gasoline increased by 10.5 cents per gallon and the tax on diesel fuel by 19 cents per gallon. At the time, this increase was expected to generate \$865 million annually for road and bridge construction and repair. Of this total, approximately \$135 million total was designated for counties.

Fuel consumption was reduced by the COVID-19 pandemic in 2020-2021 and is being held back by increased fuel prices in 2022. CCAO supports annual adjustments to the motor fuel tax indexed to the rate of inflation. CCAO opposes efforts to decrease state funding to counties and other local governments because more federal funds are available through the Bipartisan Infrastructure Law.

Water and Sewer Infrastructure

Ohio, like much of the country, is facing massive water and sewer infrastructure upgrades. The Flint, Michigan, water crisis and the Sebring, Ohio, lead contamination tragedy illustrated the challenges that our aging infrastructure is facing to adequately provide quality drinking water for our citizens and businesses that rely on water.

Project costs for new construction, repair or maintenance of our water and sewer infrastructure far exceed the financial capacity of the counties and local governments to incur these obligations. The state must find ways to address these challenges and facilitate payment of these project costs. The designation of \$250 million in ARPA funding for water and sewer projects in HB 168 is an important step forward. Increased federal funding over the next five years from the Bipartisan Infrastructure Law will help to address the shortfall, but it will not be sufficient.

CCAO recommends exploring options such as: allocating public works bonding capacity to these

projects, re-establishing the Ohio water and sewer rotary commission, and providing greater funding support, including more matching grants for governments and citizens confronted with EPA orders to install water and sewer systems.

MODERNIZE COUNTY BUDGET PROCESS AND BUDGET CONTROLS

CCAO supports the modernization of Ohio budget and appropriation laws so that the process is better understood by the public, concentrates on decisions that actually authorize the expenditure of public dollars, and gives enhanced expenditure control to the board of county commissioners as the appropriation authority. The proliferation of special revenue funds and the trend to earmark fees for the exclusive use of certain officials reduces flexibility for commissioners to allocate scarce resources to most-needed programs and removes effective oversight of the spending of public dollars. Too often when funds are earmarked for functions of specific county elected officials, these officials feel this money is "theirs" to do with as they choose. CCAO opposes any new mandatory earmarking of county revenue sources. Ohio's budget laws should be amended to give commissioners more oversight over all county budgets.

PERMIT COUNTY COMMISSIONERS TO ACCESS SPECIAL REVENUE FUNDS

Consistent with the authority of state government to divert money from certain special revenue funds to the state general fund and to provide for the most efficient use of county resources, county commissioners should be authorized to divert money in special funds to the county general fund. Such authority should be exercised in accordance with the following:

- Not apply to a fund comprised of voted property tax levies for specific purposes
- Be done pursuant to a resolution of the board after public notice to other elected officials and the public and a public hearing
- Assure that adequate funds remain in the fund to meet any specific statutory mandate.

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- Be authorized through a resolution that applies only to the current fiscal year.
- Where a county elected official has control over a special revenue fund, permit the official to authorize the commissioners to transfer money from the special fund to the county general fund. If the county elected official with control over a fund refuses to authorize a transfer, permit the commissioners subject to the conditions outlined above to transfer special revenue funds to the general fund.

SEVERANCE TAXES ON OIL AND GAS

CCAO supports the following policy with respect to any proposal to increase severance taxes on the production of oil and gas:

- Increase the tax rate - The severance tax on oil and gas companies should be increased to a rate reasonably similar to the severance tax rates established by other oil producing states.
 - Majority of revenue to impacted counties - At a minimum, a majority of the severance tax revenue derived from horizontal wells should be retained by the counties in the Marcella or Utica shale plays. This revenue should be utilized by the counties and other local governments to develop infrastructure that improves the health, safety and welfare of their citizens or is designed to enhance the potential for economic development, job creation and growth within the shale play area. In addition, this revenue should support the increased demand for government services that are required to respond to, mitigate or minimize the impacts resulting from the activity to access, extract, refine and transport to markets the minerals contained in the shale plays.
 - Revenue from increased severance taxes on oil and gas companies should be used minimally to subsidize any form of tax cuts.
 - LGF hold harmless - Local governments must be held harmless for any reduction of the Local Government Fund receipts resulting from the extension of any tax cuts or tax reductions that are subsidized with severance tax revenues.
- Any revenue required to do this must come off the top prior to any revenue allocated to support state agency operations including the ODNR orphan well closure program. In addition, it should not be taken for the allocation distributed to local governments within the shale plays.
- Some revenue should be used to restore local government funding cuts or to provide property tax relief.
 - The property and Ad-Valorem tax formula in state law needs to be revised. Specifically, the law should provide local communities with more revenue than they are expected to receive under the current tax structure. The ad-valorem tax formula should establish different values for natural gas and its various derivative products, such as, but not limited to methane, ethane and propane.
 - Road Use Maintenance Agreements (RUMA) – RUMA must be a mandatory condition for issuing a state permit for an oil and gas well and for a deep injection well for hydraulic fracturing waste fluids. If an agreement cannot be reached between the well owner/drilling company and local governments, a provision should be made for the appointment of an arbitrator to resolve any disputes and to make sure that a RUMA does not become an impediment to oil and gas development. CCAO also supports a RUMA requirement in cases of natural gas and other pipelines which trench road rights of way and other public infrastructure. It is important that public roads be protected from damage by pipeline transportation companies and a mandatory RUMA protects the public investment in highway infrastructure.
 - Injection Wells - The state should raise fees on the disposal of hydraulic fracturing waste and share the revenue with impacted local governments to fully reflect the impact that heavy truck traffic has on public infrastructure. Provisions should be made for local governments that have Class II injection wells operating within them to receive compensation from the injection well operator based on the volume of hydraulic fracturing waste disposed through the well. Waste liquid derived from the hydraulic fracturing

process must be required to be processed to reclaim and recycle the water and its other natural and chemical additives and reduce the volume of material remaining that retains no commercial value. The remaining fracturing liquid must be disposed of in a manner approved by the Ohio EPA.

CASINO REVENUES

CCAO believes that the will of the voters in providing for the distribution of revenues to counties and other local governments should be upheld and that efforts to earmark or specify how these revenues are to be used by local governments should be avoided by the legislature, particularly given the uncertainty associated with this revenue source. Any change in allocation of the gross casino revenue tax should only occur pursuant to another constitutional amendment.

The constitutional amendment provides clear language prohibiting the state from supplanting existing funding obligations of the state with the new revenue. Efforts to change the Local Government Fund distribution formula to give more funds to municipalities and townships violate the principle of no supplantation of existing funding embodied in the constitution.

DEVELOPMENT IMPACTS ON TRANSPORTATION INFRASTRUCTURE

While CCAO supports the expansion and development of businesses, counties need additional revenue sources and assistance to

THE STATE NEEDS TO CONSIDER THE DIFFERENT NEEDS OF RURAL AND URBAN AREAS BY PROVIDING ASSISTANCE TO ADDRESS SPECIFIC TYPES OF INFRASTRUCTURE CHALLENGES THAT ARE UNIQUE TO RURAL, SUBURBAN AND URBAN AREAS.

address new infrastructure demands caused by that expansion and development.

CCAO supports additional grants and revenue sources from the state to help finance such infrastructure. In providing additional support to counties for transportation infrastructure, the state needs to consider the different needs of rural and urban areas by providing assistance to address specific types of infrastructure challenges that are unique to rural, suburban and urban areas.

CCAO also supports a requirement that county commissioners and county engineers be notified of anticipated major new operations or expansions of businesses that could impact roads. CCAO supports a requirement that businesses/developers should work with local officials in exercising mutual responsibility to maintain the local highway infrastructure.

In addition to financial support from the state, CCAO also supports new local tools, including collaborative authority for local governments to create transportation innovation authorities (TIAs). Transportation innovation authorities have been utilized by local jurisdictions in other states to finance cross-jurisdictional and multimodal transportation projects that have created jobs.

IMPACT FEES

The legislature should authorize counties to impose impact fees for new development.

Permissive authority to impose impact fees should require counties, subject to public notice and comment, to conduct a careful study of additional costs attributable to new development and provide an equitable system for distributing costs among benefiting users.

Impact fees could be used to pay for highway improvements, recreational facilities, and water, sewer and drainage improvements.

WAIVER OF TAX BUDGET

Permit a board of commissioners to waive the tax budget for all levy-funded county agencies, provided the county budget commission is given necessary

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information on tax levy funds.

STATUTORY COURT COSTS

Clerk of court fees (ORC Section 2303.20) were last increased in 1992, and probate court fees (ORC Sections 2101.16 and 2101.17) have not been increased since 1976. These fees help offset the cost of the operation of the clerk of courts office and probate court. CCAO asks that these fees be increased significantly to offset the gross depreciation in their value resulting from inflation over the ensuing periods.

BILLING FOR COUNTY EMS RUNS

CCAO supports an amendment to the county EMS law explicitly granting counties authority to bill third parties for emergency medical service runs.

LOCAL GOVERNMENT FUND ESTIMATES

CCAO supports an amendment to the Local Government Fund (LGF) law to require the Department of Taxation to issue to each county auditor updated LGF estimates in the same manner in which such estimates are provided for the Public Library Fund during the calendar year in which such funds are to be distributed.

TRANSFERS FROM SPECIAL FUNDS TO THE GENERAL FUND FOR COST OF INSURANCE AND SELF-INSURANCE

CCAO appreciates recent changes to the joint self-insurance statutes that harmonize the single and joint self-insurance cost allocation methodologies for benefiting special funds in the county. CCAO recommends that the statutes relating to purchase of health insurance and property and liability insurance be reviewed to assure that ORC Sections 9.833, 2744.08 and 2744.081 are consistent and comply with professional insurance, actuarial and technical standards. As it relates to cost allocation language in these laws, they should be consistent with language in ORC Section 4123.41, which relates to the allocation of costs for workers compensation. Current insurance laws provide that costs are to be based on the relative exposure and loss experience. CCAO seeks an amendment to add “or any combination of these factors,” to be consistent with

language in the workers compensation statute.

PERMISSIVE TAXES

As part of its continuing joint effort with the state to provide stable funding sources for counties, CCAO supports increased flexibility for counties to levy permissive sales and use taxes to fund needed services at the local level.

The authority to levy local sales taxes should be reserved for counties, and CCAO opposes efforts to give this authority to school districts and other political subdivisions.

SALES TAX BASE BROADENING AND TAX REFORM

As part of a continuing effort to provide stable revenues to counties, enhance county fiscal security and generate revenue in a fair and equitable manner from all segments of our evolving economy, CCAO supports the broadening of the state’s sales and use tax base to include additional services.

CCAO objects to, and will strongly oppose, efforts to reduce or eliminate, or to recapture for the benefit of the state at the expense of counties, any additional sales and use tax revenue generated by counties through any broadening of the sales and use tax base that extends the tax to additional services. Finally, if any new tax reform results in the repeal or modification of additional major local taxes, the General Assembly should provide full, complete, and permanent replacement of lost revenue to local governments.

VENDOR OR CONSUMER SALES TAX REFUNDS

Consumer or vendors have four years from the date that they erroneously or illegally paid the tax to file for a refund with the tax commissioner, unless the consumer or vendor, with the approval of the tax commissioner, waives the four-year time limitation under ORC Section 5739.16(A)(3). If the time limitation for filing a refund request is waived, state law should be amended to require that the refund period is extended so that the refund occurs over the same time period as the waiver.

State tax policy should discourage overpayment of state sales taxes by vendors. Vendors should

be encouraged to pay only the sales taxes that are owed, thus minimizing the need for costly and financially disruptive refunds paid by county governments.

CCAO supports reducing the time period during which a consumer or a vendor may seek a refund from four to three years. CCAO also supports eliminating the provisions of law (ORC Sections 5739.07(D) and 5739.16(A)(3)) permitting a consumer or vendor to waive, with the approval of the tax commissioner, the four-year time limit for an indefinite period of time.

Existing law requires the tax commissioner to recover from the current receipts of the same tax source from which a refund is to be paid.

If the current receipts from that tax source are inadequate for the purpose of covering the refund, then the refund is transferred from the current receipts of the state sales tax and then reimbursed to the state from the next distribution of that tax to the taxing jurisdiction.

If the refund exceeds 25% of the next distribution of the tax, the tax commissioner may spread the recovery over a period of no more than three years, taking into account the amount to be recovered and the amount of future distributions (ORC Section 5703.052).

CCAO supports extending the length of time a county may reimburse a consumer or vendor for an overpayment, from a maximum of three years to a maximum of four years.

CCAO supports requiring the Department of Taxation to share sales and use tax return and audit information to boards of county commissioners to verify vendor compliance with a county's sales and use taxes.

ENSURE THAT SALES TAX REVENUES ARE SOURCED CORRECTLY

Sales tax on transactions made within Ohio are "origin-based," i.e., dependent on the location of the vendor. Ohio sales tax law permits vendors to file their remittance with the Department of Taxation on a consolidated basis if the vendor has multiple locations. Audits of these consolidated filers should

ensure that sales are being sourced to the correct county. County commissioners should have formal authority to request an audit when there is doubt that a vendor is following correct procedures.

INDIRECT COST

CCAO supports legislation to authorize counties to recover indirect costs, including the costs of building renovations and expansions, from non-general fund programs, following strict cost accounting principles.

CONTROL OF AUDIT COSTS

CCAO supports legislative and other efforts to relieve counties of the costs imposed by state audits. Audit cost reductions should be based on the population of the county, a percentage of the county's annual budget, or other fair and equitable criteria, with special consideration given to the costs imposed on less-populated counties.

In addition, CCAO supports legislation authorizing county commissioners to charge each office for the cost of an audit performed by the state auditor's office, and authorizing the state auditor to waive annual audits in favor of biennial audits for entities that the state auditor determines to be at low risk of having audit exceptions.

DEPOSIT OF ALL FUNDS IN COUNTY TREASURY

Under current law, there are a variety of bank accounts maintained outside of the county treasury. CCAO supports legislation to require all monies collected by county agencies to be deposited and disbursed from the county treasury and all outside bank accounts be closed. Asset forfeiture funds should also be accounted for within the county auditor's general ledger. Exceptions to this general rule would be allowed for child support custodial monies and law enforcement undercover accounts of the sheriff and prosecutor. In the case of these accounts, additional financial reporting and internal controls would be required.

USER FEES

CCAO supports the increased utilization of user fees to fund specific county services. CCAO supports a thorough review of user fees and modernization of all

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user fees to reflect the cost of doing business. General tax dollars should not be allocated to subsidize county functions that benefit users of specific services. Where policy does not dictate uniform statewide fees for services, the county should be given additional authority to adjust fees to reflect the cost of performing the specific service. Existing fees that go to the county general fund should not be earmarked for the exclusive use of any one office. County commissioners must have flexibility to allocate resources in the budget process and provide appropriate oversight of spending of public monies.

In addition, authority should be granted to establish fees for the services of the county auditor as the sealer of weights and measures.

Counties also should be given permissive authority to test the quality of fuel, but only if fees are charged to the fuel providers to fully fund the initiative.

Finally, CCAO seeks an increase in the current 50 cent fee to \$2.00, which goes to the county auditor's office, for the transfer or entry of land, lot, or part of lot, or the transfer or entry on or after January 1, 2000, of a used manufactured home or mobile home as defined in ORC Section 319.54(G)(2).

COUNTY BOARD OF REVISION CHANGES

CCAO supports legislation to achieve the following:

- Create a more informal review process for adjustments to disputed valuations of \$50,000 or less.
- Allow county auditors, with the approval of the board of revision, to correct errors in real property valuations after the tax duplicate is delivered to the county treasurer.
- Allow a board of revision to issue subpoenas and compel the attendance of witnesses and production of records and documents.
- Allow a board of revision to issue protective orders to restrict discovery of a complainant's confidential information.
- File complaints with the probate court to compel

compliance with the board's directives.

- Prevent any complainant who fails to provide to the board of revision any evidence or information that affects a property valuation from introducing that un-provided evidence or information in any appeal to the board of tax appeals or to a court.
- Require any person to be current in the payment of property taxes in order to file an appeal with the board of revision.

CONTRACTS FOR FISCAL AND MANAGEMENT CONSULTANTS

CCAO supports legislation to provide that all contracts for fiscal and management consultants only can be executed by a board of county commissioners. This does not apply to appraisal contracts paid from the real estate assessment fund.

STATE TERM CONTRACTS

CCAO supports legislation to eliminate state fees and quarterly reporting requirements for local governments using state term contracts and permit local governments to take delivery of patrol cars through local dealers.

PRESERVATION AND IMPROVEMENT OF PROPERTY TAX CREDIT PROGRAMS FOR TAXPAYERS

CCAO opposes efforts to further reduce in scope or eliminate the current state-funded property tax relief programs, including the 10% non-business credit, the 2.5% owner occupied credit, and the homestead exemption program. Given the large increases in property values in recent years, CCAO supports improvements in the homestead exemption program for low-income senior and disabled homeowners.

PRESENTMENT OF CERTIFIED COPIES, IN PLACE OF ORIGINALS, TO THE COUNTY AUDITOR

CCAO supports legislation that would authorize the county auditor, when verifying the amount and purpose of monies payable from the county treasury, to accept legible certified copies of original invoices, receipts, bills, credit card statements or checks in place of original documents.

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The generating agency, office, officer, board or tribunal must make original invoices, receipts, bills, credit card statements or checks available for the county auditor to inspect at a time and place mutually convenient to both.

The county auditor must not require a generating agency, office, officer, board or tribunal to provide original invoices, receipts, bills, credit card statements or checks if originals are required to remain in the possession of the presenter for use in connection with any state, federal or other audit.

TAX MAP OFFICE

CCAO supports amending Ohio law to eliminate the requirement that commissioners fund the tax map office from the general fund. Instead, the law should allow the tax office to be funded from the real estate assessment fund (REA) and designate the county auditor as the appointing authority of the tax map draftsman and other tax map office employees. Permit the consolidation of tax map office services and geographic information system (GIS) services.

COUNTY ENGINEER FUNDING

CCAO supports legislation that eliminates the requirement that the commissioners support any part of the operation of the county engineer's office from the county general fund. To the extent constitutionally permissible, the engineer's office should be wholly funded through motor vehicle gas and license tax revenues collected by the state and distributed to county motor vehicle license and gas tax and road and bridge funds by the state.

PAYMENT OF LODGING TAXES

Support legislation to increase the penalties for failure to collect and remit the lodging tax to local taxing districts (counties, municipal corporations and townships) so that the penalties are similar to the penalties established by existing Ohio law for failure to collect and remit sales and use taxes.

LODGING TAX AND CONVENTION AND VISITORS BUREAUS

Counties may levy a lodging tax of not more than 3% on transient guests who stay at places of lodging in

the county. Existing law (ORC Section 5739.09 (A)) requires the county levying a lodging tax on lodging transactions, after paying the cost of administering the tax, to return an amount not to exceed 1/3 to the municipal corporation or township (that is not levying the same lodging tax) in which the place of lodging is located. At least 2/3 of the revenue remaining after the cost of administering the tax must be placed in a special fund to the benefit of the convention and visitor's bureau.

CCAO supports legislation that would revisit the relationship between convention and visitors' bureaus and taxing authorities with particular emphasis upon the purposes for which convention and visitors' bureaus may expend funds and the reporting requirements of bureaus to taxing authorities. CCAO also supports legislation that would allow the county to retain a greater percentage for the administration of the tax. The General Assembly should also consider raising the allowable tax rate that may be levied by the county.

PUBLIC UTILITY PERSONAL PROPERTY TAXES

During 2005 to 2008, the state, under tax reform, phased out tangible personal property taxes on machinery, equipment and inventory paid by businesses operating in Ohio, but retained personal property taxes on the tangible personal property of public utilities, including electric, rural electric, natural gas, pipeline, water works, water transportation, heating and telegraph companies. Given the importance of this remaining revenue source to counties and local governments, CCAO opposes elimination of or further reductions to personal property taxes paid by public utilities operating in Ohio. When a utility taxpayer files an application for a reduction in the value of tangible personal property taxes with the tax commissioner, local taxing districts, including the county commissioners, should be notified of the application and should have standing to appeal the decision of the tax commissioner.

TAX INCREMENT FINANCING (TIF)

The law permits counties, municipalities and townships to establish TIFs that commence whenever one of the following occurs:

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- The value of an improvement exceeds a specified amount.
- The construction of one or more improvements is completed.
- Regarding an incentive district TIF, the exemption may commence in different years on a parcel-by-parcel basis. This language has the practical effect of allowing TIFs to exist well beyond the 30-year time period originally authorized for a TIF. CCAO supports legislation that would limit TIFs to as close to 30 years as possible while grandfathering TIFs that have been authorized under the new law and are currently in place.

CCAO opposes efforts to expand the allowable uses of TIFs to include services and activities that are not directly related to the construction and maintenance of physical infrastructure. TIFs should be used as a tool to develop public infrastructure such as roads or utility lines that benefit the general public rather than a tool to offset private development costs of particular projects or developers. The primary purpose of the TIF should be to support industrial or commercial projects rather than residential development.

Current law allows commissioners to object to a municipal or township incentive district TIF if the duration exceeds ten years or the percentage exemption exceeds 75%. The law also includes a default compensation mechanism if the parties do not reach agreement. This default provision should be expanded to include parcel TIFs and allow commissioners to object and receive compensation for any TIF if the duration exceeds ten years or if value of the exemption exceeds 50%.

SUNSET THE COUNTY RECORDERS TECHNOLOGY FUND

The law permits any county recorder to request on an annual basis that additional county recordation dollars be allocated to the County Recorders Technology Fund for a period of five years. If requested by the county recorder, establishment of the fund and allocation of the recordation fees from the general fund to the Technology Fund is mandatory. CCAO supports letting this mandate expire at the end of 2023 when existing law makes

the allocation of funds discretionary on the part of county commissioners.

LIBRARY AND HEALTH DISTRICT LEVIES

CCAO supports giving a board of commissioners discretion regarding the submission, type (renewal, increase, reduction or replacement), millage, and duration of property tax levies submitted to the voters for the purpose of funding a health district, library, or any other taxing authority with unelected members. Existing law requires a board of commissioners to submit a levy to the voters whenever requested by a board of health or a library board.