

# **State Operating Budget Overview Fiscal Year 2026-2027**

*House Bill 96 of the 136th General Assembly*

## ***Impacts on Counties and the State-County Partnership***



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# PREFACE

The state budget process is a long and winding road. In the waning months of every even-numbered year, executive departments, agencies, and boards prepare budget requests for the upcoming biennium and submit them to the Governor's Office and the Office of Budget and Management for consideration. Simultaneously, CCAO completes its platform development process and begins formalizing budget priorities.

As the new year begins, CCAO membership and staff advocate for county priorities to both the Executive Branch and the General Assembly to lay the groundwork for budget negotiations. After the Governor introduces the budget in February, the five-month journey formally begins. Counties leverage partnerships with their state legislators and the executive agencies to protect and reinforce the pillars of county government.

House Bill 96, the 136<sup>th</sup> General Assembly's operating budget and Governor Mike DeWine's final budget, presented a fresh challenge for the state. The state budget process returned to normalcy with the depletion of federal relief funding distributed due to the COVID-19 pandemic and the Inflation Reduction Act. While the budget process itself went back to normal, the rising concerns around property taxes and the changeover in the federal government provided additional challenges.

CCAO went into the budget cycle with several key priorities: bolstering the child welfare system, reforming the indigent defense system, ensuring a strong rollout of the Next Generation 9-1-1 system, increasing access and capacity for childcare, and continuing the state-county partnerships with county jails. As a result of the advocacy efforts between CCAO members and the CCAO staff, progress on these priorities was made.

- **Child Welfare** – The appropriation for the State Child Protection Allocation was increased by \$55 million over the biennium. This funding is distributed directly to county public children services agencies to support placement costs. The budget also requires the Department of Children and Youth (DCY) to issue a Request for Proposals (RFP) to establish statewide rate cards for the placement and care of children, with foster caregivers and kinship caregivers exempted from the process. The RFP process will provide transparency and consistency in placement costs around the state. The bill also provides \$10 million each year to fund startup costs for regional child wellness campuses to provide short-term crisis stabilization placements.
- **Indigent Defense** – Funding available to reimburse counties received modest increases compared to the previous biennium. The Ohio Public Defender (OPD) estimates that reimbursement will be in the low 80% range for FY 2026, and in the high 70%-low 80% range for FY 2027. Crucially, the budget includes funding for a pilot program (the Northwest Regional Hub) in which OPD will directly administer the indigent defense system in Allen, Hardin, and Putnam counties over the biennium. The pilot program will provide a critical test case of direct state administration of the indigent defense system, and we hope to extend the program in future budgets.
- **Next Generation 9-1-1** – The budget continues the state rollout of the NG 9-1-1 system by increasing the monthly user fee from \$0.40 to \$0.60 and by repealing a provision of existing law that would have sunset the increase on October 1, 2025. The budget also revised the revenue distribution formula for the user fee revenue to provide counties with 81.33% of the revenue, an increase from the 72% share of the previous biennium. The increased fee and the increased county share will help ease the local burden to comply with coming online to the NG 9-1-1 system by 2030.
- **Child Care** – The budget did not change the initial eligibility for publicly funded child care; it remains at 145% of the federal poverty level (FPL). However, the bill funds the Child Care Choice Voucher Program through \$100 million in each fiscal year, which provides publicly funded child care to families up to 200% of FPL. The budget also includes a program that will allow the cost of child care to be split by the employer, the employee, and DCY (at shares of 40%, 40%, and 20%, respectively), and a program to increase the number of licensed child care providers in the state.

- **County Jails** – The budget requires the \$75 million appropriated in the prior operating budget for county jail construction and renovation projects to be distributed through a Department of Rehabilitation and Correction administrative process instead of a statutory funding formula. This will allow better targeting of funds and more flexible local match amounts. The budget also requires the Department of Medicaid to submit a federal 1115 Waiver to allow Medicaid cover of behavioral health, mental health, and substance abuse treatments for inmates incarcerated in the county jail and for Medicaid coverage of a 30-day supply of prescription medication upon the inmate's release.

Property tax relief policy was a large point of discussion throughout the budget negotiations and took center stage as the conference committee met and issued its report. Concerns that the bill would include provisions eliminating inside millage were alleviated as the General Assembly took more measured steps. Most of policies included in the bill addressed school district property taxation, but these provisions were vetoed by Governor DeWine. It is possible that the legislature will override the Governor's vetoes.

Property tax provisions that were not vetoed include setting a county commissioner (as selected by the board of county commissioners) as the county prosecutor's designated alternate on the county budget commission if the prosecutor recuses themselves, the creation of a statewide screening system to ensure proper compliance with eligibility requirements for property tax credits, allowing commissioners to permissively create local homestead exemptions and owner-occupancy exemptions, and requiring budget commissions to hold at least one public meeting each year that explains inside millage and how it functions. The local permissive property tax credits are not reimbursed by the state or by the board of county commissioners.

HB 96 also took a first step towards a key CCAO position: rolling back sales tax exemptions. The budget eliminated the exemptions on several items which, cumulatively, may increase state revenue by \$261 million over the biennium (an estimated \$65 million revenue increase for counties). Since sales tax is the main revenue stream for county general funds, the Association is glad that the state has begun to examine the necessity of these exemptions.

The Local Government Fund share of state GRF tax revenue was increased for the second consecutive budget, going from 1.70% of GRF tax revenue to 1.75%. The net increase to LGF distribution remains to be seen due to other tax policy changes in the bill, namely the flattening of the income tax. Regardless, the state increasing the LGF share is a positive step as it shows a growing awareness of the importance of the state sharing revenue with local governments to provide critical services.

County elected officials will also receive a pay adjustment under the bill. Beginning in 2026, county elected official pay will be increased annually by 5% through 2029. Due to constitutional prohibitions on in-term pay raises, elected officials other than judges will not be able to receive the increase until their next term begins. County board of elections members, who are not elected officials, and judges will receive the increased pay beginning January 1, 2026.

Other county government reforms in the budget include a lThe bill also creates a more stringent requirement for elected officers to show up to work at their primary office location. Elected officials will be required to physically appear at their primary office at least once every 30 days, although limited extensions are available upon certification of a medical notice. The maximum absence before an office is deemed vacant is up to 70 days.

Additionally, the budget imposes a limitation on the size of bonuses ("cash awards") that county agencies can give to employees to no more than 10% of the recipient's annual compensation unless the board of commissioners, by written policy, authorizes a greater percentage.

Economic development continues to be a central focus of the state, and many of those provisions will benefit Ohio's counties. The budget continued two grant programs that make Ohio communities more competitive, with \$100 million in each year being dedicated to brownfield site remediation, and \$21.5 million in each year dedicated to building demolition and site revitalization. These programs have been tremendously successful in the previous two budgets, and CCAO is glad to see them continued.



The state is also creating two new programs that will help increase housing availability, itself a vital component of economic development. The Residential Economic Development District (REDD) Grant will provide funding for public infrastructure improvements to local governments that adopt pro-housing policies related to large-scale workforce housing, and the Residential Development Revolving Loan Program will provide funding through loans to support residential development projects in rural areas.

The bill also includes the creation of a new program to support airports in Ohio, which in turn supports economic development in the state. HB 96 establishes the Ohio Airport Improvement Program that will help local airports afford critical maintenance improvements and provides a one-time \$5 million appropriation to assist small regional airports with necessary federal matches to pull down grant funding from the federal Infrastructure Investment and Jobs Act.

The budget contains numerous other programs, provisions, and appropriations that will benefit county government. These include ensuring all political subdivisions have cybersecurity plans, providing \$31 million for grants to extend broadband infrastructure, giving county ADAMHS boards more flexibility in funding through a block grant model, and continuing funding assistance for MARCS subscriber fees. Budget bills are never perfect, but counties fared well in a tough environment.

CCAO is very grateful to the many supporters within the DeWine-Tressel Administration and the General Assembly who made many of these positive provisions possible. Governor DeWine and his administration have been strong advocates for Ohio's children, incorporating many of the Association's child-centric requests into their initial proposal. Speaker of the House Matt Huffman, House Majority Leader Marilyn John, House Finance Chairman Brian Stewart, and Representative Kevin Ritter each helped move forward provisions that strengthened counties. Senate President Rob McColley and Senate Finance Chairman Jerry Cirino helped maintain several key funding priorities for counties while Senator Brian Chavez was critical in protecting the 9-1-1 user fee increase in the Senate and Senator Nathan Manning played a key role in our indigent defense and jail funding formula efforts.

CCAO sincerely thanks Governor DeWine, Lt. Governor Tressel, House and Senate leadership, and the membership of the Ohio General Assembly for their support of county government.

The CCAO policy team is grateful for all the work county commissioners, executives, and council members put in to make this budget a success for counties across the state. The phone calls, conversations, letters, committee testimony and more made a real difference with lawmakers. These successes would simply not be possible without your efforts. We finished the budget together and continue to build stronger counties for a stronger Ohio.

# AGRICULTURE AND RURAL AFFAIRS

**Soil and Water Conservation District Support** – The budget provides state matching funds to support Ohio’s 88 county soil and water conservation districts (SWCDs). SWCDs receive state funds from the GRF and dedicated purpose funds generated from scrap tire fees, municipal solid waste fees, and construction and demolition debris disposal fees.

The budget dedicated \$12.5 million in matching funds for each fiscal year, a \$415,000 decrease from the prior biennium. Of the appropriation, \$4.2 million will be dedicated each year for priority regions as decided by the Department of Agriculture (ODA). The funding will be dedicated for staffing costs and to assist in soil testing and nutrient management plan development, including manure transformation and manure conversion technologies, enhanced filter strips, water management, and H2Ohio Program support.

The funding dedicated to the SWCDs is estimated to result in an 81% state-county match. [A listing of county-by-county figures is available here.](#)

Additionally, the Department can provide up to \$40,000 upon request from a local SWCD if the request is approved by the Soil and Water Conservation Commission. The funds will be required to be held in the SWCD’s special fund.

An additional \$1 million over the biennium was included for land use plan grants to local governments. Earmark language explicitly authorizing the use of these funds was not included in the final budget.

(Section 211.20; Appropriation Line Items 700428, 700509, and 700661)

**County Agricultural Societies** – The line item used to reimburse county and independent agricultural societies for expenses related to Junior Fair activities is flat funded at \$380,000 per year.

Elsewhere, the budget includes two earmarks that will provide additional, targeted aid to county agricultural societies.

- \$250,000 in each fiscal year to support Future Farmers of America, urban agriculture, and agriculture literacy programs around the state.
- \$500,000 in FY 2026 to support the construction of the Mercer County Fairgrounds Grand Events Center.

(Section 211.20; Appropriation Line Item 700501)

**Ohio Broadband Pole Replacement and Undergrounding Program** – The Ohio Broadband Pole Replacement and Undergrounding Program received a \$31 million appropriation for FY 2026. The program reimburses qualifying broadband services for utility pole replacements, mid-span pole installations, and undergrounding that accommodate broadband infrastructure within unserved areas.

Please see the **Jobs, Economic Development, and Infrastructure** section for additional information on broadband funding.

(Section 259.30; Appropriation Line Item 1956G9)

**Farmland Preservation** – The budget does not provide any funding for the Farmland Preservation Grant Program. Since the inception of the program in 1998, more than 104,470 acres of farmland have entered an agricultural easement.

(Appropriation Line Item 700409)

**Ohio State University Extension** – OSU Extension Service, which operates in all 88 counties, creates partnerships

with individuals, families, communities, businesses and industries, and organizations to strengthen the lives of Ohioans through research-based educational programs. OSU Extension received slightly less funding than it did in FY 2025, resulting in an appropriation of \$25.2 million in each year.

The cost share for the first and second educator in each county is \$42,750 for FY 2026. The cost share for FY 2027 is not currently available, but OSU Extension has indicated that it will likely remain \$42,750.

Separately from the state operating budget, federal funding has been eliminated that OSU Extension used to support nutrition education, other community partnerships, and the statewide social marketing campaign. As of the publication of this Bulletin, the extent of costs that may be shifted to counties is unknown. CCAO will make that information available as more information is gathered.

(Section 381.330; Appropriation Line Item 235511)

**Central State University Extension** – Central State University (CSU) Extension works to improve overall conditions families in rural and urban communities face and address agricultural issues in rural and urban communities. CSU Extension is flat funded over the biennium with funding at \$5.1 million each fiscal year. This funding will be used for its state match requirements as an 1890 land grant university.

(Section 381.440; Appropriation Line Item 235548)

**Ohio State Agricultural Research** – The Ohio Agricultural Research and Development Center (OARDC) is the research arm of the OSU College of Food, Agricultural, and Environmental Sciences. OARDC operates numerous agricultural research and development initiatives to strengthen Ohio's agricultural industries and is located across ten research facilities across the state. OARDC received slightly less funding than it did in FY 2025, resulting in an appropriation of \$37.1 million in each year.

(Section 381.420; Appropriation Line Item 235535)

**Apiary Law Changes** – The bill implements a \$50 fee on the certification of an individual who sells, trades, gifts, or distributes queen bees, nucs, packaged bees, or colonies. ODA can set the fee at a different rate through the administrative rules process.

A \$5 registration fee for registering an apiary is eliminated.

Counties that have recently experienced a heightened population growth have also seen a steady growth of apiaries within those communities. This has resulted in some apiaries going uninspected, which can cause diseases to spread.

A provision that would have allowed counties to hire multiple deputy apiarists was inadvertently omitted in the final version of the bill. CCAO believes this omission will be resolved in a forthcoming budget clean-up bill.

(R.C. 909.01, 909.02, 909.07, 909.08, 909.09, and 909.13)

# GENERAL GOVERNMENT AND OPERATIONS

## County Official Provisions

**County Official Pay Raises** – County elected officials and county board of elections members will receive a 5% annual raise beginning on January 1, 2026, through 2029. Due to prohibitions on receiving pay raises during a term, most of these officials will not receive the increased compensation until their next terms begin in January 2029.

The exceptions are one county commissioner and the county auditor, whose next term begins in January 2027, judges, and board of elections members. Judges, due to a constitution provision, and board of elections members, due to their non-elected status, can receive the compensation increase beginning January 1, 2026.

County officials who cannot receive the 5% raise are still entitled to the existing statutory 1.75% annual raise until the beginning of their next term.

More information about the pay provisions, including pay tables for each official, can be found in County Advisory Bulletin 2025-14, County Official Pay Tables.

(R.C. 141.04, 325.18, and 3501.12; Section 701.70)

**Local Elected Officials Presence in Office** – County officials who hold an elected office (whether they were elected to the position or appointed to fill a vacancy) must appear in person in the officer's principal office at least once every 30 days, or else the office will be deemed vacant. The requirement applies to all county officials without exceptions. Prior law set the threshold at 90 days for all county officials except the county auditor and county treasurer. These officials were already subject to a 30 day threshold.

If a county officer is absent due to sickness or injury, the officer must file a certificate from a physician, certified nurse-midwife, clinical nurse specialist, or certified nurse practitioner of the officer's sickness or injury with the board of county commissioners. If a certificate is not filed within 10 days after the expiration of 30 consecutive days, the office will be deemed vacant.

If an officer files a certificate of sickness or injury and continues to be absent for another 30 consecutive days following the ten day certificate window, the office will be deemed vacant.

The full timeline using the 30 initial days, 10 days to file a certificate, and the subsequent 30 days equates to a maximum of 70 days before the office is deemed vacant.

(R.C. 305.03)

**Torrens Law Assurance Fund and County Recorder Electronic Modernization** – The Torrens Law Assurance Fund and all related statutory content is eliminated, including the use of the fund to compensate owners of registered land who suffer damages or are otherwise deprived of their land due to fraud, mistake, or error related to the registration of the land.

The remaining \$1.75 million in the fund is transferred to the County Recorder Electronic Record Modernization Fund. Money in this fund must be used to reimburse counties under the County Recorder Electronic Record Modernization Program to implement record digitization and electronic recording requirements. The Treasurer of State must reimburse counties on a rolling basis until the appropriation is expended. Counties that received funds are required to credit the funds to the Recorder's Technology Fund to reimburse the fund for implementation of the modernization program.

(R.C. 5310.47; Sections 413.10, 413.20, and 413.50; Appropriation Line Item 090576; *Repealed R.C. 5310.05, 5310.06, 5310.07, 5310.08, 5310.09, 5310.10, 5310.11, 5310.12, 5310.13, and 5310.14*)



**Medical Certificate of Death** – Clarifies that the coroner or medical examiner certifies the cause of death if it is caused by criminal or violent means, but that an attending physician can certify in other cases. If there is no attending physician, the physician who last examined the decedent may certify the cause of death. The timeline for which a certificate must be completed is modified from 48 hours after death to 48 hours after notice of death.

Physicians who certify the cause of death, when acting in good faith, are granted immunity from civil liability or professional discipline for any act of omission in certifying the cause of death or in completing and signing the death certificate.

(R.C. 3705.16 and 4731.22)

**County Engineers** – Changes the supplemental compensation amount that a county engineer can receive under a contract with another county when there is a vacancy in the office from 100% to a range of between 80% and 100%. This provision cleans up language that was originally in HB 315 of the 135<sup>th</sup> General Assembly.

(R.C. 305.021)

**Sheriff Certificate of Transition** – Requires a county sheriff to provide their successor with a certificate of transition before leaving office. The form of the certificate is to be determined by the Auditor of State.

(R.C. 311.14)

## Public Records

**Exemptions for Personal Records** – Changes the definition of “record” under the Public Records. Under HB 96, public records do not include a public official’s personal notes or any document, device or item, regardless of physical form or whether an assistive device or application was used, of a public official, or of the official’s attorney, employee or agent, that is used, maintained and accessed solely by the individual who creates it or causes its creation.

One of the items excluded from public records includes personal documents generated by an “assistive device or application” if they are kept for personal use only. These terms are not defined in relation to public records (definitions for similar terms elsewhere in the Revised Code pertain to devices that assist individuals with disabilities), but they are likely in reference to transcription software or programs that can be added to virtual meetings that record the meeting and provide summaries.

If county employees utilize programs that fall into those categories, it is important to keep in mind that the exemption only applies if the employee is the only person who uses its output. Some programs that are added to virtual meetings may send out a meeting summary to all attendees. If this occurs, that summary or transcript is no longer exempt from public records.

(R.C. 149.011)

**Exemptions for Work Products** – Exemptions from public records are created for a “specific investigatory work product” and an “attorney work product record.”

A “specific investigatory work product” is defined as information assembled by law enforcement officials in connection with a probable or pending criminal or civil proceeding, except for routine incidence reports. These items are not a public record prior to whichever of the following applicable:

- The conclusion of all appeals;
- If no appeal is filed, the expiration of the period in which an appeal may be filed;

- If no trial occurred, the decision was made not to proceed with the matter.

After the applicable passes, the product becomes a public record.

An “attorney work product record” is defined as a record created by or for an attorney in anticipation of or for litigation, trial, or administrative proceedings. The exemption is only applicable when the attorney is acting in an official capacity on behalf of the state, a political subdivision of the state, a state agency, public official, or public employee. Examples of eligible records include any record that documents the independent thought processes, mental impressions, legal theories, strategies, analysis, or reasoning of or for an attorney and does not include “specific investigatory work product,” or “trial preparation records.”

Trial preparation records, including any record that is not a confidential law enforcement investigatory record or attorney work, are exempt until conclusion of all direct appeals or the expiration of the time in which an appeal may be filed.

(R.C. 149.43)

**Other Exemptions** – HB 96 also contains several other new exemptions to the Public Record Law:

- Any entry on a public calendar of an elected official for any date in the future;
- Images and data captured by an automated license plate recognition system that are maintained in a law enforcement database;
- Records pertaining to inmates committed to the Department of Rehabilitation and Correction and persons under the Adult Parole Authority, except for 1) name, 2) criminal convictions, 3) photograph, 4) supervision status, and 5) disciplinary history; and
- All documents related to competitive selection until the contract has been awarded. A provision that specified such documents are public records after a competitive selection is cancelled was repealed.

(R.C. 9.28, 125.071, 125.11, 149.43, and 5120.21)

**Charging for Video Public Record Preparation** – County prosecutors are permitted to charge for the preparation of a video public record. This authority was added in House Bill 33 of the 135<sup>th</sup> General Assembly but only applied to state and local law enforcement entities.

(R.C. 149.43)

## Elections

**Ohio Elections Commission Abolishment** – Abolishes the Ohio Elections Commission (OEC) as of January 1, 2026. The OEC is replaced by a new Ohio Election Integrity Commission (EIC), made up of five members, three of whom must be attorneys, with any non-attorney having at least 4 years of experience in election administration. The EIC is within the Secretary of State’s Office (SOS). Under the direction of the SOS, the EIC is tasked with the following:

- Investigating alleged violations of R.C. Chapter 35, Elections and Campaign Finance, of their own initiative or upon receiving a complaint;
- Allowing the public to submit allegations of violations of elections law; and
- Annually submitting a report to the Governor and General Assembly with the number of allegations by source, the number of allegations referred for further investigation or prosecution, and the nature and county of each

allegation.

All unfinished OEC business is transferred to the EIC. All fees that are directed to the OEC and its funds are transferred to the EIC.

The SOS is required to provide staff for the EIC. The bill contains a \$250,000 appropriation in FY 2026 to cover costs associated with the transition to the EIC.

(R.C. 109.02, 111.29, 145.054, 145.055, 145.99, 742.043, 742.044, 742.99, 3307.073, 3307.074, 3307.99, 3309.073, 3309.074, 3309.99, 3501.05, 3501.055, 3501.11, 3513.04, 3513.05, 3513.10, 3513.261, 3517.01, 3517.08, 3517.081, 3517.102, 3517.109, 3517.11, 3517.121, 3517.13, 3517.15, 3517.16, 3517.17, 3517.171, 3517.18, 3517.20, 3517.21, 3517.22, 3517.23, 3517.99, 3517.991, 5505.045, 5505.046, and 5505.99; Sections 395.10 and 525.50; *Repealed R.C. 3517.14, 3517.151, 3517.152, 3517.154, 3517.156, 3517.157, 3517.99, and 3517.991*)

**Local Option Election Cost** – The petitioner of a local option for alcohol sales is required to pay for the entire cost of the election if it is held on a day that is not the day of a primary or general election, a special election of a political subdivision for a question or issue, or a nomination for or election to office. Prior to the effective date of HB 96, the costs for these elections were paid by the township or municipality that hosts the election.

(R.C. 3501.17)

**Electronic Pollbooks** – Extends through FY 2027 provisions that require the SOS to reimburse county boards of elections up to 85% of the total calculated allocation cost to acquire electronic pollbooks and ancillary equipment. The line item is not funded in this biennium, despite the provision being retained. If funding is available, the SOS must calculate the portion of the Electronic Pollbooks line item to be allocated to each county board of elections in proportion to the number of registered voters in each county as recorded in the statewide voter database on July 1, 2022.

(Section 395.30; Appropriation Line Item 050638)

**OPERS for Precinct Election Officials** – Precinct election officials are no longer eligible for the Ohio Public Employee Retirement System (OPERS). Prior to the effective date of HB 96, precinct election officials earning over \$600 in a calendar year were OPERS eligible.

(R.C. 145.012)

**Board of Elections Fund** – Renames the Board of Elections Reimbursement and Education Fund to the Board of Elections Fund. The fund is used to reimburse boards of elections for costs associated with statewide ballot elections and can provide payments in advance, subject to recoupment, in addition to providing reimbursement as in current law. The state Controlling Board must act to transfer dollars into the fund.

(R.C. 111.27; Appropriation Line Item 050620)

## Cybersecurity

**Cybersecurity Programs** – All counties are required to adopt a cybersecurity program by September 30, 2025. The Auditor of State will begin auditing for this requirement starting January 1, 2026. The purpose of the program is to safeguard the county's data, information technology and information technology resources to ensure availability, confidentiality, and integrity.

The legislative authority of a political subdivision is required to adopt the program. In counties, this is the board of commissioners or, in a charter county, the county council.

Cybersecurity programs should be tailored to the needs of the county. The statute mandates the program to be consistent with generally accepted best practices for cybersecurity. Examples include the National Institute of Standards and Technology Cybersecurity Framework and the Center for Internet Security Cybersecurity Best Practices.

Records, documents, or reports related to the mandated cybersecurity programs are exempt from public records.

These provisions apply to all political subdivisions.

More information about the required cybersecurity programs can be found in County Advisory Bulletin 2025-13, County Cybersecurity Programs and [Auditor of State Bulletin 2025-007](#).

(R.C. 9.64)

**Ransomware Payments and Notifications** – If a county experiencing a ransomware incident wishes to pay or otherwise comply with a ransom demand, the board of commissioners or county executive and council must formally approve the payment or compliance in a resolution. The resolution must specifically state why the payment or compliance is in the best interest of the county.

If a county does not adopt such a resolution, the payment or compliance of a ransom demand is prohibited.

If a cybersecurity incident or ransomware incident occurs, a board of county commissioners or, in a charter county, the county council, must notify:

- Within seven days, the Executive Director of the Division of Homeland Security within the Ohio Department of Public Safety; and
- Within thirty days, the Auditor of State.

Both entities listed above will prescribe the way notification must occur. Reports made under this section are exempt from public records.

More information about ransomware incidents and notification requirements can be found in County Advisory Bulletin 2025-13, County Cybersecurity Programs and [Auditor of State Bulletin 2025-007](#).

(R.C. 9.64)

## Miscellaneous

**Local Fiscal Emergency Receivership** – Boards of county commissioners or, if applicable, the financial supervisor of the county may make a referral to the Attorney General (AG) for the creation of a fiscal receivership if both of the following conditions are met:

- The county has been in a state of fiscal emergency for a period of ten continuous years or has been in a state of fiscal emergency at least twice in a 10-year period for a combined period of five years; and
- The county has demonstrated one or more of the following, as determined by the fiscal supervisor:
  - Failure to comply with applicable budgetary and spending processes in Revised Code Chapter 5705;
  - Failure to ensure appropriations comply with the fiscal plan in accordance R.C. 118.13;
  - Assumed debt without the approval of the financial planning and supervision commission created to oversee the county; or

- o Undertook administrative or legislative action that is not in accordance with the terms of the financial plan without permission of the commission.

Upon receiving the referral, the AG must petition the court of claims. The longest serving judge on the court will appoint a receiver. The receiver is granted several duties including, but not limited to, assuming responsibility for implementing cost reductions or revenue increases to ensure a balanced budget, ensuring the entity complies with the fiscal plan approved by the commission, and submitting quarterly reports to the board of county commissioners.

If the receiver determines the criteria to file bankruptcy is met and there is no reasonable alternative to eliminate the fiscal emergency condition in three years, the receiver may submit recommendations for bankruptcy to the board of commissioners. After 60 days of the submission, the receiver may initiate bankruptcy proceedings.

The board of commissioners can adopt a resolution opposing the recommendation of bankruptcy. The resolution must contain a plan to resolve the issue within seven years. If the financial planning and supervision commission determines the plan is sufficient, it will proceed. The court will dissolve the receivership when the fiscal emergency conditions have been corrected and no new conditions have emerged.

These provisions also apply to municipalities and townships.

(R.C. 118.29 and 2743.03)

**Menstrual Product in Public Buildings** – Government entities are prohibited from placing menstrual products in men’s bathrooms of public buildings.

(R.C. 9.561)

**Emergency Management Compact Immunity** – The immunity provisions of the Emergency Management Assistance Compact are extended to employees of a political subdivision or a non-profit organization and paid or unpaid volunteers or healthcare workers of a for-profit or non-profit organization.

The compact is an interstate agreement that allows states to assist each other during disasters and emergencies.

(R.C. 5502.30)

**Political Subdivision Communications** – Charter counties and municipalities are subjected to the requirements of existing law that prohibit a political subdivision from using public funds to finance certain communications or from paying staff for time spent on certain political activities. This brings charter counties and municipalities in line with the requirements for all other political subdivisions.

R.C. 9.03 prohibits a political subdivision from using public funds to publish, distribute, or otherwise communicate information that does any of the following:

- Contains defamatory, libelous, or obscene matter;
- Promotes alcoholic beverages, cigarettes or other tobacco products, or any illegal product, service, or activity;
- Promotes illegal discrimination based on race, color, religion, national origin, disability, age, or ancestry;
- Supports or opposes any labor organization or any action by, on behalf of, or against any labor organization; or
- Supports or opposes the nomination or election of a candidate for public office; the investigation, prosecution, or recall of a public official; or the passage of a levy or bond issue.



Political subdivisions are not permitted to compensate employees for time spent on any activity to influence the outcome of an election for the nomination or election of a candidate for public office, the investigation, prosecution, or recall of a public official, or the passage of a levy or bond issue.

(R.C. 9.03)

**Village Dissolution** – Following HB 331 of the 135<sup>th</sup> General Assembly, a village must provide at least five of a list of ten services to avoid consideration of dissolution after a federal census. The budget adds “electric service” as an eleventh service that a village can provide as part of the consideration.

Additionally, the village dissolution process for small villages is modified by eliminating the maximum size (previously two square miles) and increasing the population maximum from 150 to 500.

For further explanation of the village dissolution process amended in HB 331, please see [County Advisory Bulletin 2025-09 Village Dissolution and Counties](#).

(R.C. 703.331 and 703.34)

**Battery-Charged Fences** – State regulations on battery-charged fences on private, non-residential property are eliminated. The installation and operation of such fences is expressly authorized.

Political subdivisions are prohibited from banning the installation of a battery-operated fence if the fence meets all the following requirements:

- The fences interfaces with a monitored alarm system;
- The fence functions with a battery-operated energizer that is intended to deliver voltage impulses at a rate that does not exceed one hertz every ten milliseconds;
- The fence is 4 to 12 inches behind a non-battery perimeter fence, wall, or structure at least five feet high;
- The fence is either ten feet high or two feet higher than the perimeter fence, whichever is greater; and
- The fence carries conspicuous signs every thirty feet reading “WARNING – SHOCK HAZARD.”

Political subdivisions can still require a permit or fee for these fences. Fences that do not meet the above requirements can still be banned.

(R.C. 3781.1011)

**Madison County Land Conveyance** – Authorizes the conveyance of certain Department of Rehabilitation and Correction land in Madison County to the county within three years of the bill’s effective date.

(Section 701.40)

# HEALTH AND HUMAN SERVICES

## Children Services

**State Child Protection Allocation Increase** – Ohio increased its investment in the State Child Protection Allocation (SCPA) by an additional \$25 million in FY 2026 and \$30 million in FY 2027, bringing the total investment up to \$180 million in FY 2026 and \$185 million in FY 2027.

The SCPA funding language reads “up to” \$180 million and \$185 million in FY 2026 and FY 2027, respectively, which allows the department to allocate fewer dollars to the SCPA. In appropriation language, “up to” indicates that the entity receiving the funds is not under an obligation to actually spend the full amount.

As in prior years, each county will receive an initial allocation of \$200,000, and the remainder of the investment will be distributed according to the child protection allocation formula in R.C. 5101.14.

(Section 423.120; Appropriation Line Item 830506)

**Regional Child Wellness Campuses** – Provides \$10 million in each fiscal year for the Department of Children and Youth (DCY) to assist with the establishment of regional child wellness campuses through one-time funding.

The campuses are designed to be short-term crisis stabilization placement options for children and youth in custody of a public children services agency (PCSA) or who are at risk of being in custody of a PCSA, as determined by the PCSA. These are children spending one or more nights in an unlicensed setting (practically, this often means the PCSA building or a hotel) and are not placed in a licensed residential setting.

The budget language requires regional child wellness campuses to support children in crisis in or near the communities in which the children reside.

DCY will select entities applying to establish regional child wellness campuses through a competitive process. The entities applying are required to provide proof of local funding commitments that fulfill all necessary start-up costs and ongoing community commitments to ensure timely and appropriate delivery of service to meet the needs of the child, family, and community.

(Section 423.120; Appropriation Line Item 830506)

**Placement Rate Transparency** – New language permits DCY to issue a request for proposals (RFP) to establish statewide rate cards for placement and care of children eligible for foster care maintenance payments.

If an RFP is issued, DCY must review and accept the reasonable cost of providing care for children in placement, including:

- The child’s food, clothing, shelter, daily supervision, and school supplies;
- The child’s personal incidentals;
- Reasonable travel to the child’s home for visitation; and
- Allowable administrative costs.

Foster homes and kinship caregivers are exempt from established statewide rates.

A “foster home” is defined as a private residence in which children are received apart from their parents, guardian, or legal custodian, by an individual reimbursed for providing the children nonsecure care, supervision, or training

twenty-four hours a day. “Foster home” does not include care provided for a child in the home of a person other than the child’s parent, guardian, or legal custodian while the parent, guardian, or legal custodian is temporarily away. Family foster homes and specialized foster homes are types of foster homes (R.C. 5103.02).

A “kinship caregiver” is defined as any of the following who is eighteen years of age or older and is caring for a child in place of the child’s parents:

- The following individuals related by blood or adoption to the child:
  - Grandparents, including grandparents with the prefix “great,” “great-great,” or “great-great-great”;
  - Siblings;
  - Aunts, uncles, nephews, and nieces, including such relatives with the prefix “great,” “great-great,” “grand,” or “great-grand”;
  - First cousins and first cousins once removed.
- Stepparents and stepsiblings of the child;
- Spouses and former spouses of the above individuals;
- A legal guardian of the child;
- A legal custodian of the child; or
- Any nonrelative adult that has a familiar and long-standing relationship or bond with the child or the family, which relationship or bond will ensure the child’s social ties (R.C. 5101.85).

The new language provides flexibility in DCY rulemaking authority regarding financial requirements applicable to agencies and entities, including PCSAs, that provide Title IV-E reimbursable placement services to children. DCY may permissively establish a single form for entities to report costs reimbursable under either Title IV-E or Medicaid and procedures to monitor the submitted cost reports.

The procedures DCY establishes will be used to determine which costs are reimbursable under IV-E. Costs reimbursable under Medicaid are excluded from costs that are reimbursable under IV-E.

To begin this process, DCY released a Market Rate Survey and Narrow Cost Analysis RFP in March 2025 and expects to select a vendor and begin this work by the end of August. When fully implemented by the latter part of the biennium, rates for placement services will be more transparent and predictable and reflect the child’s level of care.

(R.C. 5180.42 and 5180.422)

**Best Practices Funding** – The bill allocates \$7.5 million in each fiscal year to incentivize best practices in children services. This is a decrease from \$10 million per year in the previous biennium. Currently, incentives flow to PCSAs and focus on timely assessments/investigations and face-to-face visits with children and parents. DCY has rulemaking authority for these dollars including the ability to identify which practices to incentivize.

(Section 423.120; Appropriation Line Item 830506)

**Children Services Fund Maintenance of Effort** – The bill requires each county that was contributing local funds to the county’s Children Services Fund in 2019 to continue doing so at an amount to be determined by DCY and the Ohio Department of Job and Family Services (ODJFS) through rule. Local funds include general fund dollars and levy dollars. This language was included in temporary law, so it is currently only applicable to FY 2026 and FY 2027.

(Section 423.120)

**Benefits to Children in Custody of a PCSA or Other Title IV-E Agency** – When a Title IV-E agency, including a PCSA, receives care and placement of a child, the new statute mandates the agency determine if the child is eligible for or receiving certain benefits. These benefits include those administered by the U.S. Social Security Administration, U.S. Department of Veterans Affairs, Ohio Public Employee Retirement System, Ohio Police and Fire Pension Fund, State Teachers Retirement System of Ohio, School Employees Retirement System of Ohio, and the Ohio Highway Patrol Retirement System.

If an agency determines a child is eligible for or is receiving benefits from one of the above entities, the agency is not permitted to use those benefits to pay for or reimburse the agency, county, or state for any cost of the child's care. This prohibition applies to placement costs; DCY estimates an annual loss of \$17 million in federal reimbursement as a result. Prior to the passage of HB 96, some PCSAs did use these benefits to pay for placement costs or other expenses related to the child's care, which is a federally allowable practice.

The statute assigns rulemaking authority to DCY under R.C. 111.15 for the implementation of this new policy, including the establishment of new procedures to assist agencies with compliance.

Rule 5180:3-27-02, Title IV-E Agency Responsibilities for Federal and State Benefits, went through Clearance in July and is on track to be finalized by the effective date September 30, 2025. At that time, these provisions will apply to children entering care on or after September 30, 2025.

Some factors to consider include: the administrative process for screening potential eligibility and applying for benefits on behalf of the child, consideration of who should act as the child's representative payee, the creation of account(s) to hold the dollars while the child is in custody when the PCSA is the representative payee, and the transition of these benefits once a child is no longer in custody.

This section will be updated as rules and policies are established for the provisions contained in this section.

(R.C. 5103.09)

**New Requirements for Group Homes** – Requires DCY to adopt the following rules for group homes:

- The use of the Ohio professional registry to complete background checks or criminal records checks;
- Training on behavioral health intervention; and
- Supervision of children and staff to child ratio of at least one staff person for every seven children, or one staff person for every six children if the home accepts fewer than seven children.

DCY is permitted to suspend or revoke the certification of a group home that violates these requirements.

(R.C. 5103.0520; Section 751.100)

**DCY Suspension of Certificates of Associations or Institutions Caring for Children** – Allows DCY to suspend the certificate of an association or institution (defined generally under R.C. 5103.02 as an entity, such as a congregate care facility, or individual, namely foster caregivers, receiving or caring for children for two or more consecutive weeks) in certain scenarios.

DCY may suspend the certificate if any of the following actions occur:

- A child dies or suffers a serious injury while placed or residing with the entity or individual;

- A PCSA receives a report of child abuse or neglect (R.C. 2151.421) and the person alleged to have inflicted abuse or neglect on the child who is the subject of the report is any of the following:
  - A principal of the institution or association;
  - An employee or volunteer of the institution or association who has not immediately been placed on administrative leave or released from employment;
  - Any person who resides in the foster home.
- One of the following is charged by an indictment, information, or complaint with an offense relating to the death, injury, abuse, or neglect of a child:
  - A principal of the institution or association;
  - An employee or volunteer of the institution or association who has not immediately been placed on administrative leave or released from employment.
- DCY, the recommending agency, a PCSA, or a county department of job and family services (CDJFS) determines that a principal, employee, or volunteer of the institution or association, including a foster caregiver, or a person residing in the foster home, created a serious risk to the health or safety of a child placed therein that resulted in or could have resulted in a child's death or injury; or
- DCY determines that the owner of the institution or association or the foster caregiver does not meet the requirements relating to criminal records checks or background as outlined in R.C. 2151.86, 5103.0310, or 5103.053.

If DCY suspends a license, the department must provide notice through procedures outlined in R.C. 119.07. The entity or individual may request an adjudicatory hearing before DCY. If a hearing is requested and DCY does not issue its final adjudication order within 120 days after the suspension, the suspension is void on the 121st day after the suspension, unless the hearing on the suspension is continued on agreement by the parties or for good cause.

While a suspension is in effect, an entity or individual is not permitted to have children placed in its facility or home. DCY is required to place a hold on the certificate or indicate it is suspended in Ohio's Statewide Automated Child Welfare Information System (SACWIS). SACWIS is the system used by PCSAs when placing children; thus, this provision ensures PCSAs will be notified.

Any suspension described above is effective until one of the following occurs:

- The PCSA completes its investigation of the report of child abuse or neglect (R.C. 2151.421) and determines that all the allegations are unsubstantiated;
- All criminal charges are disposed of through dismissal or a finding of not guilty; or
- DCY issues a final order terminating the suspension.

DCY maintains rulemaking authority over the implementation of this section.

(R.C. 5103.039)

**Behavioral Health Facility License Suspension** – The Department of Behavioral Health (DBH) may suspend, without a prior hearing, the license of a class one residential facility that serves children if any of the following incidents occur:



- A child dies or suffers a serious injury while residing in the facility;
- DBH, a PCSA, or a CDJFS determines that a principal, employee, volunteer, or nonresident occupant of the residential facility created a serious risk to the health or safety of a child residing in the facility that resulted in or could have resulted in a child's death or injury;
- A principal, employee, resident, volunteer, or nonresident occupant of the facility was charged by an indictment, information, or complaint with an offense relating to the death, injury, or sexual assault of another person that occurred on the premises of the facility;
- A principal, employee, volunteer, or nonresident occupant of the facility was charged by an indictment, information, or complaint with an offense relating to the death, injury, or sexual assault of a child residing in the facility;
- A public children services agency receives a report of child abuse or neglect (R.C. 2151.421), and the person alleged to have inflicted abuse or neglect on the child, who is the subject of the report, is either of the following:
  - A principal of the residential facility;
  - An employee of the residential facility who has not been immediately placed on administrative leave or released from employment.
- The residential facility is not in compliance with the rule pertaining to background investigations for owners, operators, employees, and other specified individuals (R.C. 5119.34).

If DBH suspends a license, the department must provide notice through procedures outlined in R.C. 119.07. The owner of the facility may request an adjudicatory hearing before DBH. If a hearing is requested and DBH does not issue its final adjudication order within 120 days after the suspension, the suspension is void on the 121st day after the suspension, unless the hearing on the suspension is continued on agreement by the parties or for good cause.

While a suspension is in effect, an entity or individual is not permitted to have children placed in its facility or home. DBH is required to place a hold on the certificate or indicate it is suspended in Ohio's Statewide Automated Child Welfare Information System (SACWIS). SACWIS is the system used by PCSAs when placing children; thus, this provision ensures PCSAs will be notified.

Any suspension described above is effective until one of the following occurs:

- The PCSA completes its investigation of the report of child abuse or neglect (R.C. 2151.421) and determines that all the allegations are unsubstantiated;
- All criminal charges are disposed of through dismissal or a finding of not guilty; and
- DBH issues a final order terminating the suspension.

DBH maintains rulemaking authority for implementation of this section.

(R.C. 5119.34 and 5119.344)

**Child Abuse and Child Neglect Prevention Regions** – Prior to HB 96, the state was statutorily divided into eight child abuse and child neglect prevention regions. The bill still requires each county to be a part of a child abuse and child neglect prevention region, but the Ohio Children's Trust Fund, in coordination with DCY, will determine the number of regions and the regional makeup.

(R.C. 3109.171)

**Child Abuse and Child Neglect Regional Prevention Council** – Each child abuse and child neglect prevention region must have a regional prevention council made up of “county prevention specialists” as defined in R.C. 3109.172. Each board of county commissioners in a region may appoint up to two county prevention specialists to serve on the council. The Ohio Children’s Trust Fund may appoint more specialists to each region. Each council must meet at least once quarterly, but are free to meet more frequently if they choose.

Prior to HB 96, commissioner appointed specialists served two-year terms while trust fund appointed specialists served three-year terms. The bill changes the language so all specialists serve two-year terms. Council members currently serving as of the bill’s effective date may finish serving their three-year terms.

If a council member serves as council president, that member may be appointed to a second term by the original appointing authority.

The reappointment of a chairperson by a board of county commissioners is not considered an appointment under the law that allows a board of county commissioners to appoint up to two members to a council.

(R.C. 3109.172; Section 731.10)

**Children and Youth Advisory Council** – DCY will create the new Children and Youth Advisory Council, replacing the following councils that existed prior: the Early Childhood Advisory Council, the Ohio Home Visiting Consortium, the Early Intervention Services Advisory Council, and the Child Care Advisory Council.

The council will include up to twenty-five members, all appointed by the governor. The following members are required:

| Membership of the Children and Youth Advisory Council |  |
|---|--|
| Cabinet Agencies                                      | Stakeholder Groups                     |
| Department of Children and Youth                      | Maternal and infant vitality           |
| Department of Medicaid                                | Early intervention                     |
| Department of Job and Family Services                 | Home visiting                          |
| Department of Behavioral Health                       | Early childhood education              |
| Department of Education and Workforce                 | Child care centers providing PFCC      |
| Department of Health                                  | Family child care homes providing PFCC |
| Department of Developmental Disabilities              | School child programs                  |
| Department of Youth Services                          | Preschool programs                     |
|   | Children services                      |

Representatives from stakeholder groups will be selected from multi-sized municipal corporations and geographically diverse areas of the state, including rural, urban, and suburban areas. The governor is required to ensure the membership of the council reasonably represents the population of the state.

The council will create topic specific advisory groups for each of the following: early childhood education and care; children services; maternal and infant vitality; early childhood mental health services and supports; and early intervention services.

(R.C. 5180.04, 5180.21, and 5180.22; *Repealed R.C. 5104.08, 5180.23, and 5180.34*)

**Responsible Fatherhood Month and Grant Program** – HB 96 designates June as “Responsible Fatherhood Month” to recognize the importance of fathers in their children’s lives, how fathers contribute to their children’s safety and stability, and the direct link between positive father involvement and child well-being.

The statute encourages DCY, local governments, and other agencies to sponsor events and promote awareness of responsible fatherhood engagement and the contributions fathers make in the lives of their children.

The bill also appropriates \$5 million in FY 2026 and \$15 million in FY 2027 for the Responsible Fatherhood Initiative Grant Program through DCY. The grants are awarded to nonprofits to address the needs of fathers.

(R.C. 5.62 and 5180.706; Section 423.108; Appropriation Line Item 830421)

## Public Assistance

**SNAP Income Maintenance (Local Program Support)** – The line item that funds SNAP administrative dollars for county departments of job and family services (CDJFS) increased \$2.1 million for a total of \$46 million in each fiscal year. The Department of Job and Family Services (ODJFS) allocates these funds to county JFS agencies to administer food assistance and disability assistance programs. ODJFS has set the FY 2026 allocation at \$43.9 million, which is flat funded from FY 2025.

The federal One Big Beautiful Bill Act (OBBBA) was signed into law on July 4, 2025, after the state operating budget process concluded. The OBBBA decreases the federal share of SNAP administrative costs from 50% to 25%, resulting in a larger cost burden on state and county governments across the country. This change becomes effective October 1, 2026, during the current state biennium. If no additional funds become available, counties could see a funding loss of \$47 million per year for SNAP administration. This change occurred after HB 96 was signed into law; thus there was no conversation with the legislature about additional funding for these purposes.

(Section 307.20; Appropriation Line Item 600521)

**Fraud Prevention Funding** – State funding for county fraud prevention efforts is flat funded at \$2.5 million per fiscal year. These dollars are provided to assist county JFS agencies that submit an approved plan on increasing fraud prevention, early detection of fraud, and potential fraud investigations that may be occurring in public assistance programs.

(Section 307.20; Appropriation Line Item 600521)

**Ohio Benefits System Updates and Required Training** – ODJFS must update the system used to make public assistance benefits eligibility determinations (Ohio Benefits) to allow information input by individual caseworkers to be tracked and audited. CDJFSs will be required to train caseworkers on improper eligibility determinations. The administration of Ohio Benefits is moving from the Department of Administrative Services to ODJFS by July 1, 2027.

(R.C. 5101.042; Section 525.10)

**Exemptions to SNAP Work Requirements** – Prohibits ODJFS from seeking a federal waiver from the work requirements that apply to able-bodied adults without dependents (ABAWDs) receiving SNAP benefits. ODJFS is prohibited from implementing any federal option to grant exemptions from the SNAP work requirements that apply to ABAWDs, unless failing to do so would result in a federal penalty or noncompliance with federal SNAP rules.

CDJFSs are not permitted to waive the requirement or grant exemptions at the county level.

If a federal option is implemented, ODJFS must notify the relevant House and Senate committee chairs.

(R.C. 5101.548)

**SNAP Account Balances** – Requires ODJFS to monitor balances of SNAP accounts. If an account balance is higher than \$5,000, ODJFS must investigate if the account is inactive. If it is inactive, ODJFS will identify the reason for the

accruing balance.

(R.C. 5101.543)

**Ability to Lock and Unlock EBT Cards by Phone** – The bill requires ODJFS to establish a process under its existing customer service hotline that allows SNAP participants to lock and unlock an EBT card that has been lost or stolen using the customer service hotline.

(R.C. 5101.542)

## Medicaid

**Medicaid Income Maintenance (Local Program Support)** – The line item for Medicaid administrative dollars to CDJFSs is flat funded at \$44 million in each fiscal year. The Department of Medicaid (ODM) has discretion for the distribution of these new dollars.

ODM may withhold up to \$5 million for performance incentives.

(Section 333.200; Appropriation Line Item 655522)

**Medicaid Group VIII Eligibility Redeterminations** – The bill requires eligibility redeterminations to be conducted every six months for the Group VIII population, also known as the “expansion population.” Previously, CDJFSs conducted these redeterminations once every 12 months.

The federal One Big Beautiful Bill Act, signed into law on July 4, 2025, also requires redetermination every six months for the Medicaid expansion population. The federal deadline for implementation nationwide is December 31, 2026.

(R.C. 5163.11)

**Medicaid Group VIII FMAP Reduction** – The bill requires the state to discontinue coverage of the expansion population if the federal medical assistance percentage (FMAP) percentage is reduced below 90%.

(R.C. 5163.04; Section 513.10)

**Medicaid Work Requirements and Workforce Development Study** – The bill includes permissive language allowing ODM to provide funding to CDJFSs for costs related to processing cases for work requirements for the expansion population. If exercised, ODM will establish criteria for distributing these funds and for CDJFSs to submit allowable expenses.

ODM will conduct a comprehensive study on the feasibility, legality, and potential cost savings of establishing a Medicaid waiver component that establishes work requirements for Medicaid recipients and includes additional supplemental workforce development requirements. The resulting report must be submitted to the Governor, House Speaker, Senate President, and chairpersons of the House and Senate Finance Committees.

The federal One Big Beautiful Bill Act, signed into law on July 4, 2025, imposes an 80 hour/month work, education, or “community engagement” requirement for individuals aged 19 to 64. The national implementation date for the work requirement is December 31, 2026.

Ohio applied for its own work requirement waiver in February 2025. At this time, it is unclear which work requirement will be implemented in Ohio.

(Sections 333.70 and 751.20)

**Medicaid Waste, Fraud and Abuse Report** – ODM is required to report annually on the department’s efforts to

minimize waste, fraud, and abuse in the program. HB 96 requires the report to include the following items:

- Improper Medicaid payments and expenditures, including the individual and total dollar amounts for claims that were determined to be the result of fraud, waste, or abuse;
- Federal and state recovered funds, including the dollar amounts per claim and the total dollar amounts concerning fraud, waste, and abuse in the Medicaid program;
- Aggregate data concerning improper payments and ineligible Medicaid recipients who received Medicaid services as a percentage of the claims investigated or reviewed; and
- The number of payments made in error, the dollar amount of those payments within the Medicaid program, and the number of confirmed cases of intentional program violation and fraud.

Continuing law requires the report be made available on ODM's website. ODM also sends the report to the governor, chairpersons and ranking members of the House and Senate committees with jurisdiction over Medicaid, and the Legislative Service Commission (LSC).

Previously, ODJFS was required to report payment errors and confirmed cases of intentional program violations within the Medicaid program. HB 96 changes the responsibility to ODM through this reporting process.

(R.C. 5162.132 and 5101.98)

## Child Support

**Child Support** – Child support enforcement agencies are flat funded at \$26.4 million per fiscal year.

(Appropriation Line Item 600502)

## Child Care

**Eligibility For Publicly Funded Child Care (PFCC)** – The maximum amount of income that a family may have to be eligible for publicly funded childcare remains at 145% of the federal poverty level (FPL) for initial eligibility. Eligibility remains at 150% FPL for initial eligibility in the case of special needs care and 300% FPL for continued eligibility. This section is effective through June 30, 2027.

(Section 423.230)

**Child Care Choice Voucher Program** – The Child Care Choice Voucher Program (CCCV) provides vouchers to families to assist with child care costs. Families between 145% and 200% of the federal poverty level are eligible for CCCV. The caretaker parent must be employed or participating in education or training. Families who qualify for PFCC are not eligible for the CCCV program. DCY has rulemaking authority for other eligibility parameters for the program.

HB 96 funds CCCV at \$100 million in each fiscal year through federal child care funds and TANF funds.

(Section 423.190; Appropriation Line Items 830604 and 830605)

**Child Care Cred Program** – The budget creates the new Child Care Cred Program (CCC) within DCY. The program is designed to split the cost of child care between participating employees, their employers, and DCY, subject to available funds. HB 96 appropriates \$10 million in FY 2026 for the program. There is no funding appropriated in FY 2027.

The breakdown of cost responsibility is 40% employee, 40% employer, and 20% DCY. While this is the default



statutory split, an employer is permitted to contribute part or all the employee's share of child care cost.

The following conditions must be met for participation:

- The employee's family income is lower than 400% FPL;
- The employee lives in Ohio;
- The employer selected the employee to participate;
- The employer is located in Ohio; and
- The child care provider is licensed under Revised Code Chapter 5104 and is certified by a CDJFS under R.C. 5104.12.

The statute explicitly prohibits participation in the Step Up to Quality program from being a mandatory condition for eligibility.

The statutory goals of the program are to enable employers to attract and retain talent, assist employees with child care costs, and sustain the businesses of child care providers.

DCY has administrative responsibility for the program including issuing payments, and will make rules to implement the program. Participation may include all participants signing an MOU with DCY. Each employee and employer will apply together to DCY. The department will determine if applicants meet the eligibility requirements. Following DCY approval, the employee will select a child care provider that meets the eligibility guidelines outlined above.

Once eligibility is determined, it is valid unless one of the parties fails to continue satisfying eligibility conditions. If an employee or employer commits fraud, misrepresentation, or deception in the application or program process, the employee or employer is permanently ineligible for continuing or future participation.

(R.C. 5104.54; Section 423.85; Appropriation Line Item 830414)

**Child Care Provider Recruitment and Mentorship Grant Program** – The budget creates the Child Care Provider Recruitment and Mentorship Grant Program within DCY to help increase the number of licensed child care providers in Ohio and to assist recruited entities and individuals. Grants will be awarded to organizations for the following purposes:

- To increase, through recruitment efforts, Ohio's supply of licensed child care providers, including at least 120 new family child care homes, especially in areas or communities of the state most in need of such care; and
- To assist entities and individuals recruited under the program in establishing and operating child care businesses and adopting business practices to best serve the needs of Ohio's families.

DCY has rulemaking authority to implement and operate the program and will operate the program until July 1, 2027. HB 96 appropriates \$3.2 million in FY 2026 for the program.

(Sections 423.103 and 751.30; Appropriation Line Item 830418)

**Family Child Care Home Ratios** – The bill modified the ratios for both type A and type B family child care home providers. Currently a type A provider ratio is between 7 and 12 children. HB 96 increases it to 8 to 14. Type B providers are currently capped at 6 children, and the bill increases the maximum to seven.

In a type A home, a second adult must be present if at least four children under the age of two, or more than seven children are present.

## Family and Children First

**Permissive County Family and Children First Councils** – A board of county commissioners may decide not to maintain a county family and children first council (FCFC) under certain conditions. For the commissioners to make this decision, all the following must be true:

- Alternative programs and services exist in the county to meet the needs of those served by an FCFC;
- An FCFC for the county is not or would not be sufficiently funded to make the council financially sustainable; and
- The CDJFS director, PCSA director, and county board of developmental disabilities each recommend to the board of commissioners not to maintain a county FCFC.

If these conditions are met, the board of commissioners may pass a resolution electing to dissolve the county FCFC. The board should send a copy of the resolution to Ohio Family and Children First at [ofcf@childrenandyouth.ohio.gov](mailto:ofcf@childrenandyouth.ohio.gov).

This decision may be reconsidered within five years after the date the resolution passed. All the above conditions must be considered again during the determination process.

These procedures also apply if a board of commissioners wishes to establish an FCFC. Prior to the effective date of HB 96, all 88 counties have a county FCFC.

DCY issued [Procedure Letter 37](#) on September 17, 2025 to further expand on requirements if a board of commissioners chooses to opt out.

It is important to note that by not maintaining an FCFC in the county, the board of commissioners immediately forfeits the following funds: operational capacity building funds (\$30,750 per FY); MSY administration funds (\$3,600 per FY); family-centered services and supports; MSY PCSA funds; and any incentive or best practice funds available to councils.

Other options outside of dissolution of the county FCFC include contracting with a public or private entity to fulfill the role of council administrator and/or service coordinator (R.C. 121.37(B)(5)(a)(i)) or creating a regional FCFC with one or more adjoining counties (R.C. 121.37(B)(6)).

A county FCFC is tasked with serving the most vulnerable families and children with complex needs, regardless of income status, by taking a collective impact approach with data sharing, community planning, and strategy building, to prevent duplication of service and deeper system involvement, therefore saving long-term cost to communities.

In addition to multi-system youth services, FCFCs are also tasked with early intervention. Specifically, FCFCs are statutorily tasked with development of a countywide, comprehensive, coordinated, multidisciplinary, and interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by DCY for early intervention services under the Individuals with Disabilities Education Act of 2004.

(R.C. 121.37)

**County Family and Children First Council Membership** – Removes the prohibition that an individual whose family receives, or has received, services from an agency represented on a county FCFC cannot serve on the council if the individual is employed by an agency represented on the council. If such an individual is serving, they are required to complete a conflict of interest disclosure form and abstain from votes that involve the individual's employer.

Removes the requirement that the number of county FCFC members representing families equals 20% of the FCFC's membership.

Current law requires the superintendent of the school district with the largest number of pupils in the county and another superintendent representing other districts to serve on each county FCFC. HB 96 allows a district level administrative designee to serve on an FCFC in place of the superintendent.

(R.C. 121.37)

**County Family and Children First Council Notification Requirements** – Removes the requirement that the administrative agent of the county FCFC send a notice to the board of county commissioners and the member's appointing authority when a member has been absent from either three consecutive meetings of the county council or a county council subcommittee, or from one-quarter of such meetings in a calendar year, whichever is less.

(R.C. 121.37)

**County Family and Children First Council Funding** – Statewide, Family and Children First Councils are flat funded at \$2.7 million per fiscal year. Each local council will receive \$30,750.

(Appropriation Line Item 830410)

**Ohio Family and Children First Council Funding** – The line item that houses funds for the administration of the Ohio Family and Children First Council is funded at just under \$2.4 million per fiscal year.

(Appropriation Line Item 830613)

**Family and Children First Flexible Spending Pool** – County family and children first councils are permitted to create a flexible funding pool to assure access to services by families, children, and older adults in need of protective services.

(Section 423.150)

**Strong Families Strong Communities** – Allocates \$2 million per fiscal year for community projects across the state that focus on support for families, assisting families in avoiding crisis, and crisis intervention. This line item was previously funded at \$3.6 million per fiscal year. FCFCs are eligible for this funding.

(Section 423.50; Appropriation Line Item 830406)

## Older Ohioans

**Adult Protective Services** – The bill alters the formula used to calculate how much is allocated to each county for adult protective services. The overall line item remains flat funded at \$9.7 million per fiscal year. Of that, \$7.4 million will be used to distribute a base allocation of \$80,000 to each county in each fiscal year.

The remaining funds will be distributed through a formula that considers the number of older adults (age 60 and older) in each county, rather than the number of adults (age 18 and older) as was used previously. Other formula inputs include the amount a county received in the prior fiscal year and the number of county residents under the federal poverty line.

(R.C. 5101.612; Section 307.110; Appropriation Line Item 600534)

**Senior Community Services** – The Department of Aging uses these funds to provide community-based services to assist older Ohioans in living independently in their homes and communities. The funds are distributed to local Area

Agencies on Aging (AAAs) using a population-based formula and target low-income, high need, and/or cognitively impaired individuals aged 60 or older. Services include, but are not limited to, the following:

- Personal care and adult day service;
- Home-delivered and congregate meals;
- Transportation;
- Respite;
- Disease prevention and health promotion;
- Home maintenance and chores;
- Case management;
- Minor home modification; and
- Information assistance.

The line item is funded at \$11.25 million in FY 2026 and \$11.29 million in FY 2027, an increase from \$10.90 million in FY 2025. The legislature earmarked \$150,000 for the IConnect Program, in Richland, Medina, Lorain, and Cuyahoga counties.

Governor DeWine vetoed a prohibition on the Department using funds from the item for administrative purposes.

(Section 209.30; Appropriation Line Item 490411)

## Multi-System Youth

**Funding for PCSAs** – Multi-system youth are those in need of services from two or more of the following systems: child protective services, mental health and addiction services, developmental disabilities services, or the juvenile court. The bill allocates \$25 million per fiscal year to assist counties in providing services to multi-system youth. These funds may be used for youth currently in the custody of a PCSA or to prevent children from entering the custody of a PCSA by custody relinquishment or another mechanism. DCY has rulemaking authority with respect to these funds.

As in the past, it is expected DCY will require a portion of these funds be transferred from the PCSA to the local FCFC and that a portion of the funds in this line item will be used to support state level OFCFC efforts.

(Section 423.120; Appropriation Line Item 830506)

**Funding to Prevent Custody Relinquishment** – The Department of Medicaid Multi-System Youth Custody Relinquishment Fund is funded at \$20 million in each fiscal year, a decrease from \$27.5 million in FY 2025. The line item is used to fund programs that serve youth involved with multiple governmental agencies and other innovative approaches that support health care access or result in long-term savings to the state, and to prevent custody relinquishment of multi-system children and youth.

(Appropriation Line Item 651690)

**Department of Developmental Disabilities Funding** – The multi-system youth line item in the Department of Developmental Disabilities is funded at \$5 million in each fiscal year, with \$1 million to be used to support the Child and Adolescent Behavioral Health Center of Excellence, which provides technical assistance, training,

implementation support, and evaluation related to behavioral health services for youth and families. The remaining funds are used to provide a subsidy to eligible county boards of developmental disabilities to provide respite and other services for multi-system youth to enable them to remain in their homes or in their communities.

(Section 261.40; Appropriation Line Item 322422)

**Statewide Agency Collaboration** – The bill requires ODJFS, DCY, DBH, Department of Youth Services, ODM, and Department of Developmental Disabilities to collaborate to identify and take appropriate action to meet the needs of multi-system youth. One year following the effective date of HB 96, the agencies are required to jointly submit a report to the General Assembly with the following data and policy recommendations:

- Data on the number of multi-system youth;
- Data on the number of multi-system youth who are placed in licensed care;
- Information on how the departments track multi-system youth; and
- A summary of actions taken by the departments to better serve multi-system youth.

(Section 423.240)

## Department of Health (ODH)

**Expanded Program for Children and Youth with Special Health Care Needs** – Expands eligibility for the Program for Children and Youth with Special Health Care Needs (formerly Program for Medically Handicapped Children) by increasing the maximum age of participants from 25 to 26. The expanded coverage will only apply to youth already enrolled by age 21 for a childhood related disorder.

HB 96 appropriates an additional \$500,000 of state dollars in FY 2026 to pay for this expansion. This is separate from the state assessment of county funds equivalent to 0.2 mills of a county's aggregate taxable value. The appropriation from that item is unchanged, meaning counties will not be assessed more than they were in FY 2025.

(R.C. 3701.021; Appropriation Line Item 440505)

**Lead Abatement Funding** – Funding for lead abatement programs was reduced from \$7 million in FY 2025 to \$250,000 in each year of this biennium. The Lead-Safe Home Fund Program did not receive funding.

(Section 291.20; Appropriation Line Items 440527 and 440530)

**Harm Reduction Funding** – The earmark for harm reduction funding in the Chronic Disease, Injury Prevention and Drug Overdose line item is eliminated in HB 96. Communities often used this earmark to fund naloxone. \$1.5 million of the \$2.2 million in this line item appropriated is earmarked for non-harm reduction purposes. ODH has some discretion with remaining funds that could be used for harm reduction purposes.

(Section 291.20; Appropriation Line Item 440482)

## County Boards of Developmental Disabilities (DD)

**County Board Waiver Match** – The line item for county boards of DD waiver match, which is the county's nonfederal share of home and community-based services, includes a 21% increase. This reflects the increase the Department of Developmental Disabilities anticipates based on a variety of factors in service delivery.

The total appropriation is \$688 million in FY 2026 and \$752 million in FY 2027.



(Section 261.100; Appropriation Line Item 653624)

**Part C Early Intervention** – Appropriates \$7 million in FY 2026 and \$9 million in FY 2027 for DCY to subgrant or contract with county boards of DD to provide early intervention evaluations, assessments, and service coordination. If a county board of DD accepts these funds, the board must maintain the level of local funding for early intervention that was provided in the prior fiscal year.

(Section 423.40; Appropriation Line Item 830405)

## Behavioral Health

**Department of Behavioral Health (name change)** – The bill renames the Department of Mental Health and Addiction Services as the Department of Behavioral Health (DBH).

(R.C. 121.02 and 5119.011; conforming changes throughout the Revised Code)

**State Block Grant Funding Model for ADAMH Boards** – The budget creates a new mechanism for funding ADAMH board activities through a series of six state block grants. The block grants combine several funding streams that were previously distributed to ADAMH boards. The goal is to allow more flexibility for boards to respond to community needs.

The six block grants are: Prevention, Crisis Services, Mental Health, Substance Use Disorder, Recovery Supports, and Criminal Justice Services.

DBH has discretion in developing the formula for distribution of the six block grants to the ADAMH boards. The following factors must be considered: population indicators, poverty rates, health workforce shortage statistics, relevant emerging behavioral health trends, and the amounts of fiscal year 2025 awards made to each ADAMH board for related programs that are eligible uses of the state block grant funds.

The block grants replace previous ADAMH board specific funding through ALI 336643, which is zeroed out in the budget, and the previous Continuum of Care funding stream.

DBH will determine guidelines for eligible uses. DBH must create a uniform reporting structure that includes the expenditures, uses, and outcomes of the state block grants. ADAMH boards will be required to relate the expenditures, uses, and outcomes to the community addiction and mental health plans each board adopts.

The bill places a focus on thorough and accurate data through this reporting that emphasizes transparency, accountability, process improvement, outcomes, and return on investment. Data points to be collected include, but are not limited to:

- The type of service provided and number of individuals served;
- The amount spent for each state block grant broke down by primary, secondary, tertiary, and targeted expenditures;
- Data regarding provider determination and monitoring activities; and
- Key performance indicators and outcomes achieved.

(Section 337.20)

**Prevention State Block Grant** – ADAMH boards must use this block grant to provide evidence-based or evidence-informed early intervention, suicide prevention, and other prevention services. The block grant is funded at \$3

million per fiscal year.

While DBH will create guidelines on how funds may be spent, the guidelines must allow the following uses:

- Prevention across the lifespan;
- Suicide prevention across the lifespan;
- Early intervention; and
- Cross-system collaborative effort to address prevention needs in the community.

(Sections 337.20 and 337.30; Appropriation Line Item 336406)

**Crisis Services State Block Grant** – ADAMH boards must use this block grant to fund crisis services and supports. This block grant will be funded through the Crisis Services and Stabilization line item. DBH will fund the block grant at \$16 million in FY 2026. The full Crisis Services and Stabilization line item is funded at \$17 million in FY 2026 and \$22 million in FY 2027.

While DBH will create guidelines on how funds may be spent, the guidelines must allow the following uses:

- Substance use and mental health crisis stabilization centers;
- Crisis stabilization and crisis prevention services and supports; and
- Cross-systems collaborative efforts to address crisis services needs in the community.

(Section 337.20; Appropriation Line Item 336407)

**Mental Health State Block Grant** – ADAMH boards must use this block grant to fund mental health services and recovery supports. This block grant is funded at \$69.5 million per fiscal year.

While DBH will create guidelines on how funds may be spent, the guidelines must allow the following uses:

- Mental health services, including the treatment of indigent mentally ill persons subject to court order in hospitals or inpatient units licensed by DBH under R.C. 5119.33;
- Cross-system collaborative efforts to serve adults with serious mental illness who are involved in multiple human services or criminal justice systems; and
- Other initiatives designed to address mental health needs.

(Sections 337.20 and 337.70; Appropriation Line Item 336421)

**Substance Use Disorder State Block Grant** – ADAMH boards must use this block grant to fund the provision of alcohol and drug addiction services and recovery supports. This block grant is funded at \$9.5 million per fiscal year.

While DBH will create guidelines on how funds may be spent, the guidelines must allow the following uses:

- Initiatives concerning alcohol and drug addiction services;
- Substance use stabilization centers; or
- Cross-system collaborative efforts to address substance use disorder needs in the community.

(Sections 337.20 and 337.70; Appropriation Line Item 336421)

**Recovery Supports State Block Grant** – ADAMH boards must use this block grant to fund the provision of recovery supports. This block grant is funded at \$19.5 million per fiscal year.

While DBH will create guidelines on how funds may be spent, the guidelines must allow the following uses:

- Subsidized support for psychotropic and substance use disorder treatment medication needs of indigent citizens in the community to reduce unnecessary hospitalization due to lack of medication;
- Peer support;
- Operational expenses and minor facility improvements to class two and class three residential facilities licensed under R.C. 5119.34 and recovery housing residences;
- Community reintegration supports; or
- Cross-system collaborative efforts to address recovery support needs in the community.

(Sections 337.20 and 337.70; Appropriation Line Item 336421)

**Criminal Justice Services State Block Grant** – ADAMH boards must use this block grant to fund services and support to incarcerated individuals and individuals being discharged from prisons and jails. This block grant is funded at \$5.1 million in FY 2026 and \$5 million in FY 2027.

While DBH will create guidelines on how funds may be spent, the guidelines must allow the following uses:

- Medication-assisted treatment and treatment involving drugs used in withdrawal management or detoxification;
- Community reintegration supports;
- Substance use disorder treatment and mental health treatment, including the provision of such treatment as an alternative to incarceration, as well as recovery supports;
- Forensic monitoring and tracking of individuals on conditional release;
- Forensic and crisis response training;
- Projects that assist courts and law enforcement in identifying and developing appropriate alternative services to incarceration for nonviolent offenders with mental illness;
- The provision of services to incarcerated individuals in jails with a substance use disorder, severe mental illness, or both, including screening and clinically appropriate treatment;
- Linkages to, and the provision of, substance use disorder treatment, mental health treatment, recovery supports, and specialized re-entry services for incarcerated individuals leaving prisons and jails;
- The support of specialized dockets, including the expansion of existing medication-assisted treatment drug court programs, the creation of new medication-assisted treatment drug court programs, and assistance with the administrative expenses of participating courts, community addiction services providers, and community mental health services providers; or

- Cross-system collaborative efforts to address the needs of individuals involved in the criminal justice system.

(Sections 337.20 and 337.80; Appropriation Line Item 336422)

**Behavioral Health Drug Reimbursement Program** – The Behavioral Health Drug Reimbursement Program operates in county jails and community-based correction facilities and funds psychotropic drugs, drugs used in medication-assisted treatment, and drugs used in withdrawal management or detoxification. The program is funded at \$6.5 million per fiscal year, an increase from \$5 million per fiscal year in the previous biennium.

Previously, the program was solely a reimbursement model. HB 96 changes the funding model to a “financial assistance” model; funding may be provided before or after an expense is incurred. DBH, based on factors it considers appropriate, will allocate an amount to each county for drug costs that have been or will be incurred by the county.

(R.C. 5119.19; Section 337.80; Appropriation Line Item 336422)

**Additional Criminal Justice Services Funding** – Funds remaining following the distribution of the Criminal Justice Services State Block Grant, the Behavioral Health Drug Reimbursement Program, and the Addiction Treatment Program must be used for the purposes listed below. The Criminal Justice Services Appropriation Line Item funding will be \$15.6 million after funding those three initiatives.

Allowable uses of funds include:

- The provision of forensic psychiatric evaluations to courts of common pleas;
- The completion of evaluations of patients of forensic status in facilities operated or designated by DBH prior to each patient’s conditional release to the community;
- Workforce, training, and technological initiatives that support the above evaluations;
- Support therapeutic communities;
- Provide forensic and crisis response training;
- Establish and administer outpatient and jail-based competency restoration services;
- Establish and administer pre-trial diversion programs;
- Support assisted outpatient treatment programs;
- Link and provide behavioral health treatment and recovery supports, including housing assistance, to incarcerated individuals with a substance use disorder, severe mental illness, or both, upon their release from jail or prison;
- Support jail-based treatment and symptom management;
- Support specialized dockets, including the expansion of existing medication-assisted treatment drug court programs, the creation of new medication-assisted treatment drug court programs, and assistance with the administrative expenses of participating courts and community addiction services providers and community mental health services providers; and
- Establish and administer outpatient competency restoration services. The services shall be provided by forensic centers described in R.C. 5119.10 or, to the extent a forensic center in a community does not provide outpatient competency restoration services, a psychiatric program or facility selected by a board of

alcohol, drug addiction, and mental health services to provide such services.

(Sections 337.80; Appropriation Line Item 336422)

**Specialized Docket Support** – Continues the funding to subsidize courts operating a specialized docket by providing \$11.2 million in each fiscal year. The subsidy is to be used to defray a portion of the annual payroll costs associated with the operation of the specialized docket of a common pleas court, municipal court, county court, juvenile court, or family court that meets all eligibility requirements, including a family dependency treatment docket. The line item also contains funding for the Legacy Court, which provides funds to drug courts for a variety of activities, such as helping with supervision, drug testing, and treatment services.

DBH is permitted to use up to 1% of the appropriated funds for administration of specialized docket support.

(Section 337.90; Appropriation Line Item 336425)

**Suicide Prevention** – In addition to the Prevention State Block Grant, the budget appropriates another \$2.5 million in each fiscal year to support suicide prevention efforts.

(Section 337.30; Appropriation Line Item 336406)

**9-8-8 Funding** – Transfers the funding source for 9-8-8 from a dedicated purpose fund to the General Revenue Fund and appropriates \$25.5 million in FY 2026 and \$23 million in FY 2027 to support statewide operations and related activities of the 9-8-8 suicide and crisis lifeline and mental health treatment and response.

(Section 337.130; Appropriation Line Item 336522)

**Recovery Housing Certification and Accreditation Implementation** – Appropriates \$455,000 in each fiscal year to implement the certification or accreditation of recovery housing residences and related requirements. These requirements were created in the last biennial budget, House Bill 33 of the 135<sup>th</sup> General Assembly.

(Section 337.70; Appropriation Line Item 336421)

**Rapid Mobile Response and Stabilization Services (MRSS)** – Appropriates \$4 million in each fiscal year to expand statewide access to MRSS provided to youth experiencing an emotional or behavioral health crisis and their families.

(Section 337.70; Appropriation Line Item 336421)

**Community Projects** – Appropriates \$400,000 in each fiscal year to fund community projects across the state that focus on support for families, assisting families in avoiding crisis, and crisis intervention.

(Section 337.70; Appropriation Line Item 336421)

**Targeted Addiction Assistance Fund and State Opioid Distributor Settlement Dollars** – Creates the Targeted Addiction Assistance Fund to receive money awarded to the state to address the effects of the opioid crisis.

Beginning January 15, 2027, the Attorney General's office will certify and remit to the Office of Budgetment and Management the balance of all proceeds received by the state under the settlement agreement in *State of Ohio v. McKesson Corp.* (the "Distributor" settlement). The provision requires OBM to transfer the funds to the Targeted Addiction Assistance Fund and notify the House Speaker, Senate President, and Finance Committee chairs of each chamber when money is deposited into the fund.

This provision specifically addresses the 15% state share of the opioid settlement dollars under the OneOhio Memorandum of Understanding. Once this provision is in place, the legislature will appropriate the spending of the state's 15% of the Distributor settlement dollars in compliance with the approved purposes.

(R.C. 126.67; Section 221.30)

**Statewide Mobile Crisis System** – DBH shall coordinate with local, state, and federal government entities to develop and implement a statewide system of mobile crisis services for adults and children.

The development of a statewide mobile crisis system is contingent on the availability of state and federal funding. If funding is insufficient for a statewide system, DBH is permitted to fund pilot projects or other initiatives to provide mobile crisis services on a smaller scale.

In FY 2026, DBH intends to use funding from the Crisis Services and Stabilization line item and federal block grant funds to provide resources for the mobile crisis services. Funding through these sources is not mandated in HB 96.

(Section 337.190)



# **JOBS, ECONOMIC DEVELOPMENT, AND INFRASTRUCTURE**

## **Economic Development**

**Brownfield Remediation Program** – The Brownfield Remediation Grant Program is continued for its third operating budget. The program, which provides funds to projects that make brownfields (sites that are affected by environmental contamination) ready for future development, is funded through \$100 million in each fiscal year.

The lead entity for applications can be a county, township, municipal corporation, port authority, conservancy district, park district or other similar park authority, county land reutilization corporation, or organization for profit. Unlike in prior cycles, there is not a single lead entity for each county; instead, the above are the entities that may submit applications. They are not required to be the grant awardees; they may submit applications on behalf of other entities.

Continuing law requires the Department of Development to reserve \$1 million for each county for the first year of the program. Any funds that are not claimed by an individual county will be awarded on a case-by-case basis as determined by the Department. The Department will be required to evaluate the project based on economic merit and must take into consideration the project location. The language is intended to ensure that projects are not concentrated disproportionately in a specific region within the state.

These factors mark a change from prior rounds of the program, where awards were granted on a first-come, first-served basis.

(R.C. 122.6511; Section 295.30; Appropriation Line Item 1956A2)

**Building Demolition and Site Revitalization Program** – The Building Demolition and Site Revitalization Program is continued for its third budget and is funded through \$21.5 million in each fiscal year. The program assists communities in demolishing blighted property to revitalize areas and make them more attractive for economic development and housing projects.

The Department of Development is required to reserve the lesser of \$500,000 or a proportionate amount of the total annual appropriation for each county for one year. After the year elapses, any unused reserved funds can be granted by the Department on a case-by-case basis. Based on the annual appropriation of \$21.5 million, each county will have about \$244,318 reserved.

Continuing law requires applicants to work with a lead entity in each county, which is selected based on the county's population and if it has a land reutilization corporation (commonly referred to as a "land bank"):

- If the county has a population of less than 100,000 or does not have a land reutilization corporation, the Department selects the lead entity from a list of recommendations made by the board of county commissioners. The board must submit a lead entity letter of intent and any other documentation required by the Department; or
- If the county has a population of 100,000 or more and has a county land reutilization corporation, the county land reutilization corporation is the lead entity.

The lead entity of each county is responsible for submitting all grant applications for that county. The application must include any agreements executed between the lead entity with other recipients that will receive grant money through the lead entity, if applicable. Such recipients may include local governments, nonprofit organizations, community development corporations, regional planning commissions, county land reutilization corporations, and community action agencies.

(R.C. 122.6512; Section 295.30; Appropriation Line Item 1956A3)

**Opportunity Zone Tax Credits** – Increases the amount of tax credits the Department of Development can award in FY 2026 and FY 2027 to \$50 million in each year, an increase from \$25 million originally in statute, and allows any unallocated funds in FY 2026 to be reallocated in FY 2027.

The Department may not issue credits that exceed \$5 million for the same project. An existing limit of no more than \$2 million in credits for a single applicant is retained.

(R.C. 122.84, 5725.38, 5726.61, 5729.21, and 5747.86)

**Rural Industrial Park Loan Program** – The budget appropriates \$5 million to the Rural Industrial Park Loan Program in each fiscal year and transfers \$2.5 million of the appropriation in each year to the One Time Priority Projects Fund, which contains numerous earmarks for various local projects around the state. Rural Industrial Park Loans are limited to up to \$4 million per recipient.

(Sections 259.50 and 516.30; Appropriation Line Item 195647)

**All Ohio Future Fund** – Established in the previous operating budget, the All Ohio Future Fund provided grants to improve site development around the state. HB 96 discontinues the program by transferring \$250 million from the fund to the General Revenue Fund and \$200 million from the fund to the Brownfield Remediation Fund.

(R.C. 126.62; Section 259.30; Appropriation Line Item 195576)

## Housing

**Welcome Home Ohio Program** – HB 96 continues the Welcome Home Ohio (WHO) program by appropriating \$45.6 million in each fiscal year, half of which is reserved for grants to purchase residential property at foreclosure sales and half of which is reserved for grants to rehabilitate or construct residential property. The bill also makes several changes to the program.

Nonprofit developers that meet certain criteria are added to the list of eligible entities that may apply for WHO grants and tax credits. Nonprofit developers must meet the following criteria to be eligible:

- They are incorporated in Ohio;
- They are engaged in community development activities primarily within a specific geographic area; and
- Their primary purpose is improving the physical, social, and/or economic environment by addressing critical problems, including housing, in the geographic area in which they operate.

The tax credit is extended through FY 2027, and the total amount of credits awarded over the biennium is capped at \$20 million. There is not a cap in a single year.

The tax credit can be used to cover 90% of the construction and rehabilitation costs, an increase from 33% in the prior budget. The income eligibility threshold to purchase WHO-funded property is increased from 80% of the county's median income to 120%.

To qualify for the program, a property must be one of the following:

- A single-family residential property, including a single unit in a multi-unit property containing not more than ten units, that has at least 800 square feet of habitable space;

- A manufactured home; or
- A single unit in a multi-unit property that has other nonresidential units or uses. These other units and uses are not qualifying property.
  - The Department of Development is required to adopt rules to determine the value of qualifying residential property in these buildings and the total value of the building.

Mobile homes remain ineligible for the WHO program.

Grants awarded to land banks and qualified nonprofit developers to construct, rehabilitate, or acquire qualifying residential property are capped at \$100,000 per home.

Homes funded by the WHO program cannot be sold for more than \$220,000. If a land bank or qualified nonprofit developer realizes any profit from the sale of properties developed with WHO grants, the profit must be used for the entities' programs that are targeted at increasing housing (the land bank's land reutilization program or the nonprofit's housing program).

Up to \$2,000 of each WHO grant can be used to fund financial literacy counseling that must be provided to purchasers of property. The counseling must be provided over a six-month period instead of the 12-month period under prior law. The counseling must be provided by an individual, business, nonprofit organization, or political subdivision that is licensed, certified, or authorized to provide homeownership counseling and financial literacy as one of its primary functions. Housing counselors certified by the U.S. Department of Housing and Urban Development or the Ohio Housing Finance Agency are eligible providers.

The amount of time that the purchaser of a WHO-funded home must occupy the home as their primary residence without renting any portion of the property to another individual is reduced from five years to three years. Similarly, the time that a purchaser is required to agree not to sell the home to anyone who does not meet the WHO income thresholds is reduced from 20 years to 15 years. The purchaser is permitted to sell the property back to the original grant-recipient.

The original grant or credit recipient may include in the deed a right of first refusal provision regarding repurchasing the property to ensure any subsequent purchasers meet the income eligibility requirements.

The discount rate on penalties of the tax credit program is 33% of the total credit amount for each year the original or subsequent buyer resided in the home. Prior to HB 96, the discount rate was 20%. The new discount rate will result in lower penalties.

(R.C. 122.631, 122.632, and 122.633; Section 259.30; Appropriation Line Item 1956H3)

**Residential Economic Development District Grant Program** – The budget creates the Residential Economic Development District (REDD) Grant Program to provide grants to counties, townships, and municipalities within 20 miles of a major economic development project that adopt pro-housing development policies and approve major workforce housing projects. The Department of Development will oversee the program and is appropriated \$10 million in FY 2026 and \$15 million in FY 2027, with any unused funds in FY 2026 being reallocated for FY 2027, to award grants.

A “major economic development project” is defined as a project that is expected to create at least 700 permanent jobs or a project where \$700 million in private investment is committed to establish, expand, renovate, or occupy a facility as part of a single project at a designated project site. A “residential economic development district” is all parcels of land within a twenty-mile radius of such a project.

The bill allows local governments that are located at least partially within a REDD to apply for grants to collaborate with a housing developer, a port authority, a council of government, a regional planning commission, or other local

governments. Any grants awarded must be used for projects within the REDD. For example, if a municipality that is only partially located within a REDD receives grant funding, the funding must be used only in the portion of its jurisdiction located within the REDD.

An applicant must demonstrate that they have imminent plans to adopt and implement “pro-housing policies” and to approve a “major workforce housing project” that includes at least 100 units designed for occupancy by at least 100 individuals or families.

The pro-housing development policy that an applicant must adopt may include the following:

- Having a process in place to increase the rate at which permits for housing developments are reviewed;
- Having a pre-approval process in place for an expedited review of permits for a diverse range of housing developers;
- Subsidizing or decreasing costs related to water or sewer connections and extensions for major workforce housing projects;
- Acquiring and readying sites that are ready to be financed and built upon by developers;
- Reducing or eliminating impact, inspection, and plan review fees for housing developers;
- Adopting a zoning plan that promote higher density, small lot size, and minimum setback requirements;
- Developing a comprehensive plan that promotes diverse residential development options;
- Having no or minimal parking requirements for developments that include residential units;
- Conducting a traffic study, improving water or sewer infrastructure, improving roads, or permitting both rigid and flexible pavement types;
- Developing partnerships to expand the provision of sewer and water services to new areas; or
- Promoting the use of non-traditional building structures such as modular or manufactured homes.

If the Department awards a grant to an applicant that is based on a plan to implement policies that have not yet been adopted, the Department must confirm that the applicant has successfully completed implementation before disbursing the funds. REDD grants can only be used for the following purposes:

- Providing capital for housing development through grants or loans;
- Acquiring and readying sites for development;
- Providing financial assistance for housing related infrastructure projects; or
- Addressing additional service or public safety needs.

The criteria the Department will use to score and prioritize applications must include at least eight enumerated factors, with additional points granted based on prescribed conditions:

- Density, starting at two units per acre;
- Lot size, starting with an average of seven thousand five hundred square feet;

- Side yard setbacks, starting with six feet;
- Open space requirements, starting with twenty-five per cent of gross acreage;
- Inspection, plan, impact, or water and sewer tap fee reductions;
- Use of water pipe type;
- Use of pavement types;
- Traffic studies and thoroughfare plans; and
- Sanitary sewer or water extensions.

The Department must finalize and publish initial application procedures and scoring metrics by December 31, 2025. The scoring rubric, once developed, and all applications submitted to the program are public records.

(R.C. 122.636; Appropriation Line Item 1954A7)

**Residential Development Revolving Loan Program** – The Department of Development will administer the Residential Development Revolving Loan Program. The program is funded through \$100 million in FY 2026, with any unused funds reallocated for FY 2027. The Department may not utilize more than \$500,000 in any single fiscal year for administrative purposes.

The program will be used to fund improvements to infrastructure necessary to support construction of new, single-family residential dwellings in the rural areas of Ohio, defined as counties with a population of 75,000 or less and that issued fewer new construction permits for single-family homes than the average number of such permits for counties in Ohio in the most recent calendar year, as reported by the U.S. Census Bureau's Building Permits Survey.

Eligible recipients of the loans are counties that meet the criteria, or townships or municipalities that are located at least partially in a county that meets the criteria. According to an initial review of available data, there are 53 counties that would qualify for the program.

Borrowed funds must be used solely for projects involving the development, repair, or upgrade of water, sewer, road, electric, or gas infrastructure necessary to construct single-family residential dwellings that are part of a residential development program. Funds may not be used for routine maintenance or for purposes that exceed the projected requirements of the program.

The project for which an application is submitted must:

- Be entirely located in a county that meets the criteria;
- Have a net density of at least four single-family residential dwellings per acre;
- Be zoned exclusively for single-family residential use; and
- Not currently, nor upon its completion, include a qualified low-income building that receives a tax credit under the federal low-income housing tax credit (26 U.S.C. 42).

Each application must include a description of the infrastructure developments, repairs, or upgrades that the loan will be used for, an estimated total cost of the project, and the size of the loan requested. The loan request is capped at the lesser of 50% of the total cost of the project or \$30,000 per dwelling that will be served by the project.

The project for which a loan is granted must be exempted by the borrower from any building or road standards that

the borrower maintains that are more stringent than those set at the state level and any restrictions on the minimum square footage of a dwelling, restrictions on off-street parking, and restrictions on the existence, size, and placement of a garage.

Loan recipients must complete any required traffic reviews or studies within 45 days of receiving the loan, must provide the Department with quarterly reports on the status of the project, and comply with the terms of the loan agreement with respect to principal and interest repayment.

Loans will be made on a rolling basis whenever funding is available and must be set at the effective federal funds rate in effect at the time the loan agreement is made. All repayment for loans (principal and interest) will be credited to the Residential Development Revolving Loan Fund. The Department cannot charge fees on applicants or recipients and must open the first round of funding no later than January 1, 2026.

Like the REDD program, the Residential Development Revolving Loan Program requires the Department of Development to develop and utilize a scoring metric when prioritizing applications, determining whether to approve low-interest loans, and determining the amount of the loans. The metric must give priority to projects in locations with high housing need and low private housing investment and must consider each project's potential economic impact and the relative regional distribution of loans. The Department is specifically prohibited from considering if the project is in an economically distressed area.

The legislative authority of a loan recipient ("indebted subdivision") must adopt a resolution or ordinance that exempts real property improvements that were made because of a loan granted under this program from taxation, beginning in the same tax year the improvement was made. Instead, the owner of the improvements that were exempted must make payments in lieu of taxes that will be distributed in the same manner as the exempted property tax would have been.

Payments in lieu of taxes made to the indebted subdivision can only be used to repay the attributable loan made under the program. The exemption ends when the loan, including interest, is fully repaid, at which point the indebted subdivision must notify the county auditor, the county treasurer, and the property owner.

(R.C. 122.98, 122.981, and 5709.89; Sections 259.10, 259.30, and 512.10; Appropriation Line Item 1956B8)

**Community Development Block Grants Operating Match** – \$1.4 million in each fiscal year will be used for matching funds for grants from the U.S. Department of Housing and Urban Development that can be used by local governments to develop communities by providing housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income areas.

(Section 259.20; Appropriation Line Item 195497)

## **Broadband**

**Broadband Equity, Access, and Deployment Program (BEAD)** – \$793 million in federal funds is appropriated in FY 2026 to build infrastructure and to support high-speed internet. The funding must be used for projects that meet the federal BEAD program requirements. The bill does not provide authority to reappropriate any unexpended, unencumbered funds remaining at the end of FY 2026 to FY 2027.

(Section 259.70; Appropriation Line Item 1956E4)

**U.S. Route 30 OARnet Broadband Extension Project** – Appropriates \$10.5 million in FY 2026 and \$9.6 million in FY 2027 for the U.S. Route 30 OARnet Broadband Extension project.

The funding will be used to create middle mile infrastructure along the U.S. Route 30 corridor, equating to about 260 miles of fiber optic cable. The funding will also be used to build a Point-of-Presence at the 179<sup>th</sup> Cyberspace Wing



located in Richland County. This project is expected to lower the cost of last mile infrastructure in the 15 counties in the U.S. Route 30 corridor.

(Sections 259.30; Appropriation Line Item 1956H2)

**Broadband Service Regulation Prohibitions** – Broadband service is broadly exempted from government regulation with certain limits. Counties, along with other local governments and state entities, are prohibited from enacting, adopting, or enforcing any provision of a legislative instrument (for counties, a resolution) that has the force or effect of regulating broadband internet access service.

Political subdivisions retain the authority to manage access to and use of any public way or public right-of-way. These provisions took effect immediately upon signature (June 30, 2025).

(R.C. 4927.01 and 4927.22; Section 820.20)

## Public Works

**State Capital Improvement Program Fund Usage** – Eliminates the authority for the Public Works Commission, under the State Capital Improvement Program (SCIP), to pledge support for local bond issues, to pay for all or part of the premium of bond insurance obtained by a private insurer, or to provide a source of revenue pledged in support of political subdivision revenue bonds.

(R.C. 164.01)

**District Public Works Integrating Committee Discretion** – District public works integrating committees are given authority to determine how much of its annual allocation is awarded in the form of interest-free loans, low-interest loans, market rate interest loans, blended-rate loans, or local debt support. Under prior law, district committees were limited to awarding no more than 10% of their annual allocation for the purposes of such loans and no more than 10% of their annual allocation for local debt support.

(R.C. 164.05, 164.06, 164.08, and 164.14)

**Small Village and Township SCIP Set-Aside** – The set-aside of funds allocated under SCIP for villages and to townships with a population of less than 5,000 is increased from 10% to 12%.

The bill amends a prior appropriation for FY 2026 made in the capital budget for FY 2025 and FY 2026 to require that it earmark \$10 million for projects in townships with a population of less than 5,000.

(R.C. 164.08; Sections 620.20 and 620.21)

## Transportation

**Ohio Airport Improvement Program and Other Aid** – Creates the Ohio Airport Improvement Program to finance improvements for publicly owned, public-use airports across the state and appropriates \$4.7 million in each fiscal year for the program. Any unused funds appropriated for FY 2026 are reappropriated for FY 2027.

The bill does not include details of the program, so the operations of the program will be determined through the Department of Transportation's administrative process.

CCAO has advocated for the creation of a program to aid these small but vital airports in making important safety and runaway improvements.

The budget also appropriates \$5 million in each fiscal year to provide matching funds for airports that were awarded Airport Infrastructure Grants through the federal Infrastructure Investment and Jobs Act. If any funds are returned

due to project costs coming in lower than expected, these funds are reallocated to a different eligible airport.

(R.C. 4561.03; Section 411.20; Appropriation Line Item 777471)

**Transportation Improvement District Board of Trustees** – Removes an appointee made by the Speaker of the House from the membership of a TID board of trustees, regardless of which organizing structure the board of county commissioners creating the TID utilizes.

For a full list of the membership of TID board of trustees under both structures, please refer to the [Directory of County Boards and Commissions](#) entry for TIDs (page 132).

(R.C. 5540.02)

**Regional Transportation Improvement Project (RTIP) Governing Board** – Continuing law permits the board of commissioners of two or more counties to undertake a regional transportation improvement project pursuant to a cooperative agreement. The project is overseen by a governing board comprised of a commissioner and the county engineer, or their designees, from each county that is party to the agreement.

The agreement may now authorize the CEO of the JobsOhio network partner that covers most of the area encompassed by the RTIP, or the CEO's designee, to serve as an additional member.

(R.C. 5595.02)

## Building Departments

**Building Examiners** – The state Board of Building Standards (BBS) is authorized to adopt rules that would allow local building departments to accept plan, examination, and inspection reports from third-party building plan examiners and building inspectors, provided that the third-party entities meet any competency standards that the BBS creates. The authority to issue certificates of plan approval and certificates of occupancy or completion remains the responsibility of the local departments.

If a building owner utilizes a third-party entity, any fees that the entity charges are in addition to fees prescribed by the local building department.

(R.C. 3781.10)

**Residential Building Code Bifurcation** – Ohio's residential building code is split into two categories: erection and construction of new residential buildings and repair and alteration of existing residential buildings. Local building departments that are certified to enforce the Ohio Residential Building Code for new buildings may elect to also enforce the code on repair and alteration of existing buildings. If a local department opts to enforce the code for repair or alteration of existing buildings, they must receive certification from the BBS.

The bill clarifies that the existing 1% fee that local departments that levy fees must collect on behalf of the BBS applies to both fees charged for the erection and construction of new buildings and, if the department elects to enforce the code for repair or alteration, the fees charged for those services.

(R.C. 3781.10 and 3781.102)

## Local Development Entities

**Port Authority Common Bond Fund Program** – Port authorities may establish a common bond fund program by resolution. These programs are intended to finance port authority facilities and to enhance the credit of port authority obligations (bonds, notes, and revenue bonds). A port authority may issue any obligation that is secured by a trust agreement as part of the common bond fund program.

The bill requires R.C. 4582.73, which creates the common bond fund program, to be liberally construed to conduct the purpose of authorizing these programs by specifying that they are additive and do not limit any other powers that the Revised Code elsewhere grants port authorities.

(R.C. 4582.73)

**New Community District Changes** – The bill makes two changes to the law governing new community districts (NCDs). First, it alters the definition of “developer” by removing the requirement that a new community district be established on or before December 31, 2024.

Second, it allows NCDs to be created in limited home rule townships in counties with a population of greater than 400,000, provided the township adopted the limited home rule resolution before January 1, 1995. The change also allows such townships to be considered a “proximate community.”

There are six counties with a population of greater than 400,000: Cuyahoga, Hamilton, Franklin, Lucas, Montgomery, and Summit counties. The number of limited home rule counties established before 1995 in these counties is not readily available.

(R.C. 349.01)

**New Community Authorities and Sports Facilities** – Adds new community authorities as an entity with which counties may enter into an agreement to operate a sports facility constructed by the county. New community authorities are classified as political subdivisions for the purpose of receiving the property tax exemption available to certain sports facilities that are owned by political subdivisions.

The legislative language is tailored to only apply to Cuyahoga County.

(R.C. 307.696 and 5709.081)

**Community Reinvestment Area (CRA) Changes** – A political subdivision with an existing CRA may extend the term of the CRA’s tax exemption to a total of 30 years for an existing building that is expected to be the site of either a megaproject or owned or occupied by a megaproject supplier. The duration of exemptions for non-megaproject or megaproject supplier buildings is 15 years. This change applies to all agreements entered on or after January 1, 2025.

Political subdivisions other than the legislative authority that entered into the CRA are not required to be a party to the a CRA agreement unless they have an obligation to pay property taxes on the building.

(R.C. 3735.67 and 3735.671; Section 801.220)

**Local Zoning Referenda Changes** – The amount of signatures that a referendum petition related to township zoning amendments must acquire is increased from 15% of the votes cast in the last gubernatorial election to 35% of such votes. Township zoning amendments related to megaprojects are exempted from the referendum process.

A referendum petition on a local zoning amendment concerning planned-unit development regulations must acquire signatures from 35% of the registered electors in the area to which the amendment would apply. This applies to such amendments put in place by counties, townships, or municipalities.

(R.C. 303.12, 519.12, 731.29, and 731.291)

## Other Grants and Credits

**Major Sports Facility Performance Grants** – HB 96 creates the Major Sports Facility Performance Grant program

to provide funding for major sports facilities. This program is seeded with a \$1 billion transfer from Ohio's unclaimed funds to the Ohio Cultural and Sports Performance Grant Fund. Of this \$1 billion, \$600 million is reserved for a project in Brook Park intended to serve as a new stadium for the Cleveland Browns. The remaining \$400 million is available for other qualifying projects.

These funds may be used to cover up to 25% the cost of a major sports facility mixed-use project. The Office of Budget and Management and the franchise must reach an agreement on the boundaries of the major sports facility mixed-use district, which cannot be enlarged, and requires all territory in the district to be contiguous and contain only one such project.

The sports franchise must submit a payment of 8.33% of the total amount of the project to be held in escrow, which will be repaid to the franchise if tax revenues (from income, sales and the commercial activities taxes) within the district meet projections over a 16-year period; if tax revenues exceed projections early, these funds may be released early. If the revenues are below the estimates, the escrowed funds will be deposited into the state GRF.

(R.C. 9.67, 123.28, 123.281, 123.282, 123.283, 169.08, and 718.13; Sections 229.40 and 243.20; Appropriation Line Item 042428)

**Appalachia Assistance** – \$12.6 million each fiscal year will be used to fund the Appalachia Assistance program. The funding will be used for the administrative costs of planning and liaison activities for the Governor's Office of Appalachia, to provide financial assistance to projects in Ohio's Appalachian counties, to support four local development districts (the Ohio Valley Regional Development Commission, the Ohio Mid-Eastern Government Association, the Buckeye Hills Regional Council, and the Eastgate Regional Council of Governments), and to pay dues for the Appalachian Regional Commission. These funds may be used to match federal funds from the Appalachian Regional Commission.

Earmarks under the program that will go to counties or county-related projects include the following:

- \$1.5 million in each fiscal year to the Appalachian Ohio Manufacturers Coalition to create a workforce reentry pilot program in Athens, Meigs, Monroe, Morgan, Noble, and Washington counties for individuals who have graduated from behavioral health recovery programs;
- \$375,000 in each fiscal year for the FosterHub in Hocking County; and
- \$100,000 in each fiscal year for the Tuscarawas County Commissioners for the Tuscarawas County Growth Initiative.

The following counties are within the Appalachia region: Adams, Ashtabula, Athens, Belmont, Brown, Carroll, Clermont, Columbiana, Coshocton, Gallia, Guernsey, Harrison, Highland, Hocking, Holmes, Jackson, Jefferson, Lawrence, Mahoning, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pike, Ross, Scioto, Trumbull, Tuscarawas, Vinton, and Washington.

(Section 259.20; Appropriation Line Item 195455)

**Lead Abatement Credits** – The maximum amount of a tax credit for lead abatement that the Department of Health can issue is increased from \$10,000 to \$40,000. The fiscal year limit for credits is set at \$3 million, a decrease from \$5 million in the prior biennium.

These two changes may result in credit awards that are able to cover more extensive projects but also result in fewer projects being granted overall.

(R.C. 3742.50)

## Contracting and Bidding

**Public Contract Retainage** – The rate that partial payments for labor contractors can be paid cannot be less than 96% of the estimates prepared by the contractor and approved by the project architect or engineer. If the contractor subcontracts any portion of the contract, the partial payment rate it provides to the subcontractor cannot be lower than the rate it receives from the public authority.

Any retainage held must be paid to the primary contractor of the project when the project is substantially completed within 30 days of the substantial completion, occupation, use, or acceptance of the project, along with any interest accrued on the retainage. Public authorities can continue to withhold an amount “reasonably necessary to assure final completion of the project.”

This final withheld amount must be paid to the primary contractor no more than 30 days after the final completion of the project.

The budget repealed provisions that required a 100% rate on all partial payments made after the job became halfway complete and that funds that had been retained up to when the project was halfway complete be deposited into an escrow account.

(R.C. 153.12, 153.13, 153.14, and 153.63)

**Public Improvement Notice and Bidding Changes** – The bill makes several changes to the law regarding the procedure for public improvements notices and bids.

Political subdivisions must, by electronic means, notify low bidders that are found to be not responsive and responsible of the finding and reasoning. If no electronic means are available, the notification must be sent via certified mail. Prior law allowed either method to be used.

Public notice for contracts to employ a construction manager or construction manager at risk can be done in any news media available in the county but must advertise the intent through at least one electronic method. The notice must be published at least 14 calendar days before accepting proposals, a reduction from the prior 30-day window. Additionally, advertisements with notice information can be placed in appropriate trade journals and otherwise notify individuals believed to be interested.

General bids for performing labor and furnishing the materials of public improvements must be published electronically and may be published in other news media in the county where the project will occur. The notice must allow interested parties to submit proposals and must be published for fourteen consecutive days. The Ohio Facilities Construction Commission will prescribe specifics of how these notices must appear. This also applies to the reopening of a bidding window when rejects the lowest responsive and responsible bidder as not in the best interests of the state.

If a public authority accepts bids electronically, it must allow the required bid guaranty to be submitted as an electronic verification through an electronic verification and security system.

The required notice of commencement of work on public improvements is no longer required to be provided in affidavit form.

(R.C. 9.312, 9.331, 153.07, 153.08, 153.09, 153.54, and 1311.252)

**Public Improvement Notice and Bidding Changes** – Public authorities can require architects or engineers to use a digital representation of physical and functional characteristics of a facility (a “building information model system”) for public works contracts worth at least \$200,000. Any building information model system must be based on a national recognized standard.

(R.C. 153.01)

**Expedited Process for CMARs and Design Build Firms** – For projects for which a public authority plans to contract with a construction manager at risk (CMAR) that are valued at less than \$4 million, the public authority may require the CMARs to submit both the project proposal and the price proposal at the same time. If a CMAR is interested in pursuing an expedited proposal, they are entitled to a pre-proposal meeting with the public authority to discuss the scope and nature of the project and potential approaches.

Contracted CMARs that underwent the expedited process are not required to submit a sealed bid to perform work that otherwise may have been subcontracted.

The same provisions apply to contracts for design-build services.

(R.C. 9.334, 153.501, and 153.693)

**Affirmative Action Language in Contracts** – Repeals a requirement that all contractors from whom political subdivisions make purchases have a written affirmative action program for the employment and utilization of economically disadvantaged persons.

Public authorities are also prohibited from, in subcontracts for construction managers at risk (CMARs are construction managers who oversee a project from design to completion) and design-build firms, eliminating a bidder as unqualified if the bidder has not complied with an affirmative action program or a diversity, equity, and inclusion program. This provision does not apply to county policies to assist minority business enterprises in competitively bid contracts or any set-aside programs for minority business enterprises or EDGE business enterprises.

(R.C. 125.111 and 153.502)

## **Vetoed Language**

**VETOED: Eminent Domain for Recreational Trails** – The bill would have prohibited governments from utilizing eminent domain for the purpose of recreational trails, unless eminent domain was being used by a regional transit authority to acquire right-of-way within 150 feet of and parallel to a public road for a transit facility or by a public or private agency to construct a sidewalk within 150 feet of, and parallel to, a public road.

Governor DeWine vetoed this provision, citing the importance of recreational trails for pedestrian and cyclist safety.

CCAO joined other organizations in requesting the veto.

(R.C. 163.01)



# JUSTICE AND PUBLIC SAFETY

## Indigent Defense

CCAO has made significant progress during the two previous biennia to increase state funding for indigent defense. However, the attorney shortage in many counties has put a strain on the system. HB 96 contains the fourth highest reimbursement rate in the history of the program as well as a pilot program that allows the Ohio Public Defender (OPD) to directly take over the operation of indigent defense in three counties. The state's continued partnership with respect to funding indigent defense and piloting a new delivery model will further strengthen the program and provide legal counsel for indigent criminal defendants across the state.

**County Reimbursement** – The final appropriations contained in HB 96 and OPD's estimated indigent defense reimbursement rates are displayed in the table below.

| Indigent Defense Reimbursement Estimate Scenarios, House Bill 96 Appropriations |   |                                      |   |
|---|---|--------------------------------------|---|
| Total System Cost Scenario  | Est. FY 2026 Reimbursement Rate (\$197 million) | Total System Cost Scenario           | Est. FY 2027 Reimbursement Rate (\$202 million) |
| \$234 million<br>(\$18.5m per month)  | 84%   | \$247 million<br>(\$19.5m per month) | 82%   |
| \$240 million<br>(\$19.0m per month)  | 82%   | \$253 million<br>(\$20.0m per month) | 80%   |
| \$246 million<br>(\$19.5m per month)  | 80%   | \$259 million<br>(\$20.5m per month) | 78%   |

HB 96 appropriated \$400 million dollars to reimburse counties for the costs associated with administering indigent defense in the state. This is the highest dollar figure that has been appropriated in the history of the state and is estimated to be the fourth highest rate of reimbursement in the history of the state.

The monthly submissions from counties for reimbursement consistently have been around \$19 million a month for a sustained period. Based on this information, OPD plans to reimburse counties at an 82% rate for FY 2026. This applies to bills submitted after July 1, 2025 (the beginning of FY 2026), even if the work was performed during last fiscal year. Bills for submission must be submitted within 90 days of completion of the work to qualify for reimbursement from the state.

(Section 371.20; Appropriation Line Items 019501 and 019618)

**Northwest Regional Hub** – The budget also includes a pilot program to explore a new indigent defense delivery model in the state. The pilot, called the Northwest Regional Hub, will allow OPD to directly administer indigent defense services in Allen, Putnam, and Hardin counties. This program is separately funded and does not impact the reimbursement percentage for the other counties. The pilot program is expected to come online sometime in Fall 2025. OPD will be tracking various metrics from the pilot program to evaluate its effectiveness.

(Section 371.30; Appropriation Line Item 019406)

**Budget Estimate Submissions** – Additionally, language was included in the budget that requires each board of county commissioners or county executive to submit an indigent defense cost projection report to the Ohio Public Defender by July 31, 2026. The report must contain data on the most current projected costs of the indigent defense services in the county for the next two upcoming state fiscal years at the time of submission. The intent is to provide OPD with a rough estimate of county indigent defense costs that they will use in preparation of their state operating budget request. OPD plans to provide a simple form that counties can use to satisfy this requirement.

Additional details are forthcoming, and CCAO will keep members informed as information is available.

(Section 371.20)

**Reimbursement Cap Elimination** – A provision that capped appointed counsel reimbursement rates at \$75 per hour for non-capital cases and \$140 per hour for capital cases was eliminated. Currently, there are only seven counties paying appointed counsel above \$75, so the overall fiscal impact of the cap is minimal.

Payments that are submitted after July 1, 2025, will not be subject to the cap limitation on reimbursement.

The statutory authority for the General Assembly to impose a cap is maintained in R.C. 120.34, but the uncodified language in Section 371.20 does not include a cap, as the General Assembly decided not to impose one for the current state biennium.

*(No longer included in Section 371.20)*

**Performance Audit** – HB 96 appropriated \$500,000 to support a requirement that the Auditor of State conduct a performance audit of Ohio's indigent defense system. The performance audit will review the challenges of the delivery of indigent defense services, including, but not limited to, the costs, accounting, and payment processes of the OPD and at least five counties that represent each of the various indigent defense delivery methods in the state.

The audit must be completed and submitted to the Legislature by January 1, 2027. Although the audit will be completed after OPD's budget submission to the Administration for consideration in the Executive Budget Proposal, it will be an important tool to guide policy makers during the next biennium budget process.

(Section 223.20; Appropriation Line Item 070402)

## **Department of Rehabilitation and Correction (DRC)**

**Local Jail Grants** – Jail funding continued to be one of the main budget priorities for CCAO. Counties have seen the costs associated with jail projects drastically increase during the past decade, which increases the urgency for financial support from the state. House Bill 33, the prior state operating budget, contained a first-of-its-kind GRF appropriation for jail construction and renovation projects. The bill allocated \$75 million to be distributed to counties using a statutory formula and mandated county share for the project.

Throughout the biennium, CCAO worked with DRC to navigate the formula and award grant dollars to counties. However, it became clear that the statutory formula was complicated and provided little flexibility to DRC and counties in terms of project funding. The lack of flexibility compounded with the high inflationary construction costs, lead CCAO to pursue a statutory change to how these grant dollars were awarded to counties.

During the budget process, it became clear that there was little support for providing additional jail funding in the operating budget, with a preference to allocate jail funding during the capital budget process. Therefore, CCAO began collaborating with stakeholders on efforts to reappropriate the existing \$75 million from the previous budget as well as modifying the language that governed the funding. CCAO's preference was to remove the statutory formula and replace it with language that allowed DRC to award dollars through the process they utilize for funding allocated under the prior three capital budgets.

These endeavors were successful. The budget reappropriates the money from the prior budget and removes the previous statutory formula. The formula is replaced with language that mirrors DRC's capital budget jail grant process. Specifically, the language requires DRC to award funding to county jails based on the following criteria:

- Prioritize jails with the greatest need for construction or renovation work;
- Improve substantially the condition, safety, and operational ability of the jail; and

- Benefit jails that are, or will be, used by multiple counties.

DRC had previously announced grant recipients for the reappropriated \$75 million. It is CCAO's understanding that most projects awarded money out of the \$75 million will not be modified. If an award under the previous formula is rescinded by DRC, the department may look to fund projects who did not receive funding from the \$50 million capital budget allocation.

(Section 383.30; Appropriation Line Item 501505)

**Maintained Funding for T-CAP Program** – The Targeted Community Alternatives to Prison (T-CAP) program was maintained in the budget and provides funding for housing Felony 4 and Felony 5 offenders. The funding allocated under HB 96 for TCAP is \$26.8 million in each fiscal year.

There are currently 63 counties that are participating in this program. T-CAP provides unrestricted grant funding to counties to underwrite the costs of retaining offenders who have been convicted of a non-violent, non-sex related offense in the county jail rather than sending these offenders to prison.

The program is a Community Corrections Act grant-funded program with DRC awarding grants to the participating county common pleas courts. Use of the grant funds is generally unrestricted; however, they may not be used to buy or build a building. The grant application must be accompanied by a memorandum of understanding that has been entered into by the commissioners, sheriff, and common pleas court that outlines how the T-CAP grant funds will be utilized.

(R.C. 2929.34 and 5149.38; Appropriation Line Item 501407)

**Community Corrections Act Funding** – The Community Corrections Act line items support felony prison diversion (Appropriation Line Item 501407) and misdemeanor jail diversion (Appropriation Line Item 501408) programs in the local communities.

Appropriation Line Item 501407, Community Nonresidential Programs, is funded at \$71.4 million in FY 2026 and \$74.1 million in FY 2027. This line includes the T-CAP Grants, Probation Services Grants, and “CCA 2.0” grants. The TCAP grants and the Probation Services Grants were flat funded from the previous biennium. The remaining “CCA 2.0” grants will receive up to a 5% increase in FY 2026 and up to a 4.5% increase in FY 2027 from the previous biennium based on performance from the previous grant cycle.

Appropriation Line Item 501408, Community Misdemeanor Programs, has traditionally provided grants to counties and cities to operate pretrial release, probation, or other local programs for misdemeanor offenders in lieu of confinement in jail. The funding for these programs was also increased in FY 2026 and FY 2027. The program is currently funded at \$10.1 million and \$10.5 million, respectively.

(Appropriation Line Items 501407 and 501408)

**Reimbursement to Counties for Prosecution of Felonies at State Correctional Institutions** – The budget earmarks \$250,000 in each fiscal year to reimburse counties for costs incurred in the prosecution of felonies that occur on the grounds of state correctional institutions operated by DRC. The reimbursement is eligible to cover expenses associated with the prosecuting attorney, indigent defense counsel, the court of common pleas, the clerk of the court of common pleas, and the sheriff.

DRC is still developing a process for how counties can apply for reimbursement. CCAO will share more information with counties as it becomes available.

(Section 383.20; Appropriation Line Item 501321)

**Authorizes Electronic Commitment to DRC** – Courts of common pleas are permitted to enter into an agreement with DRC under which persons may be electronically committed to DRC. Persons sentenced to DRC must be conveyed by the sheriff initially to an appropriate facility established and maintained by DRC, or committed electronically for reception, examination, observation, and classification.

(R.C. 2151.311, 2152.26, 2967.28, and 5120.16)

**Next Generation 9-1-1**

**Next Generation 9-1-1 (NG 9-1-1)** – HB 96 built upon the progress made in the previous operating budget (HB 33) to implement and expand the NG 9-1-1 system in Ohio. Since that budget, ten counties piloted the program and successfully operated the program without failure for a specified period. As of August 2025, the program is being expanded to an additional 15 counties. The remaining counties are expected to come online over the next five years, with all counties being required to be online by 2030.

An increase of the 9-1-1 monthly user fee and expansion in the devices that the fee is applied to was expected to generate approximately \$100 million a year. However, the actual revenue has been closer to \$50 million a year. The revenue shortfall threatened to slow the implementation of the system and added an additional financial burden to counties. HB 96 contains several important measures to provide additional funding to counties to help address this revenue shortfall and allow for the successful implementation of the program.

First, the bill requires all public safety answering points (PSAPs) that answer 9-1-1 calls for service in the state be subject to the PSAP operations rules. The language will ensure that all PSAPs are compliant and capable of interfacing with the state NG 9-1-1 system. Funds allocated to help counties with their upgrade and implementation costs were reappropriated.

Additionally, HB 96 removes a provision that would have repealed the fee increase on October 1, 2025. This language would have reduced the user fee from \$0.40 per month to \$0.25 per month. The reduced revenue would not allow the state system to stay operational and would drastically reduce funding to counties.

Furthermore, the legislature increased the monthly user fee from \$0.40 to \$0.60 and maintained the current devices subject to the user fee. The bill also modified the formula that distributes the funding from the monthly user fee by allocating a greater portion of the revenue to counties. The changes will adequately fund the state NG 9-1-1 system while simultaneously providing counties with additional revenue to upgrade and operate the NG 9-1-1 system at the local level.

| Distribution of NG 9-1-1 Fee Revenue, House Bill 96 and Prior Law |               |           |
|---|---------------|-----------|
| Entity  | House Bill 96 | Prior Law |
| Counties  | 81.33%        | 72%       |
| State NG 9-1-1 Program  | 16.67%        | 25%       |
| State 9-1-1 Office  | 1.33%         | 2%        |
| Department of Taxation  | 0.67%         | 1%        |

The new user fee and distribution formula will begin in October. CCAO is hopeful that the fee changes will be implemented without issue, and counties should expect to see the financial impact of the new increase later in 2025 or early 2026.

(R.C. 128.021, 128.41, and 128.54; Appropriation Line Items 100674 and 100675; *Repealed R.C. 128.412*)

**Department of Youth Services**

**RECLAIM Ohio** – The RECLAIM (Reasoned and Equitable Community and Local Alternatives to the Incarceration of Minors) Ohio appropriation item is appropriated \$207 million in FY 2026 and \$218 million in FY 2027. The appropriation is used for a variety of purposes, including Department of Youth Services' (DYS) operating expenses, but a portion is allocated to the RECLAIM Ohio program itself. DYS anticipates providing \$32.6 million per fiscal year for the program.

RECLAIM is intended to reduce the number of youths sentenced to DYS custody and provides subsidy funding to juvenile courts to support community programs. Funding is allocated to counties through a formula based upon each county's proportion of statewide felony delinquent adjudications. The budget also provides funding for two additional RECLAIM programs.

(Appropriation Line Item 470401)

**Youth Services Subsidy** – The Youth Services Block Grant is flat funded at \$16.7 million per fiscal year, the same funding it has received since FY 2011. The Youth Services Block Grant distributes funds to juvenile courts according to a set formula. Each juvenile court is guaranteed a base of \$50,000 plus additional funding on a per capita basis for counties with a population over 25,000.

(Appropriation Line Item 470510)

**Flexible Funding for Family and Children First Councils** – Permits the juvenile court, in collaboration with the county's family and children first council, to transfer portions of its allocations from one or both of the courts funding awarded through the RECLAIM Ohio program, and the Youth Services Subsidy, to a flexible funding pool under R.C. 423.150.

(R.C. 432.150; Section 421.20; Appropriation Line Items 470401 and 470510)

## Miscellaneous

**MARCS Fee Offsets** – HB 96 continues to provide \$10.5 million per fiscal year to fund Multi-Agency Radio Communications System (MARCS) local subscriber fee offsets. The total base cost per radio is \$25 per month. The additional funding will increase the state's subsidy for this program. The additional funding will reduce the monthly fee per device paid by local governments from \$10 to \$5 per month.

(Section 207.20; Appropriation Line Item 100414)

**Fire Department Grants** – HB 96 appropriates \$15.5 million in FY 2026 and \$7.5 million in FY 2027 for fire department grants. The funding will provide grants to purchase firefighting or rescue equipment or gear or similar items, to provide full or partial reimbursement for the documented costs of firefighter training, or, at the discretion of the State Fire Marshal, to cover costs for providing fire protection services in the grant recipient's jurisdiction.

Additionally, \$1.3 million of the appropriation is earmarked in each fiscal year to pay for the State Fire Marshal's costs of providing certain firefighter training classes at no cost to selected students and allows the State Fire Marshal to establish the qualification and selection process for such classes.

(Section 243.20; Appropriation Line Item 800639)

**Ohio Courts Network** – \$4.5 million in each fiscal year is earmarked to fund an initiative by the Attorney General to facilitate the exchange of information and warehousing of data by and between courts and other justice system partners through the maintenance of an Ohio Courts Network. Courts and elected and appointed clerks of the courts of common pleas in counties with populations of 125,000 or fewer are eligible for grant funding under the initiative.

(Section 221.40; Appropriation Line Item 055321)

**Online Dockets** – Requires clerks of courts to make the court's criminal docket available online. The clerk of courts is also required to make the general docket of the probate court available on the clerk of court's website not later than 18 months after the bill's effective date. This sets the deadline at March 30, 2027.

(R.C. 2303.12 and 2101.11)

**Reduction in Fees for Computerization Fund** – Reduces fees that the clerk of courts of common pleas is permitted to charge for the efficient operation of the court when the court of common pleas fails to make civil dockets available online. If the dockets are not available online, the allowable fees are reduced as follows: the fee for filing certain causes of action or appeal reduced from up to \$6 to up to \$3; the fee for filing certain causes of action or appeal, on the filing, docketing, and endorsing of each certificate of judgment, or on the docketing and indexing of each aid in execution or petition to vacate, revive, or modify a judgment reduced from up to \$20 to up to \$10; and the fee for other services reduced from up to \$1 to up to \$0.50.

These changes are delayed to take place six months after the bill's effective date. This sets the effective date for these changes on March 30, 2026.

(R.C. 2303.201)

**Prohibition Against Certain Uses of Special Project Fees by Courts** – Municipal, county, common pleas, and appeals courts are prohibited from using special projects fees for training or education that takes place outside of the state.

(R.C. 1901.26, 1907.24, 2303.201, and 2501.16)

**Removal of Quarterly Submission for County Municipal Court Reimbursements** – The requirement that county or municipal courts submit quarterly requests to the Ohio Supreme Court for reimbursements of per diem compensation paid to acting judges is removed.

(R.C. 1901.123 and 1907.143)

**County Nonemergency Transport Services** – Increases the population limit from 40,000 to 60,000 under which a county may operate a nonemergency medical transport service organization, contract for such services, or furnish or obtain the interchange of such services. The change in language will allow 20 additional counties to provide this service.

(R.C. 307.05)

**Modifying Continuing Professional Training Requirements for Peace Officers and Troopers with a Lapse in Employment** – A certificate awarded by Ohio Peace Officer Training Commission attesting to a person's satisfactory completion of an approved peace officer basic training program will no longer expire due to a lapse of employment as a peace officer. The expiration of the certificate can be avoided if the individual takes a certain number of hours of refresher training based on the lapse in employment as a peace officer.

If the peace officer has not been employed as a peace officer for at least one year but less than four years prior to reappointment as a peace officer, they are required to take up to 40 hours of refresher training. If the lapse in employment is greater than four years, they are required to take 80 hours of training.

(R.C. 109.73 and 109.77)

**Continued Funding of Annual Training of Peace Officers and Troopers** – The Attorney General is required to fund the training of peace officers and troopers that is required under R.C. 109.803. HB 96 appropriates \$30 million in FY 2026 and \$35 million in FY 2027 for this program. The Attorney General may use up to \$150,000 in each fiscal year for administrative expenses associated with the administration of the program.



(Section 221.20; Appropriation Line Item 055509)

**Continued Funding to Support Local Law Enforcement Narcotics Task Forces** – Earmarks \$3.4 million in each fiscal year to support local law enforcement narcotics task forces that focus on cartel trafficking interdiction. The funding will be administered by the Office of Criminal Justice Services (OCJS) within the Ohio Department of Public Safety. The interdiction task forces will be designated Ohio Organized Crime Commission task forces subject to approval and supervision of the Commission. This earmarked amount also may be used to provide funding to local law enforcement agencies, the Commission for task force-related equipment purchases, and for operating expenses of the Office of Criminal Justice Services related to the narcotics interdiction task force program.

An additional \$2.5 million in each fiscal year may be used by OCJS for Ohio's narcotics task forces to build new and strengthen existing partnerships with local law enforcement. This earmarked amount may also be used to provide funding to local law enforcement agencies and for operating expenses of OCJS related to the narcotics task force program.

Furthermore, up to \$600,000 is earmarked to be used to partner with the Department of Administrative Services' Office of Information Technology to enhance and maintain a uniform records management and data intelligence system, and provide case management, collaboration, data sharing, and data analytics tools for narcotics task forces and law enforcement agencies.

(Sections 373.10 and 373.20; Appropriation Line Items 761682, 763403, and 763411)

**Local Law Enforcement Grants** – The budget includes \$18 million earmarks for assistance to local law enforcement.

Earmarks \$2.2 million in each fiscal year to be used by OCJS to support state and local law enforcement agencies in the recruitment, hiring, and training of qualified individuals to serve as peace officers. The funding can also be used to support state and local first responder agencies in mental, physical, and emotional wellness; and to administer and distribute grants to state and local first responder agencies to assist in recruitment, retention, and wellness of their workforce.

The majority of this earmark is designated for specific purposes:

- \$500,000 for First Responders' Bridge to pay for programs supporting first responders suffering from Post Traumatic Stress Disorder, depression, anxiety, and other mental health conditions.
- \$500,000 for the Save A Warrior Foundation to pay for their programs supporting first responders suffering from Post Traumatic Stress Disorder, depression, anxiety, and other mental health conditions; and
- \$200,000 for the Tri-State Peer Support Program to pay the administrative costs of providing peer support and mental health services for first responders and related programs.

Up to \$5 million in each fiscal year is earmarked to be used by OCJS to administer and distribute grants to state and local law enforcement agencies to implement or enhance body-worn camera programs.

Up to \$4.5 million in each fiscal year is earmarked to support anti-human trafficking efforts in the areas of prosecution, victim services to specifically include assistance for child victims, and priorities of the Governor's Ohio Human Trafficking Task Force.

Up to \$1 million in each fiscal year is earmarked for grants to state and local law enforcement to conduct investigations on sexual assault kit testing results and related expenditures.

Up to \$200,000 in each fiscal year is earmarked for implementing recommendations of the Governor's Warrant Task

Force.

Up to \$1 million in each fiscal year is earmarked to competitively procure, directly from the manufacturer, a commercial off-the-shelf, completely in canal hearing protection product with a minimum noise reduction rating of 25 decibels and a maximum output of 80 decibels, to protect the hearing of law enforcement officers. The grant funding will be available to all law enforcement agencies on a first-come first-served basis.

Up to \$4 million in each fiscal year is earmarked for OCJS to administer and distribute grants to state and local law enforcement agencies to assist local communities in reducing and preventing crime using promising or proven crime reduction strategies. The use of the grants includes, but is not limited to, overtime, equipment, technical assistance, and analytical support to implement crime reduction strategies.

(Sections 211.30 and 373.30; Appropriation Line Item 768425)

**Coroner Reimbursement for Toxicology Screenings** – \$1 million is appropriated in each fiscal year to reimburse county coroners in counties where the coroner has performed toxicology screenings on a victim of a drug overdose. The Department of Health will allocate the funds to counties in proportion to the numbers of toxicology screenings performed per county.

(Section 291.20; Appropriation Line Item 440495)

# TAXATION AND FINANCE

## Property Taxation, General

**Property Tax Reduction Screening System** – The Department of Taxation is required to create a property tax screening system, along with accompanying policies, procedures, and internal controls, to ensure owners of real property and manufactured and mobile homes who receive the homestead exemption, the non-business tax credit, and/or the owner occupancy tax credit are properly eligible for the relief.

County auditors will have access to the system and are required to notify the Department if there are any errors discovered. If, through this notification or through any other means of discovery, the Department finds that a relief measure was improperly granted, the Department must notify the county auditor in which the property is located.

Charges, penalties, or interest can only be charged against property improperly receiving a relief measure if the relief was obtained through fraudulent means. If a property received relief improperly due to an oversight by county staff, the relief granted will end but no recoupment will take place.

The Department must, by December 31 of each year, beginning in 2026, issue a report to the General Assembly regarding the number of parcels by county that were identified through the screening system as having improperly received a property tax relief measure.

(R.C. 319.202, 5323.02, 5703.21, and 5703.83; Section 757.150)

**Manufactured Home Damage Tax Waiver** – Operators of manufactured home parks are permitted to provide notice with photographic evidence to the county auditor when a manufactured home is destroyed or injured. This process triggers an investigation by the county auditor and, if the claim is legitimate, results in either the refunding of current-year taxes or the waiving of payment of current-year taxes for the owner of the home that has been destroyed or injured.

Notice was previously only permissible from the owner of the home itself or two disinterested people who are residents of the township or municipality that the home was located in.

(R.C. 4503.0611)

**One-Time Property Tax Abatements** – A temporary procedure is created through which certain churches, municipalities, and townships may apply for a tax exemption and the abatement of unpaid property taxes, penalties, and interest, that may have become a lien prior to when the church, municipality, or township acquired the property. The procedure is eliminated 12 months after the bill's effective date.

The church language is tailored to churches that recorded the deed for a property transfer between May 1, 2022, and May 31, 2022.

(Sections 757.70 and 757.80)

**Property Tax Valuation Challenges** – The bill clarifies that “third-party complainant” includes people acting on behalf of a legislative authority of a political subdivision or the mayor of a municipality; namely, those who are an official or employee of the political subdivision or who have been hired, contracted, or directed by an official or employee of the subdivision to file a complaint or counter complaint.

The legislative authority of a subdivision, the mayor of a municipality, or a third-party complainant can only file an original complaint on determinations if the legislative authority of the subdivision (including that of the municipality if the complainant is a mayor) has adopted a resolution authorizing the filing of the complaint at a public meeting. Additionally, the complaint can only be filed if the complainant seeks an increase in the valuation of a property based on the sale of the property within the past two years and one of the following conditions is met:

- The sale is accompanied by a conveyance fee statement that declares the value of the property; or
- The sale is recorded through a different means with the county recorder or similar office.

Boards of education are only permitted to file a counter-complaint if the original complainant is the owner of the property in question, a tenant of the owner, or a person acting on behalf of the owner or tenant.

Additionally, if a third-party complainant is not acting on behalf of a legislative authority or mayor, it must submit a sworn affidavit attesting to that effect when filing a complaint. If a person knowingly makes a false statement in this affidavit, they are guilty of the crime of falsification, a first-degree misdemeanor.

Third-party complaintants are prohibited from filing appeals of board of revision decisions. The legislative authority or mayor may only file appeals if the subdivision owns or leases the property in question.

These changes are generally applicable to original complaints file on or after the bill's effective date. Certain provisions that generally apply specifically to school districts and owners/tenants apply to remedially back to 2022.

(R.C. 5715.19 and 5717.01; Section 757.90)

**State Community College Property Tax Operating Levies** – The board of trustees of a state community college is given authority to place property tax levies for current expenses on the ballot in the county in which the college's main campus is located. If passed by the electorate, the revenue derived from the tax may only be used in the taxed county. If the tax is passed, the board of trustees must charge students who reside within the taxed county a lower tuition rate than the rate charged to students who are residents of other counties in the state. The Revised Code does not prescribe how this lower tuition rate is to be set.

State community colleges, under existing law, could already levy property taxes for the acquisition of sites, the erection and equipment of buildings, and the acquisition and improvement of buildings.

These provisions bring the property tax authority of state community colleges in line with community colleges.

(R.C. 3358.08 and 3358.11)

**Government-Owned Parking Garage Exemption** – Parking garages (a “multi-level off-street parking structure”) that are owned by a municipality, county, new community authority, or a port authority are stated to be for a public purpose and are exempt from property taxation if it is owned or leased by the local entity. This provision applies to both the land and the structure itself.

Previous law provisions that required these garages to be available to the general public and that limited similar exemptions to 20 years are repealed.

(R.C. 717.051)

**Converted Public Utility Tangible Personal Property (TPP) Valuation** – The bill corrects a drafting error from House Bill 15, a comprehensive energy bill, by clarifying that a 7% assessment rate applies to both new production TPP and converted TPP for energy companies and rural electric companies.

(R.C. 5727.111)

**County Permissive Homestead Exemption** – Counties are given authority to create two local property tax relief instruments, one of which is a local homestead exemption. If authorized by a resolution, the local homestead exemption is available to the same homeowners who qualify for the state exemption. Homeowners do not need to file a separate application for the local homestead exemption, but they may need to verify their income depending on

the method through which they received the initial state exemption.

If a county authorizes the local homestead exemption, the exemption is equal to the individual homestead's applicable state exemption and is applied concurrently. The local exemption functions as a doubling of the state exemption. For example, in CY 2023, the total reduction in property taxes attributable to the homestead exemption in Adams County was \$562,000. If the county authorized the local homestead exemption, the reduction in property taxes would likely equal about \$1.1 million.

The key difference between the local homestead exemption and existing state homestead exemption is that reductions in property tax bills attributable to the local homestead exemption are not reimbursed to local governments. In the Adams County example, in CY 2023 the foregone tax revenue due to the homestead exemption was reimbursed to local taxing entities, such as the county, townships, school districts, fire districts, and any other property-taxing entity.

The revenue lost to the local homestead exemption, however, would not be reimbursed. The county does not receive reimbursement for revenue lost due to the creation of the permissive homestead exemption nor is the county required or able to reimburse other affected local governments.

If a resolution is adopted before July 1 of a given tax year, the program begins to apply for that tax year (or the next tax year for manufactured homes). If the resolution is adopted after July 1, the program begins the following tax year (or in two tax years for manufactured homes).

The exception to this timeline is for the remainder of 2025. Counties have between the bill's effective date (September 30) and October 31 to pass a resolution authorizing a program for TY 2025 for real property and TY 2026 for manufactured homes (for taxes payable in CY 2026 and CY 2027, respectively).

(R.C. 319.304, 323.152, 323.153, 323.155, 323.156, 323.158, 4503.06, 4503.065, and 4503.0610; Section 757.170)

**County Permissive Owner Occupancy Credit** – The other local property tax relief instrument that counties are given is a local owner occupancy credit. If authorized by a resolution, the local owner occupancy credit is available to the same homeowners who qualify for the state credit. Homeowners do not need to file a separate application for the local owner occupancy credit.

If a county authorizes the local owner occupancy credit, the credit is applied concurrently and can be set at any rate up to 2.5% (the statewide rate). The rate is set in the initial resolution.

The foregone property tax revenue from the local owner occupancy credit under HB 96 will not be reimbursed by the state, which is consistent with the approach to the permissive homestead credit discussed above. The county does not receive reimbursement for revenue lost due to the creation of the local credit nor is the county required or able to reimburse other affected local governments.

If a resolution is adopted before July 1 of a given tax year, the program begins to apply for that tax year (or the next tax year for manufactured homes). If the resolution is adopted after July 1, the program begins the following tax year (or in two tax years for manufactured homes).

The exception to this timeline is for the remainder of 2025. Counties have between the bill's effective date (September 30) and October 31 to pass a resolution authorizing a program for TY 2025 for real property and TY 2026 for manufactured homes (for taxes payable in CY 2026 and CY 2027, respectively).

(R.C. 323.152, 323.153, 323.156, and 323.158; Section 757.160)

## **Property Taxation, County Budget Commissions**

**County Budget Commission Membership** – A county commissioner, as selected by the board of county commissioners, is the designated alternate for the county prosecutor on the county budget commission. If the prosecutor recuses themselves for any reason, the selected commissioner will serve on the budget commission for however many meetings the prosecutor is recused.

(R.C. 5705.27)

**CBC Inside Millage Hearing** – The county budget commission is statutorily required to meet on the first Monday of February and the first Monday of August. The commission can hold other meetings as it deems necessary.

The county budget commission is required to hear testimony from either the commission itself or an invited speaker to describe the concept and function of inside millage during a public meeting once a year. The testimony must address how the inside millage authority is shared between taxing entities in the county, and the fiscal impact of inside millage since it is immune to reduction factors. The meeting concerning inside millage can take place at any meeting, not just at one of the two statutorily required meetings.

(R.C. 5705.27)

**Millage Reduction Upon Request** – Taxing entities can request that the budget commission reduce a levy to collect a lower amount than the levy is otherwise entitled to collect. These requests last only a single fiscal year unless the taxing entity specifically requests the reduction take place over a longer period. This provision applies to both voted levies and inside millage.

The language in the budget seems to present two options for a reduction. The request can be for either for a single year or a permanent basis. The statutory text states that a request “applies only to the succeeding fiscal year unless the subdivision or taxing unit expressly states that the request is permanent.”

The Revised Code does not specify a process for a taxing entity to withdraw a request for a reduction. This language could create a situation where an entity requests a permanent voluntary reduction and a process does not exist to undue that request. Thus, leaving the entity to permanently operate on reduced revenue.

This is separate from the existing authority for entities that receive inside millage to rollback their inside millage. This process is outlined in R.C. 5705.313, unmodified by the state operating budget, and is summarized in [County Advisory Bulletin 2025-10 Property Tax Relief Options](#).

(R.C. 5705.31)

**CBC Approval of School District Inside Millage Rate Changes** – Like other taxing entities that receive inside millage, school districts are permitted to change the purpose of its inside millage through action of the districts’ legislative authority. For individual school districts, that entity would be their locally elected school board. Unlike other taxing entities, however, a school district changing the purpose of its inside millage may result in a net increase in taxes levied due to the 20-mill floor.

If a district opts to change the purpose of its inside millage in a manner that will increase taxes levied, it must, in addition to existing public meeting requirements, obtain approval from the county budget commission. When a board of education posts notice of a hearing regarding an inside millage change, the county auditor must forward a copy of the notice to the budget commission, which then must schedule a hearing on the matter within 30 days, but no sooner than 10 days after receiving the notice.

During the hearing, the board of education must present evidence demonstrating the need to change the inside millage purpose. If the budget commission votes to approve the request, the district may change the inside millage purpose. Otherwise, it cannot.

If a district spans multiple counties, the budget commission of each affected county must hold hearings, but they



cannot be held on the same day. The Revised Code does not speak to what happens if the budget commission of one county approves the inside millage change but the budget commission of another county does not.

(R.C. 5705.314)

**Tax Budget Requirements** – The bill makes the following changes to the preparation and submission of tax budgets:

- Requires each tax budget from school districts and entities that receive inside millage to include a declaration of the entity's intent to collect any revenue due to the 20-mill floor or inside millage growth greater than that of the preceeding fiscal year or a declaration of its intent to forego all or part of the additional revenue;
- Requires the comparative statements of corresponding expenditure items to include a statement of estimated expenses to the end of the current fiscal year;
- Requires the inclusion, as far as possible, of comparative statements of all funds in control of the entity not already listed in other portions of the tax budget for the current fiscal year and the preceding two fiscal years;
- Requires health districts that do not file an estimate of revenue and expenditures to a different taxing entity to adopt their own tax budget; and
- Allows school districts to include the three-year fiscal forecast it is required to submit to the Department of Education and Workforce in the tax budget submitted to the county budget commission. If the projections are submitted, the budget commission must consider them in addition to the other elements of the tax budget.

(R.C. 5705.28, 5705.29, 5705.31, and 5705.391)

**Burden of Proof When Appealing CBC Reductions** – A taxing entity that is dissatisfied with a decision of the county budget commission can appeal the commission's action within 30 days to the Board of Tax Appeals. If the appeal is in response to the budget commission reducing tax rates on a levy, the burden of proof is on the appellant (the dissatisfied taxing entity) to show the need for a greater rate or amount than what the budget commission set.

(R.C. 5705.37)

**CBC Consideration of Other Accounts** – Prohibitions on county budget commissions considering the status of several account types are removed when determining whether or not to reduce millage on a political subdivision's property tax levies. The accounts that the budget commission can now consider are:

- Reserve balance accounts for the purpose of stabilizing budgets against cyclical revenue and expenditure changes (R.C. 5705.13);
- Nonexpendable trust funds established for the purpose of receiving donations or contributions that the donor/contributor requires to be maintained intact (R.C. 5705.131);
- Secondary reserve balance accounts created by a board of township trustees (R.C. 5705.132);
- Capital improvement accounts and reserve balance accounts maintained by county boards of developmental disabilities (R.C. 5705.222); and
- Unexpended funds that had been appropriated for the collection of delinquent taxes (R.C. 5705.40).

(R.C. 5705.13, 5705.131, 5705.132, 5705.222, 5705.29, 5705.36, 5705.35, and 5705.40)

## **Sales and Use Taxation**

**County Sales Tax Refunds** – HB 96 eliminates the payment of interest on county sales tax refunds and payment of interest from any entity in cases where the purchaser pays the tax directly to the state as opposed to the vendor remitting the tax. Under current law, when the state issues a refund on sales and use tax collections, the state provides interest attributable to the overpayment to each taxing entity (the state, the county, and, where applicable, the transit authority). The payment (principal and interest) is deducted from subsequent sales and use tax distributions due to each entity.

HB 96 also lengthens the maximum period over which the Department of Taxation can recover refunded taxes on state-administered taxes levied by local subdivisions (sales tax being chief among those taxes) from three years to six years. Stretching recovery over a longer period will ease the revenue reduction for counties that experience a refund collection.

This issue arose due to overpayments by a corporation that was making prepayments on sales and use taxes. Since county sales and use tax revenue is a “piggyback” tax, where the Department of Taxation is tasked with ensuring accurate collections and then distributing revenues due to each county, the Association has argued that it is unfair to collect interest on deducted revenue from counties that have only a passive role in the collection and remittance of sales tax.

(R.C. 5703.052, 5739.132, and 5739.07; Sections 801.160 and 801.170)

**Vendor Discount Cap** – Under current law, the Department of Taxation must provide a monthly discount of 0.75% of the amount of sales and use tax being remitted that month by a vendor if the vendor files their return promptly on or before the date required. This is sales tax revenue that the vendor would otherwise be required to remit to the Department.

HB 96 caps this discount amount at \$750 per month. For example, suppose a vendor makes sales generating \$200,000 in sales tax revenue in a given month. Under prior law, that vendor would get to retain \$1,500 of the tax revenue it would otherwise have to remit to the Department of Taxation. Under HB 96, the vendor will only be allowed to retain \$750 of the generated sales tax revenue. The other \$750 will be remitted as sales tax revenue.

The cap instituted in the bill is expected to increase state revenue by \$10 million in FY 2026 and \$20 million in FY 2027.

Sales and leases of motor vehicles are not subject to the vendor cap.

(R.C. 5739.12; Section 801.240)

**Sales Tax Exemption Repeals** – The bill makes a good first step in advancing a CCAO platform position of eliminating sales tax exemptions and reforming the sales tax base. Beginning on January 1, 2026, the following exemptions will be repealed:

- Exemption for rental payments on motor vehicles provided to the owner or lessee of a motor vehicle that is being repaired or serviced;
- Exemption for sales of refrigerated food vending machines;
- Exemption for sales of advertising material or catalogues that price and describe property offered for retail sale;
- Exemption for purchases by direct marketing vendors of items used in printing advertising material and equipment used to accept orders;
- Exemption for sales of telecommunications services used directly and primarily to perform the functions of a

qualified call center; and

- Exemption for tangible personal property used in acquiring, formatting, editing, storing, and disseminating data or information by an electronic publisher.

The bill also eliminates, on January 1, 2026, the 25% refund of sales and use taxes currently given to providers of electronic information services.

The elimination of these exemptions is estimated to increase state sales tax revenue by \$85 million in FY 2026 and \$176 million in FY 2027. County and transit authority sales tax revenue is typically estimated at 25% of the state effect, which would result in an estimated \$21.3 million increase in FY 2026 and \$44 million in FY 2027.

(R.C. 5739.01, 5739.011, 5739.02, and 5739.03; Section 801.260 and 801.270)

**Port Authority Sales Tax Exemption Agreements** – Port authorities are prohibited from allowing private entities to benefit from sales tax exemptions on building and construction materials and services sold under a construction contract without first obtaining approval from the board of county commissioners in the county where the project the materials are being purchased or in the county in which the project is located.

These restrictions apply if the agreement is with a non-public entity, the majority of the floor space subject to the agreement will not be occupied by the port authority, and the building materials would qualify for existing sales tax exemptions.

If the project is in multiple counties, approval must be obtained from each board of county commissioners. This provision applies only if the project in question is located outside of the port authority's territorial jurisdiction.

(R.C. 4582.72 and 5739.02)

**Cuyahoga County Sin Taxes** – Currently, Cuyahoga County's "sin tax" refers to excise taxes on liquor, alcohol, and cigarettes. HB 96 allows the county to generally double the rates of the excise tax on those products and to levy new excise taxes on vapor and other tobacco products. Any increase in the rate of existing excise taxes and the extension of excise taxes to new products must be approved by the electorate. The table below shows the permissible rates that the county can impose on eligible items.

| <b>Cuyahoga County Maximum Permissible Sin Tax Rates by Product, Before and After HB 96</b> |                                       |  |
|---|---------------------------------------|--|
| <b>Product</b>  | <b>Maximum Tax Rate<br/>Pre-HB 96</b> | <b>Maximum Tax Rate<br/>Post-HB 96</b> |
| Beer (per gallon)   | \$0.16                                | \$0.32                                 |
| Cider (per gallon)  | \$0.24                                | \$0.48                                 |
| Wine and Mixed Beverages (per gallon)   | \$0.32                                | \$0.64                                 |
| Liquor (per gallon)   | \$3.00                                | \$6.00                                 |
| Cigarettes (per pack)   | \$0.045                               | \$0.09                                 |
| Other Tobacco Products  | N/A                                   | 0.85% of price                         |
| Little Cigars   | N/A                                   | 1.85% of price                         |
| Vapor Products (per 0.1 gram or milliliter)   | N/A                                   | \$0.05                                 |

Revenue from the sin taxes must be equally divided equally among major league sports facilities in the county at the time that the taxes are levied. Essentially, this means that the county cannot use revenue from these sin taxes for prospective facilities, but rather only existing facilities.

Prohibitions on county taxes being used for more than 50% of the total project cost and for a period not to exceed 20 years do not apply to distributions from Cuyahoga County sin taxes.

(R.C. 9.681, 307.673, 307.696, 307.697, 3381.17, 4301.421, 5743.024, 5743.323, 5743.511, 5743.52, 5743.521, 5743.54, 5743.55, 5743.56, 5743.57, 5743.59, 5743.60, 5743.62, 5743.621, 5743.63, 5743.631, and 5743.64; Section 801.320)

**Casual Sales** – Casual sales are those made of a tangible item that was acquired by an individual for their own use and was previously subject to any taxing jurisdiction’s sales and use tax. This most commonly refers to person-to-person sales of used goods. The definition of a “casual sale” is clarified to explicitly include both in-person sales and online sales. An example of an in-person casual sale is a purchase made at a garage sale, while an example of an online casual sale is a purchase made through an online marketplace, such as Facebook Marketplace or NextDoor.

The bill also clarifies that items acquired for the seller’s use that are sold by an auctioneer at the auctioneer’s permanent physical place of business are not eligible for casual sales, but those otherwise acquired from an auctioneer can be sold at a casual sale.

The Revised Code exempts items sold through casual sales from the sales and use tax.

(R.C. 5739.01; Section 801.270)

**Suspension and Revocation of Vendor Licenses** – When a vendor license is suspended, the vendor is prohibited from obtaining a new vendor license from any county auditor or the Tax Commissioner.

This clarifies existing language.

(R.C. 5739.31)

**Remittance of Watercraft and Outboard Motors Sales Tax** – County clerks of court are required to remit sales and use tax collections from titling watercraft and outboard motors to the registrar of motor vehicles, harmonizing the watercraft titling remittance location with the remittance destination of motor vehicle titles.

Under prior law, the clerk was required to remit sales and use tax collections from watercraft titling to the Tax Department.

(R.C. 1548.06)

**County Cigarette Taxes for the Arts** – The authority to levy cigarette excise taxes for the benefit of a county arts district is expanded to counties with a population of at least 800,000 or counties that have adopted a charter form of government. Practically speaking, this allows Franklin County, Hamilton County, and Summit County to levy arts district cigarette taxes. Cuyahoga County already has this authority.

The resolution levying the tax must include the rate of the tax and the duration of the tax. The tax rate does not have a limit and must be conveyed as a millage rate per cigarette (a single mill per cigarette equates to \$0.001 per cigarette).

For example, Cuyahoga County’s arts and culture cigarette tax is levied at a rate of 35 mills (\$0.35) per cigarette for a period of ten years.

A resolution levying this tax must be approved by the voters and can be placed on the ballot at a general, primary, or special election held no sooner than 90 days after the county certifies the resolution to the board of elections.

(R.C. 5743.021)

## **Local Government Fund (LGF)**

The LGF appropriation in the budget bill is \$530.9 million in FY 2026 and \$541.2 million in FY 2027, although since the LGF is directly tied to state's general fund tax revenues, the actual size of the LGF will vary. The budget made one direct change to law pertaining to the LGF, which is covered below, but the most substantive change will come as a result of tax reform measures included in the budget.

The bill reduces the number of income tax brackets from two in tax year 2025 to one in tax years 2026 and 2027. This will result in a flat income tax, where any taxable income greater than \$26,050 is taxed at a rate of 2.75%. LSC estimates the income tax cut will reduce revenue by \$529 million in FY 2026 and \$1.146 billion in FY 2027. LSC estimates that the income tax cut will reduce revenue to the LGF by \$9.3 million in FY 2026 and \$20.1 million in FY 2027.

**Undivided Local Government Fund Formula** – The LGF percentage of state General Revenue Fund taxes is increased permanently from 1.70% to 1.75%. This is the second consecutive operating budget to increase the LGF percentage.

(R.C. 131.51; Section 387.20; Appropriation line item 110969)

## Lodging Taxation

**Additional Lodging Tax for Public Safety** – Boards of county commissioners in counties already levying a lodging tax are allowed to increase the rate of its general lodging tax by up to 1% to fund public safety services in designated resort areas. The aggregate rate of the county's lodging tax cannot exceed 5% due to any increase authorized under this authority. An increase for this purpose is enacted by a resolution of the board of commissioners; it does not go to the county electorate nor is it subject to referendum.

Designated resort areas are created by municipalities and townships under a process established in R.C. 5739.101.

According to CY 2023 data from the Department of Taxation, there are 57 counties currently levying lodging taxes with an aggregate rate of less than 5%.

(R.C. 5739.09)

**Additional Lodging Tax Revenue Usage for Certain CVBs** – Convention and visitors' bureaus in counties with a population of less than 100,000 and annual lodging tax collections of at least \$500,000 are given the authority to spend lodging tax revenue for public safety purposes, for economic development purposes, or for infrastructure projects that will impact tourism.

According to CY 2023 data from the Department of Taxation and the most recent federal census, there are 12 counties that would qualify for this provision, although the counties may fluctuate depending on year-to-year lodging tax revenue changes. The 12 counties are: Ashtabula, Athens, Belmont, Clinton, Erie, Guernsey, Hancock, Hocking, Holmes, Ottawa, Ross, and Tuscarawas counties.

(R.C. 5739.092)

**Special Lodging Tax Extension, Fairfield County** – Counties that levy a special 0.50% lodging tax rate for the purpose of financing a municipal educational and cultural facility are permitted to extend the tax. This 0.50% authority was written and enacted specifically for Fairfield County, but the Revised Code originally only permitted a single extension of up to 15 years. The change allows Fairfield County to continue to extend the tax in increments not to exceed 15 years.

(R.C. 5739.09)

## State Level Changes

**Federal Grant Suspension** – A newly enacted section of law allows the state to “reduce, discontinue, pause, or suspend” state programs that depend on federal funds if the federal government reduces, discontinues, pauses, or suspends the source of the federal funds. The section specifically enumerates that “state program” includes contracts, agreements, MOUs, or other covenants entered into by the state. It is possible that county grants through state programs that use federal funds may be impacted should the state government utilize this authority.

(R.C. 126.10)

**State Fund Modifications** – The state's fund structure was reorganized to abolish funds, put their balances into the General Revenue Fund, and fund their purpose out of the GRF. The Local Government Tangible Personal Property Tax Replacement Fund is one of these funds. The remaining transition payments will be made from the GRF.

Additionally, on July 1, 2025, OBM transferred the balance of the Local Government Innovation Fund to the GRF and abolished the fund. The fund was the last remnant of the Local Government Innovation Program, a program that awarded loans for innovative local government projects. The program was repealed in 2018.

(R.C. 5709.93 and 5751.02; Sections 387.20 and 516.10)

**Public Library Fund** – Funding for the Public Library Fund (PLF) is changed from a monthly share of state General Revenue Fund tax receipts to an equal monthly share of an appropriation set by the General Assembly during the operating budget process each biennium.

(R.C. 131.51)

**Tax Department Information Disclosures** – The Department of Taxation’s authority to publish or disclose the amount of revenue distributed to local governments from taxes or funds administered by the Department is explicitly excluded from an existing prohibition on divulging certain information related to personal tax information. Information disclosed to county auditors through the property tax relief screening system is likewise excluded from the existing prohibition on information divulgence.

(R.C. 5703.21)

## County Budgeting and Finance

**Public Depositories** – Governments, when designating public depositories, must select an entity that, among other qualifications, has at least one physical banking office located in Ohio. This includes both banks and savings associations.

A “banking office” means “an office or other place established by the bank at which the bank receives money or its equivalent from the public for deposit and conducts general banking business.” ATMs are excluded from the definition.

(R.C. 135.03)

**Political Subdivision Unclaimed Funds** – The county treasurer may, in consultation with the state Department of Commerce and the Office of Budget and Management, claim unclaimed funds in the name of the county or that are otherwise attributable to the county. The funds must be credited to the appropriate fund in the county treasury.

(Section 243.30)

**County Employee Bonuses** – The size of a cash award (a bonus) that county employers can give to employees for performance is limited to 10% of the employee’s annual compensation. The board of county commissioners may set the limit at a higher percentage through a written policy.



“County employers” refers to any appointing authority of a county office, department, commission, board, body, or a common pleas court, county court, or county-operated municipal court.

(R.C. 325.25)

**Investment Policies** – The investment authority of counties, along with other like authorities across the state, is prohibited from making investment decisions that have the primary purpose of influencing environmental, social, personal, or ideological policy. This prohibition applies both to the authority itself and to any person or entity receiving delegated authority to manage public investments for the county.

This provision is essentially a ban on an investment practice often called “ESG” (Environmental, Social, and Governance) which applies non-financial factors in investment decisions.

(R.C. 135.35)

## Vetoed Language

**VETOED: Property Tax Ballot Language** – The bill changes all references to “county auditor’s appraised value” to “county auditor’s market value.” This applies to ballot language and certain resolutions.

The Governor vetoed this provision as part of a wider property tax veto.

(R.C. 133.18, 306.32, 306.322, 345.01, 345.03, 345.04, 505.37, 505.48, 505.481, 511.28, 511.34, 513.18, 755.181, 1545.041, 1545.21, 1711.30, 3311.50, 3318.01, 3318.06, 3318.061, 3318.062, 3318.063, 3318.361, 3318.45, 3381.03, 4582.024, 4582.26, 5705.01, 5705.03, 5705.21, 5705.213, 5705.215, 5705.218, 5705.233, 5705.25, 5705.251, 5705.261, 5705.55, 5748.02, 5748.03, 5748.04, 5748.08, and 5748.09)

**VETOED: Sales Tax Exemptions** – Governor DeWine vetoed three additional exemption repeals that the General Assembly included in the final version of the bill. These exemptions were those on the sale of newspapers, on the transfer of copyrighted motion picture films, and on the sale of machinery, equipment, and material used in the production for sale of printed material. LSC estimates the exemptions would have increased state revenue by \$15 million in FY 2026 and \$34 million in FY 2027 (\$3.8 million and \$8.5 million, respectively, for counties and transit authorities).

Governor DeWine vetoed these exemptions, citing the importance of newspapers, printed material, and films for the transmission of information and culture.

(R.C. 5739.01, 5739.011, 5739.02, and 5739.03; Section 801.260 and 801.270)

**VETOED: Sales Tax Exemptions for Computer Data Centers** – The Ohio Tax Credit Authority is authorized to award tax exemptions and credits to certain businesses to foster economic development. One of the exemptions the Authority can grant is a sales tax exemption on certain tangible personal property that will be used in a computer data center.

The General Assembly included a provision that, beginning on October 1, 2025, would have prohibited the Tax Credit Authority from granting these sales and use tax exemptions. It would not affect already-granted exemptions.

Governor DeWine vetoed this provision, citing the importance of data centers for Ohio’s economic development.

(R.C. 122.175)

**VETOED: School District Carryover Reductions** – The bill requires each school district to submit its “certificate of available revenue” to the county auditor of the county or counties it is in by July 15 of each year. The district may

designate a portion of its available revenue as designated for current or future permanent improvements within the next three years. The county budget commissions of these counties are then required to meet by August 15 of each year to determine if the district's carryover balance, excluding any funds designated for permanent improvements exceeds 40% of its total expenditures.

If the carryover exceeds 40% of the district's expenditures, the budget commission is required to reduce the rate of levies or, where applicable, the annual amount of money raised by levies, for current expenses. The size of the reduction is dependent on the carryover balance.

Reductions made to school district levies to comply with these provisions are for a single year and are permitted to lower a district below the 20-mill floor.

If a district has a current operating expenditure per equivalent pupil less than 80% of the statewide average, the threshold for carryover balance is 50% of expenditures before the district is subject to these reductions.

Island school districts (districts located on Lake Erie islands) and joint state school districts (College Corner Local School District in Preble and Butler counties) are immune from reductions under this provision.

Governor DeWine vetoed this provision, citing the fiscal uncertainty it would cause for schools and the likelihood it would significantly increase the need for districts to go to the ballot box for new property tax levies.

(R.C. 5705.316; Section 757.110)

**VETOED: Responsibility to Adjust Rate of Fixed-Sum Levies** – Transfers the responsibility for determining the necessary rate a qualifying fixed-sum levy must be set at from the county auditor to the Department of Taxation. The Department must certify the amount necessary for each such levy and certify the amount to the applicable county auditor by September 1.

A "qualifying fixed-sum levy" are levies that produce a specific amount of tax money, excluding voted levies used to pay debt charges.

Governor DeWine vetoed this provision, citing the lack of information that the Department of Taxation has to set local tax rates in a timely manner.

(R.C. 5705.60)

**VETOED: Replacement Levy Elimination** – The bill eliminates the authority for political subdivisions to put replacement property tax levies on the ballot beginning January 1, 2026. A replacement property tax levy maintains the original millage rate but removes property tax reduction factors. A replacement levy generates more revenue than a replacement since it eliminates the reduction factors.

Governor DeWine vetoed this provision, citing the importance of giving local governments tools to ensure financial stability.

On July 1, the House of Representatives voted to override the Governor's veto. The Senate has not considered the veto at this time.

(R.C. 5705.192)

**VETOED: School District Levy Types Elimination** – The bill eliminates three property tax types that were available only to school districts. Unlike the elimination of replacement property tax levies, which has a delayed effective date to January 1, 2026, the elimination of these property tax levy authorities is effective on the bill's effective date. Fixed-sum and substitute emergency levies are eliminated, as is the authority to levy a combined income tax and fixed-sum property tax.

Additionally, property taxes levied by regional student educational districts and by career-technical cooperative education districts cannot be renewed with an increase. Functionally, this means that those entities would need to put property tax levies of the “additional” typography on the ballot if they want to generate more revenue.

Finally, if the school district has a carry-over percentage, defined as the carry-over balance in the district’s general operating budget from the preceding fiscal year divided by the general fund expenditures of the preceding fiscal year, of more than 100%, it is prohibited from putting any non-renewal property tax levy on the ballot.

Governor DeWine vetoed this provision, citing the importance of giving local governments tools to ensure financial stability.

On July 1, the House of Representatives voted to override the Governor's veto. The Senate has not considered the veto at this time.

(R.C. 5705.03, 5705.194, 5705.199, 5705.2114, 5705.25, and 5748.09)

**VETOED: School District 20-Mill Floor Components** – The bill includes emergency tax levies, substitute tax levies, incremental growth levies, conversion levies, and the property tax portion of combined income tax and property tax levies in the 20-mill floor calculation for school districts.

The 20-mill floor is a baseline local funding level for public education. If the millage rate from the factors in the floor is below 20 mills, the school district receives inflationary growth on property taxes up to the 20-mill threshold. This floor is a significant driver of unvoted property tax increases. By incorporating additional levies into the floor, it is less likely that districts will be at the floor, and thus fewer will receive unvoted tax increases.

When a district is on the 20-mill floor and it levies new current expense millage (or millage would otherwise be added to its floor calculation), the reduction factor is added to the new millage for the first year.

Governor DeWine vetoed this provision, citing a need to "ensure [property tax reform] is given the attention deserved."

(R.C. 319.301)

**VETOED: CBC Millage Reduction Authority** – County budget commissions are given more expansive authority to modify tax levies to avoid unnecessary, excessive, or unneeded tax collections. Under prior law, the budget commission was required to approve without modification all voted on tax levies and all levies for debt charges.

The only levies the budget commission is required to approve without modification under the bill are voted levies in the first year they are levied (unless they are a renewal) and levies for unsatisfied debt charges, including those issued for emergency purposes.

With the exception of taxes levied by school districts with a carryover above a certain percentage (see ‘School District Carryover Reductions’), the budget commission cannot reduce a levy to a level where it would collect less revenue than it did in the preceding year, unless there are other funds available that can offset a reduction below that level.

Governor DeWine vetoed this provision, citing the potential for CBCs to override voter decisions.

(R.C. 5705.31 and 5705.32)

# WATER QUALITY TASK FORCE

**H2Ohio** – The H2Ohio program received a significant funding cut of \$105.4 million over the biennium. The program received an appropriation of \$164.6 million over the biennium. The funding is divided across four departments and agencies, each for a different purpose.

The Department of Agriculture received \$53.6 million in each fiscal year. Funding will be used to establish programs to assist in reducing total phosphorus, dissolved reactive phosphorus, sediment, and other nutrients in the Western Lake Erie Basin and other critical regions in the state as defined by the Department. Examples include:

- Equipment for subsurface placement of nutrients into the soil, placement based on GIS data, and/or implementing manure transformation and manure conversion technologies;
- Soil testing;
- Implementation of variable rate technology;
- Tributary monitoring;
- Best management practices recognized to reduce nutrients;
- A revolving loan program; and
- Matching funds for the Conservation Reserve Enhancement Program in the Western Lake Erie Basin and Scioto River Basin.

The Department of Natural Resources (ODNR) received \$21.2 million in each fiscal year. ODNR will use these funds to support, maintain, and create wetlands throughout the state and to support improvement and protection of all waterways. There are currently 141 active or completed wetland projects across the state. Governor DeWine vetoed a provision that would have prohibited ODNR from using H2Ohio funds to purchase land and conservation easements.

The Ohio Environmental Protection Agency (OEPA) received \$7.5 million each fiscal year. OEPA will use these funds to improve water infrastructure, replace home sewage treatment systems, improve stream monitoring, and replace lead services lines and fixtures.

The Lake Erie Commission received \$132,000 in each fiscal year. The funding will be used towards phosphorus reduction modeling to better tailor modeling for Ohio's conditions and needs.

(Sections 211.20, 277.10, 319.10, and 343.10; Appropriation Line Items 700670, 715695, 780604, and 725681)

**OSU Sea Grant** – The Sea Grant appropriation matches federal funds for the Ohio Sea Grant Program. The mission of the program is to support the development and management of Lake Erie. The Ohio Sea Grant Program is a part of the OSU land-grant program, and supports workshops, field trips, and conferences at Stone Laboratory. Sea Grant's appropriation was funded at \$308,000 in each fiscal year, a slight reduction from the FY 2025 level.

(Section 381.20; Appropriation Line Item 235402)

**Healthy Lake Erie Program** – The Healthy Lake Erie Program received an appropriation of \$450,000 in FY 2026 to support conservation measures in the Western Lake Erie Basin. The funding will be used for funding assistance for soil testing, winter cover crops, edge of field testimony, tributary monitoring, animal waste abatement, and any additional efforts to reduce nutrient runoff as ODNR may decide.

(Section 343.20; Appropriation Line Item 725505)

