STATEHOUSE REPORT

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Oil and gas update bill receives first House committee hearing

Senate Bill 219 (Senator Al Landis) received its first hearing this week in the House Natural Resources Committee, where the committee heard sponsor and proponent testimony. The bill makes broad-based changes to Ohio's oil and gas law and has evolved since it was introduced in June, particularly in several key areas of interest for counties.

When it was introduced, SB 219 would have eliminated the statutory requirement that horizontal well operators enter into a road use maintenance agreement (RUMA), or attempt in good faith to do so, with affected local governments prior to receiving a permit. Instead, RUMAs would have been made voluntary.

CCAO previously submitted opposition testimony on this provision, expressing concern that making RUMAs voluntary would significantly weaken the ability of counties to protect local roads from heavy oil and gas-related traffic. Following stakeholder discussions, the bill was amended to retain existing statutory language requiring either that a RUMA be executed or that the operator file an affidavit attesting that a good faith effort was made to reach an agreement.

SB 219 also makes changes related to special regional heavy hauling permits. Under current law, overweight or oversize vehicles must obtain these permits. The bill creates an exemption for horizontal well operators, provided the operator either entered into a RUMA or filed the required good faith affidavit.

Under the bill, if an operator relies on an affidavit rather than a RUMA, the county engineer may determine that a bond is necessary. If so, the bond must be in a reasonable amount set by the engineer, not to exceed $30,000 per mile. Operators must also provide regular notice to the county engineer during seasonal weight restriction periods. CCAO continues to have discussions with the County Engineers Association of Ohio on these permit changes.

Finally, the bill incorporates language originally introduced as House Bill 522 creating the Federal Mineral Royalty Clearing Fund. Under this provision, the state must deposit all

federal mineral royalties received from oil, gas, or other mineral production on federal lands into a dedicated fund and distribute those monies to the county where the royalty is attributable.

Counties may appropriate these funds for planning, construction and maintenance of public facilities, and the provision of public services. CCAO supports this provision, as it ensures that counties directly impacted by federal mineral production receive their fair share of these revenues.

If you have questions about the bill, please contact Managing Director of Policy Adam Schwiebert.

New local property tax relief mechanism proposal receives first hearing

This week, House Bill 504 (Representative Angie King) received its first hearing in the House Ways and Means Committee. The bill would add another property tax relief tool for counties to potentially utilize by allowing commissioners to authorize a credit for a portion of valuation increases every three years.

Under the bill, if, after a reappraisal or update, the aggregate real property value in the county increased by more than 15%, the board of county commissioners could authorize a credit on all property taxes paid in the county (to any entity, not just county entities). The credit would equal the amount calculated if the value of the property increased by only one-third of its actual increase in the first year, by two-thirds of its actual increase in the second year, and the full increase in the third year.

In essence, the credit would reduce tax bills by partially shielding a portion of the property's new appraised value during a three-year phase in of the valuation increase. In the table below, which shows a simplified example where a county experienced a 30% increase in valuation, each individual tax levy would be applied to the "Taxable Appraised Value" column instead of the "Actual Appraised Value" column.

Sample of House Bill 504 Credit Calculation (Simplified)			
Year	Assessed Value	Actual Appraised Value	Taxable Appraised Value
Year 0	$285,714	$100,000	$100,000
Year 1	$371,429	$130,000	$110,000
Year 2	$371,429	$130,000	$120,000
Year 3	$371,429	$130,000	$130,000

The credit program in the bill would function similarly to the piggyback homestead exemption and the piggyback owner-occupancy credit that were created in the state operating budget last year. It would be authorized by the board of county commissioners and would affect all levies charged in the county (meaning it would also apply to township levies, school district levies, and other non-county levies).

An additional similarity is that the foregone revenue from the phased-in taxable value would not be reimbursed to taxing entities by the state and counties would not have authority to provide any partial reimbursement to affected entities.

During the hearing, the committee amended the bill to make conforming changes based on the property tax legislation that has been enacted since the bill was originally introduced.

Representative King met with CCAO's Tax and Finance Committee in October to discuss the bill. The CCAO Board of Directors ultimately adopted an Interested Party position.

If you have any questions about HB 504, please contact Research Analyst Nick Ciolli.

Bill to allow limitation of disruptive public records requests receives first hearing

This week, House Bill 314 (Representatives Dani Isaacsohn and Sharon Ray) received its first hearing in the House Judiciary Committee.

The bill would allow public offices to seek a court order to limit or deny public records requests in circumstances where the office can show that the requester has submitted multiple requests and the office believes that the volume or repeated nature of the requests is intended to harass the office or disrupt its functions.

The court would use the preponderance of the evidence standard to determine whether to limit the requests, deny the requests, or allow the requests to go through. Additionally, the court would have the authority to issue an order to automatically deny future requests submitted by the requester. These orders are presumed to be indefinitely unless the court specifies a duration.

Public offices cannot seek a court order if the request is a journalist, a *pro se* litigant seeking recording pertaining to applicable litigation, or a state agency (including higher education institutes, public defender staff, and other government attorneys).

Finally, the bill also allows public offices to contract with a third party to handle voluminous public records requests and can include the cost of the services in calculating the cost to provide the public record.

The Legislative Service Commission has a concise overview of existing public records law that readers may find informative.

If you have questions about the bill, please contact Kyle Petty.

Legislative Activity

Committee Hearings

The following committees held hearings this week regarding bills that may interest counties.

Joint Meeting of the House and Senate Medicaid Committees

- Informational presentation by Medicaid Director Scott Partika
  - Testimony
  - Presentation

House Technology and Innovation

- House Bill 413 (Representatives Tom Young and Bob Peterson): To create the Ohio Local Government Expenditure Database and require political subdivision participation, to require the state retirement systems to participate in the Ohio State Government Expenditure Database, and to make an appropriation.
  - Fourth hearing, opponent testimony from the Ohio Mayors Alliance and the Ohio Township Association and interested party testimony from the Ohio Library Council.
- House Bill 646 (Representatives Gary Click and Kellie Deeter): To create the Data Center Study Commission and to declare an emergency.
  - First hearing, sponsor testimony

House Natural Resources

- House Bill 522 (Representatives Kevin Ritter and Adam Bird): Regarding federal mineral royalty payments.
  - Third hearing, no testimony
  - **SUBSTITUTE BILL** to clarify administrative processes

House Development

- House Bill 147 (Representative Brian Lorenz): To require the Tax Credit Authority to grant a sales and use tax exemption to construction contractors for certain projects.
  - Second hearing, proponent testimony from Schottenstein Real Estate Group
- House Bill 284 (Representatives Mark Hiner and Erika White): To require iron or steel that is produced in the United States be used on projects supported by state funds.
  - Fourth hearing, interested party testimony from Associated General Contractors of Ohio

House Community Revitalization

- House Bill 58 (Representatives Justin Pizzulli and Dontavious Jarrells): To require state certification of recovery housing residences, to establish additional duties regarding services offered by community addiction services providers, and to create the Ohio Recovery Housing Task Force.
  - Sixth hearing, proponent testimony from Ohio Recovery Housing
  - **FAVORABLY REPORTED**

House Children and Human Services

- House Bill 532 (Representative Kevin Miller): To require a public children services agency to take immediate custody of specified children who cannot be released to a parent, guardian, or custodian.
  - Fifth hearing, no testimony
  - **FAVORABLY REPORTED**

- House Bill 647 (Representatives Phil Plummer and Tom Young): To revise the law governing the publicly funded child care program, modify an appropriation for the Child Care Cred Program, and to make an appropriation for a data analytics project.
    - First hearing, sponsor testimony
- House Bill 649 (Representatives Josh Williams and D.J. Swearingen): To require video surveillance of child care centers, to establish an online portal for tracking child care center attendance, and to require investigations of waste, fraud, and abuse allegations relating to providers of publicly funded child care.
    - First hearing, sponsor testimony

Senate General Government

- Senate Bill 262 (Senator Bill Blessing, III): To require a public authority or other party to a construction contract to note variations from an industry standard form.
    - Fourth hearing, no testimony
    - **FAVORABLY REPORTED**
- Senate Bill 361 (Senator Tim Schaffer): To prohibit the use of eminent domain for recreational trails.
    - First hearing, sponsor testimony

Senate Agriculture and Natural Resources

- Senate Bill 329 (Senators Paula Hicks-Hudson and Kent Smith): To expressly prohibit the surface application of brine from oil and gas wells on roads.
    - Second hearing, proponent testimony from 21 organizations and 49 private individuals

Senate Local Government

- House Bill 397 (Representatives Kellie Deeter and Mark Johnson): To expand the allowable uses of profits from jail commissary funds.
    - First hearing, sponsor testimony

Introduction of Bills

The following bill(s) that may be of interest to counties were introduced this week:

- House Bill 704 (Representative Josh Williams): To authorize a nonrefundable, transferable tax credit for charitable organizations that construct owner-occupied housing.
- House Bill 707 (Representatives Josh Williams and Darnell Brewer): To make changes to the law regarding the uniform statewide automated child welfare information system and to require public schools to appoint a child protection liaison.
- Senate Bill 366 (Senators Bill Blessing, III and Catherine Ingram): To sometimes require payment of delinquent property taxes and assessments when a lot is transferred.
- Senate Bill 367 (Senator Andrew Brenner): To allow a sales and use tax exemption for materials and services purchased for certain projects when a port authority or county refuses to endorse an agreement concerning the project.

Upcoming Committee Hearings

The following committees are currently scheduled to meet and discuss bills that may be of interest to counties. Other committees will likely meet as well, but as of press time for Statehouse Report, they have not released agendas. Please note that these schedules are subject to change.

If you would like to offer testimony on any bill, please visit the committee page and contact the committee chair's office for instructions on how to submit testimony.

Tuesday, February 24

House Children and Human Services (10:30 a.m.)

- Informational presentation by Department of Children and Youth Director Kara Wente
- House Bill 647 (Representatives Phil Plummer and Tom Young): To revise the law governing the publicly funded child care program, modify an appropriation for the Child Care Cred Program, and to make an appropriation for a data analytics project.
    - Second hearing, proponent testimony

Wednesday, February 25

House Ways and Means (11:30 a.m.)

- House Bill 273 (Representative Jason Stephens): To modify the computation of the owner-occupancy property tax rollback and the applicability of the nonbusiness property tax rollback.
    - First hearing, sponsor testimony
- House Bill 673 (Representative Jason Stephens): To expand the statewide owner-occupied residence property tax credit to all tax levies.
    - First hearing, sponsor testimony
- House Bill 499 (Representatives Tim Barhorst and Angie King): To modify the law governing county budget commissions and property taxation.
    - First hearing, sponsor testimony
- House Bill 504 (Representative Angie King): To authorize counties to temporarily exempt a portion of property's increased value from taxation following a reappraisal.
    - Second hearing, proponent testimony

House Development (9:45 a.m.)

- House Bill 147 (Representative Brian Lorenz): To require the Tax Credit Authority to grant a sales and use tax exemption to construction contractors for certain projects.
    - Third hearing, opponent testimony