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# STATEHOUSE REPORT

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**April 7, 2017**

## **OBM Director warns legislature of declines in state GRF revenues**

In [testimony](#) before the Senate Finance Committee, OBM Director Tim Keen warned legislators about plummeting state revenues in March. Keen stated that through the first nine months of FY2017, state finances have lagged the July 2017 budget estimates. Tax revenues are now \$615 million, or 3.7% below estimates. He went on to list shortfalls in each of the major tax sources:

- Personal income tax, which is below estimate by \$448 million, or 7.6%.
- Sales and use tax, which is below estimate by \$161 million, or 2%.
- Commercial activity tax, which is below estimate by \$28 million, or 2.8%.

Keen illustrated three things that have had a negative impact on state tax revenues – retail deflation, the impact of e-commerce sales on tax collection and the fact that U.S. households are saving more and taking on less debt for purchases in the wake of the Great Recession.

He went on to say that this data poses a significant question for policymakers as they deliberate on the state operating budget for 2018/2019. Should the revenue shortfalls be treated as an aberration or are we beginning to see a trend?

For more information, please call CCAO staffer Brad Cole at 614-221-5627.



**OBM Director Keen**

## **Budget amendments due today**

Amendments for HB 49, the state operating budget, are due today at 3pm. CCAO has been working hard on several amendments that address our top priorities.

**Medicaid MCO Sales Tax** – We are aware of multiple proposals being submitted that would address local revenue losses from the elimination of this tax, including:

- An increase in the health insuring corporation assessment to cover county and transit authorities.
- A broadening of the sales tax to all health insuring corporations.
- Various proposals that would hold counties and transit authorities harmless for different periods of time.

This is a very important issue for both the state and local government and it will be heavily discussed in caucuses as the sub-bill gets put together.

**Indigent Defense** – Rep. Arndt and Rep. O’Brien have submitted an amendment that would:

- Ensure at least 50% reimbursement to counties for indigent defense expenses.
- Change the statute to mandate that the state shall reimburse at the specified percentage rather than through proportional reduction.
- Reimburse counties 100% of their costs for capital cases.



As of this morning, the amendment has **58 co-sponsors** from both sides of the aisle – a tremendous show of support from our State Reps!

**Voting Equipment** – Rep. Arndt and Rep. Patterson, along with several other supporters, submitted an amendment that would:

- Provide \$7 million to partially reimburse counties that have obtained new voting equipment since Jan 1, 2014. Reimbursement will be for 85% of their acquisition costs and is to be paid to county general fund.
- Provide a statement of intent that the General Assembly plans to provide additional funding to counties for voting machines and associated services and equipment for purchases, leases, or reimbursements by FY 19.

**Local Government Funds** – Rep. Duffey submitted a proposal to remove the governor’s plan to re-distribute these funds. Many of the associations who represent local government are sensing that there may not be wide support in the House for the changes the Governor proposed.

**DRC’s Felony 5 Proposal** – Rep. McColley, who chaired the subcommittee overseeing this proposal, has hosted one interested party meeting and discussions are continuing. CCAO has stated that the mandate associated with this proposal must be removed.

**Opiate Epidemic** – Rep. Green has submitted an amendment that creates a reimbursement program for psychotropic drugs dispensed to inmates of county jails and several members of

the House have submitted amendments calling for the state to increase its investment in the state child protection allocation to help counties with rising placement costs.

Moving forward, the House will recess for two weeks and return on April 24th to release their sub-bill and begin additional hearings on the new version of the budget.

If you have questions on any of the amendments listed above please call the CCAO policy team at 614-221-5627.

## **Executive Budget overview**

As we await the House's version of the state budget to be released, we have created an [overview](#) of the Governor's budget proposals that impact CCAO's top four priorities as well as other initiatives included in our legislative platform. It's important to keep in mind that many pieces of this proposal are subject to change as the legislature puts its mark on the bill, but this overview should give you good reference for where the conversation started.

If you have questions on anything in the overview please call the CCAO policy team at 614-221-5627.

## **First small counties statehouse day a success!**

Eight commissioners from Ohio's 15 smallest counties converged on the State House Wednesday April 4 to make a case to their legislators about key CCAO issues such as funding indigent defense, loss of revenue to counties and transit authorities from the elimination of the Medicaid managed care sales tax and the replacement of voting equipment. This event, sponsored by CCAO's Small County Affairs Committee, provided commissioners an opportunity to meet one on one with some of their state legislators and attend the House Finance Committee meeting as that committee begins to wrap up testimony on HB 49, the biennial budget bill.

Committee Chairperson and Meigs County Commissioner Mike Bartrum thought he and the other participants had a great experience. "This is a team effort, and that is the way we can get things done. We had an agenda, topics to talk about, and we were able to reconnect over lunch after talking with the legislators. It was one of the most productive days I have spent at the state house since becoming a commissioner," he said.

Thanks to all commissioners who were able to be a part of this event.

## **Transportation budget items of interest**

The state transportation budget (which has now been signed by the governor) includes many provisions that impact county government, including new permissive county authority to levy an additional \$5 motor vehicle license fee. Click this [link](#) to see our in-depth summary of transportation budget provisions that may be of interest to county officials.

## Statehouse, Etc.



**Erie County Hosts State of the State.** Congratulations to Erie County for hosting a fantastic State of the State Address. The event did a remarkable job of showcasing this great part of Ohio. Special thanks to Representative Arndt, Senator Gardner and Commissioners Shenigo, Monaghan and Old for making it such a success!

## Bills Introduced



### SB 123

#### **PROPERTY TAX COMPLAINTS** ([COLEY, B.](#))

To limit the right to initiate most types of property tax complaints to the property owner and the county recorder of the county in which the property is located.

### SB 124

#### **OCOG GRANTS** ([WILLIAMS, S.](#))

To qualify students in noncredit community college and career and technical programs for Ohio College Opportunity Grants and to require the awarding of academic credit for community colleges' career certification programs.

### SB 125

#### **CHILD SUPPORT** ([BEAGLE, B.](#))

To make changes to the laws governing child support.

### SB 127

#### **WASTE COLLECTION VEHICLES** ([LAROSE, F.](#))

To require motor vehicle operators to take certain actions upon approaching a stationary waste collection vehicle collecting refuse on a roadside.

### SB 128

#### **NUCLEAR ENERGY** ([EKLUND, J.](#), [LAROSE, F.](#))

Regarding the zero-emissions nuclear resource program.

### **HB 174**

#### ***FRANKLIN COUNTY COURT (HUGHES, J., LANESE, L.)***

To add two judges to the Domestic Relations Division of the Franklin County Court of Common Pleas to be elected in 2018.

### **HB 175**

#### ***LIVESTOCK OWNERSHIP (BRINKMAN, T.)***

To allow an owner of residential property to keep, harbor, breed, or maintain small livestock on the property, and to prohibit zoning authorities from regulating certain agricultural activities conducted on residential property for noncommercial purposes.

### **HB 177**

#### ***GYM MEMBERSHIPS (WEST, T., YOUNG, R.)***

To exempt memberships to gyms or other recreational facilities operated by charitable organizations from sales and use taxation.

## **Hearing Schedule**



## **THURSDAY, APRIL 13**

### **Ohio Retirement Study Council**

(Chr. [Schuring, K.](#), [\(614\) 228-1346](#)), Statehouse location to be determined, 9:00 am

Agenda to be announced