STATEHOUSE REPORT

Published by: County Commissioners Association of Ohio

209 East State Street • Columbus, Ohio 43215-4309
Phone: 614-221-5627 • Fax: 614-221-6986 • www.ccao.org

March 15, 2024

Initial revenue from new NG 9-1-1 Access Fee shows a 25% increase in funding for counties but falls short of expectations

Key Takeaways/Talking Points:

- Initial collections from the new NG 9-1-1 access fee resulted in a 25% increase in monthly revenue to counties for 9-1-1 operations.

- The overall revenue from the new NG 9-1-1 access fee is expected to total approximately $48 million annually, which is significantly less than the $100 million-dollar annual revenue projection during the operating budget deliberations.

- Although the NG 9-1-1 system will provide lifesaving technological upgrades, the system implementation and operation will result in a cost increase for counties.

- Additional revenue will be needed to offset this local cost increase and the NG 9-1-1 access fee may need to be raised further to provide additional funding to counties.

HB 33, the state's operating budget, laid the foundation for Ohio to transition its 9-1-1 system from an antiquated landline-based system to an internet-based Next Generation 9-1-1 (NG 9-1-1) system. Although the NG 9-1-1 system will allow for life saving technological upgrades, the system will result in a cost increase for counties. The NG 9-1-1 access fee was created to provide additional funding to counties to assist with the costs associated with the upgrade. HB 33 established the NG 9-1-1 access fee at 40 cents per month. The fee is applied to each cell phone line, Voice over Internet Phone (VoIP) channel, and Multi-Telephone Systems (MTS) such as those utilized in hotels and call centers, with the fee only applying to the first 100 lines.

The new NG 9-1-1 fee was expected to fund not only county operations, but also the statewide NG 9-1-1 system operated by the state. To fund the statewide system, the state receives 25% of the revenue from the new fee and counties will receive 72% (with the remaining 3% going towards collection and office operations for the state 9-1-1 office and the Ohio Department of Taxation (ODT)). Previously, counties received 97% of the previous 25 cent per month fee, which resulted in approximately $27 million to counties annually.

In total, the new NG 9-1-1 access fee was anticipated to generate over $100 million each year, with counties receiving approximately $72 million dollars annually for 9-1-1 operations. This week, ODT received the fee collection amount for the month of January and that amount was compared to the previous year's collection below:

9-1-1 Access Fee Revenue, January 2023/2024 Comparison				
Month	Fee per Line	Total Revenue	County Share	County Revenue
January 2023	$0.25	$2,360,912	97%	$2,290,085
January 2024	$0.40	$4,153,665	72%	$2,990,639
Change ($)		*$1,792,753*		*$700,554*
Change (%)		*75.9%*		*25.7%*

Based on the January collection number, the total yearly revenue from the NG 9-1-1 access fee would be approximately $48 million dollars. This number is well below the expected $100 million dollar revenue estimate for the fee (which equates to about $8.3 million in each month).

ODT believes that there are still implementation issues with the new user fee and some vendors are not accurately collecting the fee during the first month of collection. ODT believes we could see additional revenue in the future; however, they are not sure about the size of the increase. It is encouraging to see an increase in revenue for counties in this area; however, the revenue is not at the level that we expected.

The 40-cent fee will revert to a 25-cent fee in October of 2025 without legislative action. We will need to begin advocating to at least keep the 40-cent fee in statute and potentially look at increasing the fee if the revenue does not significantly increase by March 2024.

Additionally, HB 33 required all counties to create a new county 9-1-1 plan and submit that plan to the state 9-1-1 program office by April 3, 2024. If you have questions about the new plan, DAS conducted a series of "roadshow" presentations to assist with that process. A recording of one of their presentations can be found here for reference.

OPD accepting comments on updated Standards and Guidelines

In an effort to be more responsive to the indigent defense needs for counties, the Ohio Public Defender (OPD) is allowing counties to submit comments to the agency's updated standards and guidelines for the year.

The draft standards and guidelines are available here. Please note that comments are due by March 24. If you have comments on the draft, the Policy Team would be happy to work with you on those comments and assist with the submission process.

February OBM report shows uptick in non-auto sales tax collections

On Monday, the Office of Budget and Management (OBM) released its monthly financial report for February 2024. Total tax receipts to the General Revenue Fund finished the month $38.4 million (1.8%) above the budgeted estimate. Tax receipts remain slightly below estimates year-to-date, lagging 0.3% behind OBM's estimates (or $51 million).

The state had a stronger February than last year, with 2024 tax receipts coming in $75.3 million (3.7%) above February 2023; the year-to-date comparison with 2023, however, still lags 0.3% (or $47.1 million) behind 2023.

Among the highlights in the report are:

- Non-Auto Sales Tax collections were $22.4 million (2.8%) above the monthly estimate. For the year-to-date, the source is $87.4 million (1.1%) above estimate.

- Auto Sales Tax collections were $9.7 million (7.2%) above the monthly estimate. Year-to-date, this source is $19.3 million (-1.5%) below estimate.

- Combined auto and non-auto sales tax revenues are $216.3 million (2.4%) above FY 2023 year to date totals.

- Personal Income Tax collections were $14.8 million (-5.0%) below the estimate for the month due to higher-than-expected refunds.

- The Commercial Activity Tax (CAT) was $2.3 million (-0.4%) below estimate.

- Overall, the state General Fund came in $81.1 million (-2.8%) below estimate; however, this is largely due to lower-than-expected federal grant revenue, itself caused by lower-than-expected disbursements for Medicaid.

The full OBM report is available here.

CCAO member races, county ballot issues on the ballot next week

Next Tuesday, Ohioans will go to their polling places and vote on a number of primary elections and local issues. As a presidential election year, two commissioner seats are up for election in each statutory county, as well as the other county row officers.

There are 187 seats on the ballot this year:

1. One county executive seat (Summit County);
2. 13 county council seats; and
3. 173 county commissioner seats (one of these seats is an unexpired term in Henry County).

Of the 187 seats, 153 have the incumbent running for reelection and 33 have incumbents who are not seeking a new term. The remaining seat is currently held by an independent who has stated he will seek reelection but, as an independent, does not need to file until March 18.

This equates to an 82% rate at which incumbents are seeking another term.

With 187 seats up for reelection, there are 374 races on the ballot in March (two per seat). Of these, 127 races (or 34%) have no candidates filed. Additionally, 164 races (or 44%) feature only one candidate. This leaves 83 races (or 22%) that are contested.

As mentioned earlier, there are 33 sitting CCAO members who are not seeking reelection. The following members of the CEBCO, CORSA, and CCAO boards are not seeking a new term:

1. CEBCO President and Shelby County Commissioner Tony Bornhorst;
2. CORSA Board of Directors Member and Fayette County Commissioner Dan Dean;
3. CORSA Board of Directors Member and Knox County Commissioner Teresa Bemiller;
4. CCAO President and Tuscarawas County Commissioner Chris Abbuhl;
5. CCAO Board of Directors Member and Wayne County Commissioner Ron Amstutz;
6. CCAO Board of Directors Member and Muskingum County Commissioner Mollie Crooks; and
7. CCAO Board of Directors Member and Huron County Commissioner Terry Boose.

Additionally, there are 16 county-level ballot issues across the state next month. Fifteen of these are property tax levies and one is a sales tax levy. The property tax levies are predominantly human services related, as well as two EMS levies and a levy to support OSU Extension activities. The lone sales tax levy on the ballot is a renewal of Mahoning County's combined criminal justice levy.

The full list of primary candidates is accessible here and the list of ballot issues here. Additionally, they are posted on CCAO's Data Exchange.

CCAO will distribute the results of the county commissioner, county executive, and county council races on Wednesday March 20th. We will also provide a summary of the primary election results for the General Assembly in next week's Statehouse Report.

Legislative Activity

Introduction of Bills

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

- House Bill 447 (Representative Mike Loychik): To modify and expand property tax homestead exemptions, to gradually reduce school districts' 20-mill floor, and to modify the formula for determining farmland's current agricultural use value.