



STATEHOUSE REPORT

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Important information on Medicaid managed care organization sales tax

The state has informed CCAO and other stakeholders that the Medicaid Managed Care Organization (MCO) sales tax as currently applied to MCO providers by Ohio is out of compliance with federal regulations according to the [Centers for Medicare and Medicaid Services \(CMS\)](#). CCAO has prepared a brief fact sheet regarding the background, nature and extent of the problem, and steps that the state will likely need to take to comply with federal law. This matter is of direct interest to county commissioners as the Medicaid MCO sales tax includes state and local permissive sales and use taxes which are applied to Medicaid MCO premiums. The sales tax revenue from Medicaid MCO's is a significant revenue source to counties and it contributes revenues to the state GRF from which Local Government Funds are distributed. For more information, please click this [link to the CCAO summary](#).

For additional information on this topic, please feel free to contact Kate Neithammer, Cheryl Subler, Brad Cole or Suzanne Dulaney by calling (614) 221-5627 or by emailing them respectively at kneithammer@ccao.org, csubler@ccao.org, bcole@ccao.org, and sdulaney@ccao.org.

Voting equipment replacement - UPDATE

CCAO's key legislative priority for 2016 is to have the Legislature and Executive Branch develop a plan for the replacement of voting equipment that can be in place by the end of the year.

Working towards that goal, the CCAO/OAEO Joint Committee on Election Administration met this week with representatives from Secretary of State Husted's office to discuss bid specifications. These specifications will eventually be shared with the Ohio Department of Administrative Services, who in turn will share them with voting machine vendors.

Specifically, the Committee responded to draft bid specifications that the Secretary's staff developed. The discussion was very constructive, and local officials provided a few additional suggestions to the already thorough draft. Those suggestions will be incorporated into the document, and the Committee will review the latest draft in the coming week.

Moving forward:

- The Ohio Department of Administrative Services will conduct the bid process to establish a state term contract price for the purchase of equipment this summer.
- The Secretary of State will issue a directive for each board of elections to meet with their county commissioners to discuss the county's strategy for replacing voting equipment.
- Commissioners will provide the Secretary with a statement of intent that includes the type and amount of equipment the county is considering obtaining from the state term contract.
- The Secretary will compile this information and make it available to state officials, so that there is a clear understanding as to the potential statewide cost for updating Ohio's voting equipment.
- Plans for a state/county partnership to obtain and pay for the equipment over a three to four year period (prior to the 2020 presidential elections) will be formalized.

Voting equipment replacement: What legislators need to know

- The current equipment was purchased in 2005 and 2006 and is nearing the end of its lifespan.
- Although widespread failure is not occurring, minor errors and glitches are becoming more common with each election and the long term viability of the system is being compromised.
- Voting systems are made up of many individual items, not just the voting device. Some of the equipment needed to support the voting system such as servers, printers, and scanners, have been discontinued by the manufacturer and are not readily available.
- Parts that are no longer manufactured are becoming harder to find and thus affect the long-term viability of the system.
- Transportation to and from the polling locations is one of the leading causes of wear and tear on the machines and supporting equipment.
- Maintenance and repair costs increase with the age of the voting machines and equipment.

CCAO encourages members to continue to discuss with their lawmakers the importance of the state and counties partnering to replace Ohio's aging voting machines.

For additional information or questions, please contact CCAO staffers Cheryl Subler at csubler@ccao.org or (614) 220-7980 or John Leutz at jleutz@ccao.org or (614) 220-7994.

CAUV continues to be a topic of discussion in the legislature

Farmers might soon see some more relief from the rising values of their agricultural properties, but not until tax year 2017. There could be an adjustment to the woodland value deduction for 2017, Gloria Gardner of the Department of Taxation (ODT) said at a recent meeting of the Current Agricultural Use Values Advisory Committee. "We'll review all aspects of the formula. We do that every year," Ms. Gardner said, adding that no decisions have been made.

Based in part on feedback from farmers concerned about rising CAUV in recent years, the ODT made some adjustments to the formula last year. However, Brad Perkins, executive director of

the Ohio Forestry Association, said he was disappointed that further updates discussed at the meeting would not be implemented in time for tax year 2016, when 23 counties are scheduled to reassess property values. Those sentiments were echoed by Ted Finnarn, who represents the Ohio Farmer's Union on the panel. "I still think these values are too high for 2016," he said. He also said an adjustment needs to be made to the capitalization rate. "There is no way we could know how low that would go and it increases the values unreasonably," he said, adding that farmers are facing a CAUV increase of up to 25%.

Ms. Gardner said changes in that area are possible. "I think we've been able to find data that would support those changes, but we're still looking at it very closely," she said. "We'll see where that takes us."

Following the meeting, Mr. Finnarn said in an interview that 11 states that have similar formulas to calculate the value of agricultural land exempt woodlands. Because Ohio does not, many farmers have converted woodlands on their property to land that can be used for farming, reducing conservation efforts. "A lot of farmers were forced to clear their woodland and put it into production because taxes were getting so high on it," he said.

Two bills have been introduced, one in the Senate (SB 246) and another in the House (HB 398), that would address the issue. Both bills would place a ceiling on the taxable value of CAUV land if it is also used for conservation purposes by requiring the land to be valued as though it included soil of the least productive type, according to the Legislative Service Commission. The measures would also require that the method used to compute CAUV values must employ a capitalization rate that excludes factors expressing land value appreciation and equity buildup.

Values are calculated based on a formula set by the Ohio General Assembly in 1972 that bases farmland on agricultural value, instead of market value. By permitting values to be set well below true market values, the CAUV normally results in a substantially lower tax bill for working farmers, according to the Department of Taxation website.

The formula takes into account crop yields, pattern and price, along with non-land production costs and interest rates. "CAUV has been a hot button issue," Ms. Gardner said.

The CCAO Agriculture and Rural Affairs and Taxation and Finance committees have met jointly to discuss this topic. You can read meeting [minutes here](#) and an [update here](#).

For additional information on CAUV changes, please contact CCAO staffers Brian Mead at bmead@ccao.org or Brad Cole at bcole@ccao.org.

Healthier Buckeye Grants

Information on Healthier Buckeye grant awards was released this week. Congratulations to the following counties for receiving an award:

- Allen County Healthier Buckeye Council
- Athens County Healthier Buckeye Council
- Belmont County Healthier Buckeye Council
- Butler County Healthier Buckeye Council

- Columbiana County Healthier Buckeye Council
- Cuyahoga County Healthier Buckeye Council
- Fairfield County Healthier Buckeye Council
- Fayette County Healthier Buckeye Council
- Franklin County Healthier Buckeye Council
- Hardin, Auglaize and Van Wert County Healthier Buckeye Council
- Highland County Healthier Buckeye Council
- Huron County Healthier Buckeye Council
- Lorain County Healthier Buckeye Council
- Lucas County Healthier Buckeye Council
- Marion County Healthier Buckeye Council
- Ottawa County Healthier Buckeye Council
- Preble County Healthier Buckeye Council
- Richland County Healthier Buckeye Council
- Sandusky County Healthier Buckeye Council
- Summit County Healthier Buckeye Council
- Washington County Healthier Buckeye Council

CCAO is working to obtain more information to share on the projects that were approved and to see if there will be another round of projects that receive funding.

If you'd like more information on the Healthier Buckeye grant program please contact CCAO staffer Kate Neithammer at 614-220-7996 or kneithammer@ccao.org.

Statehouse, Etc.



Sears joins the Office of Health transformation. Rep. Barbara Sears (R-Maumee) will become the No. 2 at the Office of Health Transformation (OHT), Director Greg Moody said Wednesday. Sears, who was set to leave the House at year's end because of term limits, will lead "priority projects" and work with the government affairs team as assistant director of the office, according to a statement from OHT.

Sears has played a prominent role in Medicaid and health and human services discussions in the General Assembly. She was an advocate for Medicaid expansion, was a member of the House Finance Health and Human Services Subcommittee, and served as chairwoman of the Joint Medicaid Oversight Committee. She has been a licensed health insurance agent for more than two decades. She is scheduled to start her new position on July 1st.



Rep. Sears