



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

February 26, 2016

Pilot sales tax holiday bill adopted by committee and Ohio Senate, independent review of sales tax holiday data under consideration

The Senate Ways and Means Committee accepted a substitute bill that replaced a permanent extension of the sales tax holiday each year with another pilot sales tax holiday in 2016, at the request of the Ohio Department of Taxation and the County Commissioners Association of Ohio.

[SB 264](#) was reported by the Senate Ways and Means Committee and passed the Ohio Senate 31-1 on the same day. The legislature needs to pass this legislation by April in order for a temporary sales tax holiday to be in place for August of this year.

SB 264 as introduced would have made a sales tax holiday on back to school supplies and clothes in August of each year permanent, however, the Senate Ways and Means Committee at the urging of the Department of Taxation and CCAO accepted a substitute bill providing for another one year pilot program for 2016.

The legislature approved in 2014 and the state participated in a one-time sales tax holiday during the first weekend of August 2015. The three day sales tax holiday (Friday through Sunday) applies to school supplies and materials valued at less than \$20 and clothing of less than \$75. SB 264 applies to the same school supplies, materials and clothing as the prior legislation for a three day time period during the first weekend in August 2016.

CCAO Managing Director of Research [Brad Cole testified](#) in opposition to SB 264, stating that CCAO has traditionally opposed sales tax holiday legislation due to the concern that such legislation would reduce county sales and use tax collections. Indeed, a fiscal note prepared by the Legislative Service Commission for the previous sales tax holiday in 2015 predicted a state GRF revenue loss of \$13.5 million and a loss of \$3.2 million to counties and transit authorities.

In his testimony Cole recommended that the legislature make the sales tax holiday legislation a pilot and authorize the Ohio Department of Taxation to collect enhanced data in order to conduct an independent analysis of the impact of the sales tax holiday. Cole also asked the

state to reimburse counties for forgone tax revenue if an independent study by the state determines that counties actually lose revenue due to the sales tax holiday.

CCAO and the Ohio Department of Taxation both favor enhanced data collection from retail merchants with the goal of the Department of Taxation conducting an independent analysis of the impact of sales tax holiday on collections within Ohio. CCAO understands that the Council of Retail Merchants is resistant to an independent study by the Department of Taxation, citing concerns regarding the time and cost to retail merchants of gathering additional information to submit to the state. Conversations on the topic of an independent study are ongoing.

As previously reported, the University of Cincinnati Economics Center conducted a study using Department of Taxation data which purports to show that Ohio experienced:

- An overall increase in tax revenue over what Ohio and Ohio counties would have experienced if there was no sales tax holiday
- Ohio counties bordering neighboring states experienced much higher sales due to consumers flocking to Ohio from other states (No neighboring state currently has a sales tax holiday)
- Contrary to expectations, sales tax collections within Ohio remained robust in the months prior to and following the sales tax holiday. The University of Cincinnati had earlier predicted that such sales would decline in the months prior to and following the sales tax holiday

It is on the basis of this study prepared by the University of Cincinnati and paid for with funding by the Council of Retail Merchants that the legislature has embraced the sales tax holiday concept. The Council of Retail Merchants and large department stores operating in Ohio are the primary backers of the sales tax holiday concept and have been pushing such legislation for over 20 years.

For additional information on this topic, please contact CCAO staffer Brad Cole at bcole@ccao.org.

Safety Capital Grant – NOW is the time to apply

- Application deadline: March 21st
- HB 64, biennial budget bill, appropriated \$10 million for FY16 and \$10 million for FY17
- Provides funding to purchase items to enhance the public safety of a community's residents.
- Maximum amounts for grants:
 - Individual political subdivisions - \$100,000
 - Multiple jurisdictions - \$500,000
 - Maximum per political subdivision - \$100,000
- Grant Awards announced by Local Government Innovation Council: May 19th
- Application/information web site: [CLICK HERE](#)

Sales tax exemption for nonprofit gym memberships reported by committee, concerns regarding fiscal impact noted

Legislation ([HB 334](#)) which exempts nonprofit gym memberships from the sales tax was reported by the House Ways and Means Committee following discussion by committee members of the impact of sales tax exemptions on counties and transit authorities and the two local government funds. HB 334 is sponsored by Representative Jim Bucky (R-Greenville).



Rep. Boose

The discussion was precipitated by written testimony submitted by CCAO Managing Director of Research Brad Cole regarding the need for the legislature to closely monitor the impact that changes in tax law have on local governments that rely on sales taxes and local government funds to provide services. [Cole submitted written testimony](#) as an interested party with concerns.

Representative Terry Boose (R-Norwalk), a former Huron County Commissioner pointed out to the committee that every time the legislature passes an exemption it impacts the state and local governments' revenue collections.

In his testimony, Cole said "whenever CCAO sees legislation that proposes to narrow the sales tax base, this tends to raise concerns about the impact of such sales tax exemptions to county sales tax collections, and to the Local Government Fund, a general purpose revenue sharing program that benefits counties as well as other general purpose local governments."

A revised fiscal note prepared by the Legislative Service Commission indicates a state GRF revenue loss of \$6.7 million, a county/transit revenue loss of \$1.9 million, and an impact of approximately \$250,000 on the Local Government Fund and the Public Library Fund. Cole noted that the revised fiscal note had revenue losses of less than half what was originally anticipated. The reason for the revision is that LSC determined that golf courses and other for profit recreational facility sales are not affected by the legislation.

In concluding his testimony Cole said, "As Ohio pursues reform of Ohio's tax law, care must be taken to assure that the number one revenue source for the state GRF and county general funds remains broad based and capable of supporting state and county delivered services. CCAO recognizes our interdependence on a common revenue source and values the partnership counties have with the state in providing state authorized, county delivered services to Ohioans."

This legislation exempts memberships to gyms, recreational facilities and sports clubs operated by nonprofit charitable organizations from the sales tax. The legislation is being promoted primarily by Ohio YMCAs.

For additional information on this story please contact Brad Cole of the CCAO staff at bcole@ccao.org.

Coroner Bill passes the House

House Bill 240 (Huffman, S., Johnson, T.) which would update coroner laws unanimously passed out of the Ohio House of Representative this week. [HB 240](#) is an interest to CCAO because it would revise how the office of coroner is filled when a vacancy cannot be filled by election or appointment.

HB 240 would also do the following:

- Recognize that coroners include medical examiners;
- Change the qualifications for holding office as a coroner of a charter county;
- Require, under certain conditions, and to authorize, under other conditions, supplemental compensation for coroners who are forensic pathologists;
- Revise how the office of coroner is filled when a vacancy cannot be filled by election or appointment;
- Specify the disposition of a firearm when a person meets death under certain circumstances;
- Specify who pays for the autopsy of an inmate of a state correctional facility; and to make other changes to the coroners' law.

CCAO has worked with the State Coroners Association and its Executive Director David Corey on this proposal. HB240 is timely because six counties in Ohio currently do not have a candidate to run for the office of County Coroner. The bill would allow counties in which the coroner position is vacant or facing an anticipated absence of quality candidates to contract with another coroner.

Relief from unfunded mandates on counties to pay for the autopsy of an inmate of a state correctional facility is also an interest to CCAO.

For additional information on HB 240 please contact CCAO staffer Brian Mead at bmead@ccao.org or 614-220-7982.

Substitute Veteran Identification Card Bill passes the House Committee

House Bill 173 (Anielski, M., Terhar, L.) was re-referred to the House Armed Services, Veterans Affairs & Public Safety Committee. The committee then voted out a substitute version of the bill. The original version of HB 173 would have authorized county recorders to issue an Ohio Veteran ID Card. County Recorders could charge up to \$2.00 for the cards and deposit the funds into County Recorder's Technology Fund.

CCAO had concerns with the original version of HB 173 and worked with the legislative sponsors, County Recorders Association of Ohio, the Ohio Association of County Veteran Service Commissioners and Ohio State Association of County Veteran Service Officers on a substitute version.

Substitute [HB 173](#):

- May allow County Recorders and/or Veteran Service Offices to issue ID Cards
 - Board of County Commissioners must pass a resolution to enable either entity to issue cards.
- Caps the fee charged to a veteran for the ID Card to \$2.00
 - Board of County Commissioners must determine the fee charged, if any
 - And funds collected must be deposited into the County's General Revenue Fund
- Requires the County Recorder to work with the Veteran Service Office to verify ID applicants were not dishonorably discharged.

For more information on the changes that were included in the substitute version, please click on the following link to the bill's [Comparison Document](#).

With the added changes to the bill, CCAO's Board of Directors voted to become proponents of the legislation at the February 19th board meeting. CCAO appreciates the hard work of Jackson County Commissioner Paul Haller and Columbiana County Commissioner Mike Halleck on this legislation.



Commissioner Haller

For additional information on veteran issues please contact CCAO staffer Brian Mead at bmead@ccao.org or 614-220-7982.

Temporary employment services sales tax exemption receives hearing, vote on bill delayed

The House Economic and Workforce Development Committee held a seventh hearing on [HB 343](#) which would exempt employment services and employment placement services from the sales and use tax. The bill, which CCAO opposes because of its fiscal impact on county sales tax collections, was postponed for a vote at the request of prime sponsor Representative Ron Young (R-Leroy Township) who told the committee that some drafting issues remained regarding the bill.

The Ohio Staffing Services Association and the American Staffing Association submitted joint written testimony in support of the bill.

Late last week Union County Commissioner [Gary Lee submitted through CCAO a letter](#) and follow up information to the committee regarding the impact of the sales tax exemption on Union County. Union County had provided in person testimony two weeks ago.

For additional information on this bill please contact Brad Cole of the CCAO staff at bcole@ccao.org.

HB 343 **Sales tax Exemption on Temporary Employment Services**

Sponsor: Rep. Ron Young

Status: House Workforce and
Economic Development
Committee

CCAO Position: Oppose

Key Provisions:

Exempts temporary employment services from sales tax base, reducing county sales tax collections by \$33 million per year

Statehouse, Etc.



Obhof elected Senate President Pro Tem. Sen. Larry Obhof (R-Medina) was selected by the Senate Republican majority caucus to fill the leadership vacancy created with the resignation of former president pro tempore Chris Widener. The president pro tem position is the number two leadership position in the Senate behind that of the Senate president. Speculation now suggests that Obhof's selection positions him to succeed Senate President Keith Faber next year. Faber is term-limited in the Senate and currently running for a seat in the House. The last few Senate presidents were previously second in command.



Sen. Obhof



Sen. Manning

Sen. Gayle Manning (R-North Ridgeville) was selected to fill Sen. Obhof's previous position as majority whip. Sen. Tom Patton (R-Strongsville) who is also term-limited and seeking a House seat will remain as majority floor leader.

Bob Hackett appointed to Senate. Former Madison County Commissioner and current State Representative Bob Hackett was unanimously selected by Republican senators to fill the vacancy in the 10th Senate District caused by the resignation of Chris Widener. Hackett is currently running for the seat in the upcoming primary. Senate President Keith Faber said Hackett has the "experience and depth of knowledge to be an effective state senator." After taking the oath, Sen. Hackett told colleagues, "I'm just really looking forward to it. It's just an honor."



Sen. Hackett

OCCO legislative reception rescheduled. The Ohio Council of County Officials Legislative Reception has been rescheduled from April 6 to April 13. Governor Kasich announced that he will be delivering his State of the State Address in April 6 at 7 PM in Marietta. The reception will now be held on **Wednesday, April 13 from 5-7 PM in the State House Atrium.**

Bills Introduced



- [SJR 5](#)** ■ **STATE OF THE STATE** ([Faber, K.](#)) Authorizing a joint session of the Ohio General Assembly to meet at the Peoples Bank Theatre in Marietta, Ohio, for the purpose of receiving a message from the Governor and calling for a committee to wait upon the Governor in anticipation of his State of the State Address.
- [SB 283](#)** ■ **RESIDENTIAL CARE** ([Cafaro, C.](#)) To authorize alternative sanctions for residential care facilities, to authorize memory care units in residential care facilities, to provide funds to regional long-term care ombudsman programs to hire additional staff, and to

make an appropriation. Am. 3721.02, 3721.13, and 3721.16 and to enact sections 3721.033, 3721.37, 3721.38, 3721.39, and 3721.40

- HB 471** ■ **COMMISSION ELIMINATION** ([Brown, T.](#)) To formally abolish certain boards and commissions that have completed their work and to abolish the Compact with Ohio Cities Task Force.
- HB 472** ■ **RENEWABLE ENERGY** ([Strahorn, F.](#)) To unfreeze the requirements for renewable energy, energy efficiency, and peak demand reduction, to permit changes in and Public Utilities Commission action on electric distribution utility portfolio plans in 2016, to revise the setback requirement for economically significant wind farms, and to repeal the setback requirement for wind farms of fifty megawatts or more.
- HB 470** ■ **PALLIATIVE CARE FACILITIES** ([Schuring, K.](#)) Regarding palliative care facilities. Am. 109.57, 140.01, 1337.11, 2133.01, 2317.54, 3701.881, 3712.01, 3712.09, 3721.01, 3795.01, 3963.01, 4719.01, 4723.36, 4723.481, 4723.487, 4729.43, 4730.202, 4730.411, 4730.53, 4731.055, 4731.228, 4752.02, and 5119.34 and to enact sections 3712.032, 3712.042, and 3712.052.
- HB 473** ■ **TAX POLICY** ([Amstutz, R.](#)) To require voter approval before a county may levy a new utilities services tax, to allow small businesses to count employees of related or affiliated entities towards satisfying the employment criteria of the business investment tax credit, to permit a bad debt refund for cigarette and tobacco product excise taxes paid when a purchaser fails to pay a dealer for the cigarettes or tobacco products and the unpaid amount is charged off as uncollectible by the dealer, and to allow vendors to receive a refund of sales taxes remitted for bad debts on private label credit cards when the debt is charged off as uncollectible by the credit card lender. Am. 122.86, 324.02, 324.021, 5703.70, 5739.121, 5743.05, and 5743.53 and to enact section 5743.06.
- HB 474** ■ **HIGHER EDUCATION** ([Brown, T.](#)) With respect to the coordination and administration of higher education programs and the College Credit Plus program. Am. 301.0712, 3319.111, 3333.04, 3333.041, 3333.048, 3333.731, 3345.061, 3345.35, 3354.01, 3354.09, 3357.01, 3357.09, 3357.19, 3358.01, 3358.08, 3365.01, 3365.06, and 3365.07; to enact sections 3333.051, 3333.172, 3333.45, 3345.19, and 3365.091; to repeal sections 3333.0411 and 3345.692
- HB 475** ■ **FILM TAX CREDITS** ([Schuring, K.](#)) To authorize motion picture companies to transfer the authority to claim refundable motion picture tax credits to other persons, to adjust how the credit is calculated, to increase the total amount of credits that may be awarded per year, to remove the limit on the maximum credit amount that may be awarded to a motion picture, and to create a job training program for resident film crew members. Am. 122.85.
- HB 476** ■ **STATE CONTRACTING** ([Schuring, K.](#)) To prohibit a state agency from contracting with a company that is boycotting Israel or disinvesting from Israel. En. 9.75.

Hearing Schedule



Monday, February 29

[Joint Committee on Agency Rule Review](#) ([Committee Record](#)), (Chr. [Uecker, J.](#), 466-4086), Senate Finance Hearing Rm., 1:30 pm

Tuesday, March 1

[Sunset Review Committee](#) ([Committee Record](#)), (Chr. [Brown, T.](#), 466-8104), South Hearing Rm., 3:30 pm

- Agency reports from Clean Ohio, Trail Advisory Board; Coastal Resources Advisory Council; Homeland Security Advisory Council; Ohio Private Investigation and Security Services Commission; AMBER Alert Advisory Committee; Barber Board; Bureau of Workers' Compensation Board of Directors; Emergency Response Commission; Ohio Judicial Conference; Supervisory Investigative Panel of the State Dental Board; Workers' Compensation Board of Directors Nominating Committee; Technical Advisory Committee to Assist Director of the Ohio Coal Development Office; English Language Arts Academic Standards Review Committee; Mathematics Academic Standards Review Committee; Science Academic Standards Review Committee; Social Studies Academic Standards Review Committee; Straight A Program Advisory Committee; Straight A Program Governing Board; Advisory Board to Assist and Advise in the Operation of the Ohio Center for Autism and Low Incidence

Wednesday, March 2

[Senate Rules & Reference](#) ([Committee Record](#)), (Chr. [Faber, K.](#), 466-7584), Majority Conf. Rm., 11:00 am

[Senate Session](#), (Chr. [Faber, K.](#), 466-4900), Senate Chamber, 1:30 pm

Wednesday, March 9

[Senate Rules & Reference](#) ([Committee Record](#)), (Chr. [Faber, K.](#), 466-7584), Majority Conf. Rm., 11:00 am

[Senate Session](#), (Chr. [Faber, K.](#), 466-4900), Senate Chamber, 1:30 pm