



STATEHOUSE REPORT

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Members to begin work on developing CCAO's Legislative Platform for the 132nd General Assembly

CCAO's platform development process includes 4 major steps: our Legislative Issues Survey, standing committee meetings and recommendations, CCAO Board of Directors recommendation and, finally, and most importantly, the general membership's approval at our winter conference. We encourage all of our members to take part in each step.

Today you are receiving information about completing the Legislative Issues Survey, which is being sent to you by mail and can also be accessed on our web site. We want to know what you feel are the most important issues facing county government and if you have any specific recommendations for legislation that would help counties better serve their constituents. Please take a few minutes over the next week to provide your input which will be shared with the standing committees.



Our Standing Committees will be meeting between August and the middle of September to review and revise our current platform items. They will consider recommendations from the survey and identify their top three priorities for the Board of Directors. If you are a member of a standing committee, it is very important for you to participate in these meetings. The insight that you have gained from your day to day experience as a commissioner, council member or executive is an essential part of this work.

The Board is dedicating two meetings to the platform development process. The CCAO Executive Committee and Board wants to ensure that proper time and attention are given to both the platform development and the prioritization process. Additionally, these two meetings will allow for more dialogue between the committees and the Board in preparation for presenting the platform and priorities to the full membership. You are encouraged to communicate with our Board members to discuss the platform and attend the Board meetings.

As a member of our association, you will be able to participate in the platform discussion and adoption at our general membership meeting which will take place during our winter conference. Presentations will be made by the standing committee chairs, and general discussion will take

place among the members before the members are asked to approve our Legislative Platform for the 132nd General Assembly that kicks off January 2017.

Committee work, member input and advocacy are the foundation of a strong association. CCAO has a long standing history of being at the forefront of public policy because of our member-driven process. We ask you to take an active role in your association's policy development and we look forward to working with you this fall to continue this tradition.

News coverage of Medicaid Managed Care Organization (MCO) sales tax issue

The news media has begun to cover the budgetary issue of how to replace over a billion dollars in lost state and local tax revenues when the state repeals the Medicaid MCO sales tax effective July 1, 2017, the start of the next two year state general operating budget (SFY 2018 – 2019). An example of this coverage could be found in the July 3rd edition of the Columbus Dispatch: <http://mobile.dispatch.com/columdispatch/db/387121/content/KX7SNIXH>

Since October 2009 Ohio has applied state and local sales taxes to all transactions of Medicaid MCOs. The local county and transit authority sales taxes are collected by the Department of Taxation and are remitted to the county where the Medicaid MCO enrollee resides. The federal government - Centers for Medicaid and Medicare Services (CMS) – has informed Ohio that the Medicaid MCO sales tax violates federal regulations and must be repealed as part of the next state biennial budget.

The Ohio Department of Taxation estimates that state government stands to lose over \$850 million per year in sales tax revenue in SFY 2018-2019, over \$300 million of which is used to draw down over \$750 million in federal Medicaid funds per year with the remaining \$550 million per year sales tax as lost revenue to the state General Revenue Fund (GRF). The Tax Department reports that in CY 2015 Ohio counties and transit authorities collected over \$181 million in sales tax revenue, \$148 million credited to counties and \$33 million to transit authorities. For additional information on "How federal regulations may impact Ohio sales tax revenue," please click [here](#).

The Dispatch article quoted CCAO Executive Director Suzanne Dulaney who said, "The dollar amounts are considerable." She noted that "over 60 percent of county budgets are spent on criminal justice and safety." Dulaney also said, "The (Kasich) administration told our members (at a meeting of the CCAO Board of Directors) that they understand the impact on counties and plan to take that into account. We have also heard from lawmakers who have cautioned counties to budget conservatively because of this issue."

Also quoted in the article is state budget director Tim Keen who said, "This is a significant budget issue for the state, counties and transit authorities that we have to try to work through." Keen also noted that the tax law change will wipe out half of the state's projected tax revenue growth and could mean significant county cuts "that we must take into account."

The Dispatch reported that counties have become increasingly reliant on sales tax revenue to fund county government and that the percentage of sales tax revenue attributable to Medicaid MCO sales tax has increased since 2009 as the state has changed the tax law to make more

transactions taxable. Statewide, counties received 7.5 percent of all their sales tax revenue in 2015 from the Medicaid MCO tax.

Regarding how the state might fill the budget hole, Keen said, “We’re assessing a range of potential solutions, but we’re very early in our analysis.”

In addition to filling the budget hole, there is the issue of distributing replacement dollars to impacted local governments. Dulaney said, “Redistributing a new revenue stream back to 88 counties is more challenging than sending it into one state general fund.”

For additional information on this topic, please contact either CCAO staffers Brad Cole or Kate Neithammer at bcole@ccao.org or kneithammer@ccao.org respectively.

Statehouse, Etc.



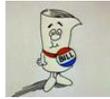
No Citizen-initiated Issues on the November Ballot. Secretary of State Jon Husted announced there will be no citizen-initiated issues on the November ballot, however several groups have their eye on 2017. Those that have declared efforts for next year include The Ohio Drug Price Relief Act, which would lower the cost of prescription drugs and Grassroots Ohio, which would create a constitutional right to possess marijuana for medical purposes.

Casino Revenues Down in June. The Casino Control Commission reported that revenues were down for three of Ohio’s four casinos and all of Ohio’s racinos in June. The four casinos took in \$62.9 million collectively, the lowest total of the year so far, with JACK Cleveland being the only casino to see a small uptick in revenue. All seven racinos experienced a decline, with Scioto Downs seeing the largest decrease, dropping \$1.7 million from May to June.

Fiscal Year Ends With Room for Spending. The state is ending its fiscal year with slightly lower revenue but plenty of room on the spending side. The decrease in spending is attributed to lower than expected output for Medicaid services, equaling a nearly \$1.2 billion underage. Other key areas of underspending included K-12 education, property tax reimbursements, health and human services, general government and higher ed. Tax revenue began to rebound after a shortfall in May due to an underage in the Domestic Insurance Tax. It is expected that the Office of Budget and Management will announce another deposit into the state’s “rainy day” fund, which currently exceeds \$2 billion.

House Will Swear in Replacement Seats in August. An August session date has been announced for the House to fill two vacancies. New members will be sworn in to replace seats currently held by Rep. Barbara Sears and Rep. Tim Brown on August 2nd. Sears has been appointed as Assistant Director of the Governor’s Office of Health Transformation and Brown has accepted the role of President of the Toledo Metropolitan Area Council of Governments.

Bills Introduced



- [SCR 22](#) ■ **FIREARMS** ([Yuko, K.](#)) To urge Congress to enact legislation denying firearms and explosives to suspected terrorists.
- [HB 584](#) ■ **ROAD NAMING** ([Cera, J.](#)) To designate portions of Interstate Route 70 in Belmont County as the "Sergeant Sylvester Antolak Medal of Honor Recipient Memorial Highway" and the "Sergeant Emile DeLeau, Jr. Medal of Honor Recipient Memorial Highway." Am. 5534.61 and 5534.62

Hearing Schedule



Monday, July 11

[Joint Committee on Agency Rule Review](#) ([Committee Record](#)), (Chr. [Uecker, J.](#), 466-4086), Senate Finance Hearing Rm., 1:30 pm

Tuesday, July 12

[Senate Public Utilities](#) ([Committee Record](#)), (Chr. [Seitz, B.](#), 466-8068), Finance Hearing Rm., 1:00 pm

- Confirmation hearings on governor's appointments of Asim Haque and Howard Petricoff, Public Utilities Commission of Ohio