



STATEHOUSE REPORT

Published by: County Commissioners Association of Ohio

209 East State Street • Columbus, Ohio 43215-4309
Phone: 614-221-5627 • Fax: 614-221-6986 • www.ccao.org

March 14, 2014

McClain Introduces MBR – Severance & Income Taxes Focus



Gov. John Kasich

Gov. John Kasich released his latest mid-biennium review (MBR) proposal Tuesday, headlined by a tax code overhaul to finance further cuts to Ohio's income taxes. That focus means the package started its journey in the House Ways and Means Committee before being carved up and parceled among various committees.

"I'm certain that we'll be doing the same that we did with the budget last year and the MBR two years ago." said Rep. Jeff McClain (R-Upper Sandusky), the sponsor-by-request of [HB472](#) and chairman of the House Ways and Means Committee.

Tax proposals will remain with the ways and means committee, and McClain speculated they could constitute three bills in themselves. The previously introduced [HB375](#) (Huffman) might remain the vehicle for severance tax changes, which are making their third appearance in major legislation proposed by Kasich. The bulk of tax changes could be carved into a separate bill, while a third measure might be needed to incorporate proposals on administrative functions related to taxes, McClain said.

Rep. Ron Amstutz (R-Wooster), chairman of the House Finance and Appropriations Committee that typically oversees budget deliberations, said he still foresees some work being done in his committee. He speculated as many as 10 or 11 committees could get pieces of the package.

To access an overview of [HB 472](#), please click on the Legislative Service Commission web site (Compare Doc: <http://www.lsc.state.oh.us/fiscal/mbr130/comparedoc-in.pdf>).



Rep Jeff McClain

The following summarizes some of the major provisions included in the MBR:

Agriculture and Natural Resources

- Creates the Agriculture Pollution Abatement Program at the Department of Agriculture (ODA), thus transferring the responsibility from the Department of Natural Resources (ODNR). Makes other changes and requirements relative to nutrient management plans.

- Oil and natural gas regulations created to be administered by ODNR

Commerce

- Creates the Underground Storage Tank Revolving Loan Fund to be used by the State Fire Marshall to make underground storage tank revolving loans in accordance with existing law, specifies that the fund is to consist of repaid loans, certain fines and penalties, corrective action enforcement case settlements or bankruptcy case awards

General Government

- Changes the second legal notice advertisement requirements that must be met if the information is posted on the state's "Official Public Notice Web Site." In addition, revises some requirements on the state to maintain such web site.
- Enables DAS to create a payment card program for political subdivisions and other shared service provisions. DAS intends to explore a procurement card (p-card) program for political subdivisions when it issues a bid package next year for state agencies.

Human Services & Workforce Development

- Evaluation of Workforce Programs – state to develop criteria for evaluating workforce programs
- Align Ohio's three main federal workforce programs – Adult Basic Literacy Education (ABLE), Carl D. Perkins Career and Technical Education Act (Perkins) and the Workforce Investment Act (WIA) – via a single, integrated plan.
- Assist veterans in getting jobs by "fast tracking" licensing; colleges' granting free credit for military experience; and directing all public higher education institutions provide academic and career counseling for veterans.
- Developmental Disability Boards & Shared Services– When a vacancy occurs in the Superintendent Position or in management positions, the DD Board must first consider sharing the position with another county
- Dept. of Health Abolition of Certain Funds – certain cash transfers and funds abolished, including sewage treatment system innovation fund
- Long-term care facilities – makes changes to the certificate of need program
- Public Children Services Agency's Record Retention Changes – allows PCSAs to work through records commission to dispose of paper documents now in SACWIS state computer system
- Creates the Office of Human Services Innovation to make recommendations to the Governor for coordination of services across all public assistance programs and standardization/automation of eligibility processes and policies.
- Community Behavioral Health Funding Earmarks – State funding to county ADAMHS Boards to contain a series of earmarks as to how funds may be used, \$2 million earmarked and redirected for OSU Medical Center electronic medical records; 5 metro ADAMHS Boards must prioritize state funding to temporarily assist returning prison offenders with behavioral health needs in addition to other earmarks.

- Unemployment compensation changes – Requires applications to be filed electronically with certain exceptions and allows the Director to cease benefit payments until certain requirements are met.

Courts & Corrections

- Public Children Services Agencies (PCSAs) to have permanency plan reviewed by court.
- IDAT Surplus Additional Purposes – Allows courts additional purposes for spending Indigent Driver Alcohol Treatment Funds.
- Mentally Ill Probate/Hospitalization Costs – costs are charged back to county of residence

Tax Revisions

- Reduce income taxes across all income levels by 8.5 percent over the next three years, taking Ohio's top rate from 5.33 percent to 4.88 percent in 2016. This would cost the state nearly \$2.2 billion over three years.
- Increase Ohio's Earned Income Tax Credit (EITC) from five to 15 percent of the federal credit beginning in 2014.
- Increase the personal income tax exemption for Ohioans earning less than \$40,000 from \$1,700 to \$2,700 and for Ohioans earning between \$40,000 and \$80,000 from \$1,700 to \$2,200. The combined impact of EITC and personal income tax exemptions for low income Ohioans would cost the state \$453 million over three years.
- Increase the cigarette tax from \$1.25 to \$1.85 per pack over two years plus apply the tax to other tobacco products including e-cigarettes. This would bring in an estimated \$848 million over three years.
- Regarding Ohio's oil and gas drilling taxes the governor is proposing a severance tax rate of 2.75 percent – down from the 4 percent he proposed as part of the biennial budget. There are several related proposals including exempting up to \$8 million of gross receipts per well from taxation for three years; eliminating severance taxes for "small conventional gas producers"; and earmarking 20 percent of the severance tax revenue for local governments in shale oil and gas-producing regions of the state. "These revenues would be controlled locally, in part by creating the Ohio Shale Gas Regional Commission, a non-member board appointed by the governor." This would bring in an estimated \$874 million over three years.
- Increasing the Commercial Activity Tax (CAT) for the first time since its inception from 0.26 percent to 0.30 percent. This would bring in an estimated \$743 million over three years.



Shelby County Commissioners Julie Ehemann & Robert Guillozet and Governor John Kasich

Transportation

Authorizes regional planning commissions, regional councils of government, and other associations of local governments to participate in contracts into which the director has entered for the purchase of machinery, materials, supplies, or other articles and exempts those purchases made from such contracts from competitive bidding

Higher Education

- Reform Ohio's dual-credit program, making it more transparent and making the funding more equitable for both high schools and higher education institutions. Also includes the creation of a system-wide "College Credit Plus" data collection and reporting system.
- Move community colleges over to funding based on successful course, degree and certificate completions. This new formula, however, "also protects access to higher education by providing schools with greater payments for older, low income and minority students" who are successful.
- Moves Ohio's technical centers to funding based on completion of programs of study rather than on numbers of students.
- Require the chancellor to administer a course- and program-sharing network "designed to encourage institutions and adult career centers to share existing courses and programs...." Also authorizes the chancellor to join the Midwestern Higher Education Compact "to allow Ohio colleges to deliver distance education to students in other states."
- Create a "globalization liaison" in the Board of Regents "to increase recruitment and enrollment of international students," encouraging them to remain in Ohio after graduation.
- Permit community colleges to give their students a guaranteed tuition rate.
- Require the higher education system to develop a set of standards and procedures for granting college credit for military experience. Also prohibit public colleges and universities from charging "for evaluation, transcription and application of college credit for military experience."
- Develop veteran offices on all college campuses plus give veterans and active military members "priority course registration...."

P-12 Education

- Identify students at-risk of dropping out earlier in their school careers and devise alternative strategies to better engage them including tailored career counseling and alternative paths to diplomas.
- Allow "approved community colleges and career centers to create new initiatives to help adults [without a high school diploma] earn credits toward a high school diploma while pursuing job training coupled with credential efforts."
- Using \$10 million from casino-license fees to provide three-to-one matching grants to develop local mentoring programs.

- Make Ohio's network of technical and vocational education available to students beginning in the seventh grade.



Legislation of Interest

- SB 295** ■ **SUBPOENAS** ([Hughes, J.](#)) To authorize the prosecuting attorney of a county or chief legal officer of a municipal corporation to issue investigative subpoenas for misdemeanors.
- SB 296** ■ **MOTOR FUEL** ([Hite, C.](#)) To create a qualified immunity from liability for the dispensing of incompatible motor fuel when the retail dealer is not involved in the fuel selection, to limit the Product Liability Law with respect to motor fuel and motor fuel additives, and to prohibit an insurer from denying a claim on the basis that an underground storage tank is not compatible with a motor fuel if the State Fire Marshal has determined that the tank and fuel are compatible.
- SB 297** ■ **ABORTION/ADOPTION** ([Jordan, K.](#)) To generally prohibit an abortion of an unborn human individual with a detectable heartbeat and to create the Joint Legislative Committee on Adoption Promotion and Support. Am. 2919.171, 2919.19, 2919.191, 2919.192, 2919.193, and 4731.22; to amend, for the purpose of adopting new section numbers as indicated in parentheses, sections 2919.191 (2919.192), 2919.192 (2919.194), and 2919.193 (2919.198); and to enact new sections 2919.191 and 2919.193 and sections 2919.195, 2919.196, 2919.197, 2919.199, 2919.1910, and 2919.1911
- HB 471** ■ **MILITARY IDENTITY THEFT** ([Dovilla, M.](#)) To increase the penalties for theft, securing writings by deception, and identity fraud when the victim is an active duty service member or the spouse of an active duty service member, to provide that a series of theft offenses or securing writings by deception offenses involving an active duty service member or the spouse of an active duty member must be tried as a single offense, and to allow for a civil action for victims of identity fraud. Am. 2913.01, 2913.02, 2913.43, 2913.49, and 2913.61 and to enact sections 2305.112 and 2307.611.
- HB 472** ■ **MBR BUDGET** ([McClain, J.](#)) To make operating and other appropriations and to provide authorization and conditions for the operation of state programs. Am. 7.10, 7.16, 9.482, 109.572, 109.5721, 111.15, 119.03, 119.12, 121.08, 122.121, 122.136, 122.17, 122.171, 122.21, 122.25, 122.37, 122.64, 122.86, 122.861, 122.89, 122.94, 122.941, 123.01, 124.32, 125.13, 125.182, 126.21, 126.25, 131.02, 133.06, 149.311, 149.38, 150.10, 153.56, 164.26, 166.13, 166.18, 166.21, 173.27, 173.38, 184.02, 191.01, 340.02, 340.021, 718.15, 718.151, 901.22, 903.01, 903.03, 903.07, 903.082, 903.09, 903.10, 903.11, 903.12, 903.13, 903.16, 903.17, 903.25, 921.06, 941.14, 953.22, 1321.535, 1321.55, 1322.03, 1322.031, 1322.04, 1322.041, 1322.051, 1322.06, 1501.01, 1501.011, 1509.01, 1509.02, 1509.04, 1509.05, 1509.06, 1509.071, 1509.08, 1509.11, 1509.222, 1509.223, 1509.23, 1509.27, 1509.33, 1509.34, 1509.99, 1511.01, 1511.02, 1511.021, 1511.022, 1511.05, 1511.07, 1511.99, 1515.01, 1515.02, 1515.08, 1533.081, 1533.10, 1533.11, 1533.12, 1551.34, 1561.31, 1711.50, 1711.53, 2151.417, 2151.421, 2152.19, 2305.25, 2305.252, 2701.09, 2915.01, 2915.03, 2915.06, 2915.061, 2945.402, 3123.89, 3301.0714, 3301.0715, 3302.03, 3302.10, 3313.372, 3313.603, 3313.6013, 3313.6016, 3313.90, 3313.91, 3314.08, 3317.02, 3317.0217, 3317.03, 3319.22, 3319.26, 3321.03, 3321.04, 3321.07, 3321.08, 3321.09, 3324.07, 3326.36, 3328.24, 3331.04, 3333.041, 3333.048, 3333.35, 3333.43, 3333.86, 3345.06, 3358.06, 3365.04, 3365.041, 3365.05, 3365.06,

3365.08, 3365.11, 3701.132, 3701.34, 3701.74, 3701.83, 3701.881, 3702.511, 3702.52, 3702.526, 3702.71, 3702.74, 3702.75, 3702.91, 3702.95, 3704.05, 3730.09, 3731.02, 3734.02, 3734.029, 3734.905, 3737.02, 3745.70, 3750.13, 3750.14, 3770.01, 3770.02, 3770.05, 3772.01, 3772.02, 3772.03, 3772.032, 3772.033, 3772.04, 3772.06, 3772.07, 3772.10, 3772.12, 3772.121, 3772.15, 3772.17, 3772.21, 3772.23, 3772.31, 3772.99, 4121.129, 4123.01, 4123.26, 4123.27, 4123.29, 4123.291, 4123.292, 4123.32, 4123.322, 4123.34, 4123.35, 4123.353, 4123.36, 4123.37, 4123.40, 4123.41, 4123.411, 4123.47, 4123.511, 4123.512, 4123.54, 4123.66, 4123.82, 4123.83, 4125.05, 4141.01, 4141.09, 4141.11, 4141.131, 4141.20, 4141.25, 4141.26, 4141.28, 4141.29, 4141.35, 4511.191, 4729.03, 4729.12, 4729.13, 4729.15, 4729.54, 4729.80, 4729.83, 4729.86, 4731.36, 4737.045, 4740.06, 4743.04, 4758.01, 4758.02, 4758.06, 4758.16, 4758.20, 4758.21, 4758.23, 4758.24, 4758.26, 4758.28, 4758.29, 4758.30, 4758.31, 4758.35, 4758.36, 4758.50, 4758.51, 4758.60, 4758.71, 4781.121, 4781.29, 4905.01, 4905.81, 4905.95, 4921.13, 4921.19, 4923.01, 4923.02, 4923.04, 4928.66, 5104.03, 5123.01, 5123.011, 5123.012, 5123.081, 5123.16, 5123.162, 5123.169, 5123.19, 5123.191, 5123.21, 5123.61, 5123.75, 5123.76, 5123.89, 5124.01, 5124.106, 5124.21, 5124.60, 5124.61, 5124.62, 5124.67, 5126.01, 5126.0219, 5126.041, 5126.046, 5126.051, 5126.08, 5126.21, 5126.25, 5126.42, 5126.43, 5126.45, 5139.05, 5139.34, 5139.36, 5139.41, 5164.34, 5164.342, 5513.01, 5703.052, 5703.056, 5703.059, 5703.21, 5713.012, 5727.47, 5727.91, 5735.01, 5735.026, 5735.03, 5735.06, 5735.062, 5735.07, 5735.09, 5735.12, 5735.141, 5735.23, 5736.06, 5736.09, 5736.13, 5743.01, 5743.02, 5743.021, 5743.024, 5743.025, 5743.03, 5743.04, 5743.05, 5743.051, 5743.112, 5743.32, 5743.51, 5743.52, 5743.62, 5743.63, 5743.65, 5747.02, 5747.025, 5747.08, 5747.71, 5747.98, 5749.01, 5749.02, 5749.03, 5749.04, 5749.06, 5749.07, 5749.08, 5749.10, 5749.12, 5749.13, 5749.14, 5749.15, 5749.17, 5751.03, 5751.20, 5902.02, 5903.03, 5903.10, 5903.11, 5903.12, 5903.121, 5907.01, 5907.04, 6109.10, 6111.03, 6111.04, 6111.44, and 6111.99; to amend, for the purpose of adopting new section numbers as indicated in parentheses, sections 1509.061 (1509.091), 1511.022 (939.04), 3365.04 (3365.06), 3365.041 (3365.032), 3365.05 (3365.12), 3365.06 (3365.031), and 3365.11 (3365.09); to enact new sections 3313.6015, 3365.01, 3365.02, 3365.03, 3365.04, 3365.05, 3365.07, 3365.10, 3365.11, and 3365.15 and sections 107.35, 164.261, 190.01, 190.02, 190.03, 190.04, 321.50, 939.01, 939.02, 939.03, 939.05, 939.06, 939.07, 939.08, 939.09, 939.10, 939.11, 1509.051, 1511.023, 1511.09, 2915.062, 3123.90, 3313.902, 3317.162, 3333.0413, 3333.164, 3333.171, 3333.33, 3333.44, 3333.90, 3333.91, 3345.42, 3345.43, 3345.44, 3345.46, 3365.071, 3365.13, 3721.122, 3772.14, 4121.443, 4121.447, 4758.48, 4758.62, 4758.63, 4758.64, 4909.157, 5122.36, 5123.0420, 5139.12, 5139.45, 5736.50, 5749.031, 5903.01, 5903.04, and 5903.05; to repeal sections 183.35, 903.04, 1509.50, 1511.071, 3125.191, 3313.6015, 3345.062, 3345.19, 3365.01, 3365.02, 3365.021, 3365.022, 3365.03, 3365.07, 3365.09, 3365.10, 3365.12, 3365.15, 3702.93, 3750.081, 4123.419, 5124.63, 5124.64, 5726.08, 5733.30, 5735.16, 5743.06, and 5745.10

HB 474 ■ **LICENSE PLATE** ([Dovilla, M.](#), [Pelanda, D.](#)) To create the "Ohio State Beekeepers Association" license plate. Am. 4501.21 and to enact section 4503.576

HB 478 ■ **TAX CREDITS** ([Boose, T.](#)) To eliminate the requirement that a taxpayer receive a federal New Markets tax credit in order to qualify for the state New Markets tax credit, to allow taxpayers to claim the credit earlier in the credit schedule, and to allow credit-eligible investments to be made in low-income community businesses that derive 15% or more of annual revenue from the rental or sale of real property. Am. 5725.33

Upcoming Legislative Committee Calendar



Tuesday, March 18

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

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**

HB 453 ■ **AGRICULTURE LAWS** ([Pelanda, D.](#)) To include diseases of concern within the scope of the Animal Diseases Law, and to make changes to the laws governing weights and measures and auctioneers, the membership of the Farmland Preservation Advisory Board, and the pesticide licensing renewal process. --**1st Hearing-Sponsor**

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

HB 239 ■ **COUNTY TRANSIT SYSTEMS** ([Ruhl, M.](#), [Brenner, A.](#)) To allow the operator of a county transit system to enter into an agreement with a public or private entity for certain services, materials, equipment, or supplies if determined necessary for the generation of operating funds. --**2nd Hearing-All testimony**

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

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. --**1st Hearing-Sponsor**

Wednesday, March 19

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

HB 459 ■ **DEPOSITORY ACT** ([Sprague, R.](#)) To modify authorized investments of interim moneys and inactive moneys under the Uniform Depository Act --**1st Hearing-Sponsor**

House Health & Aging, (Chr. Wachtmann, L., 466-3760), Rm. 116, 9:30 am

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. --**1st Hearing-Sponsor**

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

HB 422 ■ **TENANT UTILITIES** ([Foley, M.](#), [Blair, T.](#)) To create requirements regarding the measurement and billing of tenant and manufactured home park resident public utility service. --**1st Hearing-Sponsor**

HB 417 ■ **PIPING MATERIALS** ([Thompson, A.](#)) To ensure that all proven and acceptable piping materials be included in bids for water and wastewater utility service improvement projects. --**2nd Hearing-Proponent**