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# STATEHOUSE REPORT

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June 16, 2017

## LEGISLATIVE ALERT

Momentum is building and public discussion is gelling around the recognition of the need to support county government in finding a replacement for the Medicaid MCO sales tax and acknowledgement that failure to do so will place a real burden upon the counties and impair their fiscal stability.

We must keep this issue at the forefront of the legislature's budget discussions. Therefore, it is absolutely imperative that now, more than ever, we push to keep this dialogue continuing.

***We are asking each of our members to personally call or email as many [state senators](#) as possible today or tomorrow***

Critical decision making is being undertaken NOW by the Senate as it prepares its final budget amendments.

### **THE MESSAGE:**

The state must find a solution that provides complete and permanent replacement of Medicaid Managed Care Organization (MCO) sales tax revenue for counties and transit authorities.

### **THE TALKING POINTS:**

- **Explain** what budget cuts you anticipate having to impose if the lost revenue is not fully and permanently replaced

"To the credit of the administration, there is an effort to kind of try to make the counties whole for one year, but this body, regardless of what happens with the pen on June 30, this body has a responsibility to continue to work and fight for this issue because we are putting a real burden on our counties."

- Senator Matt Dolan  
*Gongwer News Service*

- **Remind** them that the SFY 18/19 Executive Budget fully replaces lost revenue to the state through a new proposed franchise fee on MCO's, but only provides counties and transit authorities a one-time allocation. Counties seek and deserve parity with the state.
- **Ask** your senator to assure the Senate budget provides complete and permanent replacement of these dollars for counties and transit authorities.
- **Indicate that you SUPPORT** Senator Matt Dolan's amendment to provide fiscal stability for the state's county partners - The amendment would reset the proposed franchise fee July 1, 2018, to keep the state, counties and transit authorities whole, and retain the Administration's one-time allocation for counties and transit authorities in the first year of the state budget.

**ELECTIONS EQUIPMENT – an additional reminder needed:**

Also, ask your senators to provide for a state/county partnership program in replace Ohio's voting equipment which is quickly reaching the end of its useful life.

**LOOKING FORWARD:**

The Senate will unveil their omnibus amendment on Tuesday, June 20th and are scheduled to vote the bill out on Wednesday, June 21st. Conference Committee will immediately follow, with the whole process being finalized by Friday, June 30th.

## County voices at the Statehouse

More county voices rang out in the Statehouse halls this week as we continued to tell the story of how the loss of the Medicaid managed care sales tax will affect counties of all sizes. Commissioners/Council Members from Montgomery, Medina and Cuyahoga counties all presented testimony to the Senate Finance Committee. Here are some highlights:

**Commissioner Bill Hutson (Medina)**



“Sales tax revenues make up 34% of general fund revenues, with property taxes making up the second largest source of revenue at 28%. Medina has a 6.75% sales tax, but only a half of a percent is used for county operations and the other half percent fund capital improvements for school districts located within the County.

As we continue into 2017, general fund revenues are flat. The loss of Medicaid sales tax revenue will negatively impact County revenue by \$500,000, and we are being asked to increase spending due to State mandates and increasing needs for services.”

Read full testimony [here](#)

**Council Member Dale Miller (Cuyahoga)**

“Implementation of the Federal policy creates an approximately \$25 million annual hole in Cuyahoga County's General Fund Budget, an impact which is 10% of Sales Tax Revenue and almost 7% of total General Operating Revenue.

Because of increasing costs, minimal increases in revenues, state reductions in LGF and other programs, acceleration of the opiate crisis, and capital project expenses, Cuyahoga County had to make significant cuts in programs, particularly in the 2016-17 budget. The result is that the relatively easy reductions have already been made, meaning that reductions needed to close a \$25 million per year hole would have significant impacts to our operations.”

Read full testimony [here](#)



### **Commissioner Harold Montgomery (Gallia)**



“The Gallia County Sheriff’s Dept. receives 32% of the County General Fund budget, therefore any reductions will have a major impact to this department (attached Exhibit D – FY 2017 County General Budget chart). Previous state revenue reductions resulted in 14% across the board budget cuts to all County General funded departments in FY 2012. The impact of this cut resulted in layoff of all Sheriff Dept. investigators and several road deputies. Gallia County was finally able in 2016 to reinstate all 3 Sheriff Investigators and road deputies. A 12% reduction in sales tax will have nearly the same effect as in 2012.”

Read full testimony [here](#)

### **Commissioner Randy Smith (Meigs) submitted written testimony**

“In 2015 Meigs County collected \$2,647,626.00 in total sales tax. \$574,302.00 of that (or 21.7%) revenue came from the MCO sales tax. The MCO portion of our revenue is nearly 10% of our total operating budget. This includes crucial services like EMS and the Sheriff’s Office. There is no way for the general fund to absorb that kind of cut without it resulting in a cut to these and other services. Normally our county sees no more than two deputies on per shift as a part of normal day to day so you can see how this loss of revenue will cripple budgets across the board and leave us more vulnerable than we already are. With the opiate epidemic plaguing communities across the state operating expenses, inmate housing, and manpower needs are on the rise with no end in sight.”

Read full testimony [here](#)



We were also joined by Commissioners Boyce (Franklin), Bittle (Ashland), Creech (Preble), Day (Preble), Ehemann (Shelby), Gray (Brown), Halleck (Columbiana), Merrell (Delaware), Stolte (Union) and Whiston (Morrow). They were able to be a part of the committee proceedings and touch base with a lot of the lawmakers over the course of several days.

## **CCAO’s PRIORITY ISSUES addressed in the Senate sub-bill:**

### **Medicaid managed care sales tax revenue replacement**

Although the Senate Substitute bill does not contain language regarding a plan to address the Medicaid MCO sales tax revenue shortfall, Senator Dolan continues to work on an amendment and is in the process of fine tuning it to hopefully have it ready for the Senate’s omnibus amendment next week. The Dolan amendment would reset the proposed franchise fee July 1,

2018, to keep the state, counties and transit authorities whole, and retain the Administration's one-time allocation for counties and transit authorities in the first year of the state budget. Please refer to the "legislative alert" that went out today asking you to contact your Senator today regarding this critical fiscal stability issue.

### **Outlining a state/county partnership to purchase voting equipment**

The Senate maintained provisions from the House passed version of HB 49 regarding voting equipment. CCAO appreciates these provisions and respectfully requests the Senate add some clarity to reflect that the \$250,000 cap only applies to the initial \$1 M appropriated in the bill as well as to increase the proposed partnership ratio between the state and counties to better reflect the partnership with electronic poll books. There is still some question as to why this issue needs to be addressed now, please contact your legislators to ask them to recognize the time sensitivity of this matter as counties are beginning to prepare their 2018 annual budget and planning for strategic investments, including the acquisition of new elections equipment for the future.

### **The effects of the opiate epidemic**

**County jails** - CCAO, the Buckeye Sheriffs Association and other interested parties outlined a three-point plan that would assist county jails in managing and caring for the mentally ill and addicted population:

- \$15 M for crisis stabilization centers, which allocated \$6 M for substance abuse centers and \$9 M for mental health centers.
- \$12 M to ADAMH Boards to help provide direct treatment and counseling services in the county jail.
- \$4 M for psychotropic drug reimbursement to the jails.

The House included funding for the substance abuse and mental health stabilization centers and the ADAMH Boards.

The Senate version of HB 49 includes funding for the psychotropic drugs and the substance abuse centers, but did not maintain funding for mental health centers or ADAMH Boards. CCAO appreciates the additional funding of psychotropic drugs and supports the replacement of funding for the other two programs.

**Child protection** – The House allocated \$15 M per year of new GRF to children services agencies to help counties care for children affected by the opiate epidemic. The Senate version of HB 49 switches that investment from GRF to TANF. This will hinder the use of these dollars because of the lack of flexibility available for TANF.

### **Reimbursement for indigent defense**

The Senate maintained the House provisions including reimbursement to the counties for 100% of the costs for providing counsel in capital cases and the funding level that should provide a reimbursement rate of approximately 45% for general reimbursement. We ask that the Senate provide additional funding to replace the \$6.5 million in non-GRF funding that will now be lost for reimbursement because the percentage share of the Indigent Defense Support Fund which had

been allocated to reimbursement has been decreased by 5% and diverted to supporting the operating budget of the State Public Defender Commission.

## **OTHER ISSUES OF INTEREST TO THE COUNTIES:**

### **Felony 5 offenders**

Mandatory participation, beginning July 1, 2018, has been limited to the ten largest counties. The program will be available to and is voluntary for the remaining 78 counties. If a jail sentence is a part of the court's sanction for the felony 5 offender the county is to be reimbursed for the per diem jail housing cost from the DRC T-CAP grant award. The commissioners, sheriff and common pleas court are required to enter into an MOU that describes how the t-CAP grant award will be used and establishes the per diem jail housing cost. Judges will be allowed to send an F5 offender to prison for up to 90 days for technical violations of parole or probation of their F5 sentence.

### **Distribution of local government fund money**

The Executive Budget modified monthly payments from the Local Government Fund (LGF) beginning in January 2018 through a formula based on each county's past share of LGF money. The House removed the provision and the Senate maintained the House's removal. However, the Senate does redirect a portion of the LGF dedicated to municipalities with an income tax to other priorities including \$10M per year for DRC to offer PIIG grants, \$1M per year for county coroners' toxicology screenings and \$6M per year for substance abuse stabilization centers.

### **MARCS radio subsidy**

The Executive Budget removed the subsidy for local governments on the \$20 user fee. The House added language providing \$1 million per year, continuing the current user fee subsidy to the local governments/emergency responders on the MARCS system. The Senate replaced the House provision with one that provides the same subsidy but via a direct GRF appropriation of \$1.0 million in each fiscal year under a new GRF appropriation item.

### **Program for medically handicapped children (BCMh)**

Executive Budget provided for the gradual phase-out of the Ohio Dept. of Health BCMh program by ending new enrollment beginning January 1, 2018 and requiring the Ohio Dept. of Medicaid to establish a new program for non-Medicaid-eligible individuals with special medical needs who had not enrolled in, or applied for, the ODH program before July 1, 2017. The House removed this provision and the Senate maintained the House removal.

### **Soil and water districts**

The Executive budget allows the Department of Agriculture to pay any soil and water conservation district an annual amount not to exceed \$40,000 upon receipt of request and justification from the district and approval by the Ohio Soil and Water Conservation Commission. This is in addition to already-allocated funds for SWCDs. Both the House and the Senate maintained this proposal.

## **OSU Extension, OARDC and Sea Grant funding**

Executive Budget made a slight decrease to OSU Extension the first year of the biennium and otherwise holds the 3 lines level throughout the 2 year cycle. The House maintained that language and added a slight decrease in Sea Grant funding. The Senate maintained the Executive proposal except for a slight further reduction in funding for OSU Extension and restoration of Sea Grant funding to the Executive level.

## **Agricultural use valuation calculations**

The House prescribed in statute factors that must be considered in computing the current agricultural use value (CAUV) of agricultural land for property tax purposes. The Senate further refines the factors by including SB 36, as passed by the Senate, dealing with CAUV formula changes.

## **Sales tax holiday**

The Senate version requires a 2018 Ohio Sales Tax Holiday in addition to the one scheduled for 2017.

## **County recorder fees and technology funding**

The House revised the fees for recording and indexing various types of instruments, specifies those fees and extends to January 1, 2029, the term of a proposal for funding the county recorder's imaging and technology needs that was approved by the board of county commissioners before, and is effect on, September 29, 2013, regardless of the number of years of funding specified in the previously-approved proposal. The Senate removed this proposal.

## **Board of county commissioners' deadline**

The House modified the date by which a board of county commissioners must annually organize from the second Monday in January to no later than the second Monday in January. The Senate maintained the House provision.

## **Local government innovation fund**

The Senate closes this program and transfers any unencumbered cash to the GRF.

## **Property tax levy to construct and operate a justice center**

The Meigs County Commissioners obtained an amendment that will allow counties to put a ballot issue before voters seeking to provide both construction and operating expenses for a criminal justice facility. Working with CCAO's help through the offices of Senator Hoagland, who drafted the amendment for the committee, and Representative Edwards, the amendment was placed into HB 124 by the Senate Ways and Means Committee. The language permitting the combined ballot issues mirrors current state law that allows school districts to put similar levies before the voters.

The Meigs County commissioners have been actively engaged with their residents in discussions for replacing their county jail, constructed in the 1800s, with a new facility that will

house both the jail and the sheriff's office. The county has been housing most of their prisoners in other counties due to the conditions at the jail. The commissioners were concerned that current law requires the county to have to ask for two separate levy requests – a bond levy for construction and an operating levy – and felt it would be much better to secure community support for the project if there was just one ballot issue presented to their voters.

Committee Chairman Senator John Eklund (R-Chardon), who offered the amendment, said that, "As we continue to see advances in criminal justice, which divert inmates away from the prison systems and into community corrections of all kinds, many counties are going to find themselves looking for the opportunity to expand the housing they have available to these folks, particularly drug offenders and people who could be better served in their communities as opposed to the big house."

The bill is expected to be voted out of committee next week.

## Bills Introduced



### SB 163

#### **COUNTY INVESTMENTS** ([WILSON, S.](#))

To modify the qualifications regarding notes eligible for investment of county inactive moneys.

### HB 267

#### **POLITICAL SUBDIVISION LIABILITY** ([INGRAM, C.](#))

To eliminate certain defenses to political subdivision liability for an employee's negligent operation of a motor vehicle and to reduce damages recoverable against a political subdivision in such actions by the contributory fault of the plaintiff or other parties.

### HB 268

#### **WORKERS COMPENSATION** ([HENNE, M.](#))

To make changes to the Workers' Compensation Law with respect to self-insuring employers.

### HB 269

#### **WORKERS COMPENSATION** ([HENNE, M.](#))

To rename the entities who carry out workers' compensation functions in this state, to require the Administrator of Worker Safety and Rehabilitation to develop incentives for employers to participate in safety consultations and loss prevention programs, to require an employee who is receiving temporary total disability compensation to comply with a return to work plan, and to make changes

with respect to compensation for permanent total disability and death benefits.

## HB 274

### **VOTER REGISTRATION** (CLYDE, K.)

To modify the circumstances under which a voter registration may be canceled.

## Hearing Schedule



## TUESDAY, JUNE 20

### House Ways & Means

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

## 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. --3rd Hearing-All testimony-Possible vote

## HB 243

### **HEATING FUELS** (PATTERSON, J., CERA, J.)

To exempt from sales and use taxation the bulk sale of firewood and certain other heating fuels, and to reimburse the Local Government Fund and Public Library Fund and county and transit sales tax collections for the resulting revenue losses. --1st Hearing-Sponsor

### Senate Session

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

### House Criminal Justice

(Chr. [Manning, N.](#), (614) 644-5076), Rm. 114, 1:30 pm

## HB 48

### **WAR RELICS** (SCHAFFER, T.)

To prohibit a war relic that is located on public property or on the property of a cemetery association from being sold or otherwise disposed of, or destroyed, relocated, removed, altered, or otherwise disturbed, except under certain circumstances. --1st Hearing-Sponsor

## HB 125

### **COURT JURISDICTIONS** (CRAIG, H., SEITZ, B.)

To specify the jurisdiction of municipal and county courts over municipal traffic ordinances and to establish requirements governing fines, fees, or other charges for traffic violations and infractions



imposed by a municipal corporation that does not have the authority to establish a mayor's court. --4th Hearing-All testimony-Possible vote

### HB 137

#### **CHILD ABUSE REPORTING** ([KENT, B.](#))

To make municipal and county peace officers mandatory reporters of child abuse or neglect. --3rd Hearing-All testimony-Possible amendments

### HB 215

#### **PAULDING COURTS** ([RIEDEL, C.](#))

To create the Paulding County Municipal Court in Paulding on January 1, 2019, to establish one full-time judgeship in that court, to provide for the nomination of the judge by petition only, to abolish the Paulding County County Court on that date, to designate the Paulding County Clerk of Courts as the clerk of the Paulding County Municipal Court, and to provide for the election for the Paulding County Municipal Court of one full-time judge in 2018. --3rd Hearing-All testimony-Possible vote

### House Public Utilities

(Chr. [Seitz, B.](#), (614) 466-8258), Rm. 116, 3:00 pm

### HB 133

#### **DISASTER WORK** ([RYAN, S.](#))

To create the Disaster Relief Act to exempt out-of-state disaster businesses and qualifying out-of-state employees from certain taxes and laws with respect to disaster work on critical infrastructure performed in this state during a declared disaster. --3rd Hearing-All testimony-Possible amendments, substitute & vote

### House Energy & Natural Resources

(Chr. [Landis, A.](#), (614) 466-8035), Rm. 018, 4:00 pm

### HB 225

#### **OIL GAS WELLS** ([THOMPSON, A.](#))

To allow a landowner to report an idle and orphaned well or abandoned well, to require the Chief of the Division of Oil and Gas Resources Management to inspect and classify such a well, to require the Chief to begin plugging a well classified as distressed-high priority within a specified time period, and to authorize an income tax deduction for reimbursements paid by the state to a landowner for costs incurred to plug an idle or orphaned well. --2nd Hearing-All testimony

## **WEDNESDAY, JUNE 21**

### House Insurance

(Chr. [Brinkman, T.](#), (614) 644-6886), Rm. 116, 10:00 am

### HB 197

#### **EMT REIMBURSEMENTS** ([PATTON, T.](#))

To provide for insurance reimbursement for EMT services in nonemergency situations. --1st Hearing-Sponsor

## HB 99

### **PNEUMOCONIOSIS CLAIMS (CERA, J.)**

To modify workers' compensation benefit amounts for occupational pneumoconiosis claims and to create the Occupational Pneumoconiosis Board to determine medical findings for such claims. --1st Hearing-Sponsor

### House Higher Education & Workforce Development

(Chr. [Duffey, M.](#), (614) 644-6030), Rm. 115, 11:00 am

## SB 3

### **WORKFORCE DEVELOPMENT (BEAGLE, B., BALDERSON, T.)**

To revise the laws governing the state's workforce development system, programs that may be offered by primary and secondary schools, certificates of qualification for employment, and the Opportunities for Ohioans with Disabilities Agency, and to designate the first week of May as In-Demand Jobs Week. --3rd Hearing-All testimony-Possible amendments

### 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, JUNE 22**

### Joint Medicaid Oversight Committee

(Chr. [Huffman, S.](#), (614) 466-7584), Rm. 121, 9:00 am

- Approval of Actuary Contract
- Quarterly Update: Behavioral Health Redesign from Barbara Sears, Director, Ohio Department of Medicaid and Tracy Plouck, Director, Ohio Department of Mental Health and Addiction Services

### Senate Rules & Reference

(Chr. [Obhof, L.](#), (614) 466-7505), Majority Conf. Rm., 10:00 am If needed

### Senate Session

(Chr. [Obhof, L.](#), (614) 466-4900), Senate Chamber, 11:00 am

- If needed