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# STATEHOUSE REPORT

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**August 7, 2015**

## **Sales Tax Holiday” this weekend**

Ohio shoppers are expected to save more than \$25 million during the state's first sales tax holiday set to begin Friday, the Department of Taxation (ODT) has estimated. The event, which runs Aug. 7-9, will allow Ohioans to purchase certain clothing, school supplies and school instruction materials without having to pay the combined state and local sales and use tax. ODT estimates that the one-time event, created under legislation (SB243, 130th General Assembly), will save Ohioans \$21 million in state share taxes and \$4.7 million in county sales taxes adding up to a total tax savings of \$25.7 million.

An ODT spokesman indicated that the state has budgeted for the estimated foregone revenue, which translates to \$365 million in tax-free purchases. While there is no limit on how many items can be purchased, the exemption will apply only to clothing items priced up to \$75 each and school supplies and instructional materials priced up to \$20 per item, ODT reported. Items bought for use in a trade or business are also not eligible for the sales tax holiday.

Sen. Kevin Bacon (R-Minerva Park), who has long sought to establish a sales tax holiday in the state, said despite the expected tax savings, Ohio will likely recoup much of the foregone revenue due to the expected increase in economic activity. "I can't guarantee it's going to be an exact break-even, but that pot of tax money not collected will be filled by other items that are not subject to the sales tax holiday - just an increase in sales," the sponsor said in an interview. "We think that it's going to be pretty negligible."

The legislation that created the event requires ODT to report to the General Assembly on economic activity generated during the tax-free weekend, and Sen. Bacon said he and other state officials will evaluate its impact. The senator said he would like to look at making the event an annual occurrence, pending its success. "Granted it works the way that I believe it will work, I plan on introducing it - putting it into permanent law," he said, adding that legislative efforts could receive a boost if Ohioans respond well to the sales tax holiday. If the sales tax holiday is made permanent in Ohio, Sen. Bacon said he's also open to possibly expanding it to include other items. "I think that in looking at putting other items in, first you'd be looking mainly at items that could serve well in giving Ohioans a tax break: things that people need, anything to lighten the burden that's on the taxpayers," he said. "And then, number two, that's going to provide economic stimulus."

Lora Miller, director of governmental affairs & public relations for the Ohio Council of Retail Merchants, said retailers are expected to see an uptick in sales during the tax-free weekend, but by how much remains to be seen. "We really have no idea since we don't have any experience here in Ohio nor do we have any experience from other states in the Midwest to be able to make such a determination," she said in an interview. "This is going to be a learning experience for us as far as what the economic impact is going to be and the benefit to consumers." The council, which has been providing promotions kits to members in anticipation of the sales tax holiday, has received overwhelmingly positive feedback from retailers, Ms. Miller said. "Our members have indicated that they're excited about this and look forward to the weekend," she said. "Others have said, 'We hope this becomes permanent.' One suggested maybe having it earlier than the first weekend in August when we look at legislation to make it permanent."

Tax Commissioner Joe Testa said the holiday "is consistent with Gov. Kasich's philosophy and practice of reducing the tax burden on Ohioans." "Providing a tax-free weekend enables Ohio families to keep more of their own money," he said in a statement. "It will help them stretch their budgets and help invigorate Ohio's economy." Policy Matters Ohio, however, disagrees. The group said in a release Wednesday that "the reasoning behind this new law is fundamentally flawed." "The sales tax holiday is unlikely to do much to help Ohio's economy or low-income families who could most use a tax break, the group said in pointing to an analysis by the Institute on Taxation and Economic Policy.

## **Drug testing cash assistance, unemployment claimants proposed**

Two House Republicans announced legislation Tuesday that sets the stage for drug testing individuals participating in two programs administered by Job and Family Services. Rep. Tim Schaffer (R-Lancaster) – prior sponsor of similar legislation related to cash assistance - and Rep. Ron Maag (R-Lebanon) touted [HB 298](#) as a bill that will “combat the cycle of drug induced poverty”.

Similar to SB 192 of the 130<sup>th</sup> General Assembly and Substitute SB 69 from the 129<sup>th</sup> General Assembly, HB 298 creates a three-county pilot program to drug test adults applying for Ohio Works First, or cash assistance. In order to participate, a county's board of county commissioners must volunteer to have the county included in the pilot program and then be selected by the director of the Ohio Department of Job and Family Services.

SB 298 also includes language mandating the drug testing of unemployment insurance claimants who were either discharged from employment because of the unlawful use of a controlled substance, or who are determined to be suitable only for work that regularly conducts drug testing, as determined by the US Department of Labor. (USDOL has released a policy letter on such testing that can be found [here](#), but has yet to issue a list of which occupations would qualify as regularly conducting drug testing.) Staff in the ODJFS Office of Unemployment Compensation is still reviewing these provisions of SB 298.

Under the Ohio Works First (OWF) drug testing pilot program, staff in participating county departments of job and family services would administer a substance abuse screening questionnaire upon an adult applying for benefits. If the assessment results provide reasonable cause to suspect an adult has an addiction issue, the ODJFS is to require the individual take a drug test. Should the individual refuse or fail such a test, then benefits are to be no longer

issued to the adult. Rather, they are to be routed to the adult's family through a "protective payee" – a third party that is not a part of the family.

In addition, the bill appropriates \$100,000 per state fiscal year for addiction treatment for individuals who test positively for drug use, and would allow applicants to be retested in six months.

In their announcement Tuesday, the legislators indicated that drug tests would be paid for by the state except when applicants fail them. The sponsor contended that when compared to money spent on illegal drugs, the screenings and tests would represent a significant savings for the state. They also content that by first screening applicants and then conducting drug tests based on those results, Ohio would skirt constitutional challenges brought under the Fourth Amendment's prohibition on illegal search and seizure, which is an issue other states have run into in similar measures.

The ACLU of Ohio, however, argued that if passed the measure could still see legal challenges. (Given that Ohio Works First is a county-administered program, it is likely the county would be named in any such challenge should the program be enacted and subsequently challenged in court.)

For additional information on this issue, please contact Laura Abu-Absi at [labu-absi@ccao.org](mailto:labu-absi@ccao.org) or (614) 220-7996.

## **ESINet Steering Committee votes to send PSAP operational rules to JCARR for approval**

The ESINet Steering Committee, at its meeting on Thursday, voted to approve the [draft rules](#) for Public Safety Answering Points (PSAPs) operational standards and send them to the Joint Committee on Agency Rule Review (JCARR) for final approval. Upon JCARR approval the rules will become effective January 1, 2016. The rules only apply to those PSAPs that receive wireless (cell phone) calls and will not impact a PSAP that only receives wireline 911 calls. Failure to comply with the rules within two years after their effective date (January 2018) may jeopardize the funding that the PSAP receives from the state wireless 911 government assistance fund.

The rules include requirements with respect to staffing, training, emergency medical dispatching and pre-arrival instructions, facilities, technology and data reporting. One of the major changes to the rules as initially proposed regards minimum staffing requirements. Initially the rules required that a minimum of two telecommunicators must be on duty and available to receive and process calls at all times at one location. The rules as approved now allow telecommunicators to be located in different places as long as there is an automatic rollover of a 9-1-1 call to another telecommunicator if the initial telecommunicator cannot take the call.

## **House summer committee activity announced by Speaker Rosenberger**

Two House standing committees and a new Healthcare Efficiencies Summer Study Committee will hold regional hearings over the next two months. Speaker Rosenberger (R-Clarksville) said the new panel as well as the Agriculture & Rural Development Committee and the Community &

Family Advancement Committee would tour the state to field feedback from Ohioans. The panels are expected to hold a series of hearings across the state during August and September with a goal of producing reports and potential legislative recommendations.

Chairman [Rep. Brian Hill](#)'s (R-Zanesville) Ag panel will focus on modern-day agriculture and how it is shaping rural communities in the state while the Community and Family Advancement, chaired by [Rep. Tim Derickson](#) (R-Oxford) will review poverty in Ohio along with workforce development programs.

Rep. Stephen Huffman (R-Tipp City) will chair the new Healthcare Efficiencies Summer Study Committee, which will focus on Ohio's healthcare system and how to provide the best possible outcomes for patients.



Speaker Rosenberger

"It's crucial we continue our legislative work over the summer and get out into the communities we serve to better understand issues that impact our constituents," Speaker Rosenberger said in a release. "As with previous summer committees, these hearings will allow us opportunities to make recommendations and discuss possible legislation on issues affecting Ohioans every day."

"I'm looking forward to seeing what the new Healthcare Efficiencies Study Committee can accomplish this summer," the speaker added. "It's an important issue to every Ohioan and continuing discussion on the topic of healthcare costs and transparency can ensure a better future for our state."

Further details on the committees' membership, agendas and meeting locations will be released in the near future, the caucus said

## Bills Introduced



[HB 297](#) **TAX CREDIT** ([Hill, B.](#)) To authorize a refundable income tax credit for current livestock owners who invest in a manure storage or treatment facility or acquire manure application equipment or manure handling and transportation equipment. Am. 5747.98 and to enact section 5747.052

[HB 298](#) **DRUG TESTING** ([Schaffer, T.](#), [Maag, R.](#)) To require applicants for unemployment benefits to submit to a drug test under certain circumstances, to require the director of Job & Family Services to operate an Ohio Works First drug testing pilot program and to make an appropriation. Am. 4141.28, 4141.29 and 4141.294

## Hearing Schedule



### Wednesday, August 12

**House Community & Family Advancement** ([Committee Record](#)), (Chr. [Derickson, T.](#), 644-5094), Friendly Inn Settlement House, 2386 Unwin Rd, Cleveland, 1:00 pm

- Testimony from Joe Calabrese, GCRTA; John Carmichael, Newbridge; Brandon Chrowstoski, EDWINS; William Gary, Tri-C Workforce Development; Jan Ridgeway, Garden Valley Neighborhood House; Lisa Bottoms, The Cleveland Foundation; Lowell Perry, Central Promise Neighborhood; Elizabeth Newman and Ryan Midday, The Centers and Rich Frank and Ben Kearney, Ohio Guidestone