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# STATEHOUSE REPORT

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**March 7, 2014**

## **MBR finally on its way**

Governor Kasich has indicated that introduction of his MBR is right around the corner and that Representative Jeff McClain (R-Upper Sandusky) will sponsor the bill. The governor said that his state budget director, Tim Keen, would be will testifying in the House next Tuesday on the proposal and that while his MBR will be another thick one, it will probably will be separated quickly into smaller pieces of legislation, and that some of the pieces might be taken up first in the Senate.



Rep Jeff McClain

Kasich has hinted that his proposals will include reducing the state's top income-tax rate below 5 percent and pumping \$10 million into a new program to incorporate businesses and community groups into schools. He is also looking toward reducing some regulatory oversight on businesses routinely found in good standing.

One new area the governor is now mentioning is recommending additional reforms in the area of welfare that, as of yet, have not been talked about. On the subject of welfare reform, Kasich noted in his remarks at the Wayne County Lincoln Day Dinner this week that, "We have created a system that dis-incentivizes people from going to work, and we must fix that."

Commenting on the MBR process Kasich said, "I think we've made the mid-(biennium) review a part of Ohio's culture, and that's good." The governor noted that the MBR is not just a bunch of "things you just slop together," but that it takes time, a lot of input from the General Assembly to craft the best ways we can work on a whole host of these issues. Representative Ron Amstutz (R-Wooster) echoed those thoughts, telling reporters, "We have a responsibility to vet these proposals. Some proposals are pretty straightforward, but others take quite a bit of work. We're going to give it that work."

## **LGF hold harmless concept placed in bill proposing an additional state income tax credit**

[HB 408](#), jointly sponsored by Representatives Barbra Sears (R-Sylvania) and Ron Amstutz (R-Wooster), proposes to authorize a state income tax credit for donations to the permanent endowment fund of an eligible community foundation. The bill received a major "friendly"

amendment for local governments in the House Finance Committee last week before the committee voted to recommend the bill for passage by the House.

The amendment, offered by Representative Denise Driehaus (D-Cincinnati), prevents reductions to both the Local Government Fund (LGF) and Public Library Fund (PLF) due to these new state income tax credits being claimed. Driehaus told the committee that estimates put the loss for each fund at \$332,000 if the \$20 million cap on the credits, which was also amended into the bill, was reached.



Rep Denise Driehaus

The adoption of this amendment is a major recognition by the Legislature that state tax policy that effects state revenue receipts impacts the LGF funding levels. The amendment requires the director of the Office of Budget and Management to reimburse both funds for revenue lost because of the credit.

Negotiations between Republicans and Democrats on the committee lead to the amendment being included in the bill, and the bill was reported by the committee on a bipartisan vote of 25-3.

## State revenue receipts doing well

The state took in \$1.118 billion in tax revenues during February. This was \$31 million, or almost 3%, higher than estimated. Revenue received during the first two-thirds of fiscal year 2014 stands at \$13.216 billion in total tax receipts which is \$217.3 million, or 1.7%, above projections.

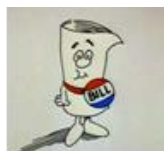


The overage is due to a surge in personal income taxes compared to estimates, as the category registered a \$46.5 million overage last month and now stands at a whopping \$280.8 million, or 5.4%, over what the administration had expected through the first eight months of the fiscal year. However, these numbers may be tempered by the end of the fiscal year. The major income tax filing season is yet to occur and the state budget director noted caution indicating that the state has to see how the filing season plays out in March and April. There may be a possibility

that that people are not taking refunds, but they will when they do their annual filing" and thus offset a portion of the overage.

The Commercial Activity Tax saw its strongest month of the fiscal year in February. The CAT has been lagging estimates all through FY 2014. State budget officials suggest that the lag may be due to taxpayers timing of their CAT credits. The law that affected when the credit against the CAT could be taken was changed in the budget bill. The lag may be attributed to taxpayers taking the credit earlier than expected.

## Legislation of Interest



**HB 467** ■ **STATE BUDGET** ([Butler, J.](#), [Romanchuk, M.](#)) To provide for the preparation of a state biennial budget independent of that submitted by the Governor and to authorize the

Legislative Service Commission, upon the request of the Speaker of the House of Representatives or the President of the Senate, to arrange for an independent actuarial review of a proposed bill, specified analyses of economic policy initiatives and state benchmarking data, and a study of the state's long-range financial outlook. Am. 126.02 and to enact sections 101.61, 103.31, 103.32, 103.33, 103.34, 103.35, 103.36, 103.37, and 103.38

**HB 469** ■ **OVI PENALTIES** ([Johnson, T.](#), [Scherer, G.](#)) To allow, by court order, a first-time alcohol-related OVI offender to drive with an ignition interlock device rather than under court-ordered limited driving privileges as in current law, to eliminate the fifteen-day period in current law during which such an offender is subject to a driver's license suspension without limited driving privileges, and to make other changes to the law governing OVI offenses. Am. 4510.021, 4510.11, 4510.13, 4510.14, 4510.17, 4510.43, 4510.44, 4510.46, 4511.19, and 4511.197 and to enact section 4510.022

## Upcoming Legislative Committee Calendar



**Tuesday, March 11**

**House State & Local Government: Shared Services & Government Efficiency Sub., (Chr. Maag, R., 466-6023)**

**HB 321** ■ **GOVERNMENT RECORDS** ([Duffey, M.](#), [Hagan, C.](#)) To create the DataOhio Board, and to specify requirements for posting public records online. --5th Hearing-All testimony-Potential referral to State & Local Government

**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. --5th Hearing-All testimony-Potential referral to State & Local Government

**HB 323** ■ **PUBLIC DATA** ([Duffey, M.](#), [Hagan, C.](#)) To establish an online catalog of public data at data.Ohio.gov. --5th Hearing-All testimony-Potential referral to State & Local Government

**HB 324** ■ **LOCAL GOVERNMENT INFORMATION** ([Duffey, M.](#)) To establish the Local Government Information Exchange Grant Program and to make an appropriation. --5th Hearing-All testimony-Potential referral to State & Local Government

**House Agriculture & Natural Resources, (Chr. Hall, D., 466-2994), Rm. 116, 10:00 am**

**SB 192** ■ **INVASIVE PLANTS** ([Manning, G.](#)) To grant the Director of Agriculture exclusive authority to regulate invasive plant species. --2nd Hearing-All testimony

**SB 150** ■ **AGRICULTURAL NUTRIENT MANAGEMENT** ([Hite, C.](#)) To revise the law governing the abatement of agricultural pollution, to require a person that applies fertilizer for the purposes of agricultural production to be certified to do so by the Director of Agriculture, to make other changes to the Agricultural Additives, Lime, and Fertilizer Law, and to make an appropriation. --3rd Hearing-All testimony

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

**HB 221** ■ **CREDIT UNIONS** ([Terhar, L.](#), [Heard, T.](#)) To permit credit unions to serve as public depositories under certain circumstances and to allow credit unions to participate in the Development Services Agency's Capital Access Loan Program and its various small business loan guarantee programs. --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. --  
**3rd Hearing-Possible amendments, substitute & vote**

**HB 85** ■ **HOMESTEAD EXEMPTION** ([Terhar, L.](#), [Gonzales, A.](#)) To enhance the homestead exemption for military veterans who are 100% disabled from a service-connected disability. --**5th Hearing-Possible amendments, substitute & vote**

**HB 402** ■ **TAX OVERPAYMENTS** ([Duffey, M.](#), [Landis, A.](#)) To require the Tax Commissioner to notify taxpayers of tax and fee overpayments, to authorize the Commissioner to either apply an overpayment to future tax liabilities or issue a refund, and to make an appropriation. --**1st Hearing-Possible vote**

**Wednesday, March 12**

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

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

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

**HB 396** ■ **TAX FILINGS** ([Becker, J.](#)) To allow married couples to elect to file either separate state tax returns or a joint state return, irrespective of their federal filing status, and to declare an emergency. --**1st Hearing-Sponsor**

**House Judiciary, (Chr. Butler, J., 644-6008), Rm. 122, 4:00 pm**

**HB 251** ■ **SPECIAL SENTENCING** ([Barborak, N.](#)) To eliminate the special sentencing mechanism that applies for most felonies of the fourth and fifth degree and that generally provides for a community control sanction for such offenses. --**5th Hearing-All testimony-Possible vote**

**HB 429** ■ **PRIVATE POLICE** ([Bishoff, H.](#)) To make records kept by private police departments subject to the Public Records Law, to exclude private police officer's residential and familial information from the definition of public record, and to permit a private police officer to request a public office to redact the private police officer's residential and familial information from the public office's public records, and to amend the version of section 149.43 of the Revised Code that is scheduled to take effect March 20, 2015, to continue the provisions of this act on and after that effective date. --**1st Hearing-Sponsor**

**HB 300** ■ **ETHNIC INTIMIDATION** ([Antonio, N.](#)) To expand the offense of "ethnic intimidation" to also prohibit conduct currently specified in the offense when the conduct is committed by reason of another person's gender identity, sexual orientation, or disability. --**2nd Hearing-Proponent**

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