



STATEHOUSE REPORT

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Replace voting machines between 2016 – 2020 elections

Discussions with state officials about state/county partnership to fund new voting equipment

Nearly every state is using electronic touchscreen and optical-scan voting systems that are at least a decade old, and Ohio is joining the ranks of states in developing a strategy to update voting equipment that had been largely purchased with federal Help America Vote Act (HAVA) dollars. Last week representatives from CCAO and the Ohio Association of Elections Officials (OAEO) met with Secretary of State Jon Husted, Senate President Keith Faber, and key staff for House Speaker Cliff Rosenberger (as Speaker was under-the-weather) to explore how the state and counties can effectively partner in replacing voting machines after the 2016 presidential election and prior to the 2020 election.

Secretary Husted did an excellent job explaining the need for a state/county partnership and identifying various facets to this expensive undertaking. Statewide, the cost could be approximately \$150 million. Thus, discussion ensued about buying equipment over a 3-4 year period.



In addition, there was talk about replicating the purchasing model for electronic poll books, whereby the state Department of Administrative Services (DAS) manages the bid process, counties purchase from an approved list, and they are subsequently reimbursed a portion of the price by the state. In the poll book model, the state reimburses 85 percent while counties are responsible for 15 percent.

Senator Faber was receptive to the overall message of working together and acknowledged the state should take some responsibility, such as splitting the cost 50/50 between the state and counties.

CCAO members are urged to continue thanking lawmakers and the Administration for electronic poll book funding provided in the state budget and encourage state officials to continue partnering with counties to update voting equipment. If you have specific questions, please

contact CCAO Staffers Cheryl Subler or John Leutz at 614-221-5627 or at csubler@ccao.org and jleutz@ccao.org.

Electronic campaign reports for local officials



Senator LaRose

Should county commissioners who receive or expend more than \$2,000 in campaign contributions during a reporting period have to file their campaign finance statement electronically with the board of elections?

[Senate Bill 206](#), sponsored by Senator LaRose (R-Copley) would expand the categories of political entities that are required or permitted to file their campaign finance statements electronically to include candidates for local office, state board of education members, and certain local political entities.

During proponent testimony before the Senate Government Oversight & Reform Committee, Senator Bill Seitz (R – Cincinnati) stated that he is staunchly opposed to the measure.

"I have to file these stupid reports online...and my treasurer said it is absolutely hell on wheels to get that filed," Sen. Seitz said. "The reason I am strenuously opposed to this legislation is it is harder than heck to find treasurers willing to do this job at all let alone now asking the county commissioners, and recorders, and township trustees and the village councilman to file all this online at one of 88 county boards of elections."

In contrast, fellow committee members for the most part seemed open to the measure, although they sought details about how the process would work in practice and whether it would add expenses to local boards of election.

During the hearing, representatives from Common Cause Ohio, Cleveland nonprofit OpenNEO, and the Clark and Cuyahoga county boards of elections voiced support for the measure. KJ Campaign Services LLC's Jennifer Jaketic and Ohio Newspaper Association Executive Director Dennis Hetzel submitted written proponent testimony.

OpenNEO Executive Director Jill Miller Zimon said the bill is a "much needed opportunity to make government meaningful in people's lives, update government infrastructure to respond to the demands of the 21st century, and save money while doing so."

Despite existing efforts, she said, much of the public data held by public entities such as election boards remain largely unpublished. Data that are published, she said, are rarely machine-readable or searchable and are instead presented in more limited "locked" formats such as PDFs.

"Why would we want to visit this technological house of horrors on treasurers, on little local offices?" Sen. Seitz asked. "And if we're going to do this, shouldn't the state have to pay for this technology to make this all work?"

Ms. Zimon in response said the bill would ease frustrations by standardizing the process among all counties.

"I think all of us in this room can appreciate stress and frustration we've experienced with technology," Ms. Zimon replied. "That certainly is a legitimate and valid concern. One of the goals of bills like Sen. LaRose's, in our opinion, is it seeks to provide uniformity so...you don't have those frustrations."

Common Cause Ohio Policy Analyst Catherine Turcer said similar concerns to those of Sen. Seitz's existed in 1999 when lawmakers passed a bill (HB119, 123rd General Assembly) expanding the online availability of state level campaign finance activities.



Senator Seitz

"It is a major step forward to give the press and the public easy access to searchable local campaign finance reports," Ms. Turcer said of the bill. "Electronic filing of campaign finance information will also ease some of the administrative burden on the local boards of election."

Following testimony from Clark County Board of Elections Director Matthew Tlachac, Sen. Seitz proposed that it be optional for candidates to file electronically "and if they file on paper then you wonderful wizards can make a copy of it and put it online for everyone to see. Why can't you do that?"

"With respect to your concern, I feel it cuts down on the efficient process we'd like to see government operate at," Mr. Tlachac said. "I don't think filing electronically is going to be a great burden to our candidates."

Cuyahoga County Board of Elections Director Patrick McDonald agreed, saying that the public deserves better than the current system, which he said precludes citizens from easily accessing specific donor or expenditure information.

Sen. LaRose asked Mr. McDonald what the impact would be of Sen. Seitz's idea that boards re-enter information from paper filings.

"It would be an undue burden for the board of elections to take this. We would have to hire more staff members and it would be very costly," Mr. McDonald answered. "It would be very costly and in my opinion would be not a good idea."

"If you don't want to do it because it's going to cost you money how much more (cost) are you willing to visit on the local office holder who is presumably going to have to pay somebody to do it too?" Sen. Seitz replied. "If it's an undue burden on you, why isn't it an undue burden on the candidates, which it is?"

"In my opinion, I think it would be part of the responsibility, as that individual wants to run for office," Mr. McDonald said. "That would be one of the duties and responsibilities they would undertake."

Senator Dave Burke (R-Marysville), who said he was not opposed to the idea, likened the situation to filing taxes in that "the onus of filing is on the filer, not on the IRS." He also urged a wider review of the ethics law.

"I would say if this is the intent - to streamline and give the public ready access - that what they're actually looking for isn't a missing \$150 check but a train of negligence and derelict of

duty," Sen. Burke said.

Sen. Michael Skindell (D-Lakewood) agreed with Sen. Seitz that state should cover cost of any local infrastructure expansion. Sen. Kenny Yuko (R-Richmond Heights) also expressed support for the bill's concept.

If you have thoughts or questions on this matter, please share them with CCAO Staffers Cheryl Subler and John Leutz at 614-221-5627 or at csubler@ccao.org and jleutz@ccao.org.

Unemployment reform bill gets mixed review

Legislation to address the insolvency of Ohio's unemployment fund – [House Bill 394](#), received positive reviews from business organizations that testified in support before the House Insurance Committee; however, democrat committee members raised several concerns on the measure that has been criticized by labor and progressive groups.

Committee Chairman Rep. Bob Hackett (R-London) said the time to address the issue is now. He said the insolvency of the fund has been a problem that Ohio has not been able to effectively tackle, but a better economic outlook provides the opportunity.

Under the legislation, if the Unemployment Compensation Fund is at or below 50% of the minimum safe level, the maximum weekly benefits are frozen at the prior year's level. Based on the project fund balance, Legislative Service Commission analysis anticipates the freeze to go into effect on Jan. 1, 2018.

The bill will also reduce the maximum number of weeks a claimant may receive benefits from the current 26 weeks to a range of 12 to 20 weeks, depending on the state unemployment rate at the time the application is filed.

In addition, the taxable wage base on which employers pay state unemployment taxes will rise from \$9,000 to \$11,000 until the Unemployment Compensation Fund reached the minimum safe level, which is the lowest amount in the fund for it to be considered solvent, according to a term sheet released by the bill's sponsor, Rep. Barbara Sears (R-Maumee).

If you have thoughts or questions, please contact CCAO Staffer Cheryl Subler at 614-220-7980 or csubler@ccao.org.

Lawmakers want to review Ohio EPA's ozone strategy



Legislation would require Ohio EPA to get approval from the General Assembly on the Agency's "state plan" for complying with new tougher federal ozone standards. [House Bill 349](#), sponsored by Representatives Ryan Smith (R-Bidwell) and Tim Ginter (R-Salem), received sponsor testimony this week, after a substitute version was adopted for consideration.

The bill requires the Ohio EPA Director, before submitting the proposed state plan to the General Assembly, to develop and

evaluate all of the following state plan options:

- An option that is identical to USEPA's final model federal implementation plan and trading rules;
- An option that is consistent with and no more stringent than emission guidelines established in federal regulations;
- An option that requires no greater reduction in aggregate emissions than the level that the USEPA found could be achieved at power plants in Ohio through heat rate improvement measures; and
- An option that is less stringent than the emission guidelines to the extent the Director finds, for power plants on a case-by-case basis or for classes of power plants, that any of the following applies:
 - There is an unreasonable cost of control resulting from a plant's age, location, or basic process design;
 - It is physically impossible to install necessary control equipment; or
 - Other factors exist that are specific to the power plant or class of power plants

The bill also requires the Director, with respect to each state plan option described above, to analyze all of the following factors:

- Whether legislation or other changes to state law are required;
- Consumer impacts, including any disproportionate impacts of energy price increases on lower-income individuals;
- Non-air quality health and environmental impacts;
- Projected impacts on energy cost and reliability;
- Market-based considerations in achieving performance standards;
- Impacts of closing a generating unit, including economic consequences such as expected job losses or shifts at the unit and in fossil fuel production areas and any other worker dislocations;
- Negative impacts to the competitiveness of manufacturing in Ohio; and
- **Revenue impacts on affected municipal corporations, townships, counties, and school districts.**

US EPA lowered the national ambient air quality standards, or NAAQS, for ground-level ozone from 75 parts per billion to 70 parts per billion this fall. Depending on the severity of the ozone problem, areas would have until between 2020 and 2037 to meet the standards.

For more information, contact CCAO Staffer Cheryl Subler at 614-220-7980 or at csubler@ccao.org.

Agriculture Legislation Update: Agritourism, 4-H Fingerprinting, & CAUV bills introduced

This week the Ohio Senate passed two measures intended to enhance the agritourism industry and update a series of laws impacting the operations of the Department of Agriculture.

Agritourism sponsors Sen. Shannon Jones (R-Springboro) and Sen. Bob Peterson (R-Sabina) said [SB 75](#) enhances opportunities for Ohioans to learn about agriculture when they visit working farms, and will help farmers diversify their businesses by increasing the potential for tourist visits. Senator Jones said the bill is important because it creates a structure and understanding about risks that could be associated with visiting agricultural locations.



Sen. Shannon Jones

Under the bill, agritourism is an agriculturally related educational, entertainment, historical, cultural, or recreational activity, including you-pick operations or farm markets, conducted on a farm that allows or invites members of the general public to observe, participate in, or enjoy that activity. An agritourism provider is a person who owns, operates, provides, or sponsors an agritourism activity or an employee of such a person who engages in or provides agritourism activities whether or not for a fee. A participant is an individual, other than an agritourism provider, who observes or participates in an agritourism activity

It also adds identical language - currently in the Township Zoning Law - to the County Rural Zoning Law specifying a county does not have the power to prohibit use of land for agricultural purposes or construction of building or other structures used for vinting purposes.

The bill provides immunity from civil liability should a participant during an agritourism activity if harmed by a risk inherent to the activity, however, the language makes an agritourism provider liable in the event of criminal conduct, failure to post and maintain signs required under the bill or in cases where the agritourism provider has, or should have, actual knowledge of an existing dangerous condition.

SB 75's companion bill, [HB 80](#), passed out of the House earlier this year.

4-H Fingerprinting:

The Senate also passed ([HB 131](#)) a Department of Agriculture technical bill. The bill updates the membership of the Farmland Preservation Advisory Board; adjusts weights and measures laws to reflect federal changes; updates the responsibilities of the Ohio Soil and Water Conservation Commission and alters the pesticide licensing renewal process.

Originally, HB 131 also including language sought by Ohio State University dealing with the background checks for 4-H volunteers. The 4-H background check provision was stripped from that measure in a rare bill hearing in the chamber's Rules & Reference Committee earlier Tuesday before being sent to the floor for a full Senate vote.

The provision traces to a late budget bill amendment backed by the House that blocked OSU's College of Food, Agriculture and Environmental Sciences, which administers the state's 4-H program, from mandating the background checks for club volunteers. Policymakers behind the budget amendment were apparently concerned about subjecting volunteers to the checks, but Bruce McPherson, the CFAES dean, told senators in testimony Tuesday that the prohibition puts

overview of the 4-H program - the largest program involving minor children in OSU's portfolio - out of compliance with university policies.

OSU has even agreed to take on the costs of the background checks, which is an estimated \$250,000 a year, and take other steps to reduce the burden on the clubs and volunteers. "It is imperative that we take every reasonable precaution to protect the children in our care," Mr. McPheron said. "We believe, after much benchmarking with other youth programs and national experts in youth protection, that Ohio State's policy requiring re-fingerprinting of volunteers every four years is the best way to assure the safety of our 4-H members."

The Senate Finance Committee is now reviewing the 4-H Fingerprinting proposal as part of its hearing process on [HB 340](#) Innovation Council (Amstutz, R.).

CAUV Legislation:

Both House and Senate Agriculture Committee Chairmen introduced legislation this week to revise the Current Agricultural Use Value (CAUV) formula. [HB 398](#) (Rep Brian Hill) and [SB 246](#) (Sen. Cliff Hite) were introduced this week. CCAO is working with the sponsors and other interested parties on these pieces of legislation.

For additional information on agriculture issues, please contact CCAO staffer Brian Mead at bmead@ccao.org or 614-220-7982.

Discussions Continue regarding Draft Legislation to Exempt Electric Generation Equipment from Public Utility Tangible Personal Property Tax (PUTP)

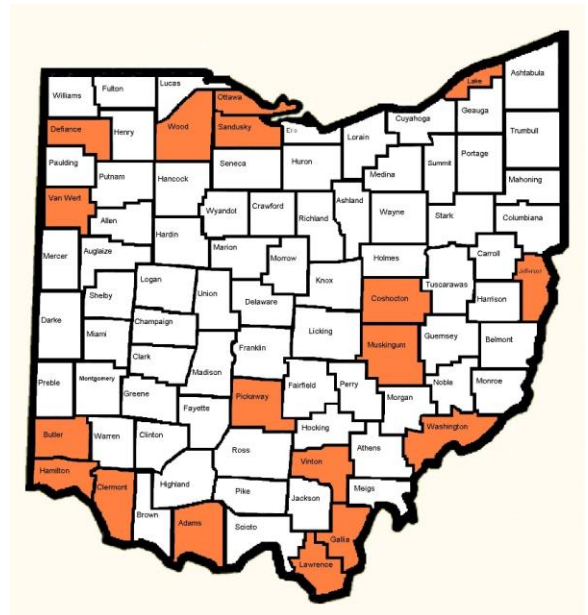
Parties representing the interests of electrical utilities, schools, the County Auditors Association of Ohio and CCAO continue to confer regarding draft legislation which would exclude electric generation equipment from the public utility tangible personal property tax.

American Electric Power and Dayton Power and Light are seeking a tax exemption on electric generation equipment which is currently subject to PUTP taxes under Ohio law. Draft legislation would exempt electrical generation equipment from PUTP and impose a 16.5 percent increase in the kilowatt hour tax (KWH) which would be used to make reimbursement payments for lost property taxes to affected taxing districts over a 16 year time period (until 2032).

A related effort to exempt electric generation equipment from PUTP was made by the legislature as part of the state budget (HB 64), however, this provision was vetoed at the urging of local government groups that receive property tax revenue. (See last week's [November 13](#) edition of the Statehouse Report).

Rumor had it that separate legislation (HB 340) related to innovation councils was being considered as a possible vehicle for an amendment. The sponsor of this legislation, Representative Ron Amstutz (R-Wooster) has indicated that he opposes the use of this bill for the purpose of an amendment dealing with the electric generation PUTP exemption issue.

While Representative Amstutz opposes the use of HB 340 for this purpose, he has expressed interest in working with all of the interested parties to find a solution to the problem of exempting generation equipment from PUTP while preserving this revenue source for local governments impacted by the proposed exemption. Representative Amstutz has made it clear that he opposes an increase in KWH taxes in order to pay for reimbursement to local governments when the PUTP on generation equipment is eliminated. So, it is unclear what revenue source would be tapped to generate replacement revenue for local governments impacted by the phase out of PUTP on electric generation equipment.



Counties with the largest electric utility plants include: Adams, Butler, Clermont, Coshocton, Defiance, Gallia, Hamilton, Jefferson, Lake, Lawrence, Muskingum, Ottawa, Pickaway, Sandusky, Van Wert, Vinton, Washington, and Wood. This map displays counties with the largest electric utility plants that stand to lose the most property valuation and property tax revenue due to elimination of PUTP on electric generation equipment.

For additional information on this topic contact CCAO staffer Brad Cole at bcollection@ccao.org

Ohio 2020 Tax Policy Study Commission Hears Testimony on State Effort to Transition to Flat Personal Income Tax



Senator Peterson

Members of the 2020 Tax Policy Study Commission began accepting feedback on how to transition the state to a flat personal income tax.

Ohio University Economics Professor Richard Vedder testified during the Commission’s second meeting and praised the state for recent steps to lessen the tax burden. “The time to do tax cuts is when the state has low unemployment, is running budget surpluses and is not in a period of crisis,” Vedder said. “I just described the current moment. This is the time. Seize the moment, gentlemen.”

A key charge of the commission, which was formed by the budget bill, is to explore how best to transition the state to a flat tax of 3.5 to 3.75 percent by tax year 2018. Surrounding states including Michigan, Pennsylvania and Indiana all have flat income tax rates, Vedder said.

Over the past ten years Ohio has reduced its marginal top income tax rates from 7.5 percent to slightly less than 5 percent. The governor proposed a combination of sales tax, CAT tax, and cigarette tax increases in the executive budget in order to generate the revenue to reduce income taxes by over 20 percent and bring the top marginal rate to 4 percent. The governor’s executive budget tax proposals were largely rejected by the legislature.

Pressed by co-chair Senator Bob Peterson (R-Sabina) on how to accomplish such a transition, Mr. Vedder said the state should set aside revenue to temporarily offset the higher taxes some citizens would pay under the move to a flat tax. Vedder recommended excluding all taxpayers with incomes of less than \$35,000 or so from the tax so that lower income families would receive tax relief as well as more affluent individuals.

Towards the end of the hearing, Commission member and OBM Budget Director Tim Keen said in response to discussion as to why Ohio is considered by various tax study groups as a “high tax state” that much of Ohio’s high tax rate status is attributable to local government taxes which push Ohio’s total tax burden to a higher combined rate in comparison to other states. Keen said that while Ohio has been reducing state taxes, municipal and school district income taxes, property taxes and sales taxes together place Ohio in a less favorable light when compared with other state and local tax burdens from around the country.

Senator Peterson said that the Commission would likely hold another hearing in early December. The Commission will continue to receive broad testimony on the state’s tax system and how it contrasts with that of surrounding states.

For additional information regarding this story please contact CCAO staffer Brad Cole at bcole@ccao.org

Bills Introduced



SB 244 SALES TAX REFUNDS (Patton, T.) To allow vendors to deduct or apply for a refund of sales tax remitted for bad debts on private label credit cards used to make purchases from the vendor. Am. 5739.121

SB 246 AGRICULTURAL LAND (Hite, C.) To require that the computation of the capitalization rate for the purposes of determining CAUV of agricultural land be computed using a method that excludes appreciation and equity buildup and to stipulate that CAUV land used for a conservation practice or enrolled in a federal land retirement or conservation program for at least three years must be valued at the lowest of the values assigned on the basis of soil type. Am. 5713.31, 5713.34, and 5715.01

HCR 29 CLEAN POWER PLAN (Hill, B.) To oppose the United States Environmental Protection Agency's Clean Power Plan.

HCR 30 PIKETON PLANT (Rosenberger, C., Johnson, T.) To urge Congress and the United States Department of Energy to reverse the decision to terminate funding of the American Centrifuge Program at the American Centrifuge Plant in Piketon, Ohio.

HB 396 PROHIBITED SPECIES (Hall, D.) To prohibit the possession, introduction, sale, or offer of sale of specified restricted and prohibited species. Am. 1531.17 and to enact sections 1532.01, 1532.02, 1532.03, 1532.04, 1532.05, and 1532.99

HB 398 AGRICULTURAL LAND (Hill, B.) To require that the computation of the capitalization rate for the purposes of determining CAUV of agricultural land be computed using a method that

excludes appreciation and equity buildup and to stipulate that CAUV land used for a conservation practice or enrolled in a federal land retirement or conservation program for at least three years must be valued at the lowest of the values assigned on the basis of soil type. Am. 5713.31, 5713.34, and 5715.01

Hearing Schedule



Tuesday, November 24

House Insurance (Committee Record), (Chr. [Hackett, B.](#), 466-1470), Rm. 121, 9:30 am

[SB 223](#) INSURANCE GUARANTORS ([Bacon, K.](#)) To make changes to the health coverage benefit limits and coverage exclusions for life and health insurance guaranty associations. --**2nd Hearing-All testimony-Possible substitute & vote**

[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. --**4th Hearing-All testimony-Possible substitute**

[HB 205](#) SELF-INSURING EMPLOYERS ([Henne, M.](#), [Retherford, W.](#)) To modify the requirements for an employer to become a self-insuring employer for purposes of the Workers' Compensation Law, to transfer authority over the workers' compensation self-insurance program to the Superintendent of Insurance, and to allow certain employers and groups of employers to obtain workers' compensation coverage from a private workers' compensation insurer. --**2nd Hearing-All testimony-Possible substitute**

[HB 394](#) UNEMPLOYMENT COMPENSATION ([Sears, B.](#)) To temporarily change the taxable wage base under Ohio's Unemployment Compensation Law, to remove dependency classes for unemployment compensation benefit eligibility, to temporarily freeze automatic increases for weekly unemployment compensation benefit amounts, to reduce the number of weeks for which an individual may receive unemployment compensation benefits, to abolish the Unemployment Compensation Advisory Council, and to make other changes to Ohio's Unemployment Compensation Law. --**2nd Hearing-Opponent**