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# STATEHOUSE REPORT

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June 23, 2017

## **Big, final push on MCO sales tax replacement!!!**

**Contact lawmakers on this serious, substantial loss of county revenue and the need to address!**

**If you have not already made calls this week to your legislators, members of legislative leadership and conference committee members, PLEASE TAKE ACTION!**

**And, urge others in the courthouse and in the community to make calls and share how this will impact your county, including from an economic development perspective.**

The **next few days are critical** in how leaders at the statehouse decide to address the elimination of the \$207 million revenue stream to counties and transit authorities from the sales tax on Medicaid Managed Care Organizations (MCO's). Final legislative action is expected Tuesday or Wednesday followed by the Governor acting on the measure before July 1<sup>st</sup>.

### **TAKE ACTION:**

- ✓ Personally call your state senator(s) and state representative(s), House and Senate leadership and the leaders of the finance committees AS SOON AS POSSIBLE to let them know how critical this issue is as well as the Administration!



[Click here](#) for the Senate contact list

[Click here](#) for the House contact list

- ✓ Ask business leaders and community leaders to advocate.
- ✓ Raise awareness through the media with stories, letters to the editor, editorials, etc.
- ✓ Urge your other county elected officials and entities supported with county funds to advocate for revenue replacement.
- ✓ Update CCAO staff on your efforts and feedback from lawmakers

### **THE GOAL:**

The state must find a solution that provides complete and permanent replacement of Medicaid Managed Care Organization (MCO) sales tax revenue for counties and transit authorities.

### **TALKING POINTS:**

- Explain the impact the revenue loss will have on economic development, jobs, and your partnerships in delivering services.
- Describe budget cuts you anticipate having to impose if the revenue is not replaced.
- Remind them that counties are simply seeking revenue stability by holding on to their current levels of funding. The replacement of this revenue is not a tax increase.
- Ask them to assure that the budget provides replacement of these dollars.
- **Support the Dolan/Seitz amendment!**

Make sure they understand that this must be fixed! The budget includes a plan that permanently fixes this problem for the state. Their county partners should be included in this plan.

### **THE STATUS:**

Despite all our hard work in the Senate, they did NOT include a solution to address the loss of the Medicaid MCO sales tax for counties and transit authorities in their omnibus amendment to the budget on Tuesday.

Senator Dolan let us know how disappointed he was, and he remains steadfast in his efforts to get this issue addressed. He was successful in getting an amendment passed in committee that creates a point of difference between the House and Senate versions so that we can continue to fight in conference committee.

Senator Dolan and Representative Seitz have prepared an amendment for conference committee that would reset the proposed state franchise fee on MCO's July 1, 2018 for six years, as well as maintain the transition aid to counties and transits as proposed by the

Administration in the meantime. **CCAO is urging everyone to support the Dolan/Seitz amendment!**

We still have work to do to get broad range support for the Dolan/Seitz amendment. In the past, the following concerns have been voiced over the concepts:

- Opposition/concerns from the Administration
- Concern about the complexity of dealing with federal regulations
- The idea that this would be a tax increase

#### **CONFERENCE COMMITTEE:**

Ironing out the differences between the House and Senate versions of the state budget bill (HB 49) is the responsibility of the Conference Committee, which convened Thursday for the first time and is expected to complete its work by the middle of the week, setting up final votes on the bill possibly Wednesday, June 28<sup>th</sup>.

The members of the Conference Committee include Rep Ryan Smith (R-Bidwell), Rep Scott Ryan (R-Newark), Sen Scott Oelslager (R-N. Canton), Sen Gayle Manning (R-N. Ridgeville), Rep Jack Cera (D-Bellaire) and Sen Michael Skindell (D-Lakewood).

CCAO's list of items that it is seeking action by the Conference Committee can be reviewed either in our [Executive Summary](#) or on our [Chart of Issues](#).

#### **NEW STATE REVENUE ESTIMATES:**

The Ohio Legislative Service Commission announced Thursday that it is revising its February estimate downward by \$1.02 billion for the new two-year budget period that starts July 1. It also projects that the state will need to spend \$59 million more for Medicaid than was originally forecast.

State Budget Director Tim Keen revised down his general-revenue fund estimate by \$949 million, while also projecting the state's share of Medicaid costs to increase by \$138 million, due to shifts among programs that get different federal matching rates.

Sluggish non-auto sales-tax and income-tax collections are driving the reduced revenue estimate, Keen said.

Summary descriptions of the differences between the executive, House and Senate versions of

**“There’s a lot of members that are really concerned,” Rep Ryan Smith said. “There’s a definite commitment to have that discussion and try to figure something out.”**

***Said House Finance Chair Ryan Smith regarding a funding solution to help counties and transits***

the budget stretch more than 500 pages.

One issue that will get attention over the next week, Smith said, is finding long-term help for local governments and transit authorities, which stand to lose about \$200 million per year because the state is no longer allowed to charge sales tax on Medicaid managed-care services.

“There’s a lot of members that are really concerned,” Smith said. “There’s a definite commitment to have that discussion and try to figure something out.”

The budget contains some [short-term relief](#) for counties, but Keen said he does not support funding a permanent replacement.

Asked if the budget should address what Congress is doing regarding health care, Keen advised legislators not to speculate. “When we know what is happening, we should assess that and then determine if there is any adjustment we might need to make,” he said.

## **Senate committee, Ohio Senate passes criminal justice facility legislation, bill on way to Governor**

The Senate Ways and Means Committee this past week unanimously reported House passed legislation ([HB 124](#)) which authorizes a joint vocational school district to submit a property tax question to parts of its territory, and allows a county to levy a property tax for both capital and operating expenses related to criminal justice facilities and services. The bill, which was sponsored by Representatives Andrew Brenner (R-Powell) and Rick Carfagna (R-Genoa Township), includes an emergency clause which allows the bill to take effect upon signature of the governor.

Later the same day the Ohio Senate passed HB 124 by a vote of 33-0 on the bill and 33-0 on the emergency clause. Ohio law requires a separate supermajority vote when a bill contains an emergency clause. The Ohio House of Representatives concurred on Senate amendments by votes of 83-11 on the bill and 86-8 on the emergency clause, thus forwarding the bill on to the governor for his signature.

The county property tax language was added to the joint vocational school district corrective ballot issue measure by the Senate Ways and Means Committee in the previous week. Senator John Eklund (R-Chardon), chairman of the Ways and Means Committee, in offering the amendment said, “This is an authority that already exists for school districts in the state of Ohio. They can put a capital and operating levy combined on the ballot... and this extends that authority to detention facilities and operations thereof.”

The county amendment authorizes boards of county commissioners to propose, as a single ballot question, a bond levy for the acquisition or improvement of a criminal justice facility and either or both of the following: a levy for related improvements, and an operating levy for the expenses associated with running the facility and other criminal justice services.

CCAO has been working closely with the offices of Senator Frank Hoagland (R-Mingo Junction) and Representative Jay Edwards (R-Nelsonville) in drafting the amendment that was added to HB 124. Meigs County requested the assistance of CCAO, their state legislators, and bond counsel in preparing legislation to address the county's need for a combined ballot issue addressing the responsibilities of issuing bonds, paying for capital improvements, and generating revenue to operate criminal justice facilities and provide criminal justice services.



Senator Frank Hoagland

The bill includes an emergency clause which was included in the original bill to address a county board of elections snafu. Ballot language was not placed before the voters in every county in a joint vocational school district thus preventing a career technical center from collecting its full combination levy.

The county amendment includes temporary law language permitting any board of commissioners prior to the effective date of the permanent county levy law language to adopt one or more resolutions placing the questions of the combined ballot levy on the ballot and directing the county board of elections to accept such resolutions and make arrangements for the submission of ballot language to the voters of such county at the general election to be held November 7, 2017.



Rep. Jay Edwards

This means that once the governor signs this legislation, any board of commissioners may utilize the provisions of this legislation this summer in order to place a property tax levy as authorized by the bill before the voters this November.

For additional information on this issue please contact Brad Cole of the CCAO staff at [bcole@ccao.org](mailto:bcole@ccao.org)

## Bills Introduced



### SB 168

#### **MEDICAID EXPANSION** ([JORDAN, K.](#))

To prohibit the Medicaid program from covering the expansion eligibility group and to require aggregate General Revenue Fund appropriations for state agencies to be reduced by specified amounts for the biennium beginning July 1, 2017, and ending on June 30, 2019.

### HB 281

#### **BROADBAND EXPANSION** ([CARFAGNA, R.](#))

To establish the residential broadband expansion program within the Development Services Agency to award matching grants for last mile broadband expansion in municipal corporations and townships and to make an appropriation.

## HB 282

### **CRIMINAL MISCHIEF** ([HAMBLEY, S.](#))

To expressly prohibit criminal mischief relating to residential rental property and to prohibit a metropolitan housing authority from renting or providing housing assistance to a person who has recently been convicted of criminal mischief relating to residential rental property.

## HB 283

### **ADOPTIONS** ([REZABEK, J.](#))

To require the juvenile court judge to provide written consent to certain adoptions involving abused, neglected, or dependent children.

## Hearing Schedule



## TUESDAY, JUNE 27

### House Session

(Chr. [Rosenberger, C.](#), (614) 466-3357), House Chamber, 11:00 am

- If needed

### Senate Session

(Chr. [Obhof, L.](#), (614) 466-4900), Senate Chamber, 1:30 pm

## WEDNESDAY, JUNE 28

### Senate Government Oversight & Reform

(Chr. [Coley, B.](#), (614) 466-8072), Finance Hearing Rm., 9:45 am

## HB 103

### **FISCAL PLANNING COMMISSIONS** ([REINEKE, B.](#))

To modify the composition and powers of the financial planning and supervision commission of a political subdivision that is in a state of fiscal emergency and to clarify the duties of that political subdivision. --2nd Hearing-All testimony-Possible amendments & vote

### Senate Rules & Reference

(Chr. [Obhof, L.](#), (614) 466-7505), Majority Conf. Rm., 11:00 am

### Senate Session

(Chr. [Obhof, L.](#), (614) 466-4900), Senate Chamber, 1:30 pm

### House Session

(Chr. [Rosenberger, C.](#), [\(614\) 466-3357](#)), House Chamber, 1:30 pm

**THURSDAY, JUNE 29**

### Senate Rules & Reference

(Chr. [Obhof, L.](#), [\(614\) 466-7505](#)), Majority Conf. Rm., 10:00 am

- If needed

### House Session

(Chr. [Rosenberger, C.](#), [\(614\) 466-3357](#)), House Chamber, 11:00 am

- If needed

### Senate Session

(Chr. [Obhof, L.](#), [\(614\) 466-4900](#)), Senate Chamber, 1:30 pm

- If needed

**FRIDAY, JUNE 30**

### House Session

(Chr. [Rosenberger, C.](#), [\(614\) 466-3357](#)), House Chamber, 1:30 pm

- If needed