STATEHOUSE REPORT

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

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CCAO Advocacy Task Force reconvened as Operating Budget begins

Next Monday, the "Blue Book" for Governor DeWine's main operating budget will be released. The blue book will provide an overview of the Governor's priorities and program appropriations for this operating budget. Next week's *Statehouse Report* will provide a detailed summary of the blue books.

To enhance the Association's advocacy efforts, we are reinstituting the CCAO Advocacy Task Force. Ashtabula County Commissioner Casey Kozlowski and Hamilton County Commissioner Denise Driehaus have graciously agreed to lead the task force this year and we are looking forward to providing our members with resources and opportunities to engage with their legislators. The task force's first meeting will occur virtually on Monday, February 10th, from 2:30pm – 3:30pm.

The agenda for the first meeting of the task force can be found below:

1. Introduction
    a) Brief remarks from Co-Chairs.

2. Overview of the Task Force's mission

3. 136th General Assembly Operating Budget Advocacy
    a) CCAO's operating budget priorities
    b) Summary of Governor DeWine's proposed budget
    c) Overview of the House's budget timeline
    d) Commissioner Advocacy opportunities

4. Questions

5. Next Steps

We plan to hold the calls every other Monday until the budget process concludes. CCAO Members will receive a calendar invite with the Microsoft Teams link and call-in number to participate.

If you are interested in participating in the task force or have any questions, please contact CCAO Managing Director of Policy Kyle Petty at kpetty@ccao.org.

Senate's marijuana plan released, allocates all revenue to State GRF

Senate Bill 56 (Senator Stephen Huffman) was introduced this week and received its first hearing in the Senate Health Committee. The bill is the Senate's version of changes to Ohio's cannabis/marijuana laws.

SB 56 repeals most of the Cannabis Control Law, enacted in 2023 via Issue 2, and largely combines the Revised Code sections concerning adult-use and medical marijuana.

NOTE: The Legislative Service Commission, in its bill analysis, predominantly uses "marijuana" instead of "cannabis" as the word to refer to the product in question. This article will do the same.

Of particular interest to CCAO is the use of revenue from the excise tax on adult-use marijuana. The existing law, as established by Issue 2, instituted a 10% excise tax on adult-use marijuana sales and intended to distribute the revenue to several different funds. SB 56 increases the tax rate to 15% and dedicates all the funding to the state's General Revenue Fund.

Senate President Rob McColley indicated that dedicating all revenue to the GRF is "a placeholder" and that the final distribution of revenue will be determined by negotiations with the House and the Governor's Office. CCAO looks forward to working with the legislature and the Governor to ensure that some of the excise tax revenue is used for vital public safety purposes at the county level.

Two other provisions of the bill are of note for counties. First, the bill makes land used to cultivate adult-use marijuana ineligible to receive CAUV valuation. This mirrors existing language pertaining to land used to grow medical marijuana. Second, the bill specifies that it is not a violation of the Ohio Civil Rights Law for an employer to discriminate against a person for marijuana use if that use violates the employer's policies.

The bill makes several other changes to the adult-use marijuana. The bill:

- Caps the number of dispensaries at 350 statewide and prohibits dispensaries from being located within one-half mile of another.

- Reduces the number of home grow plants that a single residence can cultivate from 12 to 6 and allows municipalities and townships to further restrict the number.

- Specifically limits the smoking, combustion, or vaporization of adult-use marijuana to private residences.

- Repeals protections for adult-use marijuana users from certain adverse actions by employers, courts, health care providers, and regulatory authorities solely for consumption of adult-use marijuana.

In addition to Senator Huffman's sponsor testimony, the committee heard proponent testimony from the Ohio Prosecuting Attorneys Association, the Ohio Chamber of Commerce, Ohio Poison Control Centers, and the Preventing Tobacco Addiction Foundation.

House Bill introduced to require local cooperation with immigration law enforcement, LGF penalty for noncompliance

House Bill 26 (Representatives Josh Williams and Tex Fischer) was introduced this week. The bill requires all political subdivisions to comply with numerous policies listed below and shall also file an annual report with the Ohio Attorney General confirming that they comply with all of the bill's requirements.

The bill requires a political subdivision, including counties and their law enforcement agencies, to do the following:

1. Participate in any available program operated by the United States Department of Homeland Security or its successor department that allows the law enforcement agency to submit to federal authorities information about an arrestee to enable those authorities to determine whether the arrestee is unlawfully present in the United States;

2. Immediately report the identity of any arrestee whom a peace officer has reasonable cause to believe is unlawfully present in the United States to the appropriate office of the United States Immigration and Customs Enforcement Agency or its successor agency;

3. Detain a person who is unlawfully present in the United States upon receiving a lawful federal request or order to do so until the person is transferred into federal custody;

4. Otherwise cooperate and comply with federal officials in enforcing federal immigration law.

Furthermore, the bill requires a local government entity, including a county, that administers a state or local public benefit to utilize the systematic alien verification for entitlements (SAVE) program, or its successor whenever a person who is not a United States citizen or national applies to a state or local governmental entity for a state or local public benefit.

However, this requirement does not apply if the benefit falls under division (b) of section 411 of the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996," 8 U.S.C. 1621. Essentially, the bill creates an exemption for public benefits for emergency medical care, short-term disaster relief, public health assistance for immunizations, and certain other programs deemed necessary for life safety, as determined by the Attorney General of the United States. Additionally, the bill exempts public benefits whose requirements are listed in the Ohio Revised Code.

Additionally, the bill prohibits a state or local government agency or political subdivision from adopting an ordinance, policy, directive, rule, or resolution that prohibits or otherwise restricts a public official or employee from doing any of the following activities listed below:

1. Complying with the requirements listed above;

2. Inquiring about a person's name, birth date, place of birth, or citizenship or immigration status in the course of investigating or prosecuting a violation of any law or ordinance;

3. Maintaining information about a person's citizenship or immigration status;

4. Sending information to, or requesting or receiving information from, a federal, state, or local government agency or employee concerning a person's citizenship or immigration status for the purpose of determining a person's citizenship or immigration status; and

5. Complying with any request by a federal agency engaged in the enforcement of federal immigration law for information, access, or assistance, regardless of whether the federal agency has obtained a warrant to compel the state or local government agency or political subdivision to comply with the request unless federal law prohibits the state or local government agency or political subdivision from complying with the request.

Under the bill, if a member of the General Assembly believes that a political subdivision is not complying with any of the requirements listed above, they can file a complaint with the Ohio Attorney General. The Attorney General shall investigate the allegations in the complaint and determine if the political subdivision has or is violating the requirements of the bill.

If the Attorney General determines that a violation has occurred, the Tax Commissioner is directed to reduce the undivided monthly Local Government Fund (LGF) distribution to the county by 10% until the county complies with the bill's requirements. The foregone LGF funding will be transferred to the State Highway Patrol for the administrative costs and expenses associated with the State Highway Patrol and the state enforcement of traffic laws as conducted by the State Highway Patrol.

CCAO will continue to monitor the bill and discuss its impact in our standing committees. If you have any questions or comments about the bill, please contact CCAO Managing Director of Policy Kyle Petty at kpetty@ccao.org.

Flat income tax bill receives first hearing in Senate

The Senate Ways and Means Committee held the first hearing on Senate Bill 3 (Senators George Lang and Stephen Huffman), a bill to phase the state income tax to a single bracket with a tax rate of 2.75% on income greater than $27,350 beginning in TY 2026. The bill does not change an existing law that requires the Department of Taxation to adjust the income tax brackets for inflation each year, so the $27,350 figure will change annually.

During their sponsor testimony, Senators Lang and Huffman argued that reducing Ohio to a flat tax would make the state more competitive than our neighbors. According to a map from the Tax Foundation included in their testimony, Indiana, Kentucky, Michigan, and Pennsylvania all have flat income taxes, while West Virginia maintains a progressive income tax. At a rate of 2.75%, if the bill passes, Ohio will have the lowest income tax rate of our neighbors.

The Legislative Service Commission has not published its fiscal analysis of the bill. However, House Bill 1 of the 135th General Assembly would have made the same changes. LSC's fiscal analysis of that bill estimated that moving to a flat 2.75% income tax would result in a revenue loss to the state General Revenue Fund of $1.8 billion and a loss to the Local Government Fund of $31 million.

SB 3 does not include any mechanism for replacing the lost revenue, and LSC does not "dynamically score" bills. Dynamically scoring bills is the practice of estimating secondary effects; in this case, a dynamic scoring of SB 3 would include estimating potential increased sales tax revenue as a result of Ohioans paying less in income tax. In the absence of a revenue replacement mechanism, the state will be required to cut spending to comply with the constitutional requirement to pass balanced budgets.

Bills on property tax, lodging tax, sales tax exemption introduced

Three notable tax bills were introduced this week. Two are reintroductions of bills that received hearings last General Assembly.

House Bill 28: Elimination of Replacement Levies

HB 28 (Representatives Adam Mathews and Thomas Hall) would eliminate the authority for taxing entities to put replacement property tax levies on the ballot. The bill is a partial reintroduction of House Bill 344 from the 135th General Assembly (HB 344 also included changes to the property tax complaint process that are not in HB 28).

Replacement levies generally replace an expiring levy for the same purpose and similar millage, but since they are not renewals, the effect of tax reduction factors is eliminated.

In opponent testimony to HB 344, CCAO pointed out that replacement levies are not frequently used and, like all other county tax levies, are subject to approval by the board of county commissioners to be placed on the ballot. Additionally, the county budget commission can roll back millage rates if a levy would raise excess funds.

Given the safeguards already in place to prevent abuse of property tax authority, CCAO opposes eliminating the replacement levy type.

Senate Bill 43: Special Lodging Tax Elimination
SB 43 (Senators Sandra O'Brien and George Lang) eliminates the authority for certain counties to levy an additional lodging tax of up to 3.50% to construct, expand, maintain, operate, or promote a convention center. This authority currently exists for counties that levied a 3% lodging tax as of June 30, 2002.

The bill would eliminate the authority for counties with a population of less than 700,000. According to Tax Department data, 45 counties had a lodging tax rate of 3% in June 2002, still levy a lodging tax, and have a population of less than 700,000.

Senate Bill 59: Firearm and Ammo Sales Tax Exemption
SB 59 (Senators Al Cutrona and Tim Schaffer) is largely a reintroduction of House Bill 189 and Senate Bill 124 of the 135th General Assembly with minor differences. The bill exempts the sale of certain personal firearms and ammunition from the sales and use tax. The exemption applies to any non-shotgun firearm that is 50 caliber or smaller and any shotgun that is 10 gauge or smaller. Ammo for exempt weapons is also exempt.

LSC has not completed its fiscal analysis for SB 59 yet, but the fiscal analysis for HB 189 of the 135th General Assembly estimated a loss to the state GRF of between $22.7 million and $37.9 million per year and a loss to counties and transit authorities of between $5.9 million and $9.8 million per year.

The bill also creates a refundable tax credit for manufacturers of firearms and ammunition that build new or expanded facilities, with a cap of $10 million per year that can be granted under the credit. If the full allotment were awarded, the Local Government Fund would be reduced by $170,000 each year.

Legislative Activity

Committee Hearings
The following committees held hearings this week regarding bills that may interest counties.

Senate Armed Services, Veterans Affairs and Public Safety

- Senate Bill 26 (Senator Terry Johnson): To create the Joint Law Enforcement Oversight Committee and to make an appropriation.
    - First hearing, sponsor testimony

Senate General Government

- Senate Bill 4 (Senator Theresa Gavarone): To establish the Election Integrity Unit in the Office of the Secretary of State and to modify the law governing the prosecution of Election Law violations.
    - First hearing, sponsor testimony

Senate Government Oversight and Reform

- Senate Bill 6 (Senator Kristen Roegner): TO make changes to the law relating to building inspections.
    - First hearing, sponsor testimony

Introduction of Bills

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

- Senate Bill 35 (Senators Jerry Cirino and Michelle Reynolds): To establish supported decision-making as a less restrictive alternative to guardianship for adults with developmental disabilities.
- Senate Bill 37 (Senator Bill DeMora): To require a presidential primary election to be held on the first Tuesday after the first Monday in May.
- Senate Bill 42 (Senators Michelle Reynolds and Hearcel Craig): To authorize local governments to create residential stability zones where homeowners may qualify for a partial property tax exemption.
- Senate Bill 45 (Senator Catherine Ingram): To expand eligibility for county sewer discounter rates or charges.
- Senate Bill 51 (Senator Tim Schaffer): To establish legislative oversight of executive action regarding voluntary federal unemployment compensation programs.
- Senate Bill 53 (Senator Tim Schaffer): Regarding civil actions by persons who suffer injury or loss due to vandalism or riot activity.
- Senate Bill 61 (Senators Theresa Gavarone and Nate Manning): Relative to courts and court procedures.
- Senate Bill 63 (Senators Theresa Gavarone and 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.
- House Bill 20 (Representatives Thomas Hall and Phil Plummer): To prohibit a person from knowingly harassing or impeding an emergency service responder who is engaged in the lawful performance of a legal duty and to clarify that heightened penalties apply for menacing a probation officer.
- House Bill 22 (Representatives Brian Lorenz and David Thomas): To authorize a full homestead exemption for surviving spouses of members of the uniformed services killed in the line of duty.
- House Bill 23 (Representatives Bill Roemer and Josh Williams): To create the escaped convict alert program.
- House Bill 29 (Representatives Latyna Humphrey and Marilyn John): Regarding inmates' access to feminine hygiene products and showers by municipal and county correctional facilities and state correctional institutions.

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, February 4

House Finance (10:30 a.m.)

- Testimony from the Office of Budget and Management and the Legislative Service Commission on the biennial budget bill.

House Children and Human Services (11:15 a.m.)

- House Bill 2 (Representative Mark Johnson): To establish the Child Care Cred Program and to make an appropriation.
    - First hearing, sponsor testimony
- House Bill 7 (Representatives Andrea White and Sharon Ray): To make foster caregivers and kinship caregivers eligible for publicly funded child care.
    - First hearing, sponsor testimony

House Community Revitalization (3:15 p.m.)

- Presentation from the Ohio Association of County Behavioral Health Authorities.

House Transportation (3:30 p.m.)

- Testimony from the Department of Transportation on the biennial transportation budget.

Wednesday, February 5

House Development (9:45 a.m.)

- Presentations from the Ohio Home Builders Association and the National Association of Industrial Parks.

House Finance (10:30 a.m.)

- Testimony from the Department of Medicaid, the Department of Children and Youth, and the Department of Job and Family Services on the biennial budget bill.

House Energy (3:00 p.m.)

- Presentation from the Public Utilities Commission of Ohio
- House Bill 15 (Representative Roy Klopfenstein): To amend the competitive retail electric service law, make changes regarding electric company property taxation, and repeal parts of H.B. 6 of the 133rd General Assembly.
    - First hearing, sponsor testimony

House Transportation (3:30 p.m.)

- Testimony from the Motor Vehicle Repair Board, Public Works Commission, Ohio Rail Development Commission, and the Professional Engineers and Surveyors Board on the biennial transportation budget.

Thursday, February 6

House Transportation (9:00 a.m.)

- Testimony from the Department of Development, Ohio Turnpike Commission, and Ohio Rail Development Commission on the biennial transportation budget.

House Finance (10:30 a.m.)

- Testimony from the Department of Education and Workforce, Department of Higher Education, and Department of Rehabilitation and Correction on the biennial budget bill.