STATEHOUSE REPORT

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Changes expected to Administration's budget proposal

Key House members are considering hundreds of proposed amendments to the Administration's budget proposal to craft a substitute bill reflecting the Ohio House's budget priorities. Amendments were due March 27, and a sub-bill is expected to be released shortly after lawmakers return from spring break.

CCAO's amendment to increase reimbursement to counties for providing indigent defense was offered with bipartisan support by more than a majority of the House members. Current reimbursement is at 40 percent, and the amendment would restore the rate to 50 percent, which would require an additional $12 million a year.

CCAO is most grateful for these members' support, and encourages counties to thank their legislator(s) who signed-on. Moreover, CCAO staff appreciates all the grassroots efforts by county commissioners, county executives and county council members along with staff to lobby for this amendment! If you have any questions on this amendment or have secured an additional legislative supporter of it, please contact CCAO staffer John Leutz at jleutz@ccao.org or at 614-220-7994.

Separately, CCAO is continuing conversations with the Administration, legislators, and advocate groups around language in the bill regarding adult protective services (APS). Current law in ORC Sec 5101.62 sets forth that counties are to provide or arrange for protective services to the extent of available funds. The bill removes the duty to provide but maintains the responsibility to arrange protective services, and removes "to the extent of available funds." It also would provide $30/k per year, per county, for APS. The CCAO Health and Human Services Committee has raised questions around the definition of "arrange," particularly in light of "to the extent of available funds" being stricken. If you would like further information about this issue, please contact CCAO staffer Laura Abu-Absi at labu-absi@ccao.org or at 614-220-7996.

Governor signs transportation budget, vetoes portions of residency provision, sales tax exemption and Ohio Bridge Partnership Program

At a bill signing ceremony in Reynoldsburg, Gov. John Kasich joined legislative leaders as he signed the $7.06 billion transportation budget, which he said would boost the state's economy and make Ohio's roads safer. The Daifuku North American Corp manufacturing facility was chosen to highlight the importance of transportation infrastructure to Ohio's economic well-being.

The governor also used his line item veto authority to remove all or part of the following provisions from the transportation budget (HB 53).

- **Residency Provisions** – The governor's veto removes language suspending a person's nonresident driving privileges within Ohio if they fail to register their motor vehicle upon becoming an Ohio resident, but retains the new requirement that anyone becoming a resident of Ohio must register within 30 days of that decision. New provisions establishing a violation of the 30 day registration requirement as a minor misdemeanor remain in the bill. The governor vetoed language defining a resident as a person who has registered to vote in this state and lists their address for purposes of paying state and federal income taxes as being in this state. In his veto message, the governor argued that the residency requirements were inconsistent with current Ohio law and provided no provision for restoring driving privileges for persons who lost their driving privileges under the bill.

- **Exemption from sales and use taxes for rental vehicles provided by dealers –** The governor vetoed a provision that exempts from the sales and use tax an auto dealer's use of a rental vehicle to provide replacement transportation for a customer who is having their vehicle serviced by the dealer. Under existing law, a dealer that provides a vehicle from its inventory for the same courtesy transportation must pay the tax. The governor said in his veto message that the exemption will create inconsistency in the application of the law and result in significant refunds resulting in lost state and local tax dollars.

- **Ohio Bridge Partnership Program** – The governor vetoed language that would have established the Ohio Bridge Partnership Program within permanent law. The governor claimed in his veto message that "earmarks in the state transportation budget unduly limit the flexibility of ODOT to prioritize key projects on state highways and roads that directly impact the safety and quality of life of Ohioans." The governor also said that this law was "unnecessary and redundant because Ohio has existing funding sources in state law that provides revenues to local governments to fund road and bridge projects." However, the governor said that in keeping with the spirit of the legislative intent, he has instructed ODOT to allocate $10 million within the SFY 2016-2017 for county and municipal bridges, in addition to the $120 million that the state had earlier committed for this purpose.

The appropriation provisions of the transportation budget take effect immediately upon the governor's signature while other provisions that are subject to referendum take effect 91 days after his signature. Every biennium the transportation budget is a priority to be accomplished by the end of March so that monies are appropriated and available for the spring and summer construction seasons.

If you have questions regarding the information included within this article, contact Brad Cole at bcole@ccao.org.

More casino revenue?

Gaming establishments that fail to collect the amount of revenue they projected during their successful ballot campaign would be barred from issuing promotional gaming credits under a measure Senate lawmakers plan to introduce this spring. Sen. Bill Coley (R-Liberty Twp.) told reporters Tuesday he hopes to introduce legislation in the coming weeks to crack down on the issuance of credits that casinos and racinos use to attract customers.

Under the proposal, he said, facilities that fall short on tax revenue promised to voters during a ballot campaign would be ineligible to issue the credits, which are not subject to taxes owed by operators. Those that are eligible, meanwhile, would see promotional credits capped at an annual $5 million per facility. The senator argued that the bill would allow Ohio schools and local governments to recapture tax revenue. Gaming facility operators, however, called the proposal "ill-conceived and misguided."

While casinos projected they would generate more than $500 million in annual tax revenues, they delivered just $272 million at their peak in 2013, with amounts steadily decreasing thereafter, Sen. Coley said. Total promotional gaming credits given by gaming establishments, meanwhile, surpassed $500 million as of this month, he said. Casinos, he argued, promised no reduction in tax collections when they reduced their size after voters approved the ballot measure and have delivered 46 percent below revenues initially promised. If the legislature hadn't granted casinos and racinos a deduction for promotional credits, Ohio schools and local governments would've seen an additional $165 million, he added.

"This is about looking at the situation and saying, 'Hey look, you didn't build what you promised to build, you're not employing the number of people you said you'd employ," the sponsor said.

According to Sen. Coley's office, the legislation would limit promotional gaming credits to: casino facilities that have at least 4,500 operational slot machines or table game positions and revenue of at least $330 million a year; and licensed video lottery sales agents that have at least 90 percent of the number of operational VLTs and revenue of at least $165 million per year.

"If they're generating $200 per day per machine times 90 percent of their allotted seats, then they get a credit. If they're not doing that, generating that tax revenue for Ohio, then they don't," the senator said, adding that Northfield Park's Hard Rock Rocksino, for example, should meet the proposed threshold.

Eric Schippers, senior vice president of public affairs for Penn National Gaming, Inc., however, argued that the proposed legislation could "nullify one of the very weapons the state needs to help keep Ohio competitive in the ongoing regional gaming arms race." Penn National Gaming operates Hollywood Casino Columbus and Hollywood Casino Toledo. Pointing to the hundreds of millions of dollars in tax benefits Ohio gaming establishments have provided to the state, Schippers said promotional credits are a marketing tool and are similar to retail coupons.

He further called the issue of revenue estimates a "red herring," saying the initial figures were based on a gaming landscape for just four casinos. "We now have 11 gaming facilities - the four casinos along with seven racinos nobody anticipated back in 2009, when the original casino revenue estimates were developed," Schippers said. "To base legislation like this on revenue estimates made years ago in a totally different climate simply makes no sense."

If you have thoughts on this proposal, contact CCAO Staffer John Leutz at 614-221-5627 or at jleutz@ccao.org.

PTSD/Workers comp proposal receives hearing, suggestions

Interested parties continued to weigh in on legislation last week that would provide workers' compensation benefits for first responders diagnosed with post-traumatic stress disorder (PTSD) arising out of employment, without an accompanying physical injury.

The legislation received its third hearing in the Senate Finance Committee, to which it was re-referred after receiving passage by the Senate Transportation, Commerce and Labor Committee. Steve Buehrer, Bureau of Workers' Compensation administrator, shared with the committee responses to common questions or misconceptions around the proposal, SB 5. Specifically, he noted that:

- It has never been law in Ohio to cover through workers' compensation mental claims without an accompanying physical injury;

- BWC estimates the implementation of SB 5 would total about $180M per year of new claims charged to public employers; and

- If made an allowable workers' compensation claim, health or other coverage for PTSD treatment would no longer be able to be utilized for such conditions.

The additional information provided by Administrator Buehrer (linked on right) shows more information about the cost estimate of $182M and the impact of changing certain assumptions in the analysis.

In the March CCAO Board of Directors meeting, the Board voted to support a recommendation by the CCAO General Government and Operations Committee to oppose the measure. Discussion focused largely around the fact that under the Affordable Care Act, health insurers must provide coverage for mental illness equal to that provided for physical illness.

It is anticipated the measure will continue to receive hearings and attention in the Senate, as it has been deemed a priority by Senate leadership.

In other testimony on the measure before the legislative spring recess:

Testimonies before Senate Finance Committee on SB 5:

- **BWC Administrator Steve Buehrer** presented information estimating the cost of implementation to public employers (click here for testimony and here for additional information);
- **Ohio Association of Claimants' Counsel** representative Phil Fulton presented interested party testimony; and
- Robert Minor of the **Ohio Self-Insurers Association and Ohio Chamber of Commerce** Workers' Compensation Committee presented opponent testimony.

- Kathy Platoni, representing the National Alliance on Mental Illness and an expert in PTSD in the military, said it has never been the case that PTSD is considered as only occurring in association with physical injuries, and that the amount of exposure to trauma is the greatest single predictor of the disorder. (Her testimony was not submitted electronically.)

- Robert Minor, representing both the Ohio Self-Insurers Association and Ohio Chamber of Commerce, shared his groups' opposition to proposals changing the workers' compensation requirement that a physical injury exist before compensating a worker for mental injury.

- Phil Fulton, representing the Ohio Association of Claimants' Counsel, proposed an alternative to SB 5. He recommended to the committee that statute be changed to allow for a claim of PTSD resulting from "any employment process that involved sudden and extraordinary exposure to a deadly weapon.

Statehouse Etc.

SB 1 Update: Bill signed by Gov. Kasich – In last week's Statehouse Report, we ran a story that discussed Substitute Senate Bill 1, which would stem the flow of manure and fertilizer feeding toxic algal blooms in Lake Erie. The bill last passed the full House without opposition before the Senate unanimously concurred with the House's revisions and was forward to Gov. Kasich for his signature. The bill was singed April 2, 2015, and will be effective in 90 days.

Hearing Schedule

The legislature is on Spring Break. There are no legislative hearings scheduled during the week of April 6.