



STATEHOUSE REPORT

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Property Tax Exemption Measure Heavily Criticized by Local Government Officials in Hearing before House Finance Committee, Significant Revisions Likely

County Commissioners [Julie Ehemann](#) (Shelby) and [Gary Lee](#) (Union), Union County Economic Development Director [Eric Phillips](#) and Montgomery County Transportation Improvement District Director [Steve Stanley](#), and CCAO Staffer [Brad Cole](#) took turns presenting opposition testimony to SB 235 ([link](#)) before the House Finance Committee this week. Each of the testimonies are linked to the names of the witnesses.

SB 235 would exempt from property taxes the increased value of property on which industrial or commercial development is planned until completion of the new or redeveloped facilities. SB 235 is sponsored by Senators Bill Beagle (R-Tipp City) and Bill Coley (R-Liberty Township). Senator Coley presented sponsor testimony on the bill earlier in the week.

“SB 235 proposes to remove any local control and would provide any commercial and industrial property owner with tax relief if they file for a tax exemption with the county auditor,” Shelby County Commissioner Julie Ehemann said. “Local communities need some assurances that a viable business will be joining their community and have been able to use local incentives to help assure them that investments will be made and jobs created.”

Commissioner Ehemann also raised concerns about the 10 year duration of the valuation freeze in the bill, and the potential for developers to game such a program, saying there was an undue “vagueness” to the exemption.

Union County Commissioner Gary Lee testified on the impact the bill would have on Tax Increment Financing (TIF).

“Existing TIFs were based on receiving property taxes from developed properties and from undeveloped commercial



Commissioners Ehemann and Lee

properties that grow in valuation,” Commissioner Lee said. If you freeze the taxes on the undeveloped properties that were part of the original TIF, it will reduce funds that were intended to support infrastructure to realize the economic development of the TIF district.”

Mr. Phillips said the bill “has various unanticipated negative impacts on local communities and their ability to maintain and expand their tax bases. Moreover, I believe that SB 235 will remove the historical responsibility of local governments to review, consider and approve or deny local property tax breaks.”

Mr. Phillips also said that while the exemptions would benefit the developers, other taxpayers would end up picking up the tab. He added, “A freeze on valuations on commercially zoned undeveloped properties will cause a shift in the property taxes for other property owners to meet the exact dollar amount” of property tax levies.

Mr. Stanley asked the committee to consider an amendment exempting parcels already subject to TIF resolutions at the local level from the provisions of SB 235.

In testimony on behalf of CCAO, Cole emphasized the following reasons for opposing SB 235:

- Potential harm to existing economic development programs and tools
- No local input into decision to grant property tax exemptions
- Loss of forgone property tax revenue
- Ten year reset requirement is too long and needs to be connected to existing property reappraisal process

Also testifying as an interested party with concerns was Jennifer Price, executive director of the Ohio Economic Development Association. She said her group had concerns with the bill’s impact on local control, bond financing, TIFs and its “one-size-fits-all” approach.

Responses from committee members about the need to change the bill were generally positive. Representative Bob Cupp (R-Lima), a former Ohio Supreme Court justice, questioned whether freezing a property’s valuation was even constitutional.

Representative Ron Amstutz (R-Wooster) suggested that the bill should be made permissive for local governments. He also said there was a need for more discussion regarding the provisions of the bill. Representative Mike Duffey (R-Worthington) suggested local jurisdictions could already pursue similar incentives on their own, without the legislation. Representative Cheryl Grossman (R-Grove City) questioned whether the exemptions could play in “a “disastrous way” that would not be helpful to local communities.

“It needs more work,” said Representative Scott Ryan (R-Newark), vice chairman of the House Finance Committee. “We want to give all the tools we can to economic development, but it needs to be in a way that works for local government.”

Representative Ryan Smith (R-Bidwell), chairman of the Finance Committee, said he will try to make changes to address concerns and bring back a revised bill after Thanksgiving.

For additional information regarding this bill, please contact Brad Cole or Cheryl Subler respectively at bcole@ccao.org and csubler@ccao.org.

Roth legislation passes House committee



CCAO Executive Director
Suzanne Dulaney

CCAO's efforts to enable the Association's deferred compensation program to offer a Roth savings product to county employees is another step closer to reality. This week the House State Government Committee held two hearings and reported out Senate Bill 220, which would provide clear statutory authority for post-tax contributions to deferred compensation savings plans.

Senate Bill 220, sponsored by Senator Hottinger, received unanimous support from the committee following [testimony](#) by CCAO Executive Director Suzanne Dulaney and the Ohio Public Employees Deferred Compensation Program's Executive Director Keith Overly.

The bill is expected to pass the full House when lawmakers return after Thanksgiving. If you would like further information on the legislation, please contact CCAO Staff Suzanne Dulaney or Cheryl Subler at 614-221-5627 or at sdulaney@ccao.org or csubler@ccao.org.

Director Keen comments on Medicaid Managed Care Organization Sales Tax

On Thursday, CCAO policy staffers Brad Cole and Kate Neithammer presented [information](#) on the Medicaid Managed Care Organization (MCO) Sales Tax to the County Treasurers Association. The sales tax will be eliminated at the end of the next legislative session (July 2017), causing a significant challenge for both state and county general revenue funds.

Director of the Office of Budget and Management, Tim Keen, spoke to the group immediately following the presentation. The Director shared that while the administration's plan to address the loss of sales tax revenue is not complete, the solution will not be a dollar for dollar replacement for counties. He also said the solution will not be permanent and that it would take each county's reliance on the tax into consideration.

You can read more information on the tax and see your county's reliance [here](#). The administration's plan will be unveiled with their state budget proposal at the end of January. To learn more about the MCO sales tax please contact Brad Cole at bcole@ccao.org or Kate Neithammer at kneithammer@ccao.org.



Director of the Office of
Budget Mgmt. Tim Keen

Challenges arise for funding indigent defense reimbursement

Funding for indigent defense reimbursement comes in large part from non-GRF sources derived from the state-wide court cost for indigent defense, license suspension reinstatement fees, a surcharge on bail bonds and fines on DUI and financial responsibility violations that are deposited into the Indigent Defense Support Fund (IDSF). In fact, the FY 17 appropriation for reimbursement from the IDSF totals \$39 million while the General Fund appropriation is only \$25 million. These non-GRF revenues, along with case load, the general fund appropriation for reimbursement, and hourly/case rates paid to indigent council are key factors that impact the calculation for the county reimbursement rate. And of these factors the non-GRF revenues and case load can only be anticipated based upon estimates and trends.

Recent revenue trends show that the receipts into the IDSF are declining faster than expected. The State Public Defender is concerned that the state will not be able to maintain 48% reimbursement to the counties for the remainder of FY 2017. While the IDSF needs to generate \$3.4 million per month to meet the revenue estimate that equates to the IDSF appropriation provided for reimbursement, recent months actual receipts are underperforming the estimate.

Furthermore, the upcoming months, historically, are the lowest performing in the annual cycle and based upon the recent 3 year average the period of November through February has only generated \$3.1 million per month. Consequently, without a substantial improvement in November revenues or an influx of additional funding the State Public Defender anticipates having to reduce the reimbursement rate for the remainder of the biennium to somewhere between 45% and 46%.



We are working with Rep Kirk Schuring to secure an amendment during the lame duck session that will eliminate the capital case “earmark” and re-appropriate the \$913,000 of that earmark that lapsed from FY 16 to be used of general reimbursement. The State Public Defender’s Office anticipates that this action may be enough to bring us back to a 48% reimbursement for the rest of FY17 given the underperformance of non-GRF receipts coming into the IDSF.

The decline in revenues deposited into the IDSF also has implications for the next state budget. The State Public Defender’s Office budget submitted to OMB utilized the assumption that the IDSF would generate \$3.4 million per month on average which is lower than \$3.6 million it had been generating. However, the October revenues declined at a faster pace than the previous trend lines predicted with October revenues coming in \$500,000 less than the prior 3 year average. For the first time, the trailing twelve month average fell below \$3.4 million. It is now \$3.378 million. This means the budget calculations for the next biennium need to be adjusted accordingly and will need an additional adjustment upward beyond the initial increases in the GRF appropriation levels of \$9.6 million in FY 18 and \$11.8 million in FY 19 order to achieve 50% reimbursement.

For more information on IDSF, contact CCAO staffer, John Leutz at jleutz@ccao.org.

132nd General Assembly Leadership Teams

SENATE REPUBLICAN LEADERSHIP

Ohio will have a new Senate President to lead the 132nd General Assembly. Sen. [Larry Obhof](#) (R-Medina) was elected by Senate Republicans to serve as chamber's next leader.



Senate President Obhof

The Senate Republican Leadership Team:

- [Sen. Bob Peterson](#) (R-Sabina) as President Pro Tem
- [Sen. Randy Gardner](#) (R-Bowling Green) as Majority Floor Leader
- [Sen. Gayle Manning](#) (R-N. Ridgeville) as Majority Whip

Sen. Obhof is currently serving as the Senate President Pro Tem. He joined the Senate in 2011, and just won reelection to another four-year term. He is an attorney at Squire Patton Boggs LLP and has served as an adjunct professor at Case Western Reserve University School of Law.

SENATE DEMOCRAT LEADERSHIP

The Ohio Senate Democratic Caucus also re-elected its leadership team, and it will be led again by Senate Minority Leader [Joe Schiavoni](#) (D-Boardman).



Minority Leader Schiavoni

The Senate Democrat Leadership Team:

- [Sen. Charleta Tavares](#) (D-Columbus) as Assistant Minority Leader
- [Sen. Edna Brown](#) (D-Toledo) as Minority Whip
- [Sen. Cecil Thomas](#) (D-Cincinnati) as Assistant Minority Whip

Sen. Thomas will be fulfilling his first Senate leadership role.

HOUSE REPUBLICAN LEADERSHIP



Speaker Rosenberger

As expected the House Republican Caucus re-elected [Rep. Cliff Rosenberger](#) (R-Clarksville) to once again serve as speaker of the House for the 132nd General Assembly.

The House Republican Leadership Team:

- [Rep. Kirk Schuring](#) (R-Canton) as Speaker Pro Tem
- [Rep. Dorothy Pelanda](#) (R-Marysville) as Majority Floor Leader
- [Rep. Sarah LaTourette](#) (R-Bainbridge Twp.) Assistant Majority Floor Leader.
- [Sen. Tom Patton](#) (R-Strongsville) as Majority Whip
- [Rep. Rob McColley](#) (R-Napoleon) as Assistant Majority Whip

Sen. Patton and Rep McColley are both new to Speaker Rosenberger's Leadership Team.

HOUSE DEMOCRAT LEADERSHIP



Minority Leader
Strahorn

As with House Republicans, the House Democrat Caucus re-elected its Leadership Team, and Minority Leader [Fred Strahorn](#) (D-Dayton) was re-elected to lead the caucus.

The House Democrat Leadership Team:

- [Rep. Nicholas Celebrezze](#) (D-Parma) as Assistant Minority Leader
- [Rep. Nickie Antonio](#) (D-Lakewood)) as Minority Whip
- [Rep. Emilia Sykes](#) (D-Akron) as Assistant Minority Whip.

The only change was the replacement of Rep. Jack Cera (D-Bellaire), the caucus dean and assistant minority whip, by freshman Rep. Sykes. Mr. Strahorn said Rep. Cera, who is in his second stint in the House having been appointed in 2011, would continue to play a leadership role in the caucus.

Statehouse, Etc.



Sears to replace McCarthy. The Governor announced this week that former Rep. Barbara Sears will replace John McCarthy as the director of the Ohio Department of Medicaid. McCarthy will leave his post sometime in December for a job in the private sector. Sears is currently the assistant director of the Governor's Office of Health Transformation. During her time as a legislator she served as chair of the House Insurance Committee and chair of the Joint Medicaid Oversight Committee. The majority of her legislative and policy work focused on the state's health and human services, including Medicaid and unemployment reforms.

Speaker outlines some of his top priorities for lame duck. On Wednesday, Speaker Cliff Rosenberger (R-Clarksville) announced that an overhaul of the state's unemployment compensation system remains his top priority. He did not give specifics on the measure, but did say that he is working to get consensus with the Senate and the Governor's Office so the legislation will move quickly. "Unemployment reform is going to be our number one priority," he said. "I think we're going to be able to have a very good and strong bill that we're going to be able to have some consensus on."

Other bills on his radar include:

- Opioid MBR ([SB 319](#)) – Aims at reducing drug abuse by revising pharmacy & drug laws
- Renewable energy standards ([HB 554](#)) - Indefinitely extends the green energy freeze to at least 2027
- Regulation of pet stores ([SB 331](#)) – To regulate the sale of dogs from pet stores and dog retailers and to require the Director of Agriculture to license pet stores

Bills Introduced



SB 365

LEADS DISCLOSURE ([EKLUND, J.](#))

To allow disclosure of information from the law enforcement automated data system (LEADS) to a defendant in a traffic or criminal case.

SB 366

BOARD CONSOLIDATIONS ([SEITZ, B.](#))

To require the Director of Administrative Services to review referred agency actions and determine whether they are consistent with state and federal antitrust law; to create the State Vision and Hearing Professionals Board, the State Behavioral Health Professionals Board, and the State Physical Health Services Board; to abolish the State Board of Optometry, the Ohio Optical Dispensers Board, the Hearing Aid Dealers and Fitters Licensing Board, and the Board of SpeechLanguage Pathology and Audiology and transfer those boards' duties to the State Vision and Hearing Professionals Board; to abolish the Chemical Dependency Professionals Board, the Counselor, Social Worker, and Marriage and Family Therapist Board, and the State Board of Psychology and transfer those boards' duties to the State Behavioral Health Professionals Board; to abolish the Ohio Occupational Therapy, Physical Therapy, and Athletic Trainers Board and the State Board of Orthotics, Prosthetics, and Pedorthics and transfer those boards' duties to the State Physical Health Services Board; to abolish the Ohio Board of Dietetics and transfer its duties to the State Medical Board; to abolish the Ohio Respiratory Care Board and transfer its duties to the State Board of Pharmacy and the State Medical Board; to make other changes regarding licensing and regulating certain health professionals; and to make an appropriation.

SB 367

WORKFORCE DEVELOPMENT ([BEAGLE, B.](#))

To revise the laws governing the state's workforce development system, programs that may be offered by primary and secondary schools, and certificates of qualification for employment.

HB 615

MILITARY LICENSE PLATES ([JOHNSON, G.](#))

To allow a military veteran license plate to include the names of multiple military operations on one license plate.

HB 616

BANKING LAW ([AMSTUTZ, R.](#))

For the purpose of enacting a new banking law for the State of Ohio.

HB 617

BOARD CONSOLIDATIONS ([LATOURETTE, S.](#))

To require the Director of Administrative Services to review referred agency actions and determine whether they are consistent with state and federal antitrust law; to create the State Vision and Hearing Professionals Board, the State Behavioral Health Professionals Board, and the State Physical Health Services Board; to abolish the State Board of Optometry, the Ohio Optical Dispensers Board, the Hearing Aid Dealers and Fitters Licensing Board, and the Board of Speech Language Pathology and Audiology and transfer those boards' duties to the State Vision and Hearing Professionals Board; to abolish the Chemical Dependency Professionals Board, the Counselor, Social Worker, and Marriage and Family Therapist Board, and the State Board of Psychology and transfer those boards' duties to the State Behavioral Health Professionals Board; to abolish the Ohio Occupational Therapy, Physical Therapy, and Athletic Trainers Board and the State Board of Orthotics, Prosthetics, and Pedorthics and transfer those boards' duties to the State Physical Health Services Board; to abolish the Ohio Board of Dietetics and transfer its duties to the State Medical Board; to abolish the Ohio Respiratory Care Board and transfer its duties to the State Board of Pharmacy and the State Medical Board; to make other changes regarding licensing and regulating certain health professionals; and to make an appropriation.

HB 618

RECORD EXPUNGEMENT ([SCHURING, K.](#), [REECE, A.](#))

To provide for the expungement of official records related to the apprehension, arrest, criminal charging, or trial of a person based on mistaken identity.

HCR 38

CANCER CENTER ([CONDITT, M.](#), [DEVER, J.](#))

To express support for the Proton Therapy Center at Cincinnati Children's Hospital and to urge that it be recognized by the National Cancer Institute as a Designated Cancer Center.

HB 619

STATE PROPERTY CONVEYANCES ([REZABEK, J.](#))

To authorize the conveyance of, and the granting of perpetual easements to, state-owned real property.

Hearing Schedule



TUESDAY, NOVEMBER 22

[Senate Insurance](#) ([Committee Documents](#))

(Chr. [Hottinger, J.](#), (614) 466-5838), South Hearing Rm., 10:30 am [Add to Calendar](#)

HB 388

OVI OFFENSES ([SCHERER, G.](#))

To authorize a court to grant unlimited driving privileges with an ignition interlock device to first-time OVI offenders, to expand the penalties related to ignition interlock device violations, to modify the law governing the installation and monitoring of ignition interlock devices, to extend the look back period for OVI and OVI-related offenses from six to ten years, and to modify the penalties for OVI offenses. --1st Hearing-Sponsor

HB 279

VEHICLE INSURANCE ([HENNE, M.](#))

To generally prohibit individuals who do not maintain statutory minimum levels of automobile insurance from collecting noneconomic damages for harm sustained in a motor vehicle accident. --1st Hearing-Sponsor

[Senate Energy & Natural Resources](#) ([Committee Documents](#))

(Chr. [Balderson, T.](#), (614) 466-8076), Finance Hearing Rm., 11:00 am [Add to Calendar](#)

Confirmation hearings on governor's appointments of Joseph Bonnell, Nicole Conrad and James Metz, Environmental Education Council and William McDonnell, Ohio Reclamation Forfeiture Fund Advisory Board

SB 333

ENVIRONMENTAL LAWS ([HITE, C.](#))

To revise specified laws relating to environmental protection. --2nd Hearing-Proponent

SB 320

RENEWABLE ENERGY ([SEITZ, B.](#))

To revise the requirements for renewable energy, energy efficiency, and peak demand reduction, to permit property owners to petition municipal corporations and townships for the purpose of developing and implementing special energy improvement projects, to govern condominium association participation in special improvement districts, to require deployment and permit cost recovery of advanced energy analytics technology by electric distribution utilities, and to revise the law governing net metering service provided by electric utilities and electric services companies. --3rd Hearing-Proponent & opponent