STATEHOUSE REPORT

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Joint Committee on Property Taxation releases report, recommendations

The 135th General Assembly's operating budget created the Joint Committee on Property Tax Review and Reform to, as the name suggests, review Ohio's property tax system and make recommendations to improve it. The committee heard testimony from a wide range of witnesses. On behalf of CCAO, Shelby County Commissioner Tony Bornhorst, Logan County Commissioner Mike Yoder, Union County Commissioner David Burke, and Senior Policy Analyst Jon Honeck provided testimony.

The Joint Committee released its final report on January 2, 2025. The report includes a detailed history of property tax valuations processes and relevant court decisions that have shaped public policy responses. The report includes 21 recommendations that reflect various policies that the General Assembly may pursue. The report admits that some of them may be contradictory.

The following recommendations have some conceptual support in the CCAO platform:

- Expand the traditional Homestead Exemption and an enhanced exemption for disabled veterans including a means-tested increase in the benefit.

- Allow counties to temporarily, for three years, implement a 3-year averaging for property valuations. Additionally, a mechanism should be explored to allow the usage of either the current formula or the 3-year averaging, whichever produces a better result for taxpayers.

- Authorize a property tax circuit breaker as proposed in Senate Bill 271 and other bills introduced to the 135th General Assembly.

- Adopt a property tax deferral program for homeowners.

- Review how and when LLCs transfer and record property with the county auditor.

- Review the effectiveness of property tax exemption programs and evaluate the efficacy of their use and potential misuse.

- Remove the authority of the Department of Taxation to order adjustments to county auditors' proposed property values.

- Require that emergency and substitute tax levies be included in the calculation of a school district's 20-mill floor and consider requiring a public hearing before changing unvoted property tax millage to increase revenue as proposed in Senate Bill 308.

- Review current tax increment financing (TIF) law. Including, but not limited to:

    - Public input prior to the creation of a TIF.
    - Enhanced revenue sharing and cooperation between local governments within a TIF.
    - Limitations on TIFs used for residential development.
    - The eligible uses of TIF dollars and the definition of public infrastructure as it relates to TIFs.
    - Ensuring taxing authorities have reasonable safeguards and clawback mechanisms from TIF non-payment and failed TIFs.

CCAO will work with the 136th General Assembly to move legislation forward that includes these concepts.

If you have questions about the committee's report, please contact Senior Policy Analyst Jon Honeck at jhoneck@ccao.org.

2024: A Year in Review

Goodbye to 2024! This year was a bit different than prior years as the General Assembly was not very active until the Lame Duck period. However, that doesn't mean that the General Assembly did not pass legislation impacting counties. Let's take a look!

<u>Agriculture & Rural Affairs</u>

- **Broadband:** In 2023, Ohio received $793 million in federal funding through the BEAD Program to expand high-speed internet access by funding planning, infrastructure deployment and adoption programs. In 2024, BroadbandOhio started the challenge process, which is used to finalize the map of broadband serviceable locations (BSLs) and identify community anchor institutions that will be eligible for BEAD grants.

  From June through October 2024, BroadbandOhio conducted three phases of the challenge process that helped facilitate an accurate Ohio map for the BEAD Program. The map is now pending approval from the National Telecommunications and

Information Administration (NTIA), as they review the information obtained through the challenge process.

As a requirement to obtain BEAD funding the state of Ohio must create a proposal outlines BroadbandOhio's objectives; local and regional broadband planning process and coordination efforts taken to date. This proposal was approved by the NTIA in November and can be accessed here: [Bead Initial Proposal Volume II.]

Starting in the spring of 2025, BroadbandOhio and OSU Extension will be hosting the fourth Community Accelerator Program. The program is a planning and capacity-building program to help communities across Ohio leverage historic broadband infrastructure funding for community-driven internet expansion projects. From 2022 through 2024 roughly 15 counties have completed this 30-hour program with no cost to the county. The program will prepare counties and other local governments for funding opportunities from both state and federal levels by creating local plans for how to expand broadband access. BroadbandOhio has stated their intention to get all of Ohio broadband access by 2030, through BEAD funding. This program will help assist local communities in achieving this goal.

- **Drought Assistance:** Due to a record drought that occurred in 2024, the state will be disbursing $10 million from the Controlling Board Emergency Purposes/Contingencies Fund to the Ohio Department of Agriculture. The funding will then be given to soil and water districts to for assistance to counties that have experienced D3 and D4 drought conditions. This funding was originally introduced by Representatives Jones and Edwards as HB 683, which turned into an amendment to SB 54 which passed on December 18th.

- **OSU Extension Educator County Match:** Ohio State University Extension will be increasing the county cost share for a county educator beginning in county fiscal year 2025. Currently, counties pay $32,750 for the first OSU Educator and $42,750 for any additional educators within the county. The proposal will have counties pay an additional $5,000 in county fiscal years 2025 & 2026 for the first educator. Originally the proposal had counties increasing their cost share amount by $10,000 in fiscal year 2025. CCAO expressed concerns with the original proposal which caused OSU Extension to adjust the proposal.

  As a reminder, on July 1, 2024, OSU Extension increased the salary for all educators by an average of $2,500, with the university covering the entirety of the raise. (SHR 9/27/2024)

General Government & Operations

- **Modernizing Public Notices and Bid Guarantees:** Counties will be permitted to forego publishing public notices in the print edition of the newspaper, if they choose to do so. Three publishing methods are permissible following the passage of the County Omnibus Bill (HB 497): (1) the print or digital edition of a newspaper of general circulation within the county; (2) the official public notice website; or (3) the county's website and social media account.

The official public notice website is run by the Ohio News Media Association and documents are only able to published on that website when also published in the print version of the newspaper. In order for a county to publish on that website, it must purchase an advertisement in the newspaper of general circulation, either print, digital, or both. The language in the County Omnibus Bill does not require the county to use either of these methods.

(Effective date will be determined by the date in which the Governor signs HB 497.)

- **Windfall Elimination Provision Repeal:** House Concurrent Resolution 6, introduced in 2023 by Representatives Angie King and Phil Plummer, crossed the finish line this spring. HCR 6 urged Congress to repeal the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) in the Social Security Program. Fast forward to December, when Congress passed H.R. 82, the Social Security Fairness Act.

  On Monday, January 6, President Biden is expected to sign H.R. 82, which will repeal both the WEP and GPO. Congratulations!

- **Elected Officials Compensation:** Despite efforts by the Ohio Council of County Officials, CCAO and others advocating for adjustments in compensation to catch up with inflation, no change occurred.

- **County Improvements:** Three changes were included in the County Omnibus Bill (HB 497). The effective date of these provisions will be determined by the date the Governor signs HB 497.

  - Current law requires a county to obtain detailed plans, bills, specifications, and cost estimates from an architect or engineer before constructing, adding to, or altering a public building or the substructure for a bridge. The bill exempts counties from these requirements for minor repairs to existing buildings.

  - The bill authorizes a board of county commissioners to approve a county courthouse or jail project that has a total estimated cost of $75,000 or less; projects exceeding $75,000 must be approved by a majority of the following: the sheriff, probate judge, clerk of court of common pleas, and an individuals appointed by the judge of the court of common pleas. Current law requires all county courthouse or jail projects to be approved by a majority of the forementioned individuals.

  - The bill increases the threshold from $1,000 to $20,000 for contracts that the county prosecutors must approve.

- **Contract Clauses, i.e., Indemnification:** The County Omnibus Bill (HB 497) will prohibit a contract entered into by a county for the procurement of goods or services from including certain terms and conditions, such as an indemnity clause. While some counties may already exclude such conditions, this prohibition might result in avoided costs should a contract dispute occur.

  (Effective date will be determined by the date that the Governor signs HB 497.)

- **County Donations of Unneeded Property:** The County Omnibus Bill (HB 497) increases the threshold from $2,500 to $5,000 of property worth that must be sold by public auctions or sealed bid to the highest bidder. Additionally, the bill retains the option under current law for a county to sell property through private sale so long as its value is below the new $5,000 threshold.

  (Effective date will be determined by the date that the Governor signs HB 497.)

- **Elections Administration:** SB 54 included $15 million dollars to compensate counties for the costs associated with the May 2025 special election. The purpose of this special election is for the reauthorizing of the Public Works Program. The Governor vetoed language in the bill that would allow the Secretary of State to provide the funding for the election up front, instead of the reimbursement model that was utilized in the August 2024 special election.

- **Virtual Meetings:** House Bill 257 will allow public bodies generally to meet virtually if certain conditions are met. Public bodies comprised of individuals elected by the general public to be members of that body are not permitted to meet virtually. Thus, boards of county commissioners and county councils are still not permitted to meet virtually. Public bodies in which individuals are compensated for their position as members of that body are not able to meet virtually. "Compensation" does not include reimbursements for actual expenses incurred while fulfilling duties.

  "Multi-party meetings" – a meeting in which the members of a public body and members of at least one other public body are participants – are permitted to meet virtually, even if the members are elected officials.

  Any public body cannot meet virtually if the meeting or hearing is held to vote on a significant non-routine expenditure, significant hiring decision, or tax-related matter.

  (Effective date will be determined by the date that the Governor signs HB 257.)

<u>Human Services</u>

- **Children Services Caseworker Education Requirements:** The County Omnibus Bill (HB 497) permits a public children services agency (PCSA) to hire as a caseworker a person who has completed at least 60 credit hours or the equivalent towards a degree in human services-related studies. It also allows a PCSA director to exempt PCSA caseworkers from the requirement of obtaining a job-related bachelor's degree within five years of employment if the caseworker demonstrates hardship and is determined to be in good standing.

(Effective date will be determined by the date in which the Governor signs HB 497.)

- **Child Care:** In his April State of the State address, Governor DeWine announced the Child Care Choice Voucher, which extended eligibility for publicly funded child care to families making up to 200% of the federal poverty level and the Child Care Access Grant, which allocated $85 million in federal dollars to improve and expand existing family child care programming.

- **Treatment Foster Home Pilot Program**: The Governor and the Department of Children and Youth also created a pilot program to replicate a successful treatment foster home recruitment program currently in Sandusky, Seneca, Ottawa, and Wyandot counties across the state. 34 counties are participating in the pilot.

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- **Renewal of Public Works Program on May 2025 Ballot:** The General Assembly passed authorizing language for a statewide ballot issue to renew the Public Works Commission's State Capital Improvement Plan at an increased level, $250 million annually for ten years. Clermont County Commissioner and now-CCAO President David Painter provided proponent testimony while legislative deliberations were ongoing. (SHR 11/15/24, SHR 12/20/24)

- **Housing Study & Reforms:** The Senate Select Housing Committee, convened in 2023, released its report. The report contained 23 recommendations, among which were the provision of technical assistance to local governments to modernize zoning codes, a review of the Ohio Housing Finance Agency's process, and the creation of a housing capacity building grant for political subdivisions. (SHR 04/19/24)

- **Local Projects Funded in State Capital Bill**: The capital budget included about $150 million for traditional community projects and $717 million for One-Time Strategic Community Investment Fund projects.

Justice & Public Safety

- **Jail Funding:** At the end of May, the DeWine-Husted Administration awarded $75 million for county jail projects authorized in the operating budget. The awards went to five counties, including one award for a feasibility study on a multi-county facility in southeast Ohio.

  The final version of the capital bill included an additional $50 million for jail grants. The Ohio House's measure included $250 million; the Ohio Senate supported the $50 million level while pursuing discussions of possible other funding streams for future grants. The grants awarded through these funds will follow a Department of Rehabilitation and Correction (DRC-led process, focusing on projects that have the greatest need, that most improve the condition and safety of jails, and that can or will serve multiple counties. DRC is accepting applications for jail funding projects through March 9, 2025.

- **Medicaid 1115 Waiver:** Advocacy for the state to pursue an 1115 Waiver with the Centers for Medicaid and Medicare continued throughout 2024. The Department of Medicaid held numerous stakeholder meetings throughout 2024 and gave a presentation at CCAO's summer symposium. The waiver would allow inmate medical expenses at correctional facilities to be eligible for Medicaid reimbursement while the inmates are incarcerated. CCAO will continue to advocate for the waiver's inclusion in the 136th General Assembly operating budget.

- **Governor's Work Group on Competency Restoration and Diversion**: The Governor's Work Group on Competency Restoration and Diversion, created to address the lack of available beds in the state's six state-operated psychiatric hospitals, released its recommendations report, including a recommendation to expand jail-based competency restoration pilots in higher-volume jails with access to needed behavioral health resources.

- **Indigent Defense**: Throughout the year, CCAO took part in stakeholder meetings with the Ohio Public Defender (OPD), the Ohio State Bar Association, Ohio Judicial Conference, and other groups to work on a proposal for a pilot project for regional administration of the indigent defense system. The final proposal was included in OPD's budget request.

- **Body Camera Footage Requests**: Language included in a Lame Duck bill allows counties to charge up to $75 per hour, capped at $750 per request, to produce body camera footage for a public records request. Although certain groups sought a veto of this provision, Governor DeWine declined to do so.

- **Qualified Immunity Elimination Petition:** A petition for a constitutional amendment to eliminate qualified immunity was cleared to gather signatures. If the organizers gather enough, it is likely the issue will be on the November 2025 ballot. (SHR 12/06/24)

Taxation & Finance

- **Property Taxation:** The issue of property valuations and property taxation was the subject of many bills introduced last year. The key focal point for property tax discussion, however, was the Joint Committee on Property Tax Review and Reform, which issued its report on January 2, 2025 (see above).

- **First-time Expanded Sales Tax Holiday with Reimbursement:** The first "expanded sales tax holiday" was held July 30 – August 8 and had a much lower impact on sales tax revenue during the period than originally anticipated. OBM estimated that state sales tax revenue for September 2024 (when August sales are reported) would total $249.3 million; when the final numbers came in, it totaled $815.0 million.

Reimbursement payments to counties began on December 17 (SHR 10/11/24, SHR 12/13/24)

- **ARPA Obligation Deadline**: With 2024's end, so too ended the American Rescue Plan Act's obligation window. Any ARPA funding not obligated by December 31, 2024, must be returned to the US Treasury. Quarterly (or for some entities, annual) reporting will continue, and all funds must be fully spent by December 31, 2026.

Reports and Recommendations

The Indigent Defense Task Force released its recommendations on reforms for the indigent defense system. CCAO was represented on the task force by Fairfield County Commissioner Steven Davis while Allen County Commissioner Cory Noonan provided testimony. The task force issued six recommendations, including the creation of regional offices and other delivery reforms, and other suggestions. (SHR 04/05/24)

CCAO released the results of a statewide survey conducted with the Buckeye State Sheriffs' Association regarding county jail funding needs. The survey was an update on a similar survey conducted in 2019. The survey found a statewide need of $2.2 billion for jail construction, renovation, expansion, and report; up from $1.4 billion just 5 years earlier. The survey also found that individual project costs were coming in 41.5% higher than the initial quote, on average.

In September, the Ohio Juvenile Justice Working Group, convened in November 2023, issued its report making recommendations on improving the state's juvenile justice system. Among the recommendations are reviewing bindover statutes and providing funding to assist county prosecutors in prosecuting offenses at DYS facilities. (SHR 09/06/24)

Visit CCAO's website for a full archive of *Statehouse Reports* going back to January 2022.

2025: A Year in Preview

Welcome to 2025! This year, like every other, will see a flurry of activity at the Statehouse. CCAO's advocacy will include the following and more.

Operating Budget

The state will work on Governor Mike DeWine's final operating budget in the first half of the year. The Governor will introduce his budget in early February. The DeWine-Husted Administration has worked well with counties on a number of issues through its prior three budgets, and we expect that partnership to continue. This budget, however, will likely feature less spending than prior years since federal dollars through the CARES Act and ARPA are no longer available.

CCAO's priorities for the budget include the full funding of indigent defense, creation of a regional pilot program for direct state administration of indigent defense, a continuation of funding for county jail projects, increased funding for NG 9-1-1, a bolstering of the child welfare system to bring stability and transparency to placement costs, and the preservation of the sales tax base.

CCAO's full legislative platform for the upcoming General Assembly will be available online in the coming weeks.

Marijuana Excise Tax Allocation

After Ohio voters approved the sale of recreational marijuana in November 2023, debate began at the Statehouse on how to allocate revenue from the 10% excise tax on gross receipts. While no revisions to the initiated statute passed out of the General Assembly, the proposals hint at what changes may be made.

If lawmakers decide to revise the revenue allocation, CCAO will advocate for a share of the revenue as an ongoing source of revenue for county jail projects. Both the House and Senate proposals during the 135th General Assembly included this provision, as well as another revenue stream for county sheriff operations.

Since it pertains to state revenues, deliberations over the marijuana excise tax allocation will likely occur during the budget process.

Public Works Reauthorization

With the Senate's adoption of House Joint Resolution 8 on the final day of the 135th General Assembly, Ohio voters will decide in May whether to renew the Ohio Public Works Commission's State Capital Improvement Plan (SCIP). If reauthorized, SCIP will provide $250 million annually for the next ten years for infrastructure projects available to governments across the state and of a variety of sizes.

Property Tax System

The state is primed to take action on the property taxation system in 2025. The Joint Committee on Property Tax Review and Reform issued its report (see above) which will likely help frame much of the discussion in 2025 and beyond.

New General Assembly Leadership

After the November election, the caucuses in both chambers elected their leadership slates for the 136th General Assembly.

<u>House Republican Leadership:</u>

Speaker of the House: Rep. Matt Huffman (R-Lima)
Speaker Pro-Tempore: Rep. Gayle Manning (R-Lorain)
Assistant Speaker Pro-Tempore: Rep. Phil Plummer (R-Dayton)
Majority Floor Leader: Rep. Marilyn John (R-Shelby) (former Richland County Commissioner)
Assistant Majority Floor Leader: Rep. Adam Bird (R-Cincinnati)
Majority Whip: Rep. Riordan McClain (R-Upper Sandusky)
Majority Whip: Rep. Steve Demetriou (R-Chagrin Falls)
Majority Whip: Rep. Nick Santucci (R-Warren)
Majority Whip: Rep. Josh Williams (R-Oregon)

<u>House Democratic Leadership:</u>

Minority Leader: Rep. Allison Russo (D-Upper Arlington)

Assistant Minority Leader: Rep. Dontavius Jarrells (D-Columbus)
Minority Whip: Rep. Dani Isaacsohn (D-Cincinnati)
Assistant Minority Whip: Rep. Michele Grim (D-Toledo)

Senate Republican Leadership:
Senate President: Sen. Rob McColley (R-Napoleon)
President Pro-Tempore: Sen. Bill Reineke (R-Tiffin)
Majority Floor Leader: Sen. Theresa Gavarone (R-Bowling Green)
Majority Whip: Sen. George Lang (R-West Chester)

Senate Democratic Leadership:
Minority Leader: Sen. Nickie Antonio (D-Lakewood)
Assistant Minority Leader: Sen. Hearcel Craig (D-Columbus)
Minority Whip: Sen.-Elect Kent Smith (D-Euclid)
Assistant Minority Whip: Sen. Beth Liston (D-Dublin)