



STATEHOUSE REPORT

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CCAO urging opposition to SB 243

CCAO is opposing efforts to enable a sales tax holiday for certain clothing, school supplies, and computers during back-to-school shopping season. [SB 243](#), supported by the Retail Merchants Council, is scheduled this week for a possible vote in the Senate Ways & Means Committee. CCAO urges its members to contact your senator(s) and the Committee members about the measure.

The legislation, sponsored by Senator Kevin Bacon (R-Minerva Park), exempts from sales tax transactions occurring on the first Friday of August and through the following Sunday of each year including: clothing (up to \$100), school supplies (up to \$20 per item), personal computers (up to \$750), and personal computer software and peripherals (up to \$750).

The temporary sales tax exemption will reduce revenue from the state and county permissive sales tax as well as transit authority sales taxes. According to the Legislative Service Commission counties and transit authorities could anticipate a potential loss of up to \$7 million. The state could anticipate a potential loss of up to \$30 million. Given the anticipated state loss, there would be a ripple impact, with approximately \$1 million less dollars going into the Local Government Fund and the Public Library Fund.

The proponents of the bill counter that the Legislative Service Commission fiscal analysis does not take into consideration the overall increase in sales volume as shoppers from other states come to Ohio to buy both taxable as well as tax exempt goods. Proponents contend that consumers will increase their purchases of taxable items when they shop for tax exempt items, and this helps to offset declines in sales tax revenues.

All parties acknowledge that there will be some shift of buyers purchasing to capture the exemptions. This will result in delayed purchases prior to the holiday as well as a decline in transactions immediately following the holiday.

CCAO Staffer Brad Cole testified in opposition to [SB 243](#). To view the testimony, [click here](#).

Senate Ways & Means Committee

Tim Shaffer (Chair) – (614) 466-5838
Bob Peterson (Vice Chair) – (614) 466-8156
Charleta Tavares – (614) 466-5131
Bill Beagle – (614) 466-6247
Capri Cafaro – (614) 466-7182
John Eklund – (614) 644-7718
Cliff Hite – (614) 466-8150
Larry Obhof – (614) 466-7505
Michael Skindell – (614) 466-5123

Another big concern for CCAO, which also is shared by the State Department of Taxation which must administer the law, is how the proposed sales tax holiday could negatively impact Ohio's status in the Streamline Sales Tax Project. The state of Ohio just became a full member of the Streamlined Sales Tax Initiative within the past year after nearly 15 years of working with 45 states that also levy sales and use taxes. The Streamlined Sales Tax Initiative requires member states to follow specific definitions regarding what items are taxable and the Department of Taxation is concerned that the exemptions included within SB 243 may interfere with Ohio's compliance with the Streamlined Sales Tax Initiative.

Again, CCAO is asking members to contact their senator(s) urging opposition to [SB 243](#). The bill is scheduled for a vote Tuesday, February 25th, in the Senate Ways & Means Committee.

For additional information, please contact CCAO Staffer Brad Cole at 614-221-5627 or bcole@ccao.org.

Eliminating special elections under consideration

Reps. John Adams (R-Sidney) and John Becker (R-Union Twp.) argued that the time is right to finally do away with the perennial special elections in February and August, and urged passage of the [HB 240](#) in the House Policy & Oversight Committee.



Rep. John Adams

Rep. Becker said during sponsor testimony that the secretary of state has estimated special elections cost between \$800 and \$1500 per precinct. "Political subdivisions spend a lot of local taxpayer money in an attempt to raise more local taxpayer money," he said, noting that local levy issues feature prominently in February and August elections.



Rep. John Becker

Loramie Township in Shelby County spent nearly \$2,000 in the recent February special election when only 140 votes were cast, Rep. Becker said. That result equated to \$13.97 per voter.

Rep. Adams said ballot issues in special elections are often the same measures that appear in the primary and general elections. "I believe two bites of the apple every year instead of four is plenty," he said.

"I think our boards of elections have additional costs that we can try to help them to reduce by consolidating elections into the two major ones - the primary and the general election," Committee Chairman Dovilla (R-Berea) said, noting that he had signed onto the special elections measure as a co-sponsor.



Rep. Ron Gerberry

"I'm very careful about what I co-sponsor on that issue and that one, to me, made sense in terms of potential cost-savings around the state," he said.

Rep. Ron Gerberry (D-Austintown) said the legislature has rejected the same proposal several times in the past and urged groups representing school districts, administrators and local governments to testify on the bill.

Rep. Matt Lundy (D-Lorain) said the August special election can be a critical time for school districts that await the outcome of the state's biennial budget to determine whether to seek a local levy.

Rep. Becker said school districts that plan properly shouldn't have to be dependent on the outcome of the state budget and asserted that local boards prefer special elections simply because levies are more likely to pass.

If you have questions about [HB 240](#), please contact CCAO Staffer Cheryl Subler at csubler@ccao.org.

Election bills pass Legislature, threat of legal challenge

Bills to eliminate so-called "Golden Week" ([SB 238](#)) as well as to restrict and provide statewide absentee ballot application mailings ([SB 205](#)) passed the General Assembly along party-line votes, with Democrats threatening a legal challenge.

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.

Rep. Kathleen Clyde (D-Kent) said the election measures were among 13 that the GOP has pushed this session alone. "These are bills that make it harder to vote and solve no problems," she said. The bill at hand, she added, "wrongfully prevents" counties from mailing ballot applications or including paid postage and

keeps officials from assisting voters in filling out ballots.

Making early voting harder could result in longer lines on Election Day and more disqualifications of absentee ballots, Ms. Clyde said, adding that more than 13,000 people were "disenfranchised" under current law when they saw their ballots nullified in the last major election in Ohio.

Those arguments were largely echoed in further Democratic speeches. Rep. Michael Stinziano (D-Columbus), a former county elections official, said the bill was the result of the GOP's "fetish for uniformity" that would lead to "unnecessary barriers." Rep. Dan Ramos (D-Lorain) said that by adding restrictions on voting, the bill would disproportionately disenfranchise voters in urban areas where the most minorities reside. Rep. John Carney (D-Columbus) pointed to the relatively low incidents of voter fraud in the state in questioning the need for the legislation and opining that it was clearly about suppressing Democratic turnout.

Rep. Chris Redfern (D-Port Clinton), chairman of the Ohio Democratic Party, said the party would sue in federal court upon the bill's signing and would challenge it based on violations of equal protection and both the federal civil rights and voting rights laws.

For additional information, contact CCAO Staffer Cheryl Subler at csubler@ccao.org.

Resolution celebrates Extension's 100th Anniversary

A "happy birthday" resolution, sponsored by Senator Cliff Hite (R-Findlay), in honor of the 100th anniversary of the Smith-Lever Act, received many positive accolades in the Senate Agriculture Committee on Ag Day at the Statehouse.

[SCR 33](#) recognizes the Smith-Lever Act which brought about the beginning of cooperative extension services in conjunction with land-grant universities. Extension services, now touching every county in every state, establish and operate programs as well as provide educational services in agriculture, home economics, public policy and government leadership, 4-H, economic development, among others.

Bruce McPheron, dean of the College of Food, Agricultural and Environmental Sciences at Ohio State, said Ohio was even out in front of the Smith-Lever Act with, in 1902, A. B. Graham



Bruce McPheron, Sen. Cliff Hite, and Bruce Smith

starting a boys and girls agricultural club in Springfield that is now known as 4-H. He said over the years, extension's county-based system has been expanded through technology and amplifying the message to qualified teachers.

Mr. McPheron said the hands-on activities of 4-H, nearly all of which feature the STEM disciplines, make learning so much fun that students don't even know they are preparing themselves for the future. For example, he said members think they're learning about rocketry or rabbits when in fact they are learning important lessons on teamwork, communication, leadership and citizenship. And he said Cooperative Extension continues to teach the

modern day version of home economics with outcomes of predictable food resulting in fewer trips to the emergency room for expensive primary health care and more time spent in school with higher learning levels.

Cheryl Subler, managing director of policy at the County Commissioners Association of Ohio, said extension is a partnership between county, state and federal government. She added that extension is unique among government entities in that it gives educators the flexibility to work with their county commissioners and local stakeholders to define, within broad mission areas, what is important in that particular county.

Noting that extension is a non-mandated service to counties, Ms. Subler reported that all 88 counties have an extension office with 10 dedicating property tax levies to generate the needed funds. All others, except one, she added are receiving dollars from the county general fund underlining the value of extension services in the minds of county commissioners statewide.

While testifying in support of the resolution, Brandon Kern, director of state policy for the Ohio Farm Bureau, took the opportunity to promote Ag Day at the Capital used by Farm Bureau members to learn more about current policy issues impacting their families and future while having a chance to interact directly with elected officials.

To view CCAO's testimony, [click here](#). For a copy of Dean McPheron's testimony or additional information on [SCR 33](#), please contact CCAO Staffer Cheryl Subler at csubler@ccao.org.

Local governments seek HB 375 severance tax changes

Last week the House Ways & Means Committee adopted a substitute version of HB 375, the oil and gas severance tax proposal. The substitute bill earmarks 10% of the severance tax to local governments and would use this revenue to first offset the lost revenues to the State Local Government Fund resulting from the income tax credits and CAT tax exemptions provided under the bill. The remaining revenues would then be committed to capital improvement projects in the impacted area and a "legacy fund" available beginning in 2025 for capital projects after that time.

Representative Brian Hill (R-Zanesville), with the support of CCAO, OML (the Ohio Municipal League) and the OTA (Ohio Township Association), is preparing an amendment that would fund the LGF hold harmless provision off the top from non-earmarked revenue and increase the allocation to the local governments from 10% to 25%.

[HB 375](#) is scheduled for another hearing by the House Ways and means Committee on Wednesday, February 26, at 3:00 pm . This will be the first meeting under the Committee's new chairman, Representative Jeff McClain, who is a former Wyandotte County auditor.

Contact CCAO staff member John Leutz jleutz@ccao.org or 614-220-7994 for any information regarding [HB 375](#) and severance tax issues.

Statehouse Etcetera



Video and teleconference joint ditch meetings closer to becoming reality. The House State & Local Government Committee passed Senate Bill 155, which would authorize a joint board of county commissioners to conduct certain proceedings for existing joint county ditches via teleconference or video conference. Prior to reporting the measure, CCAO Policy Director Cheryl Subler and Dennis Hetzel of the Ohio Newspaper Association spoke in favor of the bill, which is similar to a companion bill ([HB 279](#)) on which they testified previously.

Dog Warden President testifies in support of HB 116. Montgomery County Dog Warden Mark Kumpf testified in support of [HB 116](#), which would authorize a dog warden and others who have been issued a license to administer sedation drugs before euthanizing an animal. He explained to the Senate Agriculture Committee that dog wardens work to ensure public safety which is often jeopardized by loose or aggressive dogs or those in traffic. He said animal control officers around the nation can attest to the benefits of chemical capture. [HB 116](#) would be a solution by restoring dog wardens' abilities to effectuate safe capture and humane euthanasia.

Possibly no new JEDZ's beginning in 2015. A measure to prohibit the creation of new Joint Economic Development Zones (JEDZ's) beginning in 2015 along with making changes to the Joint Economic Development District (JEDD) statutes was unanimously reported by the House State and Local Government Committee. [HB 289](#), sponsored by Rep. Kirk Schuring (R-Canton), was in response to outcry from some "creative" JEDZ's, which some policy makers saw as abusive and inconsistent with the spirit of the law.

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 February 24. The speech will be given at 7 o'clock at the Medina Performing Arts Center, with the Ohio General Assembly in attendance.

Legislation of Interest



- [HB 450](#) ■ **SALES TAX HOLIDAY** ([Patterson, J.](#)) To provide a three-day sales tax "holiday" each August during which sales of back-to-school clothing, school supplies, personal computers, and personal computer accessories are exempt from sales and use taxes. Am. 5739.02 and 5739.05.
- [HB 452](#) ■ **CHILDREN SERVICES** ([Gonzales, A.](#)) To require children's residential facilities to provide specified information to local law enforcement agencies, emergency management agencies, and fire departments and to require the Department of Job and Family Services to implement a Child Placement Level of Care Tool Pilot Program. Am. 5153.21 and 5153.42 and to enact sections 5103.05 and 5103.051.
- [HB 456](#) ■ **CIVIL RIGHTS LAWS** ([Pillich, C.](#)) To clarify that a discriminatory compensation decision that is unlawful under the Civil Rights Laws occurs each time compensation is paid pursuant to that decision. Am. 4112.05.

Upcoming Legislative Committee Calendar



Tuesday, February 25

House State & Local Government: Shared Services & Government Efficiency Sub., (Chr. Maag, R., 466-6023), Rm. 113, 11:00 am

- [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**

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

HB 337 ■ **LOCAL GOVERNMENT BUDGETS** ([Terhar, L.](#)) To revise budgeting requirements that apply to local governments, mandate that certain actuarial standards be applied in political subdivisions that have independent retirement systems, and authorize the Auditor of State to impose sanctions on local governments that fail to comply with budget, debt, or pension requirements under state law. --
2nd Hearing-Proponent

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. --**3rd Hearing-All testimony-Possible amendments & vote**

HB 277 ■ **ANNEXATION** ([Stautberg, P.](#)) To require that the state or a political subdivision real estate owner be included in determining the number of owners needed to sign a petition for an expedited type-II annexation, unless the real estate is a road or road right-of-way, to make other changes regarding that type of annexation, and to change for regular annexations the time at which to determine whether the required number of signatures were obtained. --**4th Hearing-All testimony-Possible amendments & vote**

HB 198 ■ **INCENTIVE DISTRICTS** ([Butler, J.](#)) To establish a procedure by which political subdivisions proposing a tax increment financing (TIF) incentive district are required to provide notice to the record owner of each parcel within the proposed incentive district before adopting the TIF resolution, and to permit such owners to exclude their parcels from the incentive district by submitting a written response. --**5th Hearing-All testimony-Possible amendments & vote**

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. --**4th Hearing-All testimony**

House Financial Institutions, Housing & Urban Development, (Chr. Adams, R., 466-8114), Rm. 017, 2:45 pm

SB 172 ■ **LAND USE PROGRAMS** ([Patton, T.](#)) To modify the laws governing land reutilization programs and property tax foreclosures. --**4th Hearing-All testimony-Possible amendment & vote**

HB 223 ■ **FORECLOSURE PROCESS** ([Grossman, C.](#), [Curtin, M.](#)) To expedite the foreclosure and transfer of unoccupied, blighted parcels and certain abandoned properties and to make other changes relative to residential foreclosure actions. --**6th Hearing-All testimony-Possible amendments & vote**

Senate Ways & Means, (Chr. Schaffer, T., 466-5838), South Hearing Rm., 4:30 pm

SB 243 ■ **SALES TAX HOLIDAY** ([Bacon, K.](#)) To provide a three-day sales tax 'holiday' each August during which sales of back-to-school clothing, school supplies, personal computers, and personal computer accessories are exempt from sales and use taxes. --**4th Hearing-All testimony-Possible vote**

Wednesday, February 26

House Finance & Appropriations, (Chr. Amstutz, R., 466-1474), Rm. 313, 9:00 am

HB 408 ■ **TAX CREDITS** ([Sears, B.](#)) To authorize an income tax credit for donations to the permanent endowment fund of an eligible community foundation. --**3rd Hearing-Possible amendments, substitute & vote**

House Ways & Means, (Chr. McClain, J., 644-6265), Rm. 116, 3:00 pm

HB 375 ■ **OIL & GAS SEVERANCE TAX** ([Huffman, M.](#)) To levy a severance tax on well owners of oil and gas severed from horizontal wells, to create a nonrefundable income tax credit for the amount of horizontal well severance tax paid, to repeal a cost recovery assessment imposed on oil and gas

well owners, to reduce the severance tax rate on natural gas extracted from nonhorizontal wells, to exclude from the tax base of the commercial activity tax gross receipts from the sale of oil or natural gas severed through use of a horizontal well, and to make an appropriation. --7th Hearing-All testimony-Possible amendment