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# 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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**March 06, 2015**

## **Commissioners testify on severance tax proposal in state budget bill**

The House Ways and Means Committee took testimony on Tuesday on the budget bill proposal to raise oil and gas severance taxes. The testimony fell into two main camps: industry representatives who vehemently oppose any tax hike and local officials who want a bigger slice of any new revenues that are approved.

The House Ways & Means Committee debate over the plan (HB 64), which is a modified version of proposals that have been considered and rejected twice before by the GOP-led General Assembly, played out much like the others: The business interests predicted severe negative consequences under the bill for an industry that's on a downturn due to plummeting oil prices, and local communities complained that their strapped budgets couldn't keep up with infrastructure costs exacerbated by oil and gas development efforts.



***Belmont County State Rep Jack Cera and Commissioner Ginny Favede with House Ways and Means Chairman Jeff McClain***

Kasich's latest proposal would generate an estimated \$325 million over the biennium to partially offset an across-the-board income tax cut and provide for more local funding. It would set a fixed rate of 6.5% for oil and gas produced at the wellhead, with a lower rate of 4.5% for natural gas and natural gas liquids taken downstream. The local cut would be 20% of what's left over after covering the state's regulatory costs.

Belmont County Commissioner Ginny Favede and Harrison County Commissioner Don Bethel testified in support of additional funds to pay for road improvements and other service upgrades they said are needed to support the industry's growth in southeastern Ohio.

Favede said hosting the industry costs counties money for infrastructure improvements, and her county alone faces \$28.8 million in real infrastructure needs. Meanwhile, the county has only a

\$22 million dollar general fund budget and is \$20 million dollars in debt with no oil and gas revenue stream to fund the costs.

“County services are stretched thin as oil-related businesses demand water and sewer lines and services. We need to help you understand that it is going to cost each of the eastern Ohio counties money for infrastructure to accept new developments, rail spurs, water, sewer, waste-water treatment and road improvements. Money that we do not have,” she said. “We do not have the financial resources to provide these services to the oil and gas industry.”

She added that local governments should get at least 50% of the severance revenues, not just 20% as proposed in the bill.



*Bethel testifies on severance tax*

Bethel said affected counties deserve "a fair share of revenues" returned to affected counties and enactment of a severance tax. He said the county faces pressure from its residents to upgrade its "severely dilapidated infrastructure" and currently has some \$85 million in such needs that have gone unaddressed for several years, as the area has spent decades in poverty with the decline of the coal industry. The oil and gas industry brings with it significant land impacts and environmental risks, he added, so the oil and gas industry should pay their "fair share" to offset these costs as well.

CCAO along with the Ohio Municipal League and Ohio Township Association submitted [joint written testimony](#) with several recommendations to the panel, including a formula for disbursing local funds.

"We appreciate the recognition that local governments impacted by the shale play drilling activities should benefit from a severance tax that is imposed. However, HB64, as introduced, does not provide nearly enough resources to support the economic development envisioned by the legislature for the shale play counties," the groups said in a joint statement.

## **State Public Defender calls for restoring reimbursement rate to counties back to 50%**

State Public Defender Tim Young presented the State Public Defender Commission's budget to the House Finance Transportation Subcommittee on Thursday. He strongly advised increasing the state reimbursement to counties to 50% to restore the state's original commitment of funding 50% of the counties costs for providing indigent defense.

Young told the subcommittee members in his [testimony](#) that the state needs to begin to move toward a state administered system and urged them to consider the proposal the Public Defender Commission has developed over the last year in consultation with legislators, county commissioners, and numerous interested parties.

The proposal, which would require an additional \$20 million to fund, consists of three interrelated reforms:

- Increasing state reimbursement to the counties to 50%
- Allowing the office to establish a statewide, uniform set of hourly rates and per-case caps for appointed counsel.
- Evaluating local delivery systems and basing reimbursement on system standards and accountability.



*State Public Defender Tim Young*

Implemented together, these three reforms would be an important first step toward addressing the many shortcomings of Ohio's indigent defense system, ensuring that the system uses taxpayer money appropriately, and improving accountability for the state's expenditure of funds.

"A high-quality indigent defense system helps ensure that the right people are in prison, serving the right sentences. And well-trained, adequately supported defense counsel are the most likely obstacle between an innocent Ohioan and a wrongful conviction," Mr. Young said, adding that efforts to reduce the prison population begin with ensuring offenders have appropriate counsel

Young also told members of the subcommittee that proposed funding falls short of projected needs, especially in the areas of staffing the central office and covering the costs of the state's indigent defense system. The Commission's budget request covered increasing operational costs but kept the overall budget flat, creating a deficit in Fiscal Year 2017 for the central office, but made ends meet by combining funds from two line items that are currently used to cover branch office costs. However, the executive budget request instead made up for the shortfall by temporarily shifting 1% of funds dedicated to reimbursing counties for indigent defense services to the central office fund.

Mr. Young noted that the executive budget's version of the temporary funding fix frustrates county commissioners who are reimbursed from the Indigent Defense Support Fund that the funds would be shifted out of. Young said, "Shifting the division of those funds while not actually resolving our solvency issues may give the appearance that the central office is being pitted against the counties, when in reality we are partners in the provision of indigent defense services."

## **House members question ODJFS case management proposal and evaluation metrics**

Department of Job and Family Services Director Cynthia Dungey on Tuesday detailed how the Administration believes new case management requirements could transform the way people are connected to benefits and services, under the proposed Comprehensive Case Management and Employment Program.

Dungey told the House Finance Health and Human Services Subcommittee that county JFS agencies are typically focused on helping clients with immediate problems at hand, but switching to a case management model would ensure that workers are connecting people with other services beyond their pressing needs such as food or cash assistance. The county agency that is tapped locally to lead the implementation of the new case management structure, whether it be a JFS, Ohio Means Jobs center or another service provider, will be required to apply the new method first to clients ages 16-24 starting in December, she said. Prior to that time, the department will set metrics regarding client outcomes that must be met by the lead agency.



***ODJFS Director  
Cynthia Dungey***

Human services groups have voiced their opinion on the policies, saying that they're supportive of extending case management but will need assistance to transition to the new model. They have opposed tying funding to individual outcomes.

Rep. Nickie Antonio (D-Lakewood) expressed concerns about the requirement for agencies to meet certain metrics to continue receiving TANF funding because all cases and clients will be different. She asked if there has been any thought given to measuring success by subgroups. She added that she is also worried that an intensive case management model would not only add stress to the county agencies' workforce but could also put financial strains on those that look to local levies for a major chunk of funding.

Doug Lumpkin, Office of Human Services Innovation deputy director, said there has been discussion about how to set outcomes and whether expectations should be different for certain populations, such as children who've aged out of foster care, those who are refugees from other countries and individuals with disabilities. He said there will likely be some standards that must be met by all clients while other outcomes will be determined on an individual basis. Addressing the possibility of additional costs to county agencies, Mr. Lumpkin said, "I'm not going to pretend there will or won't be. You could either have additional costs and training or any number of things. Some of those things will become more apparent as we move forward. It's kind of hard to quantify."

ODJFS will make things easier on local case managers by improving its technology at the start of the next biennium so that TANF and SNAP can be determined on the Ohio Benefits website, he said. Doing so will give case managers real-time determinations so that they can move forward in their planning.

Rep. Emilia Sykes (D-Akron) said she's supportive of the case management model and wants to see it succeed, but it will be necessary for case managers to be properly trained if that's to happen. She asked what plans are in place for making sure counties not only have enough case managers but that the staff is educated on how to connect people with services JFS doesn't offer. "A failure of the implementation of this program is not just a failure of us, it's a failure of the customers," Dungey said, adding that the local agencies will be trained on which other service providers to reach out to and how to approach case management.

Dungey said that there are no incentives determined as of yet for individual case managers to follow up on those that they've referred to other services to ensure they're progressing with their case plan. However, Rep. Mark Romanchuk (R-Mansfield) indicated that knowing what the

incentives were was important to him, noting that "if we don't want it to be a referral service, the incentives on how you make that happen will be important in my view." He asked if there are other states that are combing TANF and Workforce Opportunity Investment Act funds to build a case management system. Lumpkin said there is a federal effort to begin discussing how combining the funds could be effective in driving case management models and other states have considered a similar system but haven't fully implemented it.

CCAO will continue to work with JFSDA, PCSAO and OCDA on raising questions around implementation and expectations as we partner with the Administration and legislature on working toward our common goal of seeing more individuals find and keep employment.

## CCAO Water Quality Taskforce meets with Lake Erie algae bill sponsor

On Monday, Lucas County Commissioner Pete Gerken and Auglaize County Commissioner Doug Spenser, CCAO Taskforce co-chairs, hosted the CCAO Water Quality Taskforce at University of Toledo's Lake Erie Center. Sen. Randy Gardner, sponsor of [Substitute Senate Bill 1](#), was one of the day's many speakers. Gardner and Rep. Michael Sheehy discussed the two water quality bills (SB 1 and HB 61) that are moving through the legislature.



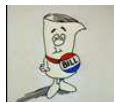
Sen. Randy Gardner and Rep. Michael Sheehy

The group also was given an update on what researchers are doing since the aftermath of the Toledo water crisis. Dr. Carol Stepien and Dr. Daryl Dwyer from the University of Toledo discussed current projects going on at the Lake Erie Center that can help prevent phosphorous from entering Lake Erie. Later in the day, Dr. Jeffrey Reutter, director of the Ohio Sea Grant and Stone Laboratory at the Ohio State University, was the luncheon speaker.

Kelly Frey, Ottawa County sanitary engineer, gave a presentation on the challenges presented by Harmful Algal Blooms from the point of view of a water facility operator. Lastly, the group was updated with information that the federal government is proposing to combat the problems of Harmful Algal Blooms in Lake Erie. This was provided by representatives from Congressmen Bob Latta's and Marcy Kaptur' offices, as well as an official from Sen. Rob Portman's office.

For additional information on water quality issues, please contact CCAO staffer Brian Mead at [bmead@ccao.org](mailto:bmead@ccao.org) or 614-220-7982.

## Bills Introduced



**[SB 95](#)** **REFRESHMENT AREAS** ([Seitz, B.](#), [Thomas, C.](#)) To allow municipal corporations and townships with a population of more than 35,000 to create outdoor refreshment areas, to exempt persons within such an area from the open container law, to create the Outdoor Refreshment Area Study Committee, and to

- declare an emergency. Am. 4301.62 and to enact section 4301.82
- SB 99** **WATER CHARGES** ([Brown, E.](#)) Regarding property liens for unpaid county or municipal water service charges. Am. 743.04 and 6103.02
- SB 100** **SALES TAX HOLIDAY** ([Brown, E.](#)) To provide a three-day sales tax 'holiday' each April during which sales of qualifying Energy Star products are exempt from sales and use taxes. Am. 5739.02 and 5739.05
- SB 109** **TOWNSHIP IMPACT FEES** ([Tavares, C.](#)) To authorize townships to levy impact fees on new development to finance capital improvements necessitated by that development. Am. 5755.01 to 5755.12
- SB 112** **CHANGING STATIONS** ([Lehner, P.](#)) To require public buildings to have at least one rest room facility with an adult changing station. Am. 3781.109
- SB 113** **METH LABS** ([LaRose, F.](#)) To provide for the remediation of real property on which an illegal methamphetamine manufacturing laboratory has been discovered. Am. 3745.13 and 4745.01 and to enact sections 3744.01, 3744.02, 3744.03, 3744.04, 3744.06, 3744.09, 3744.12, 3744.13, 3744.15, 3744.16, 3744.17, 3744.18, 3744.20, and 5302.31
- SB 114** **WATER QUALITY** ([Skindell, M.](#)) To establish requirements and procedures pertaining to levels of microcystin in public water systems. Am. 6109.25
- HB 105** **MILITARY TRANSFERS** ([Craig, H.](#), [Perales, R.](#)) To permit persons who quit work to accompany the person's spouse on a military transfer to be eligible for unemployment compensation benefits. Am. 4141.29
- HB 107** **SPEED LIMITS** ([Stinziano, M.](#), [Retherford, W.](#)) To permit a person or neighborhood association or organization to request the Director of Transportation to reduce the speed limit on the street or highway of the person's residence or a street or highway located within the area of representation of the association or organization if the street or highway has a speed limit of not more than 35 miles per hour, and to permit a person or neighborhood association or organization to request the Director or a local authority to erect a stop sign at an intersection where currently no stop sign is present. Am. 4511.11 and 4511.21

## Hearing Schedule



### Tuesday, March 10

- House Community & Family Advancement** ([Committee Record](#)), (Chr. [Derickson, T.](#), 644-5094), Rm. 113, 8:00 am
- HB 63** **CHILD ABUSE REPORTING** ([Pelanda, D.](#), [Grossman, C.](#)) To require mandatory reporters of child abuse or neglect to notify the county public children services agency when an attorney in fact under a document that purports to grant parental rights requests services from them, to require the agency to investigate the child's placement with the attorney in fact, and to require the agency to file a dependency complaint if it determines that the placement is unsafe for the child. **--2nd Hearing-Proponent**
- Senate Finance** ([Committee Record](#)), (Chr. [Oelslager, S.](#), 466-0626), Finance Hearing Rm., 2:30 pm
- SB 5** **POST-TRAUMATIC STRESS** ([Patton, T.](#), [Brown, E.](#)) To make peace officers, firefighters, and emergency medical workers diagnosed with post-traumatic stress disorder arising from employment without an accompanying physical injury eligible for compensation and benefits under Ohio's Workers' Compensation Law. **--1st Hearing-Sponsor**
- House Local Government** ([Committee Record](#)), (Chr. [Anielski, M.](#), 644-6041), Rm. 018, 9:00 am
- HB 5** **BUSINESS CASE STUDIES** ([Kunze, S.](#), [Koehler, K.](#)) To allow the Auditor of State to conduct business case studies regarding the efficiency of local public offices and state agencies, to authorize the Auditor of State to establish a shared equipment service agreement program among

political subdivisions, and to specify that a political subdivision that uses the loaned equipment has potential liability for its use under the Political Subdivision Tort Liability Law. --3rd Hearing-  
**Proponent-Possible amendment**

**House Insurance** ([Committee Record](#)), (Chr. [Hackett, B.](#), 466-1470), Rm. 121, 9:00 am

[HB 51](#)

**INDUSTRIAL COMMISSION BUDGET** ([Hackett, B.](#)) To make appropriations for the Industrial Commission for the biennium beginning July 1, 2015 and ending June 30, 2017, and to provide authorization and conditions for the operations of Commission programs. --2nd Hearing-  
**All testimony-Possible vote**

[HB 52](#)

**BWC BUDGET** ([Hackett, B.](#)) To make changes to the Workers' Compensation Law, to make appropriations for the Bureau of Workers' Compensation for the biennium beginning July 1, 2015 and ending June 30, 2017, and to provide authorization and conditions for the operation of the Bureau's programs. --2nd Hearing-  
**All testimony-Possible amendments & vote**

**Senate Transportation, Commerce & Labor** ([Committee Record](#)), (Chr. [Manning, G.](#), 644-7613), Finance Hearing Rm., 10:15 am

[HB 53](#)

**TRANSPORTATION BUDGET** ([Grossman, C.](#)) To make appropriations for programs related to transportation and public safety for the biennium beginning July 1, 2015, and ending June 30, 2017, and to provide authorization and conditions for the operation of those programs. --4th Hearing-  
**All testimony-Pending referral**

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

**House Finance: Health & Human Services Sub.** ([Committee Record](#)), (Chr. [Sprague, R.](#), 466-3819), Rm. 313, 12:00 pm or after session

- Public testimony on developmental disabilities, infant mortality and mental health and addiction

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

**House Judiciary** ([Committee Record](#)), (Chr. [Butler, J.](#), 644-6008), Rm. 116, 3:30 pm

[HB 24](#)

**ADULT PROTECTIVE SERVICES** ([Retherford, W.](#), [Dovilla, M.](#)) To revise the laws governing the provision of adult protective services. --3rd Hearing-  
**All testimony-Possible vote**

## Wednesday, March 11

**House Finance & Appropriations** ([Committee Record](#)), (Chr. [Smith, R.](#), 466-1366), Rm. 313, 10:00 am

[HB 52](#) ■

**BWC BUDGET** ([Hackett, B.](#)) To make changes to the Workers' Compensation Law, to make appropriations for the Bureau of Workers' Compensation for the biennium beginning July 1, 2015 and ending June 30, 2017, and to provide authorization and conditions for the operation of the Bureau's programs. --1st Hearing-  
**Sponsor-Possible vote**

**Senate Transportation, Commerce & Labor** ([Committee Record](#)), (Chr. [Manning, G.](#), 644-7613), North Hearing Rm., 10:15 am

[HB 53](#)

**TRANSPORTATION BUDGET** ([Grossman, C.](#)) To make appropriations for programs related to transportation and public safety for the biennium beginning July 1, 2015, and ending June 30, 2017, and to provide authorization and conditions for the operation of those programs. --5th Hearing-  
**All testimony-Pending referral**

**House Agriculture & Rural Development** ([Committee Record](#)), (Chr. [Hill, B.](#), 644-6014), Rm. 017, 11:00 am

[SB 1](#)

**ALGAE CONTROL** ([Gardner, R.](#), [Peterson, B.](#)) To require applicators of fertilizer or manure to comply with specified requirements, to establish requirements governing dredged material, nutrient loading, and phosphorous testing by publicly owned treatment works, and to declare an emergency. --1st Hearing-  
**Sponsor**

[HB 80](#)

**AGRITOURISM** ([Burkley, T.](#)) To limit the authority of a board of county commissioners or board of township trustees to prohibit agritourism through zoning, to apply current agricultural use valuation to land used for agritourism for property tax purposes, and to establish immunity in a civil action for agritourism providers. --1st Hearing-  
**Sponsor**

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

**House Session**, (Chr. **Rosenberger, C.**, 466-3357), House Chamber, 1:30 pm

**House Finance: Health & Human Services Sub. (Committee Record)**, (Chr. **Sprague, R.**, 466-3819), Rm. 313, 2:00 pm or after session

- Public testimony on Medicaid, Insurance and Job & Family Services

**House Ways & Means (Committee Record)**, (Chr. **McClain, J.**, 644-6265), Rm. 017, 2:30 pm or after session

- Testimony on all tax subjects included in the budget bill.

## **Thursday, March 12**

**House Finance: Health & Human Services Sub. (Committee Record)**, (Chr. **Sprague, R.**, 466-3819), Rm. 313, 9:00 am

- Public testimony on boards, aging, opioid addiction and public health

**Senate Transportation, Commerce & Labor (Committee Record)**, (Chr. **Manning, G.**, 644-7613), North Hearing Rm., 10:15 am

- If needed

**HB 53** **TRANSPORTATION BUDGET (Grossman, C.)** To make appropriations for programs related to transportation and public safety for the biennium beginning July 1, 2015, and ending June 30, 2017, and to provide authorization and conditions for the operation of those programs. **--6th Hearing--**  
**All testimony-Pending referral**