



STATEHOUSE REPORT

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CALL TO ACTION: Contact your Senators about MCO sales tax replacement & indigent defense



County officials and transit authorities are being urged to contact their senator(s) asking them to prioritize their state budget requests to include complete and permanent replacement of Medicaid Managed Care Organization (MCO) sales tax revenue as well as additional funding to restore the 50/50 partnership with counties in providing indigent defense services.

The House is expected to vote on the budget measure (Sub HB 49) this coming week and send it to the Senate for consideration.

As you will recall, the Medicaid MCO sales tax proposal in the SFY 18/19 Executive Budget fully replaces lost revenue to the state, but only provides counties and transit authorities a one-time allocation. Counties are seeking parity, and urge a plan be adopted that provides equal treatment to the state, local governments and transit authorities.

While no change to the Executive's proposal was made in the House substitute version this week, CCAO is optimistic given the demonstrated interest and willingness lawmakers have shown to take on this serious issue. House leaders have said that there is still time for the matter to be addressed, and they have acknowledged that this complex issue is something that they want to help address. The challenge has been in the details of the solution.

On the indigent defense issue, the House provided an increase of \$7.1 million in SFY18 and \$7.9 million in SFY19 which is about half of what CCAO requested and, according to the State Public Defender's office should, based upon the Administration's budget assumptions, provide for a reimbursement rate of 45% or slightly less for the biennium.

CCAO is looking to build on this momentum as the budget bill moves to the Senate, and is asking all members to reach out to their senator(s) and urge the following:

- Advocate for complete and permanent replacement of the Medicaid MCO sales tax revenue for counties and transit authorities.
- Urge the Senate to match the additional funding provided by the House to the Administration's proposal, so that counties will be at a 50/50 partnership with the state in providing indigent defense services.

County officials also should continue to build awareness about support counties need in addressing the pressures caused by the Opioid Epidemic as well as a partnership in upgrading Ohio's voting equipment.

Once you have gotten feedback from your senator(s), please contact the CCAO Policy Team, and let them know the feedback you've heard. You are the Association's best advocates, and the Policy Team is working to support your efforts and coordinate among all of CCAO's members in advancing the shared goals.

County Commissioners Testify on House's version of HB 49, the Biennial Budget Bill



Commissioners Metzger, Lee, Amstutz and Troy testified on the biennial budget bill, Sub HB 49

On Tuesday April 25 the Ohio House introduced their version of the biennial budget bill, Sub HB 49. The next day, CCAO responded with testimony from four commissioners who did an outstanding job presenting CCAO's priorities to the House Finance Committee.

Wayne County Commissioner Ron Amstutz [testified](#) regarding the necessity of completely and permanently replacing the sales tax revenue that will be lost from the federally required changes to Medicaid Managed Care Organizations (MCOs). Tuscarawas County Commissioner Kerry Metzger [testified](#) regarding CCAO's priority issues of indigent defense reimbursement and addressing the opiate epidemic along with other issues of interest to commissioners that are in the substitute bill. Union County Commissioner Gary Lee ([testimony](#)) and Lake County Commissioner Dan Troy ([testimony](#)) focused their remarks on the priority of replacing our aging voting equipment.

The substitute bill does not include language regarding replacement of the loss of sales tax revenue from Medicaid managed care organizations or replacement of elections equipment but CCAO continues to work with our advocates in the House on these issues who are interested in seeing these issues appropriately addressed in the final version of the budget bill.

Highlights of issues important to counties include:

Indigent Defense Reimbursement: The substitute bill includes an additional \$7.1 million in FY18 and \$7.9 million in FY19 which provides half of the additional funding needed to get counties to 50% reimbursement, and, if no other changes are made would result in an estimated reimbursement rate of 45% during the biennium.

Efforts to Counteract the Drug Epidemic:

Protecting Children: Added an additional \$15 million per year in the state child protection allocation and an additional \$10 million per year to support TANF Maintenance of Effort funding to provide support for kinship caregivers along with efforts to increase foster caregiver assistance.

County Jails:

- \$15 million per year is provided to establish a state-wide behavioral health triage program that will support 6 regional centers based around the state hospital's catchment areas for individuals confronted with a mental illness crisis and 9 regional centers for individuals who are in immediate need of withdrawal management care.
- \$12 million per year is allocated to ADAMS Boards to assist them in providing direct treatment and counseling services in the county jails which will allow for a continuity of care to inmates with mental health and/or addiction issues.
- The third initiative to reimburse counties for the psychotropic drugs prescribed for county jail inmates was not funded. The request was for \$4 million per year.

Prevention Funding to Counties: \$25,000 to each board of county commissioners to utilize to bring their community together to work on prevention activities.

Felony 5 Offenders – Targeting Community Alternatives to Prison (T-CAP) Program:

Language was added to require that T-CAP grant funds must be used to reimburse the county

jails for their per diem cost for housing an F-5 felon who is sentenced to confinement in the county jail. However, the program remains mandatory on all counties beginning in July 2018.

Local Government Fund Distribution: Eliminates the governor's plan to re-distribute these funds and maintains the current undivided local government fund distribution to the counties.

Other Issues Impacting Counties Supported by CCAO

Adult Protective Services (APS) – Increased funding by \$250,000 per year.

Multi-Agency Radio Communications System (MARCS) Subsidy – As introduced, the bill eliminated the state subsidy currently provided to reduce MARCS subscriber fees paid by political subdivisions and regional public safety and first response agencies classified as Tier 1 subscribers from \$20 to \$10. The substitute bill restores the subsidy.

Board of Revision Hearings – provides an additional 90 days in which to decide complaints for Ohio's 10 largest counties. This will those counties more time to hear and decide the large volume of complaints filed with them. It also provides that when calculating time the reference to days means business days.

County Commission Organizational Meeting – removes the date specific requirement for the annual organizational meeting and allows the board to hold its organizational meeting any time prior to the second Monday in January.

Sales Tax on Hotel Intermediaries and Travel Services – defines that the price subject to the sales and uses tax for hotel lodging is the total amount paid by the customer.

Use Tax Collections by Certain Out-of-State Retailers - requires, beginning January 1, 2018, an out-of-state seller with annual Ohio sales in excess of \$100,000 or 200 or more Ohio transactions to collect and remit use tax, regardless of whether or not those sellers have a physical presence or a substantial nexus with Ohio.

County Treasurer Tax Collection Settlement Fees – revises the schedule for the fees that are deducted from taxes collected by the county treasurer to increase the revenue from these fees to help cover the treasurer's costs in processing tax collections and distributions to the political subdivisions within the county.

Several issues contained in the substitute bill are under review by CCAO. There are various sales and use tax exemptions granted in the bill. The sales and use tax has long been the number one revenue source for the counties' general funds and the erosion of this base through exemptions is of serious concern to counties. There are also new provisions which restructure recordation fees, make adjustments in the calculation of CAUV, and require political subdivisions that do not prevail in a board of revision case to have to pay the property owners fees and costs.

House budget substitute bill includes funding for drug crisis

A highlight for House Republican leaders in their rollout of their substitute version of the budget was the addition of over \$170 million for initiatives designed to combat Ohio's opiate epidemic.

Under the title of HOPES agenda, standing for Heroin, Opioid Prevention, Education and Safety, the House budget directs money for prevention, treatment, mental health and workforce issues.

In a statehouse news conference, Finance Committee chairman Representative Ryan Smith (R-Bidwell) said "It's an all-hands-on-deck call. Everyone needs to be part of the solution to solve this problem."

The \$12.2 million dedicated to prevention includes money for community coalitions and investments in technology and innovation. It includes the creation of websites in every county and a public awareness campaign that includes an app to connect people to local services. Included in the \$130 million allocated for treatment is a \$30 million increase over the biennium for child protective services, a \$10 million allotment of federal TANF dollars for child care for kinship families, a \$24 million distribution to ADAMHS boards for treatment, \$20 million in capital to expand treatment facilities or build new and a pilot program to turn nursing beds into treatment beds.

On the mental health side, the \$19.4 million includes \$6 million per year for mental health stabilization centers, and a mandate that insurance companies cover telemedicine, which can help provide services in underserved and rural areas.

The workforce provisions include \$2 million per year in SNAP workforce and training funding. "It's a multifaceted problem and it's a multifaceted, comprehensive approach," Rep. Smith said. "I recognize that this is one step in the process. This conversation's going to continue for a long time."

More budget cuts to follow in the Senate

Senate President Larry Obhof (R-Medina) said this past week that the Ohio Senate will significantly cut spending beyond the reductions that are incorporated in the House version of the biennial budget.

The House version of the budget proposes to cut most state agency budgets by \$363 million or by approximately 1 ½ percent. It is important to note that roughly 85 percent of the state budget is not spent directly by the state, but instead is distributed to private and public entities, including local governments for services provided at the local level.

At a joint press conference on April 13 involving Governor Kasich, Speaker Cliff Rosenberger (R-Clarksville) and Senate President Larry Obhof, state leaders announced that revenue projections for the SFY 2018 and SFY 2019 budget were off by \$400 million per year.

As the Ohio Senate prepares to receive the biennial budget from the Ohio House, President Obhof said, "I think the Senate will significantly decrease the amount of money



being spent in this budget. The [House] amendments I've seen so far don't close that gap. They make some progress but they leave several hundred million dollars – depending on how you interpret the amendments potentially more than that – open.”

Senator Obhof added that a “guiding principle” for the Ohio Senate is ensuring a balanced budget, as the constitution requires.

State and local officials with an interest in the state budget are anxiously awaiting the release of revised state revenue numbers pending the completion of the personal income tax filing season. The state is expected to release data on the tax filing season on May 4th, the day after the Ohio House is supposed to pass the biennial budget.

Bills Introduced



SB 136

ROAD NAMING ([TAVARES, C.](#))

To designate the entrance ramp from West Broad Street onto Interstate Highway 70 in Franklin County as the "G. Thomas Turner, Sr. I-70 East Entrance Ramp."

SB 137

ROAD NAMING ([TAVARES, C.](#))

To designate a portion of the eastbound lanes of I-70 in Franklin County as the "Judge Robert Duncan Memorial Highway."

SB 138

INMATE SEARCHES ([EKLUND, J.](#))

To authorize a corrections officer to cause a body cavity search to be conducted, to establish separate rules and restrictions for conducting strip searches, and to limit the right of any person to commence a civil action for a violation of the law governing body cavity searches and strip searches to violations related to body cavity searches.

SB 139

LEGAL MATERIALS ([SKINDELL, M.](#), [EKLUND, J.](#))

To adopt the Uniform Electronic Legal Material Act.

SB 140

WORKFORCE PROGRAMS ([SCHIAVONI, J.](#))

To create the Public-Private Partnership Grant Program for fiscal years 2018 and 2019 to develop, enhance, and promote educational programs to address regional workforce needs; to create the Sector Partnership Grant Program for fiscal years 2018 and 2019 to identify and provide grants to industry partnerships; to support programs that improve access to workforce training opportunities

for students; to support economic development and revitalization programs; and to make an appropriation.

HB 186

HIGHER EDUCATION EXPENSES ([ROGERS, J.](#), [SCHERER, G.](#))

To enact the "Blair Deduction" to allow an individual obtaining a post-secondary degree or credential from an eligible educational institution to claim an income tax deduction for qualified higher education expenses.

HB 187

APPLICANT INFORMATION ([DEVER, J.](#))

To regulate the collection, use, and retention of certain information obtained from an applicant during the employee selection process.

HB 188

LICENSE PLATES ([HENNE, M.](#))

To authorize the owner or operator of a specialty kit car to display a license plate only on the rear of the car if the owner or operator pays a \$150 fee.

HB 189

COSMETOLOGY LAW ([ROEGNER, K.](#), [REECE, A.](#))

To make changes to the Cosmetology Licensing Law.

HB 190

RAIL CROSSINGS ([LEPORE-HAGAN, M.](#), [SCHURING, K.](#))

To require vehicle operators to watch, listen, and stop for on-track equipment that may be approaching a railroad crossing.

HB 191

NURSE ANESTHETISTS ([GONZALES, A.](#))

Regarding the practice of certified registered nurse anesthetists.

Hearing Schedule



MONDAY, MAY 1

House Finance

(Chr. [Smith, R.](#), (614) 466-1366), Rm. 313, 2:00 pm

HB 49

BIENNIAL BUDGET ([SMITH, R.](#))

To provide authorization and conditions for the operation of state programs. --14th Hearing-
Possible amendments & vote

TUESDAY, MAY 2

House Finance

(Chr. [Smith, R.](#), [\(614\) 466-1366](#)), Rm. 313, 9:00 am

- If necessary

HB 49

BIENNIAL BUDGET ([SMITH, R.](#))

To provide authorization and conditions for the operation of state programs. --15th Hearing-
Possible amendments & vote

House Ways & Means

(Chr. [Schaffer, T.](#), [\(614\) 466-8100](#)), Rm. 121, 9:00 am

HB 124

TAX LEVIES ([BRENNER, A.](#), [CARFAGNA, R.](#))

To authorize a joint vocational school district to submit the question of a renewal tax levy to voters who did not have an opportunity to vote on the levy at an election held in November of 2015 because the levy was only placed on the ballot in one of several counties in which the district has territory. --3rd Hearing-All testimony-Possible vote

HB 24

VETERAN ORGANIZATIONS ([GINTER, T.](#))

To modify the existing tax exemption for veterans organizations' property to include property of certain veterans organizations exempt from federal taxation under section 501C(4) of the Internal Revenue Code and to exclude property that is not used primarily for meetings, administration, and the provision of programs and services to past and present members of the United States armed forces. --1st Hearing-Sponsor

House Session

(Chr. [Rosenberger, C.](#), [\(614\) 466-3357](#)), House Chamber, 11:00 am

WEDNESDAY, MAY 3

Senate Session

(Chr. [Obhof, L.](#), [\(614\) 466-4900](#)), Senate Chamber, 1:30 pm

House Session

(Chr. [Rosenberger, C.](#), [\(614\) 466-3357](#)), House Chamber, 1:30 pm

THURSDAY, MAY 4

Senate Finance: Health & Medicaid Sub.

(Chr. [Hackett, B.](#), [\(614\) 466-3780](#)), Grant Hearing Rm., 10:00 am

Invited budget testimony from State Board of Pharmacy, Department of Aging, Department of Developmental Disabilities, Department of Health, Department of Job and Family Services, Department of Mental Health and Addiction Services and Opportunities for Ohioans with Disabilities

Senate Finance: General Government & Agency Review Sub.

(Chr. [Jordan, K.](#), [\(614\) 466-8086](#)), North Hearing Rm., 10:00 am

Invited budget testimony from Ohio Senate, Ohio House of Representatives, Joint Legislative Ethics Committee, Ohio Housing Finance Agency, Legislative Service Commission, Board of Motor Vehicle Repair and State Employee Relations Board

House Session

(Chr. [Rosenberger, C.](#), [\(614\) 466-3357](#)), House Chamber, 1:00

If needed. At the call of the speaker