



STATEHOUSE REPORT

Published by: County Commissioners Association of Ohio

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May 16, 2014

Severance tax proposal clears House

After being reported by the House Ways and Means Committee on an 11-to-10 vote on Tuesday, [HB 375](#) passed the House on Wednesday on a near party line vote.

As passed, the bill levies a new severance tax of 2.5% on gross receipts from horizontally fractured shale wells and primarily dedicates the revenue for a personal income tax cut.

Thanks to a floor amendment offered by Representative Brian Hill (R–Zanesville), the House increased the percent of the tax receipts that will be allocated to the local governments in the shale play area from 15% to 17.5%.

Two primary concerns remain with the bill as-passed and are shared by CCAO, Ohio Municipal League (OML), and Ohio Township Association (OTA): *Rep. Brian Hill*



- The local government share is required to fund the “hold harmless” provision which protects the Local Government Fund (LGF) and Public Library Fund (PLF) from the negative impacts stemming from the proposed tax credits and exemptions in the bill that will lead to a reduction in State General Revenue Fund receipts.
- The county budget commissions have been included in the process that distributes the local government share that is directly allocated to the political subdivisions experiencing active horizontal drilling.

CCAO, OML and OTA will be seeking changes to these provisions in the Senate.

Overall, HB 375 earmarks the first \$21 million in severance tax revenue for the Department of Natural Resources (DNR). \$15 million is allocated for DNR’s permitting and regulatory program and \$6 million would be split evenly between the idle and orphan well program and DNR’s geological mapping program. The revenue remaining would then be split with 82.5% going to the Income Tax Reduction Fund, which triggers automatic tax cuts when the fund reaches a certain level, and 17.5% to the communities in the shale play area.

Unfortunately, the revenue required to reimburse the Local Government Fund (LGF) and Public Library Fund (PLF) would come from the local communities' share and reduce the amount of funding available to assist these communities in financing their critical infrastructure needs.

After the deductions for the LGF and PLF the remaining money would be distributed to counties in proportion to the statewide share of oil and gas revenue they produce, with 20% going to counties and 5% for a township road maintenance fund, according to the caucus's summary. Three quarters of the money would go into the Ohio Shale Gas Infrastructure Development Fund to support funding for infrastructure projects that would help to facilitate economic development in the shale play area.

Representative Jack Cera (D-Bellaire) echoed our local governments' concerns noting that the amount of funding for impacted communities will be too meager to help develop water and sewer infrastructure necessary to improve sites for businesses to locate in the Appalachian region.



Rep. Jack Cera

Generally, HB 375 represents the House's response to Governor Kasich's repeated calls over the past two years to raise Ohio's severance tax, which is currently one of the lowest among major oil and gas producing states in the U.S, in order to provide a cut in the state income tax.

Kasich, who proposed a 2.75% severance tax in his mid-biennium review legislation, remains unenthusiastic about the House's proposal according to his spokesman Rob Nichols, who said the governor still believes the measure falls short of what is needed for a significant income tax cut.

However, Representative Matt Huffman (R-Lima), the bill's sponsor, predicted the measure would provide \$316 million in personal income tax cuts over five years. Furthermore, Huffman noted that the bill would satisfy oil and gas industry investors' concerns about Ohio's uncertain severance tax structure. And although the bill would raise taxes on high-volume horizontally fractured shale wells, it cuts by half the current tax rate applied to traditional vertical wells, which are primarily operated by smaller in-state companies.

Several Democrat members lamented what they described as a missed opportunity to restore funding for local governments that Republicans cut in the past two budget bills by imposing a higher tax rate. Representative Robert Hagan (D-Youngstown) noted that other major oil and gas producing states, like Texas and North Dakota, have severance tax rates ranging from 7% to 11.5%.

For more information on this topic, please contact CCAO policy staffer John Leutz by phone at (614) 221-5627 or via email at jleutz@ccaao.org.

Counties, advocates testify on mid-biennium budget review

CCAO provided [testimony](#) on issues of interest to counties on [HB 483](#), the main mid-biennium budget review bill, earlier this week before the Senate Finance Committee.

Cheryl Subler, CCAO's managing director of policy, expressed support for House-added appropriations of \$10M each for both adult protective services and child protective services. Both programs are critically underfunded by the state and rely almost exclusively on local and federal funds.

Subler also shared concerns voiced by CCAO's Health and Human Services Committee members and county behavioral health board directors around separate proposals by both the Administration and House to redirect the \$47.5M appropriated to county boards for SFY15 as a part of the last biennial budget. Generally, there is a concern about the redirection of revenue already appropriated to these local entities. Of particular concern is the House-added proposal to direct these funds to recovery housing, a necessary component of addiction services.



Cheryl Subler

Earlier in the week, mental health advocates, local behavioral health boards, and others testified that while there is no dispute on the need for such services in many counties, local boards are best equipped to know the needs of their communities and how to best balance the local need for addiction services against necessary mental health services. They also shared the challenges of planning how to best provide services after July 1, given the uncertainty around local funding levels.

As a part of her testimony, Subler also shared CCAO's support for a proposal by the Ohio Newspaper Association (ONA) to statutorily move administration of the state's public notice website from the Ohio Department of Administrative Services to the Newspaper Association. Both CCAO and ONA feel ONA's administration of the site will lead to more streamlined processes, thereby making it more user-friendly for public entities and ultimately increasing its utilization, saving counties both time and money.

Separately, the Senate Finance Committee heard Tuesday from panels on both adult protective services and child protective services, comprised of a combination of county job and family services department representatives and advocates in those particular program areas. The panels shared the need for additional state support in both programs on the ground. Organized by the statewide network Advocates for Ohio's Future, they requested that the Senate invest an additional \$10M beyond the House's appropriation, which would total an additional \$20M statewide for each program for SFY15.

The Senate Finance Committee has made available online written testimonies for each hearing: [click here](#), then click on "Committee Documents", and then on the date for which you would like to view all testimony provided to the committee.

It is expected the legislature will wrap up business on HB 483 within the next month.

For additional information, please contact a member of the CCAO policy staff at (614) 221-5627.

Statehouse Etcetera



Commissioners testify in two committees this week. Tuesday morning Fayette County Commissioner Tony Anderson gave proponent testimony on [HB 490](#) (MBR Agriculture and Natural Resources Laws) in the House Agriculture and Natural Resources Committee.

The following day, Ottawa County Commissioner Steven Arndt gave proponent testimony on [SB 310](#) (Renewal Energy) in the House Public Utilities Committee.

Coroners Bill receives first hearing. House Health and Aging Committee heard sponsor testimony from former county coroner, Representative Terry Johnson, on [HB 509](#) (SIDS Reporting and Coroners laws). The legislation will provide for the ability for a county to contract with another county for the services of their coroner. Such authority would exist only when no one files to run for county coroner, or when the sitting coroner dies or resigns in office and a replacement cannot be found.

Another provision in the measure would allow a county coroner who operates a regional autopsy center in a county with a population of or above 175,000, who does not engage in private practice, to receive a 50 percent pay supplement utilizing the special lab fund, provided the lab's fund income is in excess of the fund's expenses for purposes of ORC 313.16. In addition, the coroner must be a forensic pathologist as well as perform a minimum of seventy-five post mortem examinations annually. The bill also allows coroners without a private practice in similarly large counties that do not operate regional autopsy centers to receive a 25 percent pay supplement but only with the consent of the board of county commissioners, provided such coroner is a forensic pathologist and is performing the forensic examinations of the county.

Type 2 annexation reform. A bill that would require the state and political subdivisions to be considered property owners in certain cases for purposes of expedited Type 2 annexations passed the Ohio House this week and moves to the Senate for consideration. [HB 277](#), sponsored by Rep. Peter Stautberg (R-Cincinnati), passed the House 88-2. The sponsor said that "townships have been denied a right to have a say" in Type 2 annexations proceedings, and HB 277 would rectify that.

Investment authority changes proposed. Two companion bills that would change the Uniform Depository Act are being considered in the Ohio Senate and House. Generally, the bills make changes to the types of investment instruments in which the Treasurer of State and a treasurer or governing body of a political subdivision may invest or execute transactions with its interim funds. [SB 287](#), sponsored by Senator Jim Hughes (R-Columbus), was reported by the Senate Finance Committee this week after the Committee removed language that would have prevented a county from being the sole purchaser of debt from another political subdivision, thus keeping in line with current law. [HB 459](#), sponsored by Representative Robert Sprague (R-Findlay), still includes the restrictive provision; however, CCAO understands that some change may be made prior to the bill being reported by the House Finance Committee. Stay tuned!



Legislation of Interest

- SB 337** **ELECTIONS SUBPOENAS** ([Turner, N.](#)) To permit the Secretary of State and the Ohio Elections Commission to issue subpoenas and summons in the performance of their duties, as authorized under the Elections Law, to any person outside the state and to provide for the enforcement of the subpoenas and summons under the Elections Law. Am. 3501.05 and 3517.153.
- SB 338** **CONCEALED WEAPONS** ([Uecker, J.](#)) To permit investigators of the Attorney General's office to be authorized to go armed while investigating nursing home, residential care facility, long-term care facility, Medicaid program, or patient abuse or neglect violations and be exempt from concealed weapons prohibitions in the same manner as sheriffs and police officers; to expand the options for obtaining relief from the disability under the offense of having weapons while under disability; and to modify the concealed handgun licensing law by allowing nonresidents of Ohio to be issued a standard license if they are employed in Ohio or a temporary emergency license if they are temporarily in the state, removing the six-year look-back period from the competency certification exemption for retired or honorable discharged armed forces veterans, adding a competency certification exemption for persons who have completed training at the Ohio Peace Officer Training Academy or the annual firearms recertification program, reducing the number of hours of training required for the competency certification, making a person ineligible for a license if the person has an out-of-state license that has been suspended for a reason similar to a reason that triggers the suspension of an Ohio license, repealing the statutory license application form and instead requiring the Attorney General to prescribe a form and make it available to sheriffs and online, exempting from the license renewal requirement for a specified period a person who is on active duty in the armed forces or in service with the Peace Corps, Volunteers in Service to America, or the U.S. foreign service and is a licensee or who is the spouse or dependent of such a person and is a licensee, eliminating the authority for a lessor of government land or premises to ban firearms or concealed firearms from the land or premises, and modifying the sanction for violating such a ban on private land or premises posted by the owner. Am. 109.731, 109.85, 109.86, 2923.124, 2923.125, 2923.126, 2923.1213, and 2923.13 and to repeal section 2923.1210.
- SB 340** **STATE BUTTERFLY** ([Hite, C.](#)) To designate the Buckeye Butterfly as the state butterfly.
- HB 536** **CHILD CARE IMMUNIZATIONS** ([Smith, R.](#), [Antonio, N.](#)) To require that children enrolled in licensed child care facilities be immunized in accordance with a schedule that is based on the schedule recommended by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention. Am. 5104.015, 5104.017, and 5104.018 and to enact section 5104.014.
- HB 538** **JOB OHIO GRANTS** ([Driehaus, D.](#)) To require that, if JobsOhio provides financial assistance for the cleanup and remediation of brownfields, at least 85% of the assistance must be in the form of grants. En. 187.14.
- HB 539** **BWC CLAIMS** ([Henne, M.](#)) To defer the charging of workers' compensation claims to an employer's experience when a third party may be liable for the claim and to create the Subrogation Suspense Account within the State Insurance Fund to which any

such deferral will be charged. Am. 4123.291, 4123.34, 4123.93, and 4123.931 and to enact sections 4123.932 and 4123.933.

HB 540

JUDGESHIP (**Lundy, M., Boose, T.**) To convert the part-time judgeship of the Avon Lake Municipal Court into a full-time judgeship. Am. 1901.08.

Upcoming Legislative Committee Calendar



Tuesday, May 20

Senate Finance, (Chr. Oeslager, S.) Finance Hearing Room, 10:00 am

HB 483

APPROPRIATIONS/MID BIENNIUM REVIEW (MBR) (**Amstutz**) To make operating and other appropriations and to provide authorization and conditions for the operation of state programs. – **5th Hearing-All testimony – possible vote**

HB 486

WORKFORCE & ECONOMIC DEVELOPMENT/COMPLIANCE INCENTIVES (**Baker, Stebelton**)
MBR WORKFORCE (**Baker, N., Stebelton, G.**) To establish the adult career opportunity pilot program; to revise the coordination of workforce development and economic development programs; to synchronize the due dates of several reports due from the Development Services Agency, the Ohio Venture Capital Authority and the Third Frontier Commission; to revise the law regarding innovation financial assistance and research and development financial assistance; and to permit the Director of Commerce, the State Fire Marshal, and the Ohio Construction Industry Licensing Board to establish compliance incentive programs. –**3rd Hearing – All Testimony – possible vote**

HB 492

LEVY AND ADMINISTRATION OF TAXES (**Scherer**) To provide authorization and conditions for the levy and administration of taxes in this state. –**5th Hearing-All testimony – possible vote**

HB 289

JOINT ECONOMIC DEVELOPMENT ZONES/DISTRICTS-REVISIONS (**Schuring**) To terminate the authority to create new or substantially modified joint economic development zones (JEDZ), to require the creation of review councils to approve and to evaluate the progress of JEDZ development plans, and to authorize businesses and their employees to bring a civil action seeking termination of the JEDZ contract or income tax if the council finds that the development plan is not being complied with. –**6th Hearing-All testimony – possible vote**

House Insurance, (Chr. Hackett, B., 466-1470), Rm. 121, 10:00 am

SB 140

INSURANCE LAWS (**Bacon, K.**) To make changes to the law governing insurance holding company systems, to eliminate the petition requirement for domestic mutual companies that wish to merge or consolidate with another company, to eliminate the commission created to hear and determine petitions for merger and consolidation, to provide the requirements for maintaining a risk management framework and completing an own risk and solvency assessment, and to provide guidance and instructions for filing an own risk and solvency assessment summary report with the superintendent of insurance. –**1st Hearing-Sponsor-Pending referral**

HB 71

INSURANCE VERIFICATION (**Roegner, K.**) To require the Registrar of Motor Vehicles to establish an electronic motor vehicle insurance verification system, to require an insurance company to notify the Registrar upon the cancellation or lapse of a motor vehicle liability insurance policy, to eliminate the financial responsibility random verification program of the Bureau of Motor Vehicles and to make other changes in the procedures for verifying proof of financial responsibility regarding a motor vehicle. –**3rd Hearing-All testimony**

House Agriculture & Natural Resources, (Chr. Hall, D., 466-2994), Rm. 017, 10:00 am

SCR 33

SMITH-LEVER ACT (**Hite, C.**) Honoring the Smith-Lever Act of 1914 on its Centennial. –**1st Hearing-Sponsor**

HB 506

EMISSION STANDARDS (**Thompson, A., Cera, J.**) To require the Director of Environmental Protection to adopt rules establishing standards of performance for carbon dioxide emissions from

existing coal-fired and natural gas-fired electric generating units and to specify factors on which the standards must be based. --1st Hearing-Sponsor

HB 490 **MBR ENVIRONMENT** ([Hall, D.](#), [Thompson, A.](#)) To revise certain laws governing agriculture, natural resources, and environmental protection. --5th Hearing-Opponent & interested party

House Public Utilities, (Chr. [Stautberg, P.](#), 644-6886), Rm. 116, 10:00 am

SB 310 **RENEWABLE ENERGY** ([Balderson, T.](#)) To make changes to the renewable energy, energy efficiency, and peak demand reduction requirements and to create a study committee. --3rd Hearing-All testimony

House Session, (Chr. [Batchelder, B.](#), 466-3357), House Chamber, 11:00 am

- If needed

House Transportation, Public Safety & Homeland Security, (Chr. [Damschroder, R.](#), 466-1374), Rm. 122, 1:30 pm

HB 346 **DRIVER LICENSES** ([Damschroder, R.](#)) To authorize the issuance of an enhanced driver's license, enhanced commercial driver's license, and enhanced identification card to facilitate land and sea border crossings between the United States and Canada and Mexico, pursuant to an agreement with the United States Department of Homeland Security. --5th Hearing-All testimony-Possible amendments & vote

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

HB 533 **TOLL BRIDGE** ([McGregor, R.](#), [Mallory, D.](#)) To provide that a toll project may include the substantial reconstruction or replacement of an existing toll-free highway, bridge, or tunnel, to amend the law governing public-private agreements relative to transportation facilities, and to provide for the collection of user fees on toll projects by toll project operators. --3rd Hearing-Possible amendments, substitute & vote

SB 263 **TAX REFUNDS** ([Peterson, B.](#), [Beagle, B.](#)) To require the Tax Commissioner to notify taxpayers of tax or 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-Sponsor & Possible vote

HB 459 **DEPOSITORY ACT** ([Sprague, R.](#)) To modify authorized investments of interim moneys and inactive moneys under the Uniform Depository Act --4th Hearing-Possible amendments, substitute & vote

House State & Local Government, (Chr. [Blair, T.](#), 466-6504), Rm. 121, 3:00 pm

SB 294 **SAFE DRIVING** ([Hughes, J.](#)) To designate September as "Safe Driving Awareness Month." --1st Hearing-Sponsor

SB 3 **RULEMAKING** ([LaRose, F.](#)) To reform rule-making and rule-review procedures and regulatory processes. --5th Hearing-All testimony-Possible amendments & vote

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-Possible amendments & vote

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-Possible amendments & vote

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

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-Possible amendments & vote

HB 494 **TRANSPORTATION PROJECTS** ([Schuring, K.](#)) To authorize counties to undertake regional transportation improvement projects funded by the issuance of securities and by revenue pledges

from the state and political subdivisions and taxing districts located within the cooperating counties. --3rd Hearing-All testimony-Possible amendments & vote

Wednesday, May 21

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

HB 247 **EXTERNAL DEFIBRILLATION** ([Stebelton, G.](#)) To make clear that any person may perform automated external defibrillation. --6th Hearing-All testimony-Possible amendments & vote

House Public Utilities, (Chr. Stautberg, P., 644-6886), Rm. 121, 9:00 am

SB 310 **RENEWABLE ENERGY** ([Balderson, T.](#)) To make changes to the renewable energy, energy efficiency, and peak demand reduction requirements and to create a study committee. --4th Hearing-No testimony-Possible substitute, amendments & vote

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

- 1st Hearing-Sponsor on bill from Rep. Stautberg on informational resources for Down Syndrome

SB 278 **INFANT DEATH** ([Jones, S.](#)) To require the completion of a sudden unexplained infant death investigation reporting form (SUIDI reporting form) developed by the United States Centers for Disease Control and Prevention, or an alternative reporting form developed by the Director of Health, whenever a child one year of age or younger dies suddenly when in apparent good health and to require that the appropriate child fatality review board receive a copy of each completed form. --5th Hearing-All testimony-Possible vote

SB 230 **CANCER DRUGS** ([Manning, G.](#)) To establish standards for the delivery of non-self-injectable cancer drugs. --4th Hearing-All testimony-Possible vote

SB 99 **CANCER MEDICATIONS** ([Oelslager, S.](#), [Tavares, C.](#)) Regarding insurance coverage for orally administered cancer medications. --4th Hearing-All testimony-Possible vote

HB 301 **DRUG ADMINISTRATION** ([Pelanda, D.](#), [Bishoff, H.](#)) To authorize a person not otherwise authorized to do so to administer certain drugs pursuant to delegation by an advanced practice registered nurse who holds a certificate to prescribe. --4th Hearing-All testimony-Possible vote

SB 258 **PHARMACY AUDITS** ([Balderson, T.](#)) To establish standards for the performance of pharmacy audits. --1st Hearing-Sponsor

Senate Finance, Chr. Oelslager, S., Finance Hearing Room, 9:30 am --****IF NEEDED****

HB 483 **APPROPRIATIONS/MID BIENNIIUM REVIEW** (MBR) ([Amstutz](#)) To make operating and other appropriations and to provide authorization and conditions for the operation of state programs. --6th Hearing-All testimony – possible vote

HB 486 **WORKFORCE & ECONOMIC DEVELOPMENT/COMPLIANCE INCENTIVES** ([Baker, Stebelton](#)) **MBR WORKFORCE** ([Baker, N.](#), [Stebelton, G.](#)) To establish the adult career opportunity pilot program; to revise the coordination of workforce development and economic development programs; to synchronize the due dates of several reports due from the Development Services Agency, the Ohio Venture Capital Authority and the Third Frontier Commission; to revise the law regarding innovation financial assistance and research and development financial assistance; and to permit the Director of Commerce, the State Fire Marshal, and the Ohio Construction Industry Licensing Board to establish compliance incentive programs. --4th Hearing – All Testimony – possible vote

HB 492 **LEVY AND ADMINISTRATION OF TAXES** ([Scherer](#)) To provide authorization and conditions for the levy and administration of taxes in this state. --6th Hearing-All testimony – possible vote

Senate Agriculture, (Chr. Hite, C., 466-8150), Grant Hearing Rm., 10:00 am

HB 116 **ANIMAL CAPTURE** ([Pelanda, D.](#)) To govern the chemical capture of animals, eliminate references

to pentobarbital in statutes regulating animal euthanasia, and terminate the chemical capture provisions of this act. **--4th Hearing-All testimony-Possible amendment & vote**

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 217 **POLICE/FIRE REVENUE** (**Butler, J.**) To require reimbursement of police and fire levy revenue foregone because of the creation of a tax increment financing incentive district. **--2nd Hearing-Proponent**

HB 461 **ANNEXED TERRITORY SERVICES** (**Henne, M., Butler, J.**) To provide that, beginning five years after a type-II annexation is approved, the annexed territory is subject to a fire, police, or EMS tax levy only if the levy is imposed by the subdivision that provides the fire, police, or EMS service to the territory. **--1st Hearing-Sponsor**

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

HB 488 **MBR VETERANS** (**Dovilla, M., Landis, A.**) To require state institutions of higher education to award credit for military training, and to make other changes regarding state support and benefits for veterans and their spouses. **--2nd Hearing-All testimony**