STATEHOUSE REPORT

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CCAO Executive Director Dulaney testifies before House Finance Committee on state budget bill

CCAO Executive Director Suzanne Dulaney addressed a number of executive budget proposals and their potential effects on local government finances during her testimony to the House Finance Committee this week.

Suzanne Dulaney
Executive Director

Dulaney noted that CCAO supports a proposed severance tax increase and a broadening of the sales and use tax base to include internet, catalog, and telephone sales. However, she told the committee that other tax, reimbursement and funding proposals threaten counties' coffers. Counties have lost revenue streams from a number of sources in recent years, including local government fund decreases and the elimination of tangible personal property tax reimbursements, she said. Gov. John Kasich's plan (HB 64) to bolster a personal income tax cut with an increase in sales taxes could further cut into county collections. Dulaney said counties have turned to sales taxes to offset cuts and "another increase in the state sales tax rate included in HB64 does begin to raise concerns about both the state and counties becoming more reliant on the same source and its impact on influencing purchasing decisions in border counties."

Dulaney also indicated that CCAO has long supported increased flexibility for counties to levy permissive taxes to fund needed services in the face of declining state support. She added that the state should carefully evaluate our sales tax rates with our neighboring states and the impact it has on consumers and merchants alike. As tax reform proposals that would provide additional revenue for the state are examined, Dulaney suggested that lawmakers consider using some of that new money coming in to stabilize the local government fund. Under the current tax package, LGF revenue is estimated to increase by 5.3 percent in the first year of the biennium and 4.1 percent in the second, she told the panel. "This represents maintaining the percentage of state GRF to the LGF at 1.66 percent. If it is the will of the House to modify the tax reform provisions, we ask that steps are taken to protect the local government distributions and the services they support,"

Dulaney stressed CCAO's opposition to an accelerated phase down of TPP reimbursements and public utility tangible property reimbursements. There are currently six counties that continue to receive TPP reimbursements and three continue to receive public utilities reimbursements. The reduction of such reimbursements also negatively affects county programs that are funded through levies. Lost funding for developmental disabilities, children services, health services and senior services programs has an eventual impact on the county budget and taxpayers' wallets. Dulaney specifically questioned a Department of Job and Family Service proposal to move to a comprehensive case management model, beginning with 16-24 year olds. While CCAO supports the approach, the timeline to put the model in place is "aggressive," according to Dulaney, and there are still many unaddressed specifics of the program, such as how performance will be gauged to determine funding.

Dulaney also highlighted CCAO's key budget priority to increase county reimbursement for indigent defense from 40 percent to 50 percent, which would require an additional $12 million in each year of the biennium. The funding would put the state share of the program at 50%, but would still be $5 million below the 2009 appropriation.

Amendments to be offered on key CCAO budget issues

Indigent Defense Reimbursement – Our amendment to increase reimbursement from 40 percent to 50 percent will be offered by a bipartisan majority of the members of the House. We are extremely pleased that, with your help in contacting your members of the House of Representatives and the efforts of several key House members, we have exceeded our goal of having 50 members support our 50% amendment.

The amendment, HC O665, increases the current appropriations in the State General Fund line items that provide reimbursement by slightly more than $12 million in each year of the biennium.

Since the concept of "proportional reduction" was adopted in 1979, the counties have been carrying more than their 50 percent share of the burden. The rate averaged 34.6 percent for the decade prior to the FY14/15 biennium and hit its record low of 26.1 percent in FY09. Although the current and proposed biennium's reimbursement rate of 40 percent returns counties to a level not seen since FY02, CCAO believes that at a minimum the original partnership should be restored and counties receive reimbursement for 50 percent of their costs incurred in meeting the State's constitutional mandate to provide legal representation to indigent defendants.

Adult Protective Services – The language of the budget bill as introduced proposes to subject counties to the expansion of an unfunded mandate. Current law states that counties are to investigate reports, evaluate the need for, *and to the extent of available funds*, provide or arrange for protective services. The bill eliminates "to the extent of available funds" as well as the county obligation to "provide" protective services. We are unclear what it means to have an unconditioned duty to "arrange for" services.

Representative Doug Green is carrying an amendment, HC 0721, for CCAO that would restore the existing language limiting a duty to fund availability. As we did for indigent defense, we are asking you to call your legislator to ask for their support for the amendment and to have them sign onto the amendment by contacting Rep. Green's office at (614) 644-6034. Click here for a reference for the House Finance Committee Members and their Columbus office phone numbers.

If your legislator indicates formal support, please let CCAO's Laura Abu-Absi know at (614) 638-4241 or Labu-absi@ccao.org.

Algae Bill sent to governor for signature

The House and Senate on Wednesday finished its work on a bill that would stem the flow of manure and fertilizer feeding toxic algal blooms in Lake Erie. Substitute Senate Bill 1 passed the full House without opposition before the Senate unanimously concurred with the House's revisions, forwarding the measure on to Governor Kasich for his signature

A central feature of the bill - and the one that provoked lengthy deliberations between the House, Senate, administration and agricultural groups - is a proposal to regulate the application of livestock manure on farm fields. Negotiations on the bill happened right on up until a final version of the bill was passed out of the House Agriculture and Rural Development Committee late Tuesday afternoon. Following a recess, the committee adopted an omnibus amendment that Chairman Brian Hill (R-Zanesville), said makes clarifying changes to provisions on exemption applications, exemption language, what constitutes a single violation, the definition of small and medium operations, and phosphorus monitoring.

Earlier in the day, the committee adopted another substitute bill - the eighth version - that adds new manure requirements from Concentrated Animal Feeding Operations (CAFOs) to the proposed regulations and revises enforcement of the proposed law. Under the new version, third parties spreading manure that originated from a CAFO would have to comply with the same application rules that apply to the facility owners.

The agriculture director could seek corrective action against third party applicators for violating the manure-spreading rules and could assess a civil penalty of up to $10,000 for each violation. As for changes to proposed enforcement regime, the substitute measure would allow medium livestock operations to request a one-year exemption and smaller operators to seek a two-year reprieve if they work toward compliance. ODA could deny an exemption request if they determine the applicant lacks reliability, expertise or substantial effort.

Non-agricultural parts of the legislation would:

- Restrict the disposal of dredging material in open Lake Erie by 2020.
- Require wastewater treatment plants to monitor phosphorus discharge.
- Create a new coordinator of harmful algal bloom management and response position to help organize local response efforts.
- Update the Healthy Lake Erie Fund to advance soil testing, tributary testing, animal waste abatement initiatives and other conservation measures for farmers.

Prior to the bill passing in committee, representatives of the Ohio Farm Bureau Federation, the Ohio Environmental Council and the Nature Conservancy provided brief testimony in support. The County Commissioners association of Ohio Submitted interested party testimony on the bill. A copy of CCAO's testimony can be found on the committee's webpage or by clicking here**.**

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

Transportation Budget passes Senate and House; Democrats request line item veto of driver's license and motor vehicle registration requirement

The Ohio Senate and Ohio House passed with broad support the conference committee report on the Transportation budget (HB 53), although Democrats are asking the Governor to line item veto a provision requiring new Ohio residents who register to vote to surrender their out-of-state driver's license and obtain a new license and registration.

Sen. Gayle Manning (R-North Ridgeville) who chairs the Senate Transportation, Commerce and Labor Committee characterized the $7 billion transportation budget as "one of the greatest job bills we will have the opportunity to vote on during the General Assembly." ODOT and other agencies are expected to create over 96,000 jobs, according to Sen. Manning.

The one item creating controversy is a provision that requires a person from out of state who wishes to vote in Ohio to apply for an Ohio's driver's license if the person intends to drive, register any motor vehicle owned by the person in Ohio, and surrender their out-of-state driver's license to a deputy registrar within 30 days of becoming an Ohio resident. The bill specifies that if a person fails to apply for an Ohio driver's license or register a motor vehicle owned by the person, the person is not permitted to drive in Ohio. The bill defines "resident" to mean any person to whom any of the following apply: has registered to vote in Ohio, lists their address for purposes of federal or state income taxes as being in this state, or maintains their principal residence in this state, but does not reside in Ohio due to military service. The bill defines any violation of these provisions as a minor misdemeanor and a strict liability offense.

Regarding the controversy, Sen. Faber (R-Celina) said, “This does not have anything to do with elections. If you come to Ohio to go to college and you do not want to be an Ohio resident, you don’t have to do anything. You can continue to operate in Ohio on your out-of-state driver’s license and your out-of-state vehicle registration. But if you decide to become a resident, whether you’re a college student or chairman of the board of Ohio State, then you have to take actions to become an Ohioan…if want to come to Ohio to vote, then you are saying you’re an Ohioan.”

In a letter to the governor, Senate Democrats asked the governor to line item veto this provision, saying, “The burden of the new requirements will unduly fall upon college students and active duty military personnel and because all the consequences of these hastily added sections are not fully understood. We also fear this legislation will send the wrong message across the country that Ohio is not a welcoming place for people who might consider moving here.”

Other provisions of the bill of general interest include:

- Removes the increase in the speed limit from 70 to 75 miles per hour on rural interstates and the Ohio Turnpike. Opponents to the increase said Ohio has only had a 70 MPH speed limit for two years, which is not enough time to evaluate the impact of the current law.

- Reduces the amount of annual State Capital Improvement Program (SCIP) funding that must be in the form of loans or local debt support and credit enhancements, from 20 percent in current law to 15 percent beginning in Program Year 30 (SFY 2017). Approximately $8.8 million per year in additional SCIP grant funding could be available.

- Increases the dollar limit under a design build contract that a county engineer may enter into for a bridge, highway, or safety project from a project bid of up to $1.5 million in current law to up to $5 million. This may result in potential cost savings to counties, according to the LSC fiscal note.

- Permits up to $1,235,000 per fiscal year to be made available for reimbursement of administrative costs and prohibits any of the 19 Public Works Integrating Committee Districts from receiving more than $65,000 per year for this purpose.

- Retains a Senate passed provision that requires ODOT to put up signs on interstates with three or more lanes urging motorists to “Keep Right Except to Pass.”

- Requires ODOT to develop metrics that allow the comparison of data across transportation modes and to incorporate the full spectrum of state strategic transportation goals to assist in planning

- Earmarks $3.5 million in each year for Transportation Improvement District (TID) Projects and limits ODOT funding for each project to the lesser of 10 percent of total project costs or $250,000.

- Authorizes the General Assembly to create a six member Transportation Oversight Committee on Rural Busing consisting of three house members and three senators

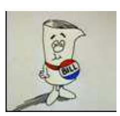
- Creates the Ohio Bridge Partnership Program in permanent law and adds $10 million over the FY 2016-2017 biennium. This is in addition to the $120 million that was earmarked for this purpose during the SFY 2014-2015 biennium.

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

Statehouse Etc.

House Finance Committee begins budget amendment process - The first round of amendments members wish to make to the budget bill are due today. This will begin a process of reviewing amendments and preparing a substitute bill to bring before the House Finance Committee. The Legislature is on spring break for the next two weeks, during which time all of the amendments submitted by members will be reviewed, with the goal of having a substitute version of the budget bill (HB 64) unveiled around April 13. Then a second round of amendments will be considered for inclusion in an omnibus amendment to the substitute bill toward the end of April. The second round of amendments, based upon the content of the substitute bill, are slated to be due on April 17.

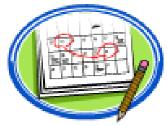
Bills Introduced



HB 130 **DATA OHIO BOARD** (Hagan, C., Duffey, M.) To create the DataOhio Board, to specify requirements for posting public records online, to require the Auditor of State to adopt rules regarding a uniform accounting system for public offices, to establish an online catalog of public data at data.Ohio.gov, to establish the Local Government Information Exchange Grant Program, and to make an appropriation. Am. 149.43 and to enact sections 117.432, 149.60, 149.62, and 149.65

HB 134 **BLIGHTED PROPERTY FORECLOSURES** (Grossman, C., Curtin, M.) To establish summary actions to foreclose mortgages on vacant and abandoned residential properties, to expedite the foreclosure and transfer of unoccupied, blighted parcels, to make other changes relative to residential foreclosure actions, and to terminate certain provisions of this act on December 31, 2019, by repealing sections 3767.51, 3767.52, 3767.53, 3767.54, 3767.55, and 3767.56 of the Revised Code on that date. Am. 323.47, 1901.18, 1901.185, 2303.26, 2329.01, 2329.02, 2329.20, 2329.21, 2329.23, 2329.26, 2329.30, 2329.31, 2329.33, 2329.52, and 2909.07 and to enact sections 2308.01 to 2308.04, 2329.211, 2329.311, and 3767.51 to 3767.56.

Hearing Schedule



The legislature is on Spring Break. There are no legislative hearings scheduled during the weeks of March 3 and April 6.