STATEHOUSE REPORT

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DeWine-Husted Administration awards $75 million in jail grants

This week, Governor Mike DeWine and Director of the Department of Rehabilitation and Correction Annette Chambers-Smith announced the awarding of the $75 million in funding for county jail projects that was authorized in the state budget.

The funds will go to five projects across the state, with some serving multiple counties. The projects that received funding are, ordered by the size of the award:

- Jackson County: $32,189,178 to support a new multi-county jail that will serve Jackson, Lawrence, and Pike counties.
- Adams County: $21,611,312 to support a new jail that will increase the number of beds and provide additional beds for detainees with special needs.
- Wyandot County: $19,475,000 to support a new jail that will increase the number of beds and provide additional beds for detainees with special needs.
- Morrow County: $4,318,182 for renovation and security projects at the existing jail.
- Meigs County: $144,886 to conduct a feasibility study for a new jail that could serve Meigs County and other neighboring counties.

Congratulations to the receiving counties! They join 31 other counties across the state that have received a combined $178 million for jail construction and renovation projects during the DeWine-Husted Administration.

With these awards, it's important to remember that the General Assembly is continuing to work on the capital budget, where CCAO is advocating for additional funding for similarly vital jail projects. The House's version of the capital budget includes $200 million for jail projects, split between $100 million for large counties and $100 million for small and medium counties.

Now is a vital time to contact your Senate delegation and stress the importance of the partnership between the state and counties on funding for jails. CCAO's policy brief on jail issues is a good tool to use in your conversations with legislators and executive branch officials.

If you have any questions concerning jail funding in the prospective capital budget, please reach out to the Policy Team at policy@ccao.org.

DeWine-Husted Administration announces dates of Expanded Sales Tax Holiday

Earlier today, Governor Mike DeWine announced that the Expanded Sales Tax Holiday, authorized in the state operating budget, will take place from 12:00 a.m. on Tuesday, July 30, through 11:59 p.m. on Thursday, August 8.

The 10-day holiday allows tax-free purchases made both in-person and online on eligible items up to $500. Excluded items include alcohol, motor vehicles, watercraft, tobacco, vapor products, and cannabis products.

An important part of the statutory language creating the Expanded Holiday is that the state must reimburse the revenue losses to counties and transit authorities that levy permissive sales taxes and the Local Government Fund and Public Library Fund, which both receive 1.70% of state general revenue fund tax revenue.

However, the language only requires the state to reimburse counties, transit authorities, the LGF, and the PLF for foregone revenue in August. Since the holiday includes two days in July, as it stands these entities will not receive reimbursement for foregone revenue that occurs during those days.

The Governor's Office and the Department of Taxation have spoken with CCAO and intend to work with the Association and the legislature to maintain the spirit of the original language and ensure that counties and other affected entities will receive reimbursement for those two days as well.

CAAO, think tanks provide testimony at final Joint Committee on Property Tax hearing

The Joint Committee on Property Tax Review and Reform held its final hearing last week on May 22. The committee heard nearly three hours of testimony from various interested parties.

The witnesses included three auditors – David Thomas (Ashtabula County), David Graham (Greene County), and Michael Stinziano (Franklin County) – speaking on behalf of the County Auditors Association of Ohio.

Auditor Thomas explained how the 20-mill floor for school districts interacts with House Bill 920 restrictions on the growth of property taxes. In a district at the floor, there is a much stronger tie between value increase and tax increases, which undermines the intent of HB 920. He also reviewed the history of the homestead tax credit, and how the benefit was frozen at $25,000 valuation exemption for many years, until the most recent budget bill.

To address the problems, CAAO is proposing four solutions:

1. **Limit the growth of fixed rate levies subject to the 20 mill and 2 mill floors** – This could be based on an established index that would create a cap on revenues. Due to constitutional concerns with calculating an effective tax rate based on the index, this would be accomplished through a tax credit for each property. The credit would be deducted from subdivisions subject to the floor and would not be reimbursed by the state.

2. **Expand the Homestead Exception Program** – Increase the value subject to the credit and increase the income threshold.

3. **Give county auditors greater authority to determine property values** – Auditors analyze sales on a more detailed neighborhood basis rather than the broader taxing district analysis conducted by the Department of Taxation. Auditors support having the Department review the auditor's valuations with the right to appeal the valuations to the board of tax appeals if necessary.

4. **Revamp the Non-Business Credit (10% rollback) and the Owner-Occupied Credit (2.5%)** – Auditors support eliminating the non-business credit and expanding the owner occupancy credit to a fixed dollar amount adjusted annually for inflation.

Greg Lawson, Research Fellow with the Buckeye Institute, focused his remarks on the structure of local government in Ohio, and questioned whether the state needed thousands of local taxing districts. He suggested three major reforms:

- Require county commissioner approval before putting levies on ballots. He recommended that county commissioners should be responsible for putting all local levies on the ballot, apart from school levies.

- Expand on House Bill 331 (Representatives Adam Mathews and Tom Young) to dissolve underperforming villages more easily. HB 331 creates a standard, automatic process to determine whether villages are meeting the needs of their residents, and then placing a dissolution question on the ballot. He recommended doing this automatically without going through an evaluation process.

- Limit local property tax breaks for developers and special interests. Lawson recommended tightening tax incentive requirements.

Lawson also called for the state to stop adding unfunded mandates on local government; spending state resources on specific, critical needs such as public safety and core infrastructure; share state revenues with communities in dire need; incentivize local governments to share local resources or consolidate; and more spending transparency to improve local accountability.

Zach Schiller, Research Director for Policy Matters Ohio, discussed the state starting a property tax "circuit breaker" program. A circuit breaker program reduces property tax burdens if they become too high of a share of household income. Schiller recommended using a threshold of 5% of income and including both owner-occupied and renter households under the proposal. Renters are estimated to pay about 15% of their rent toward property tax. Similar to the homestead exemption, the state would pay for the cost of the credit.

He reviewed two options. Using a 5% income threshold, the program would cost $768 million per year and would benefit about one in six Ohio taxpayers. Senate Bill 271 (Senators Lou Blessing, III, and Hearcel Craig) incorporates features of the plan. Option two would use tiered thresholds that are more generous to the poorest households.

Schiller focused the second part of his remarks on the growth of tax abatements, especially tax increment financing (TIFs) and called for more transparency and accountability. He pointed out that most tax incentive review council data is not easily available, and that other states require public reporting of an itemized list of project expenditures. He made a number of recommendations to improve reporting on TIFs, including restraining the use of TIFs for residential development; tightening or establishing distress criteria to make sure they are using in areas that are truly blighted; expand approval rights of schools, counties, and other taxing districts that stand to lose revenue from TIFs, including parcel TIFs.

General Assembly holds, concludes special session

Last Thursday, Governor Mike DeWine utilized his authority under Article III of the Ohio Constitution to call for a special session of the General Assembly, to begin on Tuesday of this week. The special session was required to address the issue of President Joe Biden potentially not being able to appear on the Ohio ballot due to timing issues with the Democratic National Convention and Ohio's deadline to appear on the ballot and to address the issue of strengthening protection against foreign influence on Ohio elections.

The two chambers took different approaches on how to fulfill the special session requirements. The Senate met on Tuesday and brought House Bill 271 (Representatives Adam Mathews and Bob Peterson) up for immediate consideration by waiving Senate rules that bills receive a certain amount of committee hearings. The bill originally only concerned the numbering of ballot issues (Erie County Commissioner Matt Old testified as a proponent of the bill).

The Senate added amendments to the bill to extend the amount of time that a major political party must certify its Presidential and Vice-Presidential candidates to the Secretary of State and to prohibit foreign nations (including lawful permanent residents) from contributing to candidates or state or local ballot issues, to require ballot issue committees to register as PACs, and to generally require the Ohio Elections Commission to refer cases to the Attorney General.

With the amendments added, the Senate passed the bill by a vote of 21-8.

On the House of Representatives side, the chamber introduced two bills, each addressing one of the two issues raised in the governor's special session proclamation. As a note, special sessions are considered standalone sessions, so the bills have the numbers House Bill 1 (Representative Bill Seitz) and House Bill 2 (Representative Dave Dobos). To avoid confusion, these bills will be referred to as House Bill 1001 and House Bill 1002.

HB 1001 addresses the issue of foreign contributions while HB 1002 addresses the President Biden ballot fix. Both bills were introduced on Tuesday and had hearings on Tuesday, Wednesday, and Thursday, with both bills receiving floor votes on Thursday.

HB 1001 was generally similar to the Senate's foreign contribution ban provisions inserted into HB 271, with the notable difference that the House bill did not prohibit lawful permanent residents from making contributions. This generally aligns with existing federal law. While on the House floor, an amendment was offered to align those provisions with the Senate (thus prohibiting those individuals from making contributions) and the amendment was accepted. The bill was passed by a vote of 64-31.

HB 1002 is also similar to the Senate's provisions regarding the President Biden ballot fix. The key difference is that the Senate's provision requires major political parties to certify their presidential ticket to the Secretary of State by the bill's effective date (90 days after signature; hypothetically, if the Governor signs the bill into law today, September 17) while HB 1002 sets the date at September 1 (65 days before the election is held). HB 1002 was passed by a vote of 63-31.

During its Thursday session, the House did not consider the Senate amendments to HB 271.

Earlier today, the Senate reconvened to consider House Bill 1001 and House Bill 1002. HB 1001 was passed 24-7 while HB 1002 was passed 30-1, neither receiving any amendments. The bills now go to Governor DeWine for signature.

Legislative Activity

Introduction of Bills

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

- House Bill 615 (Representatives Don Jones and Josh Williams): Regarding abused, neglected, or dependent children as children in need of protective services.

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, June 4

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

- House Bill 465 (Representative Sara Carruthers): To permit a resident of an ICF/IID to conduct electronic monitoring of the resident's room, to establish a new Medicaid home and community-based services waiver for individuals with developmental disabilities, and to name this act Lauren's Law.
    - Fourth hearing, no testimony
    - **POSSIBLE SUBSTITUTE BILL**
- House Bill 512 (Representative Gail Pavliga): To create a streamlined licensure process for emergency placement facilities for children and to require the Ohio Family and Children First Cabinet Council to work with stakeholders to develop treatment and placement solutions for children with developmental or intellectual challenges and high acuity behaviors.
    - Third hearing, opponent and interested party testimony

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

- House Bill 378 (Representatives Brian Lorenz and Nick Santucci): To authorize a full homestead exemption for surviving spouses of members of the uniformed services killed in the line of duty.
    - Sixth hearing, all testimony
    - **POSSIBLE AMENDMENTS**
    - **POSSIBLE VOTE**
- House Bill 496 (Representative Jim Hoops): To revise the law governing property taxes and county auditors.
    - Third hearing, opponent testimony