STATEHOUSE REPORT

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House adopts Omnibus Amendment, sends HB 33 to Senate

On Monday, the House Finance Committee released its Omnibus Amendment to House Bill 33, the main operating budget. The committee adopted it, with a minor change, on Tuesday and referred the bill to the floor. On Wednesday, by a vote of 78-19, the House passed HB 33 and sent it to the Senate. The bill includes many county-related provisions.

Top Priorities

Indigent Defense: The House-Passed version of the budget increases funding for reimbursement to counties for indigent defense costs to $190.0 million in FY 2024 and $195.8 million in FY 2025 across the two appropriation line items that are used to reimburse counties; the $385.8 million over the biennium is an increase of about $67 million than has been provided during the current biennium. CCAO estimates that this level of funding will equate to a reimbursement rate of about 90%, with an additional $41 million needed over the biennium to reach full reimbursement.

The bill includes two other notable indigent defense provisions. First, it prioritizes reimbursement to counties that contract with the State Public Defender so those counties receive 100% reimbursement, with other counties receiving reimbursement at the rate the appropriation allows. This is intended to incentive counties to contract with the state for services.

Second, it places a reimbursement cap at the greater of $75 or the rate established by the county as of April 1, 2023. This provision will help control costs across counties so a rate change in one county will be less likely to consume an inordinate amount of the appropriation.

On a similar matter, although not strictly limited to indigent defense, the bill includes $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 the Department of Rehabilitation and Correction.

Local Government Fund: The House-Passed version contains several changes to the Local Government Fund that will help provide more flexible funding to counties. First, it increases the share of state GRF tax revenue that is distributed through the LGF from 1.66% to 1.70%. The increased percentage, in addition to other tax-related provisions of the bill, is estimated to increase the size of the LGF by about $11.0 million per year; about $4.5 million of which is estimated to flow to counties. While it is a modest increase, it is the first statutory increase in the percentage in more than a decade and a sign of progress on the issue.

Another important LGF-provision is a modification to the minimum distribution a county undivided local government fund can receive. Under current law, each county either receives the amount calculated by the Department of Taxation or, if the calculated amount is less than $750,000, the lesser of $750,000 or what the county received in 2013. This had the effect of locking several counties to their 2013 level of funding, even as a decade of inflation has eaten away at that amount's buying power. The House-Passed version increases the floor to $850,000, helping to provide more resources to communities in small counties.

The bill additionally requires periodic review of the formulas used within counties if they utilize an alternate distribution mechanism to distribute local government funds to subdivisions. The county budget commission in each county that uses an alternative distribution method must review the method at least once every five years and give subdivisions the ability to provide feedback on the method.

Funding for County Jail Projects: As many of you know, jail funding is very important to Speaker Stephens. As a result of his leadership, the House made a historic investment of $200 million dollars over the biennium for county jail construction/renovation. These additional funds are critical as Ohio jails are facing workforce shortages, mental health and substance abuse issues and are in desperate need of repairs. This investment will collectively strengthen Ohio's jails and ultimately increase public safety.

Next Gen 9-1-1 and MARCS: The bill includes historic support for the roll-out and operations of the Next Generation 9-1-1 system, through $46.0 million to fund the infrastructure needed to connect all counties to the NG 9-1-1 system and a $0.64 monthly user fee on certain devices to fund ongoing operations of the NG 9-1-1 system. The bill also repeals the authority for counties to impose additional monthly charges and terminates any existing charges placed on bills by counties and removes a provision allowing a county that currently levies a 9-1-1 property tax to replace the tax with a monthly charge on wireless subscribers and eliminates the requirement that counties have a 9-1-1 Technical Advisory Committee.

It also includes $50.0 million over the biennium to pay for the subscription fees for the Multi-Agency Radio Communication System (MARCS), which will help counties that wish to join MARCS but previously could not afford to do so.

Other Budget Provisions

The following are other county-related provisions that are included in the House-Passed version of the bill. They are grouped roughly by subject area.

Health and Human Services

Benefits Cliff Pilot Program: the bill would create the "A Hand Up" pilot program to assist program participants in transitioning into the workforce as they become ineligible for public assistance benefits. Four counties would be eligible for the two-year pilot: one metropolitan county, one midsize county, and two rural counties, one of which must be in the Appalachian region.

Child Care: The bill increases the eligibility threshold to access publicly funded child care (PFCC) from up to 142% of the federal poverty level to 160% of the FPL, which is estimated to give more than 15,000 additional children access to PFCC.

Children Services: The executive budget proposes an increase of $25 million in FY 2024 and $35 million in FY 2025 for the state child protection allocation earmark, which directly funds placement costs and administration for children services at the county level. However, the line item that includes the state child protection allocation has an overall decrease in funding, which will result in cuts to other children services programs that are important to PCSAs.

Adult Protective Services: The bill increases the amount of funding for adult protective services administration and allocates $80,000 to each county for APS, an increase from the $65,000 allocation counties currently receive.

Senior Services: The Department of Aging will receive a one-time ARPA appropriation of $40 million for Healthy Aging grants to help seniors stay in their homes as long as possible. These funds will be provided to the boards of county commissioners (or, in Cuyahoga County and Summit County, the county executive and county council) to utilize.

Mental Health Services: The bill makes many investments in the mental health field. It provides $46.5 million over the biennium to support the new 988 Suicide and Crisis Lifeline network with the goal of increasing the number of call centers that have response rates of at least 90% and that have an answer speed of less than 60 seconds. The budget also allocates $20 million to county ADAMH boards to fund local projects in prevention, early intervention, and suicide prevention. Finally, the budget allocates $16 million to the state's forensic centers to hire and retain Forensic Evaluators to help ensure the services that forensic evaluation centers provide to localities continues to be provided in a timely manner.

Medicaid Bold Beginning: The Department of Medicaid's budget includes funding to extend Medicaid coverage for children and pregnant women at up to 300% of the federal poverty level, potentially covering an additional 30,000 children and 3,500 pregnant mothers.

County Boards of Developmental Disabilities Membership: The bill permits a board of county commissioners, if unable to appoint at least one individual who is eligible to receive services from the county DD board, to instead appoint another individual if it provides an explanation to the county DD board why appointing an eligible individual was not possible. It also permits the senior probate judge to appoint an individual eligible to receive services to satisfy the requirement that the board of county commissioners appoint such an individual.

Housing: The bill includes a tax credit for the development and rehabilitation of multi-family rental housing units. Administered by the Ohio Housing Finance Agency, this program would reserve up to $500 million for four years to developers of qualifying projects.

Economic Development

Competitive Bidding Thresholds: The bill increases the statutory competitive bidding threshold to $75,000 through CY 2024, with the threshold increasing by 3% annually thereafter. It further increases the allowable difference between a public improvement project's estimated cost and the contract price from 10% to 20%.

Brownfield Remediation and Demolition and Site Revitalization Grants: The bill appropriates funding for Brownfield Remediation grants and Demolition and Site Revitalization grants. The former is funded at $175 million in each fiscal year and the latter is funded at $150 million in only FY 2024.

Water and Sewer Quality Program: The bill adds funding for Water and Sewer Quality grants. It is funded at $160 million in FY 2024.

Broadband: In FY 2024, the Department of Development budget includes several broadband deployment appropriations: $105 million in federal funds for the Broadband Equity, Access and Deployment Program, and a $267 million appropriation from the ARPA Capital Projects fund. In FY 2025, $30 million will be made available from the Broadband Digital Equity Act Program.

Broadband Pole Replacement and Undergrounding Program: The bill increases the appropriation used to support the Broadband Pole Replacement and Undergrounding Program to $50 million in FY 2024, with any remainder carrying over to FY 2025. The program is intended to reimburse providers of qualifying broadband service for pole replacements, installations, and undergrounding to accommodate increased broadband infrastructure.

All Ohio Future Fund: The budget appropriates $500 million for the All Ohio Future Fund, a program intended to help prepare the physical and human infrastructure needed to attract economic development projects to all corners of Ohio.

Taxation and Finance

Property Tax Changes: The bill makes several changes related to property tax law. These include:

- Eliminating the authority of local governments to levy replacement property tax levies after January 1, 2025, and allowing park districts to put levies on the ballot to renew, increase, or decrease levies, as park districts had only been able to levy replacement levies.
- Adjusting the homestead exemption amount with inflation.
- Allowing the second and third publication of impending property tax foreclosures to be made online.
- Altering the formula through which the Tax Commissioner is to uniformly value federal subsidized rental housing.
- Prohibiting electric utilities from requesting (and the Tax Commissioner from approving) a reduction in a power plant's tangible personal property taxable value of more than 7.5% compared to the prior year.
- Exempting the increased value of land in a subdivision for residential development that is due to improvements (these provisions are similar to that of House Bill 149 of the 133rd General Assembly).

Lodging Tax Changes: The bill makes three changes to lodging taxation law. These include:

- Allowing a county within a specific population range (tailored to apply to Hamilton County) to levy an additional 1% lodging to tax to fund the acquisition, construction, renovation, expansion, maintenance, operation, or promotion of a convention, entertainment, or sports facility. It also permits the same county to repurpose a portion of its revenue from existing lodging taxes for the same purpose.
- Allowing a county to use a portion of the revenue from its 3% lodging tax to fund public safety services in a municipality or township designated as a resort area (this functionally only applies to counties with Lake Erie islands as they are the only currently designated resort areas in the state).

- Allowing a county with a population greater than 800,000 that levies a lodging tax, or a municipality in such a county that levies a lodging tax, to exempt wholly or partially from the lodging tax a hotel that has been designated as the "headquarters hotel" for a convention center. It allows the exempting government to require payments in lieu of taxes from the headquarters hotel equal to the amount of tax foregone, which must be used to finance facilities associated with the headquarters hotel.

Sales Tax Exemptions: The bill exempts from the sales tax child diapers, reams, wipes, car seats, cribs, and strollers. LSC estimates the state GRF loss will be $10.7 million in FY 2024 and $16.0 million in FY 2025, with accompanying revenue loss to the LGF and counties.

Agriculture and Water

H2Ohio: The bill fully funds H2Ohio at $307 million over the biennium. The bill also funds the newly created H2Ohio Rivers Initiative at $58.8 million and sets aside $4 million over the biennium for the creation of a water quality pilot program focused on the reduction of phosphorus levels within legacy phosphorus fields across the state.

County Agricultural Societies: The bill doubles the funding available to reimburse county and independent agricultural fairs for expenses incurred related to youth activities.

Soil and Water District Match Increase: The budget increases the two appropriation items in the Department of Agriculture's budget that provide funding to county soil and water districts by a total of $9.2 million over the biennium.

Justice and Public Safety

eWarrant Local Integration Funding: The bill provides $2.5 million per year for eWarrant Local Integration, which will be used to provide access to local law enforcement agencies from across the state to track the status of warrants.

RECLAIM Ohio: The bill funds the RECLAIM Ohio program at $195.0 million in FY 2024 and $196.0 million in FY 2025.

Elections and General Government

Electronic Pollbooks: The bill makes small changes to reimbursement for e-pollbooks. First, it allows for reimbursement for leasing e-pollbooks instead of just reimbursement for purchases, and second it specifies that reimbursement for acquired e-pollbooks and ancillary equipment must be paid to the county board of elections rather than the county general fund.

Ballot Box Recording Availability: The bill increases the timespan within which a county board of elections must make each day's recordings of secure ballot drop boxes available online from within 24 hours of the video's end to 72 hours.

County Election Official Training: The bill provides a modest increase to the appropriation item created by the Controlling Board in 2021 that the Secretary of State uses to help support training provided to county election officials.

County Recorder Technology Fund: The bill extends the dates that apply to county recorder technology fund from expiring on January 1, 2025, to January 1, 2030, and extends the period through which the county recorder may submit a second proposal for additional funding to the fund from October 1, 2023, to October 1, 2028.

County Credit Card Usage: The bill adds a provision permitting the county to use its credit card to pay any fees or charges related to state-issued licenses and certificates.

Legislative Activity

Floor Sessions

The following bills that may be of interest to counties were acted upon by the noted chamber of the General Assembly:

House of Representatives (April 26)

- House Bill 33 (Representative Jay Edwards): Main Operating Budget
    - **PASSED** 78-19

Committee Hearings

The Senate has begun informal budget hearings regarding HB 33, the main operating budget. Additionally, the following committees held hearings that included bills that may be of interest to counties:

Senate Financial Institutions & Technology

- Senate Bill 50 (Senator Steve Wilson and Senator Kent Smith): To make changes to the law governing 9-1-1 service and to repeal program requirements for emergency-service telecommunicator training.
    - Fifth hearing; no testimony
    - Substitute Bill in progress

House Families & Aging

- House Bill 7 (Representative Andrea White and Representative Latyna Humphrey): Enact the Strong Foundations Act
    - First hearing; sponsor testimony
    - Substitute Bill adopted

House Government Oversight

- Senate Bill 92 (Senator Rob McColley and Senator Teresa Gavarone): To allow a special election to be held in August for certain purposes and to make an appropriation.
- House Bill 144 (Representative Susan Manchester): To allow a special election to be held in August for certain purposes and to make an appropriation.
    - *SB 92 & HB 144 were heard together, so testimony applies to both*
    - April 26: First hearing; sponsor testimony and proponent testimony.
        - Sponsor testimony from Senators Rob McColley and Teresa Gavarone and Representative Susan Manchester.
        - Proponent testimony from Secretary of State Frank LaRose, Ohio Value Voters, two members of county boards of elections in their private capacity, and four private citizens.
    - April 27: Second hearing, opponent testimony.
        - Opponent testimony from the Auglaize County Board of Elections, the ACLU, the League of Women Voters, Common Cause Ohio, four other organizations,

one member of a county board of elections in their private capacity, and 14 private citizens.

House Ways & Means

- House Bill 90 (Representative Tom Patton) Authorize property tax exemption for disabled veterans, spouses
  - First hearing, sponsor testimony
- House Bill 118 (Representative Nick Santucci and Representative Melanie Miller): To exempt certain baby products from the sales and use tax.
  - First hearing, sponsor testimony.
- House Bill 1 (Representative Adam Mathews): To modify the law regarding property taxation and income tax rates.
  - Seventh hearing, opponent testimony from the Olentangy LSD, the Talawanda LSD, the Akron Zoo, the Children's Defense Fund of Ohio, and two private citizens.

Bill Introductions

The following bills that may be of interest to counties were introduced this week:

- Senate Bill 116 (Senator George Lang and Senator Tim Romanchuk): To make changes to Ohio's Unemployment Compensation Law.

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, May 2

House Government Oversight (10:00 a.m.)

- Senate Bill 92 (Senator Rob McColley and Senator Teresa Gavarone): Allow special election to be held in August for certain purposes.
  - Third hearing
  - Possible Vote

House Families and Aging (11:00 a.m.)

- House Bill 7 (Representative Andrea White and Representative Latyna Humphrey): Enact the Strong Foundations Act
  - Second hearing, proponent testimony

House Ways and Means (2:30 p.m.)

- Senate Bill 43 (Senator Andrew Brenner): Modify homestead exemption for the surviving spouse of a disabled veteran
  - First hearing, sponsor testimony

House State and Local Government (3:30 p.m.)

- House Bill 101 (Representative Adam Bird and Representative Jean Schmidt): Modify the law regarding village dissolution
  - Third hearing, opponent testimony
  - Possible amendments

- House Bill 85 (Representative Tom Patton): Expand methods by which land banks acquire delinquent property
    - First hearing, sponsor testimony