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# STATEHOUSE REPORT

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February 14, 2014

## Sub HB 375 gives local governments 10% of severance tax

The House Ways & Means Committee adopted a substitute version of oil and gas severance tax proposal ([HB 375](#)) sponsored by Representative Matt Huffman (R-Lima) which exhibited extensive revisions from the bill as introduced.

A major change earmarks 10% of the severance tax to local governments. The bill as introduced provided no revenue to the impacted counties. This allocation would be used to first offset the lost revenues to the statewide Local Government Fund (LGF) resulting from the income tax credits and CAT tax exemptions provided under the bill, thereby holding the LGF funding harmless from the tax reduction provisions of the bill. The remaining revenues would be committed to capital improvement projects in the impacted area and a “legacy fund” available beginning in 2025 for capital projects after that time.



CCAO, OML (the Ohio Municipal League) and OTA (Ohio Township Association) had sought the LGF hold harmless provision and an allocation of the severance tax to the impacted counties.

We appreciate that the substitute bill has acknowledged and respond to our concerns. These provisions are a good first step.

CCAO, OML and OTA, however, will be seeking amendments that provide for the funding for the LFG hold harmless provision to come off the top of the revenue generated by the severance tax rather than from the earmarked local government allocation and an increase in the percentage allocated to the impacted local governments from the severance tax receipts.

Other major provisions include the following:

- a slight increase, in general, to the proposed tax rate from 2.0% to 2.25%,
- the removal of generous industry tax credits, and

- the earmarking of the first \$21 million in severance tax revenues received each year to the Ohio Department of Natural Resources by allocating \$15 million for regulatory functions, \$3 million for the idle and orphan well program, and \$3 million for the geological mapping program.

In general, the proposal still is designed to provide tax relief since it allocates all of the remaining revenue after the \$21 million to DNR and the 10% to local governments for an annual income tax cut through the Ohio Income Tax Reduction Fund.

Representative Huffman indicated that the changes were the result of extensive negotiations with the administration, the oil and gas industry, local governments, and other stakeholders "to simplify and bring clarity to the bill." However, committee members had numerous questions about the new version of the bill, with some expressing skepticism that it would actually generate enough revenue for capping abandoned orphan wells, reimbursing local governments affected by the shale drilling boom, and providing for a personal income tax cut.

CCAO wishes to thank Representatives Brian Hill (R-Zanesville) and Jack Cera (D-Bellaire) for their commitment to and tireless efforts towards securing an allocation of the severance tax for local governments and their impacted communities. We are currently working with them to prepare amendments for the substitute bill regarding the LGF hold harmless funding, percentage allocation of the severance tax to local governments, and the process and procedures for distributing the funding to local governments. There will be no hearing on the bill next week. We anticipate the next committee hearing on [HB 375](#) will be Wednesday, February 26.

If you have any questions or comments in relation to the severance tax issue and [HB 375](#), please contact CCAO staff member John Leutz at 614-221-5627 or [jleutz@ccao.org](mailto:jleutz@ccao.org).

## CCAO opposes sales tax holiday legislation, retail merchants provide support

CCAO Managing Director of Research Brad Cole testified in opposition to legislation ([SB 243](#)) that would establish a three day sales tax holiday beginning on the first Friday of each August in

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An outline of the disbursement of the severance tax collected follows:

- ❖ The first \$21 million in revenue goes to fund the Ohio Department of Natural Resources in the following manner:
    - \$15 million for the department's regulatory functions
    - \$3 million for the department's idle and orphan well program
    - \$3 million for the department's geological mapping program
  - ❖ Ten percent of the total severance tax revenue will be distributed to local governments in the following manner:
    - Hold the Local Government and the Public Library Funds harmless.
    - Of the remainder:
      - Fifty percent will be proportionally allocated to counties where active oil and gas development is occurring. The county budget commissions will decide how to appropriate the money to mitigate or minimize the short-term impacts of development. All projects are required to have a direct link to capital needs directly attributable to oil and gas development.
      - Fifty percent will be allocated to the 9 member Ohio Shale Gas Regional Commission, created by this bill. Half of this will go to a trust fund that cannot be expended until 2025, with the other half leveraging other funds to maximize investment in infrastructure programs.
  - ❖ The balance will provide annual income tax relief to Ohioans through the Ohio Income Tax Reduction Fund.
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order to promote sales of back to school items.

This legislation, which is sponsored by Senator Kevin Bacon (R-Minerva Park) has been introduced in various forms each general assembly for the past 20 years. Generally, the potential loss of revenue and administrative concerns have derailed the legislation.

The bill would exempt from the state and local sales tax purchases of computers valued at up to \$750, computer software and peripherals for personal use up to \$750, clothing up to \$100, and school supplies of up to \$20. The Ohio Department of Taxation would have to adopt rules and informational bulletins explaining the exemptions to retail merchants.

In his testimony Cole noted the Legislative Service Commission fiscal note stated that the state would lose approximately \$31 million dollars and counties and transit authorities would lose approximately \$7 million per year in sales and use tax revenue if the exemptions contained in the bill were adopted. The Local Government Fund (LGF) and the Public Library Fund (PLF) would lose approximately \$1 million together.

Cole observed that CCAO generally supports broadening of the sales tax base which would naturally result in increased sales tax distributions to counties. CCAO testimony also noted parallel trends in which counties and the state have become more dependent on sales tax revenue to support the state GRF and county general funds.

Since 2003 the state has raised the state sales tax by ¾% of one percent while simultaneously reducing state reliance on the personal income tax through a series of income tax rate reductions. County dependence on the sales tax has soared as other revenue sources have declined while sales tax revenue has generally shown good growth.

Cole questioned whether creating new exemptions to the state sales tax would further the state policy of base broadening and eliminating exemptions while promoting greater equity, simplicity, and fairness in state tax policy.

Proponent testimony was offered by representatives of the Ohio Council of Retail Merchants, Macy's, Kohl's Department Stores. Also testifying was Jeff Rexhausen, Senior Research Associate at the University of Cincinnati Lindner College of Business Economic Center, who wrote a study for the Ohio Council of Retail Merchants suggesting that Ohio would lose an insignificant amount of revenue from exempt purchases. The University of Cincinnati study argues that out of state consumers of both tax exempt and taxable items would compensate for sales tax revenue losses from Ohio consumers. Currently no state bordering Ohio offers a sales tax holiday.

For additional information concerning this legislation please contact CCAO Staffer at [bcole@ccao.org](mailto:bcole@ccao.org)



## **Election bills move thru House committee**

Bills to eliminate so-called "Golden Week" ([SB 238](#)) as well as to restrict and provide statewide absentee ballot application mailings ([SB 205](#)) were reported by the House Policy & Legislative

Oversight Committee along party-line votes. The bills are expected to be on the House floor soon.

Both bills picked up amendments that delay the implementation date until after the upcoming May 6 primary.

The committee also adopted an amendment to the absentee ballot mailing measure ([SB 205](#)) that Chairman Dovilla said reflected a suggestion from the League of Women Voters to allow absentee voters seven days to fix mistakes on the form after being notified by the board of elections.

Under [SB 205](#), sponsored by Sen. Coley (R-Liberty Township), Secretary of State Jon Husted would have to rely on money appropriated by the General Assembly to continue his practice of mailing out absentee-ballot applications to all registered voters in Ohio. Employees in the Secretary of State's Office would be the only government officials who could legally send out applications.



[SB 238](#), sponsored by Sen. LaRose (R-Copley) would eliminate "Golden Week," in which people can register and cast a ballot on the same day. Early voting currently starts 35 days before an election, and Ohio's voters can register up to 30 days before the election. Election officials say the week of overlap makes it harder to catch fraud or mistakes, such as if a college student requests an absentee ballot from his home county, then registers and votes during Golden Week at the county in which he attends school. The bill would start early voting after the registration period ends. Therefore, absentee voting will be reduced from 35 to 29 days before an election.

Generally, this is likely to reduce costs to boards of elections for conducting in-person absentee voting.

For additional information, contact CCAO Staffer Cheryl Subler at [csubler@ccao.org](mailto:csubler@ccao.org).

## Huron county officials support route 20 proposal



*Pictured above, Huron County Comm. Bauer, Hintz & Dunlap, who all attended the HB 249 hearing.*

County officials from Huron County were joined by representatives from the Farm Bureau in testifying in support of [HB 249](#), which would permit farm machinery to be operated on a portion of US Route 20 within Huron County only.

Representatives of the Ohio Farm Bureau Federation and from the Huron County Farm Bureau testified in support of the measure. Brandon Kern, director of state policy for the Ohio Farm Bureau, said the bill seeks to resolve a long-standing issue of allowing farm machinery access onto a portion of SR 20 in Huron County that has been designated a limited-access highway. He said in the inability to use the so-



called Norwalk bypass has negatively impacted farmers in the area.

Echoing Mr. Kern was Amanda Denes, organization director of the Huron County Farm Bureau. John Brooks, a Norwalk business owner, past president of the county farm bureau and board member of the Huron County Chamber of Commerce, said farmers have only two ways to travel from one side of Norwalk to the other, both through the city that is susceptible to any kind of chemical spill. He said even though traffic has declined on the bypass, in reality farm machinery is still not allowed to use it. Mr. Brooks said the legislation fixes a problem that otherwise could lead to a potential disaster in the future.

Huron County Commissioner Gary Bauer, who represented the Huron County Board of Commissioners, said that while a permit system does exist to allow for limited travel on the bypass, that system has proven largely unworkable and the practice of farm machinery travelling through central Norwalk continues. Mr. Bauer said the presence of a permit makes travel along the SR 20 bypass no more or less safe for farm machinery. And he said the trail vehicle requirement is also difficult to implement considering that few local farm operations have the manpower to spare to operate a trail vehicle for every trip along the bypass.

Huron County Sheriff Dane Howard said safety of citizens is a primary concern and it simply makes sense to allow farmers to move their machinery and chemicals around the city of Norwalk and not through the entire city. He said the bill offers a common sense solution to a local problem. Sheriff Howard said farm implements travelling through the city has been a chronic problem for many years and is worsening due to changes in the industry such as using land some distance from the home farm and the size and nature of the implements making them inherently more dangerous.



If you have questions about [HB 249](#), please contact CCAO Managing Director of Policy Cheryl Subler at [csubler@ccao.org](mailto:csubler@ccao.org).

## **Open data bills generate questions though concept ok'ed**

Representatives of Auditor Dave Yost and CCAO told House lawmakers Tuesday they're on board with the general idea of putting more government information online in accessible formats, but said the mechanics of the effort will likely require more work than the sponsors envisioned.

The House State and Local Government Shared Services and Government Efficiency Subcommittee continued hearings Tuesday on the DataOhio legislation sponsored by Reps. Mike Duffey (R-Worthington) and Christina Hagan (R-Alliance). Witnesses testifying on the bills – [HB 321](#), [HB 322](#), [HB 323](#) and [HB 324](#) – included Robert Hinkle, chief deputy auditor in Yost's office, and Cheryl Subler, managing director of policy for the County Commissioners Association of Ohio.

Hinkle focused most of his remarks on [HB 322](#) and its call for the creation of a uniform chart of accounts, which Hinkle said "is possibly a larger task than what currently has been identified."



*A qualified exemption claimed under this division is not subject to a challenge. But a resident of the state may petition the public office to explain its claim to the qualified exemption.*

Rep. Marlene Anielski (R-Walton Hills) asked Subler whether providing an appropriation for implementation of initiative would be preferable, rather than the sponsors' current approach of creating a grant program to encourage participation. Subler said that would help make implementation more successful and assist counties with the cost of employee time and training.

Subler also pointed out that language was included in the state budget bill (HB 59) providing for a state study on posting information on public web sites, and encouraged lawmakers to facilitate a unified state approach that works with those recommendations along with the Hagan/Duffey bills under consideration. Specifically, the Director of Administrative Services, no later than May 31, 2014, is to provide a report that proposes uniform standards that should apply to a public office (as defined in ORC Section 149.011) that chooses to post public records (as defined in ORC Section 149.43) on an internet web site maintained by the public office. In developing the standards, the Director is to consider, at a minimum, the following factors:

- Any recommended technology and/or software to use;
- The projected costs of implementing and maintaining such technology and software; and
- How a public office is to post a public record on its web site, or on a public web site maintained by the state, so that the public record, or the data contained in the public record, is capable of being searched and downloaded by the public in a uniform manner. The proposed uniform standards, as articulated in the report, are to seek to incorporate, insofar as practical, related practices of the Auditor of State and of other state agencies.

The Director of Administrative Services may form, seek advice from, and consult with, an advisory committee. Members of the committee are to include, but are not limited to, representatives of state and local governments and individuals having relevant expertise to assist in developing the report. The Director of Administrative Services is to deliver a copy of the report to the Governor and legislative leadership.

In addition, the Director of Development Services, in cooperation with the Local Government Innovation Council, is to prepare and issue to the members of the General Assembly a report that recommends various means by which the information exchange may provide local governments with insights regarding efficiency and productivity, and various means by which the information exchange may assist local governments improve services to vulnerable populations by providing insights regarding programs that benefit the poor, including general welfare support programs.

The report also is to include recommendations, developed by the Director and the Council in consultation with the Third Frontier Commission, expressing various means by which data in the information may create opportunities for private sector research institutions to develop value-added products or services that may be commercialized or create jobs, and thereby contribute to the betterment of the state economy.

If you have questions about the various bills, please contact CCAO Staffer Cheryl Subler at [csubler@ccao.org](mailto:csubler@ccao.org). Hearings will continue on the bills.

## Statehouse Etcetera



**State of the State speech to be given in Medina County.** Governor Kasich will deliver his annual “State of the State” address in Medina County on February 24. The speech will be given at 7 o’clock at the Medina Performing Arts Center, with the Ohio General Assembly in attendance.

**Task force to study soil & water funding.** A Task Force has been established for the purpose of evaluating how “State Match” dollars for soil & water districts are allocated and what local dollars are considered to be eligible to pull down such state dollars. Attached to the Statehouse Report is an overview of the current “State Match” policies as well as a history of soil & water districts. The Task Force hopes to complete its work by early July, and ultimately, the Task Force’s recommendations may include proposed changes to policies, administrative rules, and statute. CCAO Staffer Cheryl Subler is representing the Association on the Task Force. If you are interested in learning more or have recommendations on how the “State Match” should be applied, please contact Subler at [csubler@ccao.org](mailto:csubler@ccao.org).

## Legislation of Interest



- [SB 279](#)** ■ **PRENATAL CARE** ([Jones, S.](#), [Tavares, C.](#)) To require the Director of Health to establish and operate a prenatal group health care pilot program that is based on the centering pregnancy model of care and to make an appropriation.
- [SB 280](#)** ■ **INFANT MORTALITY** ([Jones, S.](#)) To require that case management services for postpartum care be included in the Medicaid managed care system, to require the Director of Health to award grants for community-based services that are not covered by Medicaid and are intended to reduce infant mortality rates among at-risk populations, and to make an appropriation. En. 3701.68, 5162.135, and 5167.15.
- [HB 431](#)** ■ **WORKERS COMP/MEDICAID STUDY** ([Sears, B.](#)) To create the Workers' Compensation and Medicaid Eligibility Study Committee.
- [HB 438](#)** ■ **POWERS OF ATTORNEY** ([Pelanda, D.](#), [Grossman, C.](#)) Regarding temporary physical care powers of attorney for children. Am. 3109.51, 3109.78, 3109.79, 3109.80, and 3313.649 and to enact sections 3109.81 to 3109.94.
- [HB 439](#)** ■ **WHISTLEBLOWERS** ([Dovilla, M.](#), [Hayes, B.](#)) To prohibit an appointing authority from taking disciplinary action against certain public employees who report a noncriminal law violation or misuse of public resources to the Inspector General. Am. 124.341.
- [HB 442](#)** ■ **SURVIVOR BENEFITS** ([Butler, J.](#)) To provide health insurance benefits for the surviving spouse and dependents of a police officer, correctional officer, or firefighter killed in the line of duty. Am. 145.58, 145.584, 742.45, 5505.01, and 5505.28 and to enact sections 145.585, 742.452, and 5505.282 of the Revised Code, and to amend



the version of section 5505.01 of the Revised Code that is scheduled to take effect January 1, 2015.

- HB 444** ■ **TRAFFIC LAW UPDATES** ([DeVitis, T.](#), [Hagan, R.](#)) To require the Registrar of Motor Vehicles and deputy registrars to furnish every person who renews a driver's or commercial driver's license with a written summary of the changes in the motor vehicle traffic, equipment, and crimes laws that were enacted since the person was last issued a driver's or commercial driver's license. En. 4507.25.

## Upcoming Legislative Committee Calendar



### Tuesday, February 18

**House State & Local Government**, (Chr. [Blair, T.](#), 466-6504), Rm. 121, 1:00 pm

- HB 289** ■ **DEVELOPMENT ZONES** ([Schuring, K.](#)) To require subdivisions to obtain written approval from owners and lessees of real property located within a proposed or existing joint economic development zone (JEDZ) or joint economic development district (JEDD) before approving, amending, or renewing the JEDZ or JEDD contract, to require that income tax revenue derived from a JEDZ or JEDD approved, amended, or renewed after the bill's effective date be used to carry out the JEDZ or JEDD economic development plan before being used for other purposes, and to institute contiguity requirements for which subdivisions may create a JEDZ or JEDD --**7th Hearing-All testimony-Possible amendments, substitute & vote**

- HB 386** ■ **COUNTY PURCHASING** ([Burkley, T.](#)) To expand the work-related expenses that may be paid for by use of a credit card held by a board of county commissioners or the office of another county appointing authority. --**2nd Hearing-All testimony**

- SB 155** ■ **VIDEO MEETINGS** ([Burke, D.](#)) To authorize a joint board of county commissioners to conduct proceedings regarding existing joint county ditches via teleconference or video conference. --**2nd Hearing-All testimony-Possible amendments & vote**

**House Policy & Legislative Oversight**, (Chr. [Dovilla, M.](#), 466-4895), Rm. 115, 1:00 pm

- HB 250** ■ **ABSENTEE VOTING** ([Becker, J.](#)) To reduce the days for absentee voting. --**2nd Hearing-Proponent**

- SB 216** ■ **PROVISIONAL BALLOTS** ([Seitz, B.](#)) To revise the law concerning provisional ballots and to specify permitted procedures for a voting location that serves more than one precinct. --**3rd Hearing-Opponent**

**House Finance & Appropriations**, (Chr. [Amstutz, R.](#), 466-1474), Rm. 313, 1:30 pm

- HB 336** ■ **VEHICLE CONVERSION PROGRAM** ([O'Brien, S.](#), [Hall, D.](#)) To create the Gaseous Fuel Vehicle Conversion Program, to allow a credit against the income or commercial activity tax for the purchase or conversion of an alternative fuel vehicle, to reduce the amount of sales tax due on the purchase or lease of a qualifying electric vehicle by up to \$500, to apply the motor fuel tax to the distribution or sale of compressed natural gas, to authorize a temporary, partial motor fuel tax exemption for sales of compressed natural gas used as motor fuel, and to make an appropriation. --**2nd Hearing-All testimony**

Senate Finance, (Chr. Oelslager, S., 466-0626), Finance Hearing Rm., 2:30 pm

**SB 210** ■ **INCOME TAX RATES** ([Widener, C.](#)) To provide for a permanent income tax rate reduction of 4% for all tax brackets beginning in 2014. --3rd Hearing-Opponent

House State & Local Government: Shared Services & Government Efficiency Sub., (Chr. Maag, R., 466-6023), Rm. 113, 6:00 pm

**HB 321** ■ **GOVERNMENT RECORDS** ([Duffey, M.](#), [Hagan, C.](#)) To create the DataOhio Board, and to specify requirements for posting public records online. --4th Hearing-All testimony

**HB 322** ■ **UNIFORM ACCOUNTING** ([Duffey, M.](#), [Hagan, C.](#)) To require the Auditor of State to adopt rules regarding a uniform accounting system for public offices. --4th Hearing-All testimony

**HB 323** ■ **PUBLIC DATA** ([Duffey, M.](#), [Hagan, C.](#)) To establish an online catalog of public data at data.Ohio.gov. --4th Hearing-All testimony

**HB 324** ■ **LOCAL GOVERNMENT INFORMATION** ([Duffey, M.](#)) To establish the Local Government Information Exchange Grant Program and to make an appropriation. --4th Hearing-All testimony

## Wednesday, February 19

House Policy & Legislative Oversight, (Chr. Dovilla, M., 466-4895), Rm. 115, 9:00 am

**HB 240** ■ **SPECIAL ELECTIONS** ([Adams, J.](#), [Becker, J.](#)) To eliminate the ability to conduct special elections in February and August. --1st Hearing-Sponsor

**SB 216** ■ **PROVISIONAL BALLOTS** ([Seitz, B.](#)) To revise the law concerning provisional ballots and to specify permitted procedures for a voting location that serves more than one precinct. --4th Hearing-All testimony-Possible amendments & vote

Senate Medicaid, Health & Human Services, (Chr. Jones, S., 466-9739), South Hearing Rm., 9:00 am

**HB 170** ■ **DRUG OVERDOSES** ([Johnson, T.](#), [Stinziano, M.](#)) To provide that a licensed health professional authorized to prescribe naloxone, if acting with reasonable care, may prescribe, administer, dispense, or furnish naloxone to a person who is, or a person who is in a position to assist a person who is, apparently experiencing or who is likely to experience an opioid-related overdose without being subject to administrative action or criminal prosecution, to provide that a person who is in a position to assist a person who is apparently experiencing or who is likely to experience an opioid-related overdose is not subject to actions of professional licensing boards, administrative action, or criminal prosecution for a drug offense or practicing medicine without a license if the person, acting in good faith, obtains naloxone or a naloxone prescription from a licensed health professional and administers it to a person for an opioid-related overdose, and to provide that peace officers and licensed emergency responders who are acting in good faith are not subject to administrative action or criminal prosecution for a drug offense or practicing medicine without a license for administering naloxone to a person who is apparently experiencing an opioid-related overdose. --4th Hearing-All testimony-Possible vote

**HB 315** ■ **HOSPITAL REPORTING** ([Wachtmann, L.](#)) To require reports to the Department of Health regarding newborns diagnosed as opioid dependent, to update the chemical name for a type of controlled substance, and to specify procedures for granting variances or waivers of any requirement in the rules governing operation of maternity homes. --1st Hearing-Sponsor

House Public Utilities, (Chr. Stautberg, P., 644-6886), Rm. 121, 10:00 am

**HB 319** ■ **NATURAL GAS RIDER** ([Grossman, C.](#)) To permit natural gas companies to apply for an infrastructure development rider to cover costs of certain economic development projects. --2nd Hearing-Proponent & interested party

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

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

**Senate Public Utilities, (Chr. Seitz, B., 466-8068), Finance Hearing Rm., 2:30 pm or after session**

**SB 58** ■ **ENERGY EFFICIENCY (Seitz, B.)** To review and possibly modify the energy efficiency, peak demand reduction, and alternative energy resource provisions established by Ohio law governing competitive retail electric service. --**10th Hearing-Proponent**

**Senate State Government Oversight & Reform, (Chr. Burke, D., 466-8049), South Hearing Rm., 3:15 pm**

**HB 69** ■ **TRAFFIC CAMERAS (Maag, R.)** To prohibit the use of traffic law photo-monitoring devices by municipal corporations, counties, townships, and the State Highway Patrol to detect traffic signal light and speed limit violations, except in certain circumstances. --**3rd Hearing-Opponent**

**Senate Public Safety, Local Government & Veterans Affairs, (Chr. LaRose, F., 466-4823), North Hearing Rm., 4:00 pm**

**SB 6** ■ **FINANCIAL CONTINUING EDUCATION (Schaffer, T.)** To establish education programs and continuing education requirements for the fiscal officers of townships and municipal corporations, to establish procedures for removing those fiscal officers, county treasurers, and county auditors from office, and to create fiscal accountability requirements for public schools, counties, municipal corporations, and townships. --**2nd Hearing-All testimony**

## **Monday, February 24**

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**House Session, Senate Session, (Chr. Batchelder, B., 466-3357; Chr. Faber, K., 466-4900), Medina Performing Arts Center, 851 Weymouth Rd., Medina, 7:00 pm**

- Joint session for the governor's State of the State address.

## **Ohio Soil and Water Conservation Commission State Matching Fund Policies**

The historical approach of ODNR and the Ohio Soil and Water Conservation Commission of matching local funds with state dollars has proven very effective in allowing SWCD boards of supervisors and their local partners the flexibility to develop local plans and programs for the conservation of our natural resources. This approach has led Ohio to become one of the most respected and effective state/local partnerships in the United States. The Commission and ODNR want to continue that dynamic relationship, remain flexible and innovative, and at the same time protect the core responsibility they have to assist in the growth of Ohio's conservation movement, fairly benefiting all SWCDs.

### **Background:**

Beginning in 1959, the Ohio Soil and Water Conservation Committee (now the Ohio Soil and Water Conservation Commission) was given authority by the Ohio legislature to match local funds with state funds through ODNR to carry out local conservation programs. From 1959 to 1980, as then specified in Chapter 1515, they matched funds appropriated and received through the county's "inside millage" or from the county's general fund.

As Ohio's landscape changed and district programs and services grew, SWCDs led an effort to change Section 1515.14 to allow funds appropriated to SWCDs from municipalities and townships to also be matched. The ability to match municipal and township appropriations has created tremendous funding opportunities for SWCDs, especially those serving their county's urban conservation needs. At the same time, huge increases in municipal or township appropriations in one or more counties could potentially "break the bank" of available state matching funds, reducing overall match to the rest of Ohio's SWCDs.

The OSWCC's plan is to set policy that continues to stimulate local funding, including urban-related funding, for all SWCDs, but in ways that allow the state matching fund account to continue to fairly benefit all SWCDs.

### **Purpose:**

Clarify and communicate the Commission's policy on the matchability of local funds provided to a Soil and Water Conservation District to carry out the mission and goals of the SWCD as directed by the board of supervisors.

### **Guiding Principles:**

- Develop, communicate and implement a policy that is within the authorities of the Ohio Revised Code
- Set policies reflective of and responsive to districts' changing needs
- Maintain an equitable distribution of state matching funds that support a strong statewide program

### **Match Policy**

The Ohio Soil and Water Conservation Commission will authorize state match of funds received only in accordance with ORC Sections 1515.10 and 1515.14. (See attachment)

- o Funds received and appropriated from the county general fund or from the county's first ten mills of property tax (the "inside" millage)
- o Funds appropriated by a municipality or township
- o Funds received from a special property tax levy for operations of an SWCD

Limitations and exceptions to the above categories:

- Funds appropriated to a district from the above sources to implement capital improvements will be matched only up to eight thousand dollars per year. (See attached previously released full policy on this matter.)
- Funds received from a special property tax levy for SWCD operations will be matched only to an extent which does not exceed the next highest district matchable total in the state.

2004 The Commission's policy is also to not match the following potential sources of SWCD support. (Many of these items cannot legally be matched, and others have been prohibited by long-standing policy.)

Funds received from assessments for agricultural ditch maintenance programs

Funds received from assessments or fees for urban storm water maintenance programs

Funds received from stormwater utilities

Fees collected, receipted and deposited by an SWCD

Funds used for cost-share payments

Funds received from insurance payments/settlements

Funds received from rental of district-owned buildings or property

County engineer appropriations/grants/transfers

Health department appropriations/grants/transfers

County, municipal or township appropriations granted by an SWCD to another agency or group

Funds transferred from the District Fund into an SWCD's Special Fund

Funds received from sale of equipment or property

**Ohio Revised Code Section 1515.10**

*The board of county commissioners of each county in which there is a soil and water conservation district may levy a tax within the ten-mill limitation and may appropriate money from the proceeds of such levy or from the general fund of the county, which money shall be held in a special fund for the credit of the district, to be expended for the purposes prescribed in section 1515.09 of the Revised Code, for construction and maintenance of improvements by the district, and for other expenses incurred in carrying out the program of the district upon the written order of the fiscal agent for the district after authorization by a majority of the supervisors of the district.*

**Ohio Revised Code Section 1515.14**

*Within the limits of funds appropriated to the department of natural resources, there shall be paid in each calendar year to each local soil and water conservation district an amount not to exceed one dollar for each one dollar received in accordance with section 1515.10 of the Revised Code or received from an appropriation by a municipal corporation or a township to a maximum of eight thousand dollars, provided that the Ohio soil and water conservation commission may approve payment to a district in an amount in excess of eight thousand dollars in any calendar year upon receipt of a request and justification from the district. The county auditor shall credit such payments to the special fund established pursuant to section 1515.10 of the Revised Code for the local soil and water conservation district. The department may make advances at least quarterly to each district on the basis of the estimated contribution of the state to each district. Moneys received by each district shall be expended for the purposes of the district*



**Ohio Soil and Water Conservation Commission (OSWCC)  
Policy for Matching Local Appropriations of  
Soil and Water Conservation Districts (SWCDs)  
History**

This document provides background and historical perspective on the OSWCC's policy for matching local appropriations of SWCDs (match policy).

**Background**

State match policy evolved over the past 56 years to meet the needs of SWCDs and support a strong statewide district delivery system. The Commission and Division attempted to distribute the state funds appropriated by the legislature equitably to support state and local priorities. The goal of one to one match has resulted in a sustainable funding model that is one of the most successful in the nation.

A history of state and local appropriations is attached. As you can see on this attachment, local funding for SWCDs effectively increased each year for 50 years until 2010, and state funds grew steadily, with some backsliding in 1981, 1983, 2002, 2009 and 2010.

There are some significant historical highlights in this data. For example, in years 1960, 1961, 1995, 1998, 2000, 2000 and 2008 the goal of one to one match was very nearly met. Other years, match percentages dropped, such as 1965 and 1971 (~64% match rate) and in the early 1980's when match rates fell into the 40% range for the first time. In 1983, during the last significant recession, district appropriations rose by 15.68% while state funds went down by 9.09%.

But 2009 and early 2010 were different and may very well have marked a long-term change in funding patterns. Total aggregate, local appropriations fell for the first time since 1960 as districts received 5.72% less than in the 2008-2009 timeframe. The other pressure on local SWCD programs, which has accelerated over the past few years, is that five to ten local districts budgets are being "zeroed out". In some cases, it is not a gradual reduction or phase out, but rather an abrupt and complete non-funding of the SWCD. In 2011, cuts to the local government fund stressed counties, municipalities and townships, but district appropriations stayed level. This lower level of local government funds may have impact in later years.

**Historical Match Policy**

Match policies have included the following approaches:

**1960s**

A basic match program was established by the State legislature which gave districts state funding so supervisors would no longer have to use personal funds to pay for postage and other essentials. The funds that remained were distributed to districts as evenly as possible to match local appropriations and contributions at a 1 to 1 level until all funds were exhausted.

**1970s**

State funding grew dramatically but not at the rate of local funding. The Commission generally gave every district a \$200 flat rate (i.e., no local appropriation was required) and then matched local funds 1 to 1, as evenly as possible amongst the 88 districts, until all the funds were exhausted, around \$8,000 to 12,000 per district. Local contributions above this amount went unmatched by state funds. E.g., at one point during this period, Henry SWCD received \$120,000 from their county commissioners but only received a state match amount of 12,000.

### **1980's**

The formula was changed so all local funds were matched by state funds to some extent. At first it began with a variable scaled where the first so many thousand dollars locally were matched at a high level by state funds and the rate declined with every local \$10,000-\$15,000 increment of local appropriation upward. Gradually, as state funds increased, districts received higher match amounts on all levels.

### **1990s**

A uniform match approach was adopted where the first dollar received by a district was matched at the same level as the last. The flat rate was increased to 10,000 but was prorated based on the overall ratio of state to local appropriations. If the state appropriation provided enough funds to match districts' local appropriations at 76% then SWCDs received 76% of the flat rate (\$7,600) and 76 for each dollar appropriated locally. This formula provided for a higher level of state match for those SWCDs with lower local appropriations and a slightly lower match for the SWCDs with higher amounts of local appropriation.

In addition, a law change allowed the commission to match funds appropriated by the municipalities and townships, not just the county commissioners.

In 1994, for the first time, the commission offered support through special grants to districts that were faced with financial hardship, mostly due to reorganization of our sister agency, Natural Resources Conservation Service (NRCS). Districts were eligible for this assistance for up to seven years to allow them to maintain a base program (\$40,000 combined local and state appropriation). The assistance declined 10% each year, ending in the seventh year. Total state funds used for these supplements generally ranged from \$8,000 to \$80,000 annually the Commission to provide a base level of funding (\$40,000 combined local and state fund) and continue SWCD program in all 88 counties.

### **2000**

Match policy remained similar to the 1990s. Two policy modifications made by the commission to assist districts were implemented. In 2006 (State Fiscal Year 2007), the Commission authorized the Program Assistance Grants to help districts that experience deep cuts in local appropriations or have steadily declining or stagnant budgets. This grant was similar to the program implemented in 1994.

The other match policy change was to limit matching local appropriations over \$500,000. Local appropriations received over \$500,000 are matched at 60% of the overall match rate. Additional reductions are applied at each additional \$100,000 of local appropriation. These limits were put in place to help maintain a level of equality in the availability of state match funds for all 88

SWCDs. For state fiscal year 2010, this resulted in an overall state match rate of 77.38%. The formula for state fiscal year 2101 was:

$$\text{\$7,272.20 (flat rate) + 0.727328878* local appropriation}$$

Until 2008, state match funds came from the State's general fund. Faced with dwindling tax revenues due to the recession, districts were looking at a large reduction in General Revenue Funds. Working with the administration and legislature, funds were added over the next couple of biennium's replacing 6.9 million of GRF with tipping fees on construction and demolition debris, municipal solid waste, and in 2010 a 50 cent fee, per new tire, was added.

### **2010**

In 2011 the Commission changed the match policy to a \$15,000 flat rate, 1 to 1 match on the first \$15,000 of local appropriations and the rest subject to the formula. The formula for 2013 is;

\$15,000 flat rate, 100% match on first \$15,000 local apprn; 0.067967831738719 on balance of state funds.