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# STATEHOUSE REPORT

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**July 2, 2015**

## **Budget bill signed by Governor**

Gov. John Kasich signed HB 64, Ohio's state budget bill for the next two years, on the "fiscal new year's eve" Tuesday. The budget included funding that will allow for 50% reimbursement to counties for their indigent defense costs and protected counties from having to potentially provide unfunded adult protective services – CCAO's two key budget issues. The governor chose to exercise his line-item veto authority over 44 provisions, which included both of the provisions that CCAO had ask to be vetoed: the plan to repeal of the TPP tax on electric utilities' generating equipment and the requirement that commissioners hold a public hearing and pass a resolution in support for an addiction recovery housing project to state get funding.

The governor objected to several of the deleted provisions on the grounds that the Legislature was encroaching on executive authority. Those included language that dealt with the subject of vetoes itself, as it sought to earmark any savings from a line-item veto for the income tax reduction fund - something Gov. Kasich said would limit his constitutional authority. "This is a violation of the separation of power specifically set out in the Ohio Constitution and approved by the citizens of Ohio, and negates any veto done for the purpose of achieving budget stability," he said. Also vetoed was a proposal to prohibit the Controlling Board from authorizing expenditures that exceed 10% of the amount appropriated for the specific or related purpose for that fiscal year or \$10 million, whichever is less. "These limitations could delay the state's ability to respond in a timely fashion to issues of emerging or urgent concern," he said. A proposal to require the Lottery Commission to offer instant lottery and keno games in bars fell victim to the veto pen, with Gov. Kasich warning that it "erodes the executive authority" and limits the agency's ability to maximize profits for K-12 education funding.

Mr. Kasich also scrapped the legislature's plan to continue reimbursing certain school districts that stand to lose funds from the phase-out of payments to replace the tangible personal property tax on most business assets, which was eliminated a decade ago. Lawmakers inserted a guarantee to ensure no district receives less in FY 2016 and FY 2017 than they did the previous year. The governor said the TPP supplemental payments would go primarily to wealthier school districts, which would divert resources from poorer schools. However, he

decided to veto only FY 2017 payments "to recognize concerns that districts receiving TPP payments need more time to prepare for the decline in these payments," Gov. Kasich.

Several Medicaid-related provisions the legislature added were deleted from the final bill, including a requirement for Medicaid-managed care plans to use community health workers through a qualified community hub. Gov. Kasich also vetoed a provision regarding how nursing facility reimbursement rates are calculated, citing an erosion of executive discretion. He also removed language requiring Medicaid eligibility to remain at current levels. Despite concerns previously raised by the administration, the governor did not veto a proposal requiring the state to seek federal authority to establish health savings accounts for certain Medicaid recipients. He did, however, exercise line-item veto authority on a proposal to fix payment rates for adult day services at sheltered workshops, saying it would limit the Department of Developmental Services' ability to manage the program within the requirements of Medicaid and limit employment opportunities in the community.

**CCAO Budget Priorities/Results:**

<b>Comp Doc #</b>	<b>Issue Description</b>	<b>Outcome from Conference</b>
PUB GRF line items 019403, 019404, and 019501	Indigent defense funding	CCAO supported the House version which was adopted that provides funding to support 50% state reimbursement
<a href="#">PUBCD7</a>	Reimbursement incentive - while the reimbursement rate is set at 40%. If counties compensate assigned council at an hourly rate exceeding \$50.00 per hour then they will receive 50% reimbursement plus and an additional 5% supplement based upon the amount of state reimbursement for assigned counsel.	Senate Proposal was not included
<a href="#">PUBCD8</a>	Capital case reimbursement for indigent defense. Senate proposal "earmarks" \$1.8 million of the county reimbursement line item GRF 019501 for county reimbursement for capital murder cases.	Senate version was adopted but the "earmarked" amount was reduced to \$1.5 million in each year
<a href="#">JFSCD15</a>	Adult Protective Services	CCAO advocated for a House- and Senate-passed amendment to the as-introduced version, which kept intact language tying a county's obligation to arrange or provide

		protective services to the extent of available funds. Said amendment was adopted in the final version
<a href="#">JFSCD29</a>	County Prevention, Retention and Contingency Program	CCAO's position supporting the elimination of program changes in all three versions and the inclusion of an amendment charging ODJFS to conduct a study on the program was adopted
<a href="#">JFSCD25</a>	Comprehensive Case Management and Employment Program	CCAO supported the Senate changes around implementation date of 7/1/16 and the House and Senate concepts of limiting population to 16-24 year olds and limited rule writing authority and/or oversight – all of which were adopted
<a href="#">JFSCD41</a>	Healthier Buckeye Councils and Grant Program	CCAO supported permissive authority at local level and Healthier Buckeye Grant Program which was adopted
<a href="#">LOCCD36</a>	Veterans ID cards produced by county recorders and directing funds to Technology Fund	CCAO supported the House version which was adopted removing the provision from the bill
<a href="#">DASCD49</a>	Electronic poll book funding	CCAO supported the Senate version which provides a state match for 85% of the county's costs to purchase electronic pool books which was maintained
<a href="#">SOSCD8</a>	Special elections - remove February special and require partial pre-payment	CCAO supported the Senate version which eliminates the February special election which was maintained
<a href="#">EPACD25</a>	Remove flow control authority for source-separated recyclables	The Senate provision providing for flow control authority was included in the bill – CCAO supported House version eliminating this provision
<a href="#">BWCCD19</a>	PTSD/workers' compensation coverage	CCAO supported the House version eliminating this provision which was adopted

<a href="#">DEVCD45</a>	Local Government Safety Capital Grant Program	CCAO supported the House provision for this program which was maintained in the budget bill
<a href="#">TAXCD40</a>	Repeal of county reimbursement to vendors for adjusting cash registers	CCAO advocated for a House- and Senate- passed amendment to remove this mandate on counties which was adopted
<a href="#">LOCCD15</a>	Repeal of county reimbursement to livestock owners for dog kills	CCAO supported the House provision for this program which was maintained in the budget bill
<a href="#">AGRCD11</a>	Agricultural Society Facilities Grant Program	CCAO supported House version which was adopted
<a href="#">AGRCD16</a>	Soil and Water Conservation District State Matching Fund	CCAO supported additional funding at a higher level than was provided in the budget bill
<a href="#">AGRCD17</a>	Soil and Water Conservation District matching funds formula	CCAO supported the Senate version which was adopted
<a href="#">TAXCD79</a>	Sales tax on hotel intermediary service	CCAO supported the Senate version which was not adopted
<a href="#">TAXCD64</a>	Out of state seller liability for use tax	CCAO supported the Senate version which was adopted
<a href="#">JFSCD47</a>	Children's Trust Fund - creates new structure	The Senate provision establishing the new structure was included in the bill – CCAO supported the House version eliminating this provision
<a href="#">LOCCD38</a>	Housing Trust Fund fees partially retained by counties	This provision was not included in the budget bill
<a href="#">PWCCD11</a>	Water and Sewer Loan Program - Connection to public sewerage systems	These provisions were removed from the bill
<a href="#">LOCCD44</a>	Compensation for elected officials	CCAO supported the Senate provision which was included in the bill

<a href="#">LOCCD16</a>	Sale and Lease Back Authority – enables a political subdivision and school to enter into an agreement to sell property and lease it back	CCAO supported the House provision for this program which was maintained in the budget bill
<a href="#">LOCCD8</a>	Land Bank – removes the population threshold of 60,000 or more from the statute so that any county may establish a land bank	CCAO supported the House provision for this program which was included in the bill
<a href="#">LSCCD7</a>	Severance Tax – CCAO supports a proposal that would increase the state rate and provide a portion of the increased revenue be returned to the impacted area	These provisions were not included in the bill. The Ohio 2020 Tax Policy Study Commission was added to review Ohio's Tax Structure by October 31, 2015
<a href="#">DEVCD48</a> & <a href="#">LSCCD7</a>	Historic Building Rehabilitation Tax Credit – CCAO supported the extension of the grant program	The grant program was extended, but it will be reviewed by the Ohio 2020 Tax Policy Study Commission. The Commission will make its report by October 31, 2015
<a href="#">TAXCD14</a>	Property tax replacement payments to local taxing units (resumes the phase-out of business and utility tangible personal property (TPP))	CCAO requested that this provision be removed from the budget bill. Unfortunately, it remained intact

**Governor’s vetoes include two requested by CCAO**

In cooperation with associations representing school officials and other local government officials, CCAO participated in a joint letter to the governor requesting a veto of an amendment to the state budget that would eliminate public utility tangible personal property taxes on generation equipment and replace such revenues by an additional tax on transmission and distribution property.

In addition to the PUTPP tax issue on generation property, CCAO sent a separate letter to the governor seeking a veto on an amendment that would require recovery housing providers receiving grant funding to conduct a public hearing and obtain a resolution of support from the board of commissioners in order to draw down state funds.

<a href="#">TAXCD96</a>	Repeal of tax on electric company generation property	Vetoed
<a href="#">MHACD23</a>	Hearing & Resolution Process for Recovery Housing	Vetoed

## Legislature puts HJR 4, designed to block monopoly-making amendments to the constitution, on the November ballot

After a day-long effort to rework the resolution's language and rally support, both the Senate and the House gave final approval to [HJR 4](#) on Tuesday, which is designed to prevent a wide range of entities that might seek special commercial advantages through passage of a constitutional amendment. This assures that the proposed constitutional amendment will appear on the November ballot and do so potentially alongside another constitutional amendment being sought by ResponsibleOhio that would legalize marijuana in the state and establish specific growing locations.

The final language of HJR4 allows the Ballot Board to determine if a proposed amendment would "create a monopoly, oligopoly, or cartel, specify or determine a tax rate, or confer a commercial interest, commercial right, or commercial license ... that is not available to other similarly situated persons or nonpublic entities." If the proposed amendment is determined to violate that, two questions will be placed on the same ballot: one asking voters whether the section of the Constitution prohibiting such monopolies should be suspended in that case and another asking voters whether they approve of that particular amendment. The thrust behind HJR 4 is to prohibit monopolies and people being able to buy seats in the Constitution to get and confer a private benefit.



*Rep. Mike Curtin*

*Rep. Ryan Smith*

The HJR 4 sponsors Representatives Ryan Smith (R-Bidwell) and Mike Curtin (D-Marble Cliff) have maintained that the proposal was not spurred by the ResponsibleOhio amendment. "It is not intended to prevent the use of the constitutional initiative for issues that have nothing to do with monopolies or commercial advantage for the few," the pair wrote. "It is written carefully to assure that it does not bar legitimate uses of Ohio's historic initiative." Rep. Curtin did acknowledge, however, that the ResponsibleOhio amendment certainly accelerated a desire among lawmakers to bar special economic interests from benefiting from the constitution. "I plead proudly guilty to being part of people on both sides of the aisle who saw that there is great urgency in this question," he said. "I believe that if the doors are blown off our Ohio constitution this November that we won't get them back. I believe this is a historic moment in our state on whether or not we're going to see private interests, deep-pocket interests buy themselves an exclusive in the constitution, so for me it's never been about marijuana."

Attorney Don McTigue, speaking on behalf of ResponsibleOhio, the marijuana legalization ballot group, encouraged the legislature to hold off on passing the resolution, which he said requires more discussion. "There is no reason this has to be on the ballot in November except for the personal opposition some people have to oppose the marijuana amendment." He said putting the measure on the upcoming ballot would be a disservice to voters who deserve an in depth

discussion about any measure that would limit their Constitutional rights. Instead, he said, the measure should have an "unbiased, unclouded" debate separate from the marijuana proposal. "It's fundamentally unfair to try to ram this through at this point just because there's personal opposition to the merits of the marijuana proposal put forward by Responsible Ohio," Mr. McTigue said. Countering, McTigue, however, Sen. Dave Burke (R-Marysville) disagreed, citing similar concerns he brought up in 2009 when voters passed an amendment authorizing casinos. "Using the Constitution to set up the monopolies is a bad idea any time - not just now," Sen. Burke said. "This is an issue, it's been an issue and it's an issue that needs to be resolved. I don't ever think there's a bad time to fix a bad concept."

## **Marijuana legalization group files signatures for their constitutional amendment**

ResponsibleOhio, the group behind a ballot effort to legalize marijuana in Ohio, submitted just over 685,000 petition signatures to the Secretary of State's office in support of the marijuana legalization Constitutional amendment. The number is more than double the 305,591 needed to qualify for the fall ballot. The campaign predicted that it would qualify in 72 of Ohio's 88 counties. To qualify for the ballot under Ohio law, campaigns must collect signatures totaling at least 5% of votes cast in 44 separate counties during last gubernatorial election.

The ResponsibleOhio proposal includes a highly controversial provision which would legalize 10 specific marijuana growing locations around the state similar to the provision in the casino amendment, which established directly in the constitution the four specific sites where a casino could be located in Ohio.

ResponsibleOhio's executive director remained optimistic about the future of his campaign's ballot issue, noting that the group has raised more than \$20 million for the ballot campaign and is prepared to legally challenge HJR 4 passed by the Legislature this week, which is designed to prevent the establishment of special commercial advantage for any entity through the passage of a constitutional amendment. "No matter what they do at the Statehouse, you can be sure of this: there will be litigation to ensure that the voters' rights are upheld, to make certain that the voters are heard and that their will is upheld," he said.