



---

# STATEHOUSE REPORT

*Published by: County Commissioners Association of Ohio*

209 East State Street • Columbus, Ohio 43215-4309  
Phone: 614-221-5627 • Fax: 614-221-6986 • [www.ccao.org](http://www.ccao.org)

---

June 19, 2015

## Budget now in conference committee

***Rosier revenue projections due to improved income tax outlook***

***Raises for elected officials added to budget bill***

Lawmakers tasked with finalizing the two-year state budget bill ([HB64](#)) got good news Friday as analysts revised tax revenue estimates upward by \$645 million through fiscal year 2017.

In addition, Office of Budget and Management Director Tim Keen revised the Administration's estimated year-end balance for FY 2015 upward by \$340 million and said updated Medicaid projections show the state is now expected to pay nearly \$700 million less for entitlement services over the FY 2016-2017 biennium. Mr. Keen said that the additional tax revenue is due mostly to an improved income tax outlook.

Keen provided this good news to the Conference Committee, which is made up of six legislators from the House and Senate, charged with reconciling the differences over the \$71.3 billion measure between the House and Senate. The conferees are: Sens. Oelslager (R-North Canton), Bill Coley (R-Liberty Twp.), Skindell (D-Lakewood) and Reps. Ryan Smith (R-Bidwell), Kirk Schuring (R-Canton) and Denise Driehaus (D-Cincinnati).

Thursday the Senate wrapped up its work on the budget, which passed on a nearly party-line vote of 23-10. Sen. Sandra Williams (D-Cleveland) broke with her Democratic colleagues after Republicans accepted her amendments to remove recently added language that restricted hospital agreements with abortion clinics and prohibited local hiring quotas on public improvement projects, and to fund various programs. Sen. Kris Jordan (R-Ostrander), a staunch

Please contact legislators and Conference Committee members on items of importance to your county.

Click [here](#) for CCAO's recommendations on key items for Conference Committee.

advocate for cutting government spending, also broke ranks with his party and voted against the bill.

While members disputed the merits of a wide range of policy changes included in the nearly 4,400-page bill, partisan differences over the proposed income tax cuts remained a central theme in the nearly eight-hour session.

Sen. Bill Beagle (R-Tipp City), chairman of the Senate Workforce Subcommittee, said the Senate's move to reinstate the administration's comprehensive case management proposal with a delayed start date would give counties more time to prepare to implement the changes without the risk of losing funds. The Senate also created a panel to study the Prevention, Retention and Contingency cash assistance program to recommend ways to help transition recipients off public assistance and into the workforce, he said.

The Senate also added pay raises for judges, county elected officials, township elected officials, and boards of elections members. Specifically, the language provides 5 percent raises in 2016 and 5 percent raises in 2017 to all. In 2017, the county compensation class structure is collapsed from 8 to 6 classes, where by existing classes 1 and 2 are moved into existing class 3, to become new class 1. In 2018 and 2019, the judges, prosecutors and sheriffs receive an additional 5 percent increase each year. CCAO understands that this proposal is the result of negotiations between key leaders in the Senate and House. In addition, the proposal has the support of the Ohio Council of County Officials (OCCO), along with OCCO supporting a constitutionally-established pay commission. Most elected officials, with the exception judges, will not be able to accept these increases in compensation until their next term of office begins.

Additional changes of interest to counties that the Senate supported:

- Allows the EPA Director to examine and calculate nutrient loading to watersheds in the Lake Erie and Ohio River basins.
- Prohibits a claimant who receives PTSD coverage from Workers' Compensation from also receiving disability or retirement benefits.
- Allows homeowners who have a working sewage system to have the ability to opt out on connecting to a sewer line for 15 years.
- Changes the taxation of electric company generation property.
- Exempts the holder of a wind farm certificate from applying current law's setback requirements to an amendment to its certificate if the amendment satisfies certain requirements. And, extend the PILOT program for five years to allow for facilities using renewable energy to qualify for an ongoing real and tangible personal property exemption.
- Requires hotel lodging taxes also apply to transactions conducted by a provider of hotel intermediary services.

- Removes provisions of the bill dealing with a 2-year moratorium of the Historic Rehabilitation Tax Credit Program and its re-emergence as a grant based program in FY 2018 and instead requires the Development Services Agency to issue a report to the 4 legislative leaders by Dec 31, 2015 on options to convert the program to a grant program to achieve maximum efficiency in the use of state tax dollars.
- Reduces the Department of Taxation's operating expenses by 2% per year.
- Provides that individuals awaiting trial in jail may be sent to a minimum security jail if the person is classified as a minimal security risk.
- Increases the appropriation by \$1.5 million per fiscal year and change the counties that may participate in the Addiction Treatment Program for Specialized Dockets.
- Makes changes to the Children's Trust Fund Board law.
- Limits the free transportation for veterans to those veterans who are 100% disabled as a result of their service.
- Amends the earlier provision requiring half of fees collected by County Recorders for the Housing Trust Fund to be returned and distributed at the county level, to include a focus on housing the homeless, low income, housing, housing assistance for people with disabilities, the elderly and youth.
- Requires managed care organizations to provide or arrange for Help Me Grow home visiting and cognitive behavioral therapy.

Again, Conference Committee has begun its process of reviewing and rectifying the differences between the House and Senate versions of the budget. All work is expected to be wrapped up yet this month.

## **House and Senate to review oil and gas severance tax with 'hard deadline' of Oct. 1 for report**

Legislative leaders agreed Tuesday to deal with Governor John Kasich's plan to raise oil and gas severance taxes on a separate track from the biennial budget, however the industry remains at odds with the underlying argument that Ohio's rates are too low.

With House Speaker Cliff Rosenberger (R-Clarksville) adamant that the issue should be dealt with in a study committee instead of the two-year spending package ([HB 64](#)) due to the governor's desk by June 30, he and Senate President Keith Faber (R-Celina) announced an agreement to focus in a bicameral way on a new oil and gas tax structure over the next three months.

The new budget language on the tax review was tacked onto the House's plan to form a "2020 Tax Study Committee" in the measure, which was heavily amended in committee Tuesday. Addressing the media at a Statehouse news conference, both legislative leaders appeared to agree with Gov. Kasich that the industry should be paying more in taxes.

"Clearly, if we're talking about severance tax, we're talking about increasing it from the current rate," Sen. Faber said.

While stressing that Tuesday's announcement was about a combined House and Senate effort to have more "meaningful dialogue" on the issue in a bicameral fashion, Speaker Rosenberger allowed, "Everything we've talked about is there should be an increase in the rates."

The industry, however, couldn't disagree more. In a statement provided to reporters immediately after the news conference, American Petroleum Institute of Ohio Executive Director Chris Zeigler said his group "does not support a severance tax increase."

"We are committed to continuing to work with the legislature and Gov. Kasich's administration on comprehensive energy policy that ensures the continued viability of the industry and all the economic success it affords the state," he added.

Sen. Faber, who has expressed frustration with the industry's recalcitrance on the matter, said he had been confident up until Saturday that a "template" for revised severance tax policies could be included in the budget. But policymakers instead opted for an approach that will produce a finalized plan in the months ahead.

That will give lawmakers more time to deal with "nuanced issues" that emerged during discussions, said the Senate leader, who was adamant that the workgroup would have a report completed by Oct. 1.

"The deadline is a hard deadline," Sen. Faber said, adding that the process shouldn't be viewed as an "ongoing delaying tactic." "Make no mistake, there's going to be a solution to this problem," he said.

Sen. Faber said benefits to local communities was an issue for ongoing discussions. Sen. Lou Gentile (D-Steubenville), whose 30th Senate District covers a good portion of the Utica Shale region, said in a statement that any finalized tax plan should direct a significant amount of revenues toward local governments impacted by the oil and gas developments.



***Keith Faber***  
***Senate President***

## **Late amendment to budget exempts electric generation equipment from utility tangible personal property tax, applies equivalent rate to electric transmission and distribution property**

A late breaking amendment to the state budget could impact counties with generation equipment. The amendment proposes to exempt electric company generation and “other” tangible personal property from the public utility tangible personal property tax (PUTP), effective in Tax Year 2016. The amendment would require the tax commissioner to calculate an increased assessment rate for electric company transmission and distribution property and energy conversion equipment which would be added to that part of the electric company’s rate base.

Existing law assesses electric company generation personal property at 24 percent. The amendment would repeal the tax on the generation equipment and replace it with an increased assessment rate for electric company transmission and distribution property and energy conversion property. The current rate for transmission and distribution property is 85 percent. If enacted, the tax commissioner would be required to increase the assessment rate on transmission and distribution property by a percentage necessary to raise the taxes that would otherwise been collected with respect to generation and “other” property that tax year.

Under existing law, taxes on public utility tangible personal property (PUTP) are collected at the county level. The reimbursement mechanism established by the amendment requires counties to collect the additional tax revenue resulting from the assessment rate increase on transmission and distribution property and forward that additional revenue to the state. The tax commissioner will be required to distribute that revenue to the appropriate local governments as reimbursement for the exemption of generation and other non-T&D, non-energy conversion property.

Electric companies will recover from customers outside of a rate case the increased tax on transmission and distribution property and energy conversion equipment resulting from the amendment.

The state budget establishes a “production equipment property tax replacement fund” in the state treasury and appropriates \$95 million in each of SFY 2016 and 2017.

The electric industry argues that the PUTP on electric generating equipment makes Ohio uncompetitive with surrounding states that do not apply a property tax to generating equipment. American Electric Power, which supports the proposal, describes it as a matter of fairness since the legislature 10 years ago repealed the TPP tax on all other businesses competing in the free market.

All local governments will want more information regarding payments reimbursing local governments for lost PUTP on electric generating equipment. Local governments will also be

concerned about the state distribution mechanism and whether the state will continue to collect and distribute increased assessments on transmission and distribution property going forward.

For additional information regarding this issue, please contact Brad Cole of the CCAO staff at [bcole@ccao.org](mailto:bcole@ccao.org)

## **HJR 4 – a roadblock to proposed pot initiative**

On Tuesday, just hours after being introduced by State Representatives Ryan Smith (R-Bidwell) and Mike Curtin (D-Marble Cliff), House Joint Resolution 4 was heard in the Ohio House Government Accountability and Oversight Committee. The bipartisan resolution, which is supported by legislative leaders, would keep a monopoly or special economic interests out of the Ohio Constitution. The General Assembly has until August 3 to place issues on the fall ballot, but they must move more quickly due to the summer recess that begins after the biennial budget is passed at the end of June.



*Ryan Smith*  
**State Representative**



*Mike Curtin*  
**State Representative**

The Smith-Curtin plan would require a two-step, multi-year process for economic-based amendments to first seek voter approval at one election to bypass the economic interest ban, and then pursue a second vote later on the issue itself.

Secretary of State Jon Husted said HJR 4, which is aimed at keeping monopolies out of the constitution, would be “an effective roadblock” to a marijuana legalization amendment if both appeared on the November ballot and were approved. Husted issued a statement Friday saying that HJR 4 would be in conflict with ResponsibleOhio’s proposal, which names 10 specific marijuana growing sites.

“In such cases, the Ohio constitution clearly establishes a resolution to this conflict by declaring that the amendment that receives the greater number of votes prevails,” he said.

“However, the Ohio Constitution also stipulates that a citizen-initiated petition will go into effect 30 days after passage, whereas the constitution makes no mention of any delay for initiatives placed before the voters by the General Assembly. Thus, should both proposed measures be approved, the anti-monopoly amendment put forth by the legislature would go into effect first and it’s provision banning a monopoly from inclusion in the constitution would serve as an effective roadblock to ResponsibleOhio’s amendment taking effect.”

“In either circumstance, should the legislature’s amendment be approved at the ballot box, it will establish dominance and prevent ResponsibleOhio’s provision from taking place in the state’s constitution,” Husted concluded.

ResponsibleOhio recently announced that it has collected more than 500,000 signatures and intends to submit petitions to appear on the November ballot.

## Bills Introduced



**SB 185 IMPROVEMENT DISTRICTS (Seitz, B.)** To revise the law governing special improvement districts created for the purpose of developing and implementing plans for special energy improvement projects. Am. 727.01, 1710.01, 1710.02, 1710.021, 1710.03, 1710.04, 1710.05, 1710.06, 1710.061, 1710.07, 1710.11, 1710.12, 1710.13, 4582.06, and 4582.31; to amend, for the purpose of adopting a new section number as indicated in parentheses, section 1710.061 (1710.40); and to enact sections 1710.20, 1710.21, 1710.22, 1710.23, 1710.24, 1710.241, 1710.25, 1710.26, 1710.27, 1710.28, 1710.29, 1710.30, 1710.31, 1710.32, 1710.33, 1710.331, and 1710.34

**SB 186 ELECTIONS COMMISSION (LaRose, F., Seitz, B.)** To authorize the Ohio Elections Commission to hear complaints regarding violations of the laws prohibiting use of public funds for political campaign purposes, impose civil penalties for violation of those laws, and establish additional enforcement measures for violations of those laws. Am. 9.03, 3315.07, 3517.153, 3517.154, 3517.155, 3517.156, 3517.993, and 3599.40

**HJR 4 CONSTITUTIONAL AMENDMENTS (Smith, R., Curtin, M.)** Proposing to amend Sections 1a, 1b, and 1e of Article II of the Constitution of the State of Ohio to prohibit an initiated constitutional amendment that would grant a monopoly or a special economic interest, privilege, benefit, right, or license to any person or entity and to modify the procedure to propose a law or a constitutional amendment by initiative petition.

**HB 263 PAY RAISES (Rogers, J., Celebrezze, N.)** To increase judicial salaries and the salaries of county elected officials, township trustees, township fiscal officers, and boards of elections members, to reinstate the annual cost of living adjustment to their salaries, and to make appropriations. Am. 141.04, 141.13, 325.18, 505.24, 507.09, 1901.11, 1907.16, and 3501.12

## Hearing Schedule



### Tuesday, June 23

**Senate Agriculture (Committee Record)**, (Chr. Hite, C., 466-8150), South Hearing Rm., 9:00 am  
**HB 131 ANIMAL DISEASES (Pelanda, D.)** To include diseases of concern within the scope of the Animal Diseases Law, and to make changes to the laws governing weights and measures, livestock dealers, and auctioneers, the membership of the Farmland Preservation Advisory Board, and the pesticide licensing renewal process. --1st Hearing-Sponsor

**House Session**, (Chr. Rosenberger, C., 466-3357), House Chamber, 11:00 am

- If needed

**Senate Session**, (Chr. Faber, K., 466-4900), Senate Chamber, 1:30 pm



**House Armed Services, Veterans Affairs & Public Safety (Committee Record)**, (Chr. **Johnson, T.**, 466-2124), Rm. 017, 3:30 pm  
**HB 173 VETERAN IDENTIFICATION (Anielski, M., Terhar, L.)** To authorize county recorders to issue Ohio veterans identification cards. --3rd Hearing-All testimony-Possible vote

**Senate Energy & Natural Resources (Committee Record)**, (Chr. **Balderson, T.**, 466-8076), North Hearing Rm., 4:00 pm

- Confirmation hearing on governor's appointments of Joseph Bonnell, Environmental Education Council; Kevin Crist, Emergency Response Commission; Lawrence Peck, Boris Slogar and Michelle Wood, Ohio Parks and Recreation Council and Donald Tom, Ohio Soil and Water Conservation Commission

**SB 118 HOUSEHOLD SEWAGE SYSTEMS (Eklund, J.)** To authorize a board of county commissioners or municipal legislative authority to elect to withdraw the county or municipal corporation from the application of any rule adopted after January 1, 2014, by the Department of Health governing the design of household sewage treatment systems. --1st Hearing-Sponsor

**SB 185 IMPROVEMENT DISTRICTS (Seitz, B.)** To revise the law governing special improvement districts created for the purpose of developing and implementing plans for special energy improvement projects. --1st Hearing-Sponsor

### Wednesday, June 24

---

**Senate Session**, (Chr. **Faber, K.**, 466-4900), Senate Chamber, 1:30 pm

**House Session**, (Chr. **Rosenberger, C.**, 466-3357), House Chamber, 1:30 pm

**House State Government (Committee Record)**, (Chr. **Maag, R.**, 644-6023), Rm. 121, 2:00 pm or after session

**HB 240 CORONER LAW (Huffman, S., Johnson, T.)** To recognize that coroners include medical examiners; to change the qualifications for holding office as a coroner of a charter county; to require, under certain conditions, and to authorize, under other conditions, supplemental compensation for coroners who are forensic pathologists; to revise how the office of coroner is filled when a vacancy cannot be filled by election or appointment; to specify the disposition of a firearm when a person meets death under certain circumstances; to specify who pays for the autopsy of an inmate of a state correctional facility; and to make other changes to the coroners' law. --1st Hearing-Sponsor

### Thursday, June 25

---

**Senate Session**, (Chr. **Faber, K.**, 466-4900), Senate Chamber, 11:00 am

**House Session**, (Chr. **Rosenberger, C.**, 466-3357), House Chamber, 1:00 pm

### Friday, June 26

---

**House Session**, (Chr. **Rosenberger, C.**, 466-3357), House Chamber, 11:00 am

- If needed

**Senate Session**, (Chr. **Faber, K.**, 466-4900), Senate Chamber, 1:30 pm

- If needed


### Saturday, June 27

---

**House Session**, (Chr. **Rosenberger, C.**, 466-3357), House Chamber, 11:00 am

- If needed



**Senate Session**, (Chr. **Faber, K.**, 466-4900), Senate Chamber, 1:30 pm  (Updated: 10:20 a.m., April 23, 2015)

- If needed