



STATEHOUSE REPORT

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Happy holidays!!

This will be the last issue of the Statehouse Report for 2015. CCAO was very effective advocating county government to the Ohio General Assembly in 2015, and we could not have had our success without YOU. County Commissioners, County Executives and County Council Members are our best Advocates! We also want to thank all of our Affiliate Members for their support this past year as well. On behalf of the Policy Staff, we wish you a Joyous Holiday Season and a Happy New Year. The Statehouse Report will resume on January 8, 2016.



Guidance issued for state capital bill: Local requests need to be to lawmakers by January 15

Chances are good the Ohio General Assembly will consider a state capital budget bill early next year, and lawmakers have received guidance on how the bill will be managed thru the legislative process. Ideally community requests are to be submitted to lawmakers by January 15, 2016. Lawmakers will then have about a month to review them, and by February 15th submit to legislative leadership funding requests in rank order for consideration along with background information about the projects.

Historically a capital bill provides appropriations for state agency infrastructure needs, for example, renovations for state offices, new construction such as prisons, mental health facilities or university buildings, land acquisition or equipment. Generally, the appropriations for a capital bill are backed by state-issued debt.

Capital bills have commonly included a small portion dedicated to community projects, which are projects that come from outside of state agencies and have a benefit and nexus to the state. Because these appropriations are backed by state issued debt, they are subject to stringent requirements before they can be appropriated or released.

State debt is limited by [Article VIII of the Ohio Constitution](#), and other than a very small amount allowed for causal debts and emergencies, all other sections regarding debt have been approved by the voters of Ohio for specific purposes. A project must fit the allowed parameters

set by the Ohio Constitution to use bond proceeds. Some of these parameters include:

- A project must be used for state purpose, so it has to have a nexus with the state.
- A project must be owned by the state, or have a lien-holder or lien-hold position on the project, or have a joint-use agreement in place for the life of the state-issued debt.
- A state agency must be the fiscal agent for the project.

Attached are various guidance documents ([OBM Guidance](#), [OBM Example](#) and [Capital Budget Fact Sheet](#)) shared with lawmakers. These papers provide detailed descriptions of allowable capital expenses and attempt to provide real examples of projects that are not generally eligible for state capital funding. County officials are encouraged to talk with community and business leaders on possible requests they would like to submit to lawmakers by January 15, 2016.

Also, as noted in past editions of the [Statehouse Report](#), CCAO has been working with the Ohio Association of Elections Officials along with Secretary of State Husted to advocate that the state partner with counties to replace Ohio's aging voting equipment. Senator Faber has been 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. Statewide, the cost could be approximately \$150 million. While discussions are ongoing whether the state would allocate "capital dollars" OR "general revenue fund dollars" OR BOTH for this purpose, counties are encouraged to continue lobbying their representative(s) and senator(s) for funding to update Ohio's voting equipment after the 2016 presidential election and prior to the 2020 election.

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

Transportation Task Force Issues First of Two Reports, Recommends Keeping Front License Plates, Speed Limit at 70



Senator Manning

A task force formed to look at transportation issues recommends keeping highway speed limits the same and continuing to require front license plates.

[The Joint Legislative Task Force](#) on Department of Transportation Issues also recommended pursuing legislation to establish specific drivers' licenses for those with limited driving privileges.

In its [report](#), released Tuesday by co-chairs Representative Cheryl Grossman (R-Grove City) and Senator Gayle Manning (R-North Ridgeville), the task force recommended keeping the speed limit for rural freeways at 70 mph.

The panel had been tasked with looking at ways to raise the speed limit to 75 mph, but heard testimony about the cost of bringing the roadways up to standards for that speed limit and about safety concerns caused by higher speeds. The 70 mph speed limit on rural freeways was set by a bill in the last General Assembly and became effective in July 2013.

The Ohio Department of Transportation testified that the state's interstate system was created for a maximum speed limit of 70 mph. If the speed limit were raised, according to the report, the interstates would have to be redesigned to adjust factors such as curve slopes, elevations and ramp designs.



Rep. Grossman

"While ODOT could not provide a cost estimate for such a large-scale project, any legislative proposal to increase the speed limit to 75 mph or greater should take this anticipated compliance into consideration," the report states.

A comparison of crash rates and fatality statistics from before and after the speed limit was raised to 70 mph also raised concerns of the task force. The number of fatal crashes rose 4% in the first two years of 70 mph speed limits compared to the last two years of 65 mph speed limits, while the total number of crashes rose 20% and the number of injury crashes increased 26%.

The panel recommended that the speed limit stay at 70 mph unless a proposal addresses both the infrastructure cost and safety concerns.

The task force was also asked to look at the feasibility of eliminating Ohio's requirement that drivers have both front and rear license plates, and found the potential for \$1.4 million in savings if the requirement is eliminated. Testimony from law enforcement and others, however, indicated that the extra license plate is an important tool in fighting crime and identifying violators. The panel recommended keeping the requirement.

As for the proposal to have a special license for people with limited driving privileges mandated by a court order, the task force learned that legislation has already been drafted to do that. The panel's recommendation urges the bill to be introduced so it can be vetted more through the committee process.

The task force is also responsible for studying the effectiveness of the Ohio Motor Fuel Tax in funding ODOT and possibilities for alternative ways to fund transportation infrastructure. A report on those two topics is expected next year.

In addition to co-chairs Representative Grossman and Senator Manning, the committee includes Representatives Bill Reineke (R-Tiffin) and Denise Driehaus (R-Cincinnati) and Senators Kevin Bacon (R-Minerva) and Capri Cafaro (D-Hubbard).

For additional information on this topic, please contact CCAO Staffer Brad Cole at bcole@ccao.org

JobsOhio, Ohio Farm Bureau express views on Severance Tax, Farm Bureau focuses on County Agricultural Use Valuation (CAUV) before 2020 Tax Commission

JobsOhio does not oppose a "modest" increase in the state's oil and gas severance tax while Ohio Farm Bureau has specific ideas on where additional revenue from such an increase



Sen. Peterson

should go. The Ohio Farm Bureau's number one tax priority is modification of the state's formula for calculating county agricultural use valuation (CAUV) for agricultural property.

Those were among the takeaways from the groups' testimony before the 2020 Tax Policy Study Commission during the commission's third meeting on December 15th. The 2020 Tax Policy Study Commission is co-chaired by Senator Bob Peterson (R-Sabina) and Representative Jeff McClain (R-Upper Sandusky). Other members include Representatives Kirk Schuring (R-Canton) and Jack Cera (D-Bellaire) and Senators Scott Oelslager (R-Canton) and Charleta Tavares (D-Columbus) and Ohio Office of Budget and Management

Director Tim Keen representing the Kasich Administration.

The committee is still in its informational stage, during which it is fielding broad testimony on the state's overall tax landscape. The panel faces a 2017 deadline for a full report.

A severance tax increase is one of the commission's focal points and was the subject of a working group report released in October, which stopped short of making a recommendation to the committee. (See CCAO's Statehouse Report dated [October 23, 2015](#).)

Adding his thoughts to the discussion, JobsOhio President and CIO John Minor told commission members [testified](#) he doesn't think a reasonable increase would negatively impact the industry, despite claims to the contrary.

"A company's decision to drill in Ohio is driven by market dynamics," Mr. Minor said. "The biggest driver tends to be commodity prices. Consequently a modest severance tax in Ohio, in my view...would not put Ohio at a competitive disadvantage."

OFB, [testified](#) in contrast, would oppose a severance tax increase if the additional revenue is used solely to fund an income tax reduction.

Instead, OFB Director of State Policy Brandon Kern said that if lawmakers must raise the tax then the revenue should mainly support the Department of Natural Resource's oil and gas regulatory and enforcement programs and the Orphan Well Program.

"Our members also feel strongly that the revenue generated from these taxes should go to support programs addressing planning, local infrastructure, economic and community development in the areas impacted by drilling and pipeline placement," Mr. Kern said. "We also believe effort should be made to account for landowners with leases that will be negatively impacted by an increase in the severance tax."

Industry groups, who have not yet appeared before the committee to address the subject, continue to be opposed to any severance tax increase, which they say would cost jobs and prompt companies to pull back investments.



Rep. McClain

Mr. Minor also touted in testimony JobsOhio's work attracting new companies and jobs in part thanks to what he said is a friendly tax climate.

When businesses consider Ohio as an option in terms of taxes, Mr. Minor said, "They look at it as a total package from a state and local perspective."

In Mr. Kern's testimony, he explained that the OFB frowns on all taxes and therefore rates taxes on a spectrum from most to least palatable.

The group supports reducing income taxes and has concerns about broadening of the sales tax base to encompass professional services commonly used by businesses like farms. The agricultural sales tax exemption, he said, is "critical" to agricultural success and would have "significant and severe consequences" if removed or weakened.

Mr. Kern also explained the group's lack of support for a Commercial Activity Tax rate increase and its recommendation to raise the current CAT exemption threshold of \$150,000 to \$500,000.

But the majority of his testimony concerned the Current Agricultural Use Valuation - a formula intended to estimate the financial return an owner will receive off farmland.

The formula is "the most effective tool for preserving farmland," Mr. Kern said, but CAUV values from 2008-2013 increased 292%, driving up the cost for farmers, according to Kern.

A study commission organized by OFB determined the CAUV methodology was sound, he said, but also identified several outdated factors that were driving up costs for farmers. In response, he said, the group has recommended "targeted changes" to improve the CAUV formula.

"Of particular concern is the fact that the formula assumes land appreciates at predetermined rates, that land value increases due to equity build up landowners achieve and that this appreciation occurs within just a five-year holding period," Mr. Kern said. "It remains our recommendation that (these factors) be eliminated."

Commission member and Office of Budget and Management Director Tim Keen, positing that the 20-mill floor in education funding played a role in driving up the CAUV, asked whether OFB would be in support of a review of that floor. Mr. Kern said the group is explicit in its support of a review of that policy, which is designed to prevent school levies from dropping below 2% of taxable value.

Two companion bills ([HB 398](#) and [SB 246](#)) have been introduced by Representative Brian Hill (R- Zanesville) and Senator Cliff Hite (R-Findlay) in response to the request of the Ohio Farm Bureau to change the CAUV formula.

For additional information regarding the issues discussed in this article, please contact Brian Mead or Brad Cole of the CCAO staff at bmead@ccao.org or bcole@ccao.org respectively.

Bills Introduced



[SB 256](#) PROFILING TRAINING ([Williams, S.](#), [Tavares, C.](#)) To require the Ohio Peace Officer Training Commission to develop a course to train peace officers in performing their duties without biased policing or status-based profiling and require that peace officer basic training programs include the new training program; to prohibit law enforcement officers

and officials from engaging in biased policing or status-based profiling with respect to motorists, bicyclists, and pedestrians; to generally require law enforcement agencies to maintain a policy designed to eliminate biased policing and status-based profiling and to cease existing practices that permit, perpetuate, or encourage biased policing or status-based profiling; to require each law enforcement agency to develop and provide annually to its officers and to officers who engage in biased policing or status-based profiling an educational training program on how to perform law enforcement duties without engaging in biased policing or status-based profiling; to require a law enforcement agency to collect and report to the Attorney General specified information when an officer causes the stop, delay, or questioning of a motor vehicle or bicycle operator or pedestrian, or institutes a search, inventory, or inspection of a motor vehicle, bicycle, or pedestrian; to require the Attorney General to determine and report disparities in stopping and searching that cause a disproportionately adverse effect on particular minority groups; to require any law enforcement agency that the Attorney General determines engages in biased policing or status-based profiling to take immediate remedial action; to provide a civil cause of action for an individual who is a victim of biased policing or status-based profiling; and to permit the Attorney General to seek injunctive relief against a law enforcement agency served by an officer who commits biased policing or status-based profiling. Am. 109.73, 109.77, 109.79, 109.80, and 5503.05 and to enact sections 109.748 and 2933.84

HB 412 LOCAL GOVERNMENT PAYMENTS ([Anielski, M.](#), [Schuring, K.](#)) To require certain payments made to local governments in which racetracks are located to be made proportionally. Am. 233.10 of H.B. 64 of the 131st General Assembly and Section 9 of H.B. 386 of the 129th General Assembly

HB 413 EXECUTIVE SESSION ([Brinkman, T.](#)) To add to the purposes for which a board of township trustees may go into executive session, to permit a township to charge for recycling services, to reduce the population threshold for a township to adopt a limited home rule form of government, to authorize a township to purchase, lease, or provide underwater rescue and recovery equipment for fire and rescue purposes, to authorize boards of township trustees to pay for group life insurance for any employee, to make other changes to the township laws, to allow taxing units to use the proceeds of a fire, police, or emergency services tax levy to pay costs related to the service for which the tax is levied, and to expand the public infrastructure improvements townships, municipal corporations, and counties may pay for using money from their public improvement tax increment equivalent funds. Am. 121.22, 504.01, 505.27, 505.29, 505.31, 505.37, 505.39, 505.40, 505.602, 5705.19, and 5709.40 and to repeal section 5571.11

HB 415 LINKED DEPOSITS ([Schuring, K.](#)) To create the business linked deposit program, to permit credit unions to participate in that program, to permit credit unions to participate in the agricultural linked deposit program, and to make other changes to the linked deposit law. Am. 135.143, 135.18, 135.63, 135.71, 1733.04, and 1733.24 and to enact sections 135.77, 135.771, 135.772, 135.773, and 135.774

HB 416 SELF INSURANCE ([Schuring, K.](#)) To enable state colleges and universities to establish joint self-insurance pools. Am. 149.431 and 3345.202 and to enact section 3345.203

HB 418 SENIOR HOUSING ([Barnes, J.](#)) To enact the "Senior Housing Relief Act" to prohibit the sale of delinquent property tax certificates for homesteads owned for at least 20 years by a person aged 65 or older. En. 5721.31

Hearing Schedule



Wednesday, January 20, 2016

Senate Session, (Chr. **Faber, K.**, 466-4900), Senate Chamber, 1:30 pm

House Session, (Chr. **Rosenberger, C.**, 466-3357), House Chamber, 1:30 pm

- If needed

Thursday, January 21, 2016

Joint Medicaid Oversight Committee (Committee Record), (Chr. **Sears, B.**, 466-1731), Senate Finance Hearing Rm, 9:00 am