STATEHOUSE REPORT

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CCAO adopts 2023-2024 Legislative Platform

This week, during the Association's annual business meeting, CCAO adopted its legislative platform for the upcoming 135th General Assembly. The platform continues to prioritize policies that will advance county government while maintaining strong relationships with our partners at the state level and other local governments.

The platform is the Association's guiding policy document throughout the legislative session. It contains both key priorities and smaller clean-up priorities.

The key priorities that the Association will pursue during the 135th General Assembly include:

- Maintaining full state reimbursement for indigent defense while creating a pilot program for counties to opt-in to a state-administered program,

- Continuing the state-county partnership for county jail construction and renovation, particularly in addressing operational needs in addition to capital needs,

- Supporting important infrastructure needed for Ohio's workforce, such as broadband expansion and water and sewer grants,

- Supporting Ohio's families through addressing issues with the child welfare system's placement crisis, exploring ways to empower counties to increase local housing supply, and policies that address the "Benefits Cliff" which forces some families to choose between increased income from a new career and a loss of from work support programs,

- Protecting county finances by opposing exemptions to the sales tax base and by restoring the Local Government Fund to a larger share of state tax revenue (currently it is 1.66%, the Association requests the rate increased to 3.68%).

The complete Platform document will be on CCAO's website soon.

Commissioners testify on House Bill 685, bill to encourage natural gas pipeline development

On Tuesday, House Bill 685 (Rep. Jay Edwards and Rep. Jon Cross) received its first hearing in House Energy and Natural Resources. Along with sponsor testimony, the committee heard from a number of proponent witnesses. Among those were three county commissioners: Ty Pell of Adams County, Charles Schilling of Washington County, and Chris Schmenk of Union County.

The bill, among other provisions, allows a county, municipality, or township to petition the Department of Development to designate an area an "EnergizeOhio zone." Such a designation lasts for five years and allows the area to benefit from a number of incentives, such as special economic development bonds, special easements on property located within the zone, and certain cost recovery and rate of returns for natural gas companies.

Commissioners Pell, Schilling, and Schmenk all informed the committee through their testimony the positive economic impact the bill would have in their counties. Commissioner Pell's testimony discusses how Adams County's lack of natural gas has harmed economic development within the county and that the incentives offered within the bill for natural gas pipelines would increase the availability of the energy source and bolster the county's economy.

Commissioner Schilling highlights some specific examples in Washington County how the lack of natural gas availability caused stumbling blocks in certain business siting decisions. In particular, he tells of how the closure of the AEP plant on the Muskingum River in 2015 caused one local school district to lose 10% of its entire budget. The site is now owned by the Southeastern Ohio Port Authority and he believes that with the incentives provided by the bill will help the port authority to develop the site and restore a strong economic base for schools and other governments in the area.

In her testimony, Commissioner Schmenk draws on her experience as a Union County Commissioner and her past economic development experience as the Director of the Ohio Development Services Agency (since renamed the Department of Development) and in other positions, both private and public, throughout her career. She discusses the Ohio Gas Access Partnership, a coalition of counties, communities, and businesses, that promotes economic development opportunities that are supported by natural gas supplies and pipelines.

House Bill 685 is unlikely to be enacted since this General Assembly ends on December 31st but it is likely that it will be reintroduced in the upcoming 135th General Assembly. CCAO as an association has not taken a position on the legislation.

Senate passes House Bill 223, allowing deductions of sales taxes for bad debts on certain credit cards

This week Senate Ways and Means voted to move House Bill 223 (Rep. Brett Hillyer) out of committee by a vote of 4-2 and the Senate subsequently voted to pass the bill 23-6. The bill allows a vendor to take a deduction for sales tax remitted for unpaid and uncollectible private label credit card account debt. Since the bill did not receive any amendments in the Senate, if passed it will go to Governor Mike DeWine. If enacted, it will take effect on July 1, 2023.

CCAO opposed the bill throughout the committee process, both when the bill was in the House and now in the Senate. As Senior Policy Analyst Jon Honeck highlighted in his opponent testimony this week, "HB 223 will cause annual sales tax revenue losses for counties of $4.2 million, based on [the Legislative Service Commission]'s estimate of a 3.5% percent charge-off rate during good economic times. During an economic downturn, charge-off rates will grow significantly higher, leading to an even larger revenue loss for counties at a time when their overall sales tax revenue is declining. In this way, the bill will intensify the revenue losses that counties experience during a recession."

The Legislative Service Commission (LSC) also estimates that the Local Government Fund would see decreased revenue of up to $600,000 a year due to the deductions.

However, as noted in both Honeck's testimony and the LSC Fiscal Note for the bill, the charge-off rate for bad debts varies considerably based on economic conditions. During the "Great Recession" of 2008-2009, the charge-off rate rose above 10%; under that circumstance the loss to counties and transit authorities would reach nearly $12 million. Unfortunately, in that scenario the presence of recession means that counties would already be losing sales tax revenue in other areas.

Additionally, LSC's estimates rely solely on data regarding consumer private-label credit usage, which totaled $239 billion nationwide in 2018. It does not include business private-label credit usage, which may have totaled up to $100 billion in 2018. While debt payment behavior is likely different between individual consumers and businesses, LSC's estimate may be off by nearly 42% due to excluding business private-label credit usage.

Other legislative activity

The following bills of interest to the Association had action this week.

Bill	Bill Summary	Activity
House Bill 150	Creates the Rural Practice Incentive Program (public defender loan repayment for practicing in rural areas) and creates a task force to study the indigent defense system. CCAO will appoint one member of the task force.	Had its 2nd hearing in Senate Finance. CCAO Managing Director of Policy Kyle Petty provided proponent testimony.

Bill	Bill Summary	Activity
House Bill 142	Allows doula services to be reimbursed through Medicaid.	Had its 2nd and 3rd hearings in Senate Health; CCAO Outreach & Member Engagement Manager Rachel Reedy provided proponent testimony.
House Bill 458	Generally eliminates August special elections and makes other changes to election law.	Had its 4th hearing in Senate Local Government and Elections. Received a substitute bill that included the requirement that voters provide photographic identification and other administrative changes for boards of elections.
House Bill 501	Township omnibus bill.	Had its 2nd hearing in Senate Local Government and Elections. Received a substitute bill that, among township provisions, allows counties to regulate small-scale (less than 50 MW of nameplate capacity) solar facilities.
House Bill 531	Allows, with commissioner approval, a county prosecutor to provide legal services to councils of government and planning organizations.	Had its 3rd hearing in Senate Local Government and Elections.
House Bill 567	Require the clerk of the court of common pleas to make the court's docket available on the clerk's website.	Had its 2nd hearing in Senate Judiciary. Received minor amendments.
House Bill 245	Expands eligibility for county sewer discounted rates and charges.	Had its 1st hearing in House Local Government and Elections.
House Bill 487	Allows ballots to be printed out of state.	Had its 4th hearing in Senate Local Government and Elections. *Provisions similar to this bill have been amended into House Bill 294*.
House Bill 650	Revise election laws, including to require a photo identification document to vote.	Had its 1st hearing in House Government Oversight.