STATEHOUSE REPORT

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Senate passes HB 101, addresses CCAO budget clean-up items

This week the Ohio Senate passed House Bill 101 (Representative Adam Bird and Representative Jean Schmidt) unanimously after it was referred from the Senate Finance Committee hours earlier. During the committee process, the bill picked up several amendments that addressed budget clean-up items, including several sought by CCAO.

CCAO previously submitted proponent testimony during the House and Senate committee process, regarding the bill's provisions pertaining to the process of village dissolution, born out of difficulties faced in a village dissolution in Clermont County. Clermont County commissioners Bonnie Batchler and CCAO 1st Vice President David Painter also provided proponent testimony. In the occurrence of a village dissolution, the bill creates a Transition Supervisory Board (TSB) which will oversee the process. The TSB will be made up of three county elected officials: a county commissioner, the county recorder, and the county auditor.

The TSB will be responsible for managing the transition of the dissolved village with responsibilities including:

- Resolving outstanding debt, liabilities, and obligations;
- Settling any legal claims against the dissolved village;
- Administer and collect taxes and special assessments levied by the dissolved village;
- Dispose of the dissolved village's real and personal property;
- Manage the dissolved village's utility services, then transfer them;
- Respond to requests for the dissolved village's public records and transfer custody of the records to the proper entity;
- Wind down the dissolved village's involvement in community improvement corporations, special improvement districts, and tax increment financing arrangements;
- Conduct all other necessary business to conclude the village's affairs.

During the committee process, the bill became the Senate's vehicle to address other local government related issues, including two of CCAO's budget clean-up priorities. One win for counties was the inclusion of language that will raise the indigent defense reimbursement rate on capital cases to $140 an hour. The language in the budget does not provide for an exception for capital cases in the reimbursement cap of $75 an hour. If passed by the House, the reimbursement rate for capital cases will match that set by the Capital Case Attorney Fee Council.

The other priority clean-up item included in HB 101 relates to Next Generation 9-1-1. The budget bill created R.C. 128.419, which exempted wireless service that is priced at less than $5 a month from paying the new $0.40 per month NG 9-1-1 access fee. Due to a drafting error, this language potentially could lead to the access fee not being collected on any wireless device.

The language in HB 101 fully removes R.C. 128.419 and restores the original intent of applying the $0.40 access fee on wireless devices.

The House did not consider the Senate amendments to HB 101 during its session this week, meaning it will likely consider them at one of its sessions in January.

Flurry of bills pass out of both chambers as the General Assembly wraps up its activity for 2023

As the legislature wraps up its work for 2023, several bills were voted out of the Senate and House. The most important bill to pass the Senate was House Bill 101, discussed above. The House, meanwhile, passed four bills of note.

First, the House passed Senate Bill 91 (Senator Tim Schaffer) after adding several amendments in committee. The fraud training requirements originally in the bill were inserted into the operating budget. CCAO is working with the Auditor of State's office as they develop and roll out the training requirements. We will provide an update when we have additional information.

However, the other parts of the original SB 91 (and subsequently added to the operating budget bill) were fraud reporting requirements that Governor Mike DeWine vetoed. The amendments added in the House addressed the administration's concerns. The language largely clarified how the reporting process works for mandatory reporters under the bill, which includes elected officials. Additionally, the House added language that prohibits the expenditure of local revenue without a vote. The Senate later concurred on the House amendments to SB 91 and the bill now heads to the Governor's desk for his signature.

The House also unanimously passed House Bill 305 (Representative Brian Stewart and Representative Richard Brown). HB 305 provides for the electronic filing of pleadings or documents in courts of common pleas except a probate or juvenile court, in municipal courts, and in county courts. The bill also permits the clerk to disburse funds for the computerization of the clerk's office without the court's authorization, and to permit municipal and county courts to increase the maximum amount of their additional fees from ten dollars to twenty dollars to cover the computerization of the clerk's office. The fees associated with this bill will go to a special projects fund located in the county treasurer's office and any expenditure of the funding must be approved by the board of commissioners. The bill now heads to the Senate for consideration.

Additionally, the House passed [House Bill 56] out of the chamber by a vote of 83-6. The bill requires law enforcement entities to train officers related to the pursuit of a motor vehicle. HB 56 removes specific minimum terms and requirements for law enforcement pursuits and instead requires law enforcement agencies to consider pursuit policy standards and best practice recommendations from the Ohio Collaborative Community-Police Advisory Board, or a similar accrediting entity, and to train its officers on the policy.

The bill also increases penalties for fleeing from law enforcement and forms of stunt driving, which include burnouts, doughnuts, drifting, wheelies, tire-squealing or allowing passengers to ride partially or fully outside the vehicle," or in a street takeover, "i.e., blocking or impeding the regular flow of vehicle or pedestrian traffic for the purpose of street racing or stunt driving," The bill will now head to the Senate for further consideration.

Finally, the House also passed House Bill 93 (Representative Mark Johnson and Representative Riordan McClain). The bill limits the ability for municipal corporations to place property tax liens on tenants if the landlord/owner of the property does not reside at the residence and the tenant has an outstanding water bill. However, the bill does allow property tax liens under certain circumstances.

The bill will also give the ability to the municipal corporation to track the tenant for any unpaid charges and to add a tenant reinstatement fee for municipal services when an individual with unpaid charges attempts to reestablish services with the municipal corporation. Counties are unaffected by the bill but were included in a similar proposal in the 134th General Assembly. CCAO has not taken a position on the bill but is continuing to monitor it so that counties remain outside of the bill's scope.

Senate Housing Committee meets in Lima; Miami County provides testimony

The Senate Select Committee on Housing met in Allen County earlier this week to hear testimony from multiple witnesses. Over 30 witnesses provided written or in-person testimony. Miami County Commissioner Wade Westfall provided testimony focusing on the negative impact of expedited type 2 annexation that is occurring across the county line into Miami. Under expedited type 2 annexation, all of the property owners within an area of 500 acres or less may petition for annexation into a municipality, and even if the township objects, the commissioners are required to approve the annexation if certain conditions are met (R.C. 709.023).

Commissioner Westfall singled out three main potential impacts of a large residential development: overcrowding in schools and disregard for the careful planning of the school board and residents; disregard for zoning laws that have been developed over the course of decades; and increased pressure on infrastructure that will likely lead to overcapacity and the need for tax increases to support development that was not supported by the residents. He concluded that "…expedited annexations are effectively destroying the wishes and desires of the community as they've mandated via their vote and tax dollars."

Other witnesses included the Mayors of Lima, Sidney and Bryan, and the Lucas County Land Bank. Witness testimonies may be accessed at the committee's website.

Overview of House and Senate bills regarding adult use cannabis

Last Thursday, Issue 2 (now R.C. Chapter 3780) went into effect. Both chambers of the General Assembly have begun the process of making legislative changes to the new chapter. As the House and Senate deliberate and negotiate, CCAO would like to inform our members of the potential changes that may affect counties. As an important note regarding both plans, counties will continue to receive sales tax revenue from adult use cannabis sales.

The Senate Plan

On December 7, the Ohio Senate passed House Bill 86 (Representative Jeff LaRe) with a vote of 29-2. Originally regarding the liquor law, the bill was amended to include the Senate's plan for adult use cannabis. One key change is the increase of the excise tax levied on adult use cannabis products to 15% (Chapter 3780 sets the rate at 10%). The Senate would distribute the revenue generated from the excise tax according to the following percentages, with a maximum distribution for each purpose:

- 28% (up to $80 million) – Grants through the Department of Rehabilitation and Corrections (DRC) for operating and/or construction cost for county jails.
    - DRC must use the jail funding formula included in the state operating budget to distribute grants.
    - This allocation sunsets after ten years.
    - After sunset, the 28% allocation will be distributed to the General Revenue Fund.
- 16% (up to $45 million) – To the Department of Public Safety (DPS) to fund peace officer training.
    - After five years, allocation increases to 19% (up to $55 million).
- 14% (up to $40 million) – To the Attorney General to fund law enforcement continuing education training costs.
    - Begins in 2026.
- 9% (up to $25 million) – To the Department of Mental Health and Addiction Services (OMHAS) to fund substance abuse treatment, prevention, and education programs.
    - After five years, allocation increases to 11% (up to $30 million).
- 9% (up to $25 million) – OMHAS to fund and administer the 9-8-8 suicide prevention hotline.
- 5% (up to $15 million) – To the Attorney General to reimburse certain costs associated with expungement for marijuana possession offenses decriminalized by the bill.
    - Sunsets after five years.
- 5% (up to $15 million) – To the Division of Criminal Justice Services to fund local drug task forces.

- 5% (up to $15 million) – To fund safe driving programs administered by DPS.
- 4% (up to $13 million) – To DPS to pay the expenses of administering the Ohio Investigative Unit.
- 3% (up to $8 million) – To pay for administrative expenses of the Division of Marijuana Control.
- 2% (up to $5 million) – To the Department of Health to fund poison control centers.

Any revenue above each purposes' maximum allocation will be deposited into the General Revenue Fund. Functionally, this means that any revenue generated by the excise tax in excess of $286 million will go to the state GRF.

Subject to voter approval, counties have permissive authority to levy an additional 3% excise tax (in 0.25% increments) on adult use cannabis sales to support artistic, cultural, and entertainment opportunities.

The Senate plan makes any property used to cultivate adult-use marijuana ineligible to be valued as CAUV. This is very similar to how current law views land used for medical marijuana.

A municipal corporation or township can prohibit, or limit the number of, adult-use cannabis operators permitted within the boundaries of the subdivision, subject to certain limitations (R.C. 3780.25(A)).

The Senate plan will also limit the amount of dispensary licenses to 350 across the state of Ohio and prohibits a dispensary from being located within 500 feet of schools, churches, public libraries, or public playgrounds and parks.

The House Plan

On December 5, the House's plan for adult use cannabis, House Bill 354 (Representative Jamie Callendar), was introduced. To date, the bill has received four hearings in the House Finance Committee.

The House version keeps the 10% excise tax in Chapter 3780, along with a similar tax revenue distribution:

- 36% – Social Equity and Jobs Program, funded through the Department of Development.
    - Counties will run the programs and receive grants from Development (more information below).
- 36% – Host Community Cannabis Fund.
    - Distributed to municipalities and townships.
- 12.5% – 9-8-8 Suicide and Prevention Hotline, funded through OMHAS.
- 10% – Substance Abuse and Addiction Fund which aids county sheriffs in providing mental health services in county jails.
- 2.5% – Substance Abuse and Addiction Fund to support OMHAS in developing the state's mental health workforce.
- 3% – Division of Marijuana Control operations.

A provision not found in either Chapter 3780 or the Senate's plan is a 10% cultivators gross receipts tax. The House will allocate funding to county jails using the formula from contained in the operating budget, similar to the Senate's plan. The full allocation of the cultivators gross receipts tax is as follows:

- 36% – Adult Use Cannabis Local Jail Fund
- 36% – Adult Use Cannabis County Sheriff Fund
- 23% – Adult Use Cannabis Law Enforcement Training Fund
- 5% – Crime Victims Assistant Fund

The House plan mirrors the Senate plan's provisions regarding cultivation land being ineligible for CAUV and siting restrictions within 500 feet of certain locations. Unlike the Senate plan, however, the House does not limit the number of dispensaries that can operate statewide.

One significant change that counties should be aware of in the House plan is an adjustment of the Social Equity and Jobs Program established in Chapter 3780. The chapter gave the Department of Development the primary responsibility of developing and administering the program across the state.

Under HB 354, these responsibilities will now be under the board of county commissioners in each county or a designed a department, board, commission, or agency.

The county's responsibilities under the program include the following:

- Individuals wanting certification will apply to the county once the county establishes procedures.
- Counties will certify cannabis social equity and jobs program applicants in accordance with rules developed under the Dept. of Development.
- Grants will be provided to counties for the following program purposes:
    - Financial assistance;
    - Loans;
    - Grants;
    - Technical assistance.
- Grant funding may also be used by a county for the following:
    - Community engagement;
    - Economic development;
    - Social programming.

With both chambers concluding their activities for the year, further action is unlikely to occur until January when the General Assembly reconvenes. CCAO will keep members informed as the adult use cannabis issue develops.

If you have any questions about the provisions of Chapter 3780, House Bill 86 (the Senate plan), or House Bill 354 (the House plan), please feel free to reach out to a member of the Policy Team.

Legislative Activity

Committee Hearings

Several bills of interest to counties received hearings this week across different committees.

Senate Ways and Means

- Senate Bill 186 (Senator Lou Blessing III and Senator Catherine Ingram): To require payment of property taxes and assessments when a lot is split or transferred and to generally prohibit tax-delinquent property owners from purchasing tax-foreclosed property.
    - First hearing, sponsor testimony

Senate General Government

- Senate Bill 137 (Senator Theresa Gavarone and Senator Bill DeMora): To generally prohibit the use of ranked choice voting and to withhold Local Government Fund distributions from a municipality or chartered county that uses ranked choice voting.
    - Second hearing, proponent testimony from Opportunities Solutions, Honest Elections Project, Heartland Impact, and nine other organizations.
- Senate Bill 137 (Senator Bill DeMora and Senator Theresa Gavarone): To specify that election officials are designated public service workers for purposes of the public records law.
    - First hearing, sponsor testimony
    - **AMENDED** to remove poll workers and other temporary employees from the scope of the bill.

House Government Oversight

- Senate Bill 91 (Senator Tim Schaffer): Regards fraud, waste, and abuse of public funds.
    - Third hearing, opponent testimony from People's Budget Cleveland and 14 private individuals.
    - **FAVORABLY REPORTED**

House Pensions

- House Bill 296 (Representative Cindy Abrams and Representative Thomas Hall): To increase contribution amounts that employers of full-time municipal police officers must make to the Ohio Police and Fire Pension Fund.
    - Fourth hearing, opponent testimony from the City of Sidney and the Association of Public Safety Directions and interested party testimony from the Ohio Chamber of Commerce, the Ohio Association of Professional Fire Fighters, individuals representing nine fire departments and one chapter of the Fraternal Order of Police.

House Aviation and Aerospace

- House Bill 77 (Representative Bernard Willis): To establish requirements and prohibitions governing the operation of unmanned aerial vehicles in Ohio.

    - Fourth hearing, no testimony
    - **AMENDED** to allow park districts to establish local regulations regarding the use of unmanned aerial vehicles.

House Ways and Means

- House Bill 344 (Representative Adam Mathews and Representative Thomas Hall): To eliminate the authority to levy replacement property tax levies and to modify the law governing certain property tax complaints.
    - First hearing, proponent testimony
- House Bill 274 (Representative Adam Mathews and Representative Richard Dell'Aquila): To authorize an enhanced property tax homestead exemption for certain long-term homeowners.
    - Third hearing, no testimony
- House Bill 347 (Representative Don Jones): To presume certain trailers and vehicles are sold for agricultural purposes and thus exempt from sales and use tax when sold to established farmers.
    - First hearing, sponsor testimony

House Public Utilities

- House Bill 197 (Representative Jim Hoops and Representative Sharon Ray): To establish the community solar pilot program and the solar development program.
    - Third hearing, no testimony.
    - **ADOPTED** a substitute bill: LSC Comparative Analysis