



STATEHOUSE REPORT

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Legislative issues survey in progress

We want to know what you feel are the most important issues facing county government and also if you have any specific recommendations for legislation that would help counties better serve their constituents. Please take a few minutes to provide your input which will be shared with the standing committees and return your Survey by **THURSDAY, JULY 28.**

Commissioners were mailed a copy of the Survey last Friday and you can also access the [survey](#) which is also on the Home Page of our web site.

CCAO's platform development process includes 4 major steps: our Legislative Issues Survey, standing committee meetings, 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.

Our Standing Committees will be meeting between August and the middle of September to review and revise our current platform items as well as to consider recommendations from survey and identify their 3 top priorities for the Board of Directors by identifying your top 3 priorities. If you are a member of a standing committee it is very important for you to participate in these meetings because we value your insight that you offer gained from your day to day experience as a commissioner, council member or executive.

The Board is dedicating its October 21st and November 18th meetings to the platform development process. 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 the Board and general discussion will take place among the members before the members are asked to approve our Legislative Platform for the 132nd General Assembly.

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

News coverage of Medicaid Managed Care Organization sales tax issue continues

State and local coverage regarding the impact of eliminating Medicaid MCO sales tax continues as individual counties begin to examine the impact of this projected change in state tax policy on local budgets. An example of this coverage featured the impact of eliminating this particular revenue stream on Franklin County's 2017 general fund budget as reported in the Columbus Dispatch <http://www.dispatch.com/content/stories/local/2016/07/10/future-tax-loss-insurance-costs-weigh-on-franklin-county.html>

Franklin County was contemplating the impact of the lost Medicaid MCO tax revenue in the context of health insurance costs. Franklin County Administrator Kenneth Wilson said, "If we don't make any changes to health care, it's going to put tremendous pressure on the budget. It is too early to say whether we will have to make any reductions to the baseline budget."

The impact of losing the Medicaid MCO sales tax to Franklin County is about \$19 million a year in sales tax revenue, or about 6.6 percent of all sales tax revenue in 2015. Statewide the Medicaid MCO sales tax generated approximately \$150 million in revenue for counties and over \$30 million for transit agencies in 2015.

Regarding the impact of the sales tax law changes, Commissioner Marilyn Brown said to the Dispatch, "We're going to have to be more cautious with next year's budget."

The federal Centers for Medicaid and Medicare Services informed the state that Medicaid MCO tax was not in compliance with Federal regulations. The state was told that it needed to repeal Medicaid MCO sales tax no later than the start of the next state biennial budget, or July 1, 2017. Due to a three month lag in county sales tax distribution, the initial impact of any tax law change will not occur until the fourth quarter of 2017.

Commissioner Paula Brooks commented to the Dispatch, "It's just caution signs everywhere. These cuts were out of our control completely. Here we go again with fiscal issues." Commissioner John O'Grady said in a statement, "We have to hold the line now to make sure we can continue to provide essential services to the residents of Franklin County in the face of uncertainty as to whether the state legislature will find a fix that makes us whole. While we're planning for the worst, we're also hoping for the best."

CCAO hopes to partner with the state in addressing state and local revenue shortfalls. The proposed elimination of the Medicaid MCO sales tax negatively impacts state general fund revenues, Medicaid match for federal Medicaid dollars, and county and transit authority revenues.

For additional information on this topic, please contact Brad Cole or Kate Neithammer of the CCAO staff at bcole@ccao.org or kneithammer@ccao.org

Medicaid Managed Care Organization (MCO) Sales Tax at a Glance

What is the tax?

Since 2009, Ohio has levied state and local sales taxes on Medicaid health and pharmaceutical services provided by MCO's. Services provided by MCO's that are not related to Medicaid are not included in this tax. The state tax revenue is used to draw down federal Medicaid match dollars, reimburse Medicaid MCO's and fund the state GRF. County governments and transit authorities who are also authorized to levy this revenue stream have largely used it to reinforce their operating budgets.

Why is the tax going away?

The federal government has indicated that Ohio's tax is out of compliance because it does not apply broadly to all MCO services. Ohio was notified by the Center for Medicare and Medicaid Services that the tax will need to be turned off or brought into compliance by June 30, 2017.

How will this impact county budgets going forward?

In 2015 the county portion of Medicaid MCO taxes represented 7.5 percent of all sales taxes collected by the state on behalf of counties. However the county by county impact ranges from 2 to 25 percent. (See how much Medicaid MCO tax your county collected in 2015 [here](#).) Because the state distributes the county sales tax in arrears, counties are projected to see a 3 month loss in 2017 and a full loss in 2018 and thereafter. In addition, this will result in a slight reduction in LGF funding due to the reduction in the MCO state sales tax collected that goes into the state GRF.

What is being done to address this future shortfall?

The Kasich Administration and Ohio Legislature are currently working to identify solutions to this new challenge. They have confirmed that they understand the impact this will have on counties and plan to take that into account when developing their plans. A significant hurdle will not only be how the foregone revenue stream is replaced, but what mechanism will distribute that stream back to Ohio's 88 counties. Action is anticipated the first half of 2017 when state officials begin to craft the biennial budget bill.

What can I do?

Each county's budget tells a story about the health of their community. Make sure your legislators know your story and how this loss will affect your citizens. CCAO staff can provide talking points to help you with this.

Statehouse, Etc.



NACo to Host Reception at Political Conventions. County officials attending the Republican or Democratic conventions are invited to attend a reception hosted by the National Association of Counties (NACo). Join your colleagues from across the country at “Progress and Prosperity: A Local Officials Reception” as NACo highlights the important role county officials play in our nation's intergovernmental partnership. This is an excellent opportunity to network with our legislators. RSVP your attendance: [Republican registration](#) or [Democratic registration](#). For more information, please contact [Arthur Scott](#), the NACo Associate Legislative Director, at (202) 942-4230.

Join NACo’s Counties Connect America Initiative. In an effort to strengthen the intergovernmental partnership at all levels, NACo has developed the “Counties Connect America” initiative. The initiative will use the 2016 U.S. Presidential election cycle as a platform for engaging candidates as they discuss ways to move this country forward together. Get involved and receive the latest news and information about the election and county engagement. [Click here](#) to participate in the initiative. [Read more...](#)

CCAO Encourages You to Interact with Your Local Legislators. Summer affords many opportunities to interact with legislators in your district. When you meet, please continue to touch on critical county issues found [here](#) and on the front page of our website.

Theresa Charters Gavarone to Fill Vacant House Seat. House Republicans announced they'll fill Rep. Tim Brown’s vacant seat with Theresa Charters Gavarone, an attorney and member of Bowling Green City Council. Brown is leaving his 3rd House District seat to become president of the Toledo Metropolitan Area Council of Governments.

Bills Introduced



[HB 585](#) ■ **BODY CAMERA RECORDS ([Antani, N.](#))** To provide that a record created by a body camera that is worn or carried by a law enforcement officer who is engaged in the performance of the officer's official duties generally is a public record, to provide in the specified circumstances in which such a record is not a public record that there are conditions under which the record becomes a public record, to provide that the portions of a record that contain personal information or information that is not relevant to the offense or delinquent act are exempt from inspection and copying under the Public Records Law and are subject to redaction, and to require a local records commission to maintain records from a body camera for a minimum of one year unless the law enforcement agency is subject to a records retention schedule that establishes a longer period of time. En. 149.436.

HB 586 ■ **WAGE DISCRIMINATION** ([Smith, K.](#), [Boyd, J.](#)) To require the Ohio Civil Rights Commission to establish a system for individuals to make anonymous complaints regarding employers discriminating in the payment of wages. Am. 4112.041

Hearing Schedule



Monday, August 1

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

Tuesday, August 2

[House Session](#), (Chr. [Rosenberger, C.](#), 466-3357), House Chamber, 2:00 pm
Session to fill vacancies in the 3rd and 47th House Districts