August 11, 2017

MCO sales tax veto override

The Senate is expected to return to session on August 23rd at 1:30 pm to address budget veto overrides passed in the House. We are hopeful they will include the MCO sales tax amendment, which would have provided a mechanism for counties and transit authorities to replace some of the revenue they will lose once the tax is eliminated.

We ask that all CCAO members redouble their advocacy efforts for the MCO amendment so that we can have a favorable outcome on August 23rd. Over the next week, it’s crucial that counties continue to have conversations with their members of the Senate and ask them to support this important issue.

ACTION ITEMS:

1. Call Your Senator(s) today and ask them to commit to voting for an override of the Governor’s MCO amendment veto.

2. Call or email CCAO policy staffers John Leutz or Kate Neithammer at 614-221-5627 and let them know how your member(s) of the Senate plan to vote.

THE MESSAGE:

Please vote to override the Governor’s veto of the MCO sales tax amendment. The transition aid currently in the budget will only provide counties and transit authorities a one-time allocation to help them mitigate the loss of a $207 million revenue stream. The MCO sales tax amendment helps provide a mechanism for counties and transit authorities to replace some of the revenue they are losing once this transition aid ends.

THE TALKING POINTS:

✓ Explain what budget cuts you anticipate having to impose if the lost revenue is not fully and permanently replaced.
Remind them that counties are simply seeking revenue stability by holding on to their current levels of funding. The replacement of this revenue is not a tax increase.

Ask them to override the Governor’s veto on the MCO amendment.

Make sure they understand that this must be fixed! The budget includes a plan that permanently fixes this problem for the state. Their county partners should be given parity.

CCAO budget briefing & voting equipment expo

ONLINE REGISTRATION AVAILABLE HERE

August 14
CCAO Voting Equipment Expo
9 AM to 4 PM
Camp Perry Lodging and Conference Center
1000 Lawrence Road – Bldg. 600, Port Clinton

September 12
CCAO Budget Briefing/Voting Equipment
8 AM to 4:00 PM
Olde Dutch Restaurant
12791 OH-664, Logan

August 28
CCAO Budget Briefing/Voting Equipment Expo
8 AM to 4:00 PM
Warren County Administration Building
406 Justice Drive, Lebanon

September 18
CCAO Budget Briefing
8 AM to 1:00 PM
Wood County Administration Building
One Courthouse Square, Bowling Green

August 29 - TO BE RESCHEDULED
CCAO Budget Briefing/Voting Equipment Expo
8 AM to 4:00 PM
Shisler Conference Center
1680 Madison Ave, Wooster

September 21
CCAO Budget Briefing
8 AM to 4:00 PM
CCAO Offices, 209 E. State Street
209 E. State Street, Columbus

Tax department releases estimates of County Undivided LGF distributions for calendar year 2018

As required by law, the Ohio Department of Taxation has released the estimated revenues to be allocated and received by each county’s Undivided Local Government Fund (CULGF) for Calendar Year 2018. Tax department spreadsheets project distributions of $348,969,897.81 to the 88 County Undivided Local Government Funds in CY 2018. This amount is roughly a 0.8 percent increase over Calendar Year 2017 estimates based on revised estimates published by the department on June 23, 2017. It should be noted that the estimates are projections based on economic forecasts of state tax receipts which can and do change due to changes in the economy.

The County Undivided LGF is distributed within each county to municipal corporations, townships, park districts and the county itself based either on an alternative formula adopted by
subdivisions within the county or a statutory formula. A majority of counties utilize a locally adopted alternative formula.

It must be stressed that the County Undivided LGF does not include the municipal share of the LGF that has historically been distributed to approximately 500 municipal corporations that levied a municipal income tax prior to 2002 when the legislature froze local government fund distributions in response to a recession in 2001. Under the current budget recently adopted by the legislature, all of the municipal share (approximately $29 million) will be redistributed to townships and small villages as a separate allocation and to address the Opiate crisis through the creation of a new fund called the Targeting Addiction Assistance Fund (TAAF). Specifically, townships and small villages will receive one million dollars a month to be shared statewide, while the remainder will go to the TAAF.

For a copy of each county’s calendar year estimate of the County Undivided Local Government Fund distributions in 2018, please click here http://www.tax.ohio.gov/Portals/0/government/newdocs/LGF%20and%20PLF/LGF%20Certs%20CY2018.pdf

If you have questions regarding the information included in this article, please contact CCAO staffer Brad Cole at bcole@ccao.org

DRC outlines T-CAP program

CCAO’s General Government and Justice and Public Safety Committees held a joint meeting, open to the general membership, on August 8, 2017, to discuss the implementation of the Department of Rehabilitation and Correction’s (DRC) proposal Targeting Community Alternatives to Prison (T-CAP) that requires the ten largest counties and allows the other 78 counties to “voluntarily” not send Felony 5 offenders to prison. Over 40 people attended the meeting and 19 counties were represented.

Chris Galli, Chief of the Bureau of Community Sanctions, who will be the person responsible for administering the T-CAP program and Cyndi Mausser, managing director for Court and Community Relations explained the program, the grant application process, and how the funding would be administered and then responded to questions.

The following important points were made about the program:

- **Voluntary counties** - the grant cycle is for the FY18/19 with funding being paid out quarterly between September 1, 2017 and June 30, 2019, however the grant funding does not have to be spent until June 30, 2020. The application is due on August 21, 2017.
- **“Target” counties** – may apply as a voluntary county for FY18 but are required to participate as of July 1, 2018. If the county wants to be involved prior to July 2018 they need to notify DRC by August 21 that they intend to submit a grant. The grant can be submitted at any time during the remainder of FY18, however, 5% of the county’s FY18 allocation will be deducted for each month the grant is not filed after September 18, 2017.

- **Use of grant funds** – is **UNRESTRICTED**, however, they may not be used to buy or build a building. The funds may be used for any criminal justice purpose the county sees fit including to offset cuts to the 408 misdemeanor jail diversion line item funding, staff, operations, treatment or contract services. The program budget that is to be submitted with the grant application needs to only be general in nature and there is no requirement that DRC must approve a budget modification.

- **T-CAP program impact** – if the prison population does not decrease sufficiently to meet DRC targets, DRC reserves the right to reduce the grant awards or cancel the program.

- **Funding allocated to counties that choose not to participate** – DRC intends to seek Controlling Board approval to transfer the funds not utilized from the 407 line item for the T-CAP program to the prison operations line item.

- **Calculation of counties’ allocations** – was done by dividing the counties into 4 groups based only upon county population and assigning a fixed amount of funds to that group of counties. Within each of the 4 categories the funding was allocated to the various counties based upon a formula that considered county population, the average of prison commitments of F5s from the county between 2014 and 2016 and case filings of F5 offenses within the county.

The major concern expressed by CCAO members about the program was its sustainability. Counties are worried that this program will be terminated at some point in the future but the obligation to house F5s locally will not and this will become an unfunded mandate. Furthermore, if the funding should be terminated there would be a tendency for the courts to simply court order a continuation of the funding thereby placing an additional burden on the county general fund revenues and expenditures.

For more information regarding the meeting or the T-CAP program contact John Leutz at jleutz@ccao.org or 614-220-7994.
Casino revenues up

July was a good month for casinos. The state’s four casinos showed significant gains in revenue in July compared to June, as did the racinos. The casinos brought in $69.9 million in July, up from $64.1 million the prior month and from $66.1 million in July 2016, according to revenue reports released Monday by the Casino Control Commission. For the seven racinos, their video lottery terminal revenue totaled $84.5 million for July which was up nearly $6.5 million from where it was in June, the Ohio Lottery Commission reported.

Drainage Task Force moving forward with draft proposal

After nearly four years of work, the Drainage Task Force has developed consensus around a proposal to update Ohio’s drainage laws and will be working to have their ideas put into a Legislative Service Commission (LSC) bill draft that can be further discussed and considered by lawmakers and interested parties prior to its formal introduction before the General Assembly.

Several years ago, CCAO supported the formation of a task force of commissioners, engineers, and appropriate stakeholders to review Ohio’s drainage laws. Some have felt that the Ohio Revised Code was unclear on many issues under the county and joint county petition ditch as well as soil and water improvement laws. In particular, ditch procedures under ORC Chapters 1515, 6131, 6122, 6135 and 6137 should be revised to clarify numerous provisions and embrace new technology and processes that
would provide for greater efficiencies, fewer misunderstandings and less unnecessary legal costs for taxpayers.

Special thanks to Union County Commissioner Steve Stolte and OSU’s Assistant Professor and Field Specialist for Agricultural & Resource Law Peggy Hall for their steadfast efforts on this project!

If you are interested in reviewing the Task Force’s recommended changes, please contact CCAO Staffer Cheryl Subler at csubler@ccao.org or at 614-220-7980 to get a copy.

**Bills Introduced**

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<tr>
<th>SB 176</th>
<th>MUNICIPAL TAXES (JORDAN, K.)</th>
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<tbody>
<tr>
<td>To prohibit municipal corporations from levying an income tax on nonresidents' compensation for personal services or on net profits from a sole proprietorship owned by a nonresident.</td>
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<th>HB 318</th>
<th>SCHOOL RESOURCE OFFICERS (PATTERSON, J., LATOURETTE, S.)</th>
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<td>To define the necessary qualifications and responsibilities of school resource officers.</td>
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**Hearing Schedule**

**WEDNESDAY, AUGUST 23**

**Senate Session**

(Chr. Obhof, L., (614) 466-4900), Senate Chamber, 1:30 pm

- If needed
- Veto override votes