



STATEHOUSE REPORT

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Governor's vetoes impact county taxes

Governor Kasich penned [three vetoes](#) to [House Bill 483](#), the Mid-Biennium Review (MBR) budget bill, that recently passed the General Assembly. The measure, 822 pages in length, contained a wide range of provisions, including further reducing income taxes and altering wind turbine siting. (See past edition of the [Statehouse Report](#) for additional details on issues impacting counties.)

One of two vetoes of particular interest to counties includes the rejection of the provision to lower the tax rate for new water-works tangible personal property from 88 percent to 25 percent. According to the veto message from Governor Kasich, the provision would have provided a special tax break to private water corporations by significantly reducing the taxes they pay on new tangible personal property. "Taxes on tangible personal property owned by other private utilities would remain unchanged at the original high levels. The result would not only be a special tax break for a particular class of taxpayer without valid justification, but it would also mean an unmerited reduction in future tax revenues to local entities."

The second veto applied to a provision CCAO supported and urged the Governor to enact. Specifically, the provision would authorize the disclosure of sales and use tax return and audit information to boards of county commissioners to confirm vendor compliance with a county's sales and use tax. The following new language would have been added to ORC Section 5703.21 to enable the Department of Taxation to share information about sales and use tax with counties:

"(16) Providing to a board of county commissioners any sales or use tax return or audit information necessary to verify vendors' compliance with any taxes levied by the county under Chapter 5739. or 5741. of the Revised Code."

This proposal, put forth by Senator Widener (R-Springfield) in response to long-standing concerns from elected officials in his district, would address questions that have arisen over the years as to whether taxes paid by consumers and businesses are appropriately allocated to the taxing jurisdiction levying the locally enacted sales and use tax, as opposed to a neighboring county.

While CCAO has been supportive of this provision, the Department of Taxation has not. Thus, CCAO wrote [a letter to the governor](#) asking him to retain the provision to codify a review process involving counties when questions arise regarding tax revenue allocation. In the end, the Governor vetoed the provision and provided the following message:

“This provision would essentially create 88 new tax departments in each of Ohio’s 88 counties, all duplicating the tax collection and enforcement activities currently done for the sales and use taxes on a statewide basis by the Ohio Department of Taxation. Not only does this represent a costly and unjustified expansion of government – the cost of which would be imposed on local taxpayers – the resulting duplicative compliance requirements that would be imposed on business would bring significant new costs without any additional benefits to taxpayers or government entities. Additionally, the provision contains no protections for taxpayers’ confidential tax information similar to the protections that currently apply to confidential tax information handled by the Ohio Department of Taxation. Therefore, this veto is in the public interest.”

CCAO staff respectfully disagrees with the veto message’s interpretation of the text that once was in HB 483, specifically contending that the new provision would not have empowered counties to start directly collecting sales tax. Nor, would the language essentially create 88 new county branch offices, but rather would enable interested counties to seek additional information from the Ohio Department of Taxation to obtain information in order to verify that locally enacted sales taxes are being remitted to the appropriate county.

Prior to the Governor issuing this veto, the Tax Commissioner and other key staff with the Ohio Department of Taxation and Governor’s Office took time to meet with Greene County Commissioners, their County Auditor, and CCAO Policy Staff to explain the Administration’s concerns with the language in HB 483, and to describe their existing and forthcoming efforts to provide additional information to improve their customer service relationship with counties. To that end:

- The sales and use tax is scheduled to go live in STARS on June 23rd. Once that occurs, a new step will occur when issuing a new vendor’s license whereby the business address will be matched with the GIS system to identify the proper county.
- Beginning with the tax distribution that occurs in October, each county will receive a new report listing the names of vendors, direct pay permit holders and seller’s use tax accounts that contributed money for the tax distribution. If the vendor is a single location vendor, the business address will also be listed.

Greene County Commissioners and CCAO will have a follow up meeting with the Governor’s Office and Tax Department in October to review these efforts. CCAO looks forward to continuing working with the Administration on this matter, and appreciates Senator Widener’s commitment to his district and all counties. CCAO will collaborate with Senator Widener on future legislative action if needed.



Sen. Chris Widener

If you have questions about this, please feel free to contact CCAO Staffers Cheryl Subler (csubler@ccao.org) or Brad Cole (bcole@ccao.org) at 614-221-5627.

County workforce performance measures coming soon

Workforce development law changes, while not included in the main mid-biennium review bill (HB 483), were not forgotten – the “workforce MBR” measure, [HB 486](#), received full passage by the legislature in early June and was signed by the Governor on Monday.

Of particular interest to counties is language which:

- Solidifies plans by Governor Kasich’s Office of Workforce Transformation to develop a “public dashboard” which would detail, at the individual county level, performance in six key areas for the Workforce Investment Act, along with the adult basic and literacy education program (ABLE) and programs administered under the Perkins act;
- Requires workforce investment boards to use an “in-demand jobs” report, to be compiled and updated by the state, to “cultivate and prioritize” workforce development activities; and,
- Requires the state to submit a single, state unified plan for WIA, ABLE, and Perkins.

While the statutory deadline for the public dashboard on county-specific performance measures is Dec 31, 2014, the Administration plans to make the dashboard available online this fall. Current plans are to focus on six aligned workforce measures between the programs. To view a concept of the dashboard, you can click [here](#) to view a presentation from the March 2014 meeting of the Governor’s Executive Workforce Board. (The presentation on the dashboard begins on page 11.)

Similarly, the state has already begun work on the in-demand jobs report and accompanying policy around what it means to “cultivate and prioritize”, as well as the unified state plan for workforce programming. The Administration intends for the unified state plan to set forth a strategic vision for better aligning the workforce programming in Ohio, so local workforce officials may wish to pay close attention to the goals and vision set forth in the plan, which is to be completed yet this year.

In other state workforce development news, at their most recent meeting the Governor’s Executive Workforce Board heard an update on enhancements made to www.OhioMeansJobs.com, which include assessments for job seekers. (You may recall that under [HB 2](#), unemployment compensation recipients are required to register with and complete certain activities on the site in order to receive benefits.)



Owen, the OMJ mascot

For more information on these topics, please contact CCAO policy analyst Laura Abu-Absi at labu-absi@ccaorg.

Busy week for bill signing

Governor Kasich has signed a slew of bills this week, including mid-biennium review bills and several other bills of interest to counties. Some bills were signed with more fanfare than others, including the main MBR bill, HB 483, which was signed at an event at the Mid-Ohio Food Bank, as well as [HB 130](#), sponsored by State Representative Teresa Fedor (D-Toledo), which was

signed just today at the annual Unlocking the Chains Anti-Human Trafficking Conference. The emergency measure, known as the End Demand Act, will go into effect immediately, and among other things, makes purchasing sex from minors a felony as opposed to a misdemeanor.

The following bills of interest to counties have been signed by Governor Kasich this month, with a whopping 25 signed just this week:

- HB 117 CAPTIVE INSURANCE COMPANIES** (HACKETT R, STINZIANO M) To provide for the operation of captive insurance companies in Ohio.
- HB 130 END DEMAND ACT-HUMAN TRAFFICKING** (FEDOR T) To revise Human Trafficking Laws.
- HB 213 CHILD CUSTODY** (PELANDA D, CELEBREZZE N) To permit a court to grant a motion for permanent custody of a child to a movant if the child or another child in the custody of the parent has been adjudicated an abused, neglected, or dependent child on three separate occasions.
- HB 286 TELECONFERENCE-DEVELOPMENTAL DISABILITIES COUNCIL** (SEARS B, LETSON T) To authorize the Ohio Developmental Disabilities Council to meet via interactive video conference or teleconference.
- HB 289 JOINT ECONOMIC DEVELOPMENT ZONE-DISTRICT** (SCHURING K) To prohibit the creation of new joint economic development zones (JEDZs) and to create and rename JEDZs a municipal utility districts (MUDs)•
- HB 292 AEROSPACE AND TECHNOLOGY STUDY COMMITTEE** (PERALES R) To create the Aerospace and Technology Study Committee.
- HB 399 PRESCRIPTION DRUG ABUSE AWARENESS AND EDUCATION DAY** (SHEEHY M, SPRAGUE R) To designate the first Friday of May as "Prescription Drug Abuse Awareness and Education Day."
- HB 483 MBR-OPERATION OF STATE PROGRAMS** (AMSTUTZ R) To make operating and other appropriations and to provide authorization and conditions for the operation of state programs.
- HB 484 MBR-HIGHER EDUCATION** (ROSENBERGER C, BROWN T) With respect to the coordination and administration of higher education programs.
- HB 486 MBR-WORKFORCE AND ECONOMIC DEVELOPMENT PROGRAMS** (BAKER N, STEBELTON G) Regarding various workforce development and economic development programs.
- HB 487 MBR-K-12 EDUCATION PROGRAMS** (BRENNER A) With regard to education provisions for students in grades kindergarten through twelve.
- HB 488 MBR-HIGHER EDUCATION-MILITARY 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.
- HB 492 MBR-TAXATION** (SCHERER G) To provide authorization and conditions for the levy and administration of taxes in this state.
- HB 493 MBR-WORKERS' COMPENSATION** (SEARS B, HENNE M) To make changes to Ohio's

Workers' Compensation Law and to make an appropriation.

- HB 533 BRENT SPENCE BRIDGE TOLL** (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, and to impose toll.
- SB 3 RULE-MAKING REFORM** (LAROSE F) To reform rule-making and rule-review procedures and regulatory processes.
- SB 99 ORAL CANCER MEDICATIONS** (OELSLAGER S, TAVARES C) Regarding insurance coverage for orally administered cancer medications.
- SB 143 CRIMINAL LAW REVISION** (SEITZ B) To permit the Attorney General to authorize the release of information relating to certain arrests and delinquent child adjudications pursuant to a request for a criminal records check; to regulate the confidentiality of personal information related to community service block grants; to clarify the authority of boards of county commissioners to establish a community alternative sentencing center; to modify the procedure for sentencing and admitting an eligible offender to a community alternative sentencing center; to clarify that an eligible offender must successfully complete any term in a center as a condition of a community residential sanction; to include the best interests of the person as a reason for which an alleged or adjudicated delinquent child who is at least 18 but younger than 21 may be held in an adult detention facility; to eliminate the six-month waiting period for making a motion or application for the sealing of a juvenile court record; to specify that the fact of admission and confinement in an adult detention facility of a person under 21 generally is confidential; to authorize a court to order restitution if a person convicted of driving under suspension or driving under financial-responsibility-law suspension or cancellation fails to provide proof of financial responsibility; to authorize a person charged with multiple offenses in connection with the same act to apply for the sealing of records pertaining to an acquitted charge; to modify the requirements regarding testing for HIV of persons charged with specified sex offense; and to increase the sentence of imprisonment that disqualifies an inmate from participating in the prison nursery program.
- SB 150 AGRICULTURAL ADDITIVES, LIME AND FERTILIZER LAW** (HITE C, PETERSON B) 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 provide for an agricultural pesticide-use category on commercial and private pesticide applicator licenses, and to make other changes to the Agricultural Additives, Lime, and Fertilizer Law.
- SB 172 LAND REUTILIZATION-PROPERTY TAX FORECLOSURE LAWS** (PATTON T) To modify the laws governing land reutilization programs and property tax foreclosures.
- SB 192 INVASIVE PLANT SPECIES** (MANNING G) To grant the Director of Agriculture exclusive authority to regulate invasive plant species.
- SB 263 TAX COMMISSIONER-TAXPAYER NOTIFICATION** (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.
- SB 278 SUDDEN INFANT DEATH** (JONES S, TAVARES C) 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.
- SB 287 UNIFORM DEPOSITORY ACT** (HUGHES J) To modify authorized investments of interim

moneys and inactive moneys under the Uniform Depository Act.

SB 310 ENERGY REDUCTION REQUIREMENTS (BALDERSON T) To make changes to the renewable energy, energy efficiency, and peak demand reduction requirements and to create a study committee.

Statehouse Etcetera

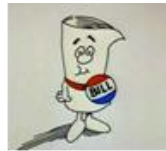


Coming soon – county JFS reform? At this week's signing of HB 483, Kasich touted the creation of a new office in the bill to coordinate and overhaul the state's public assistance programs. The Office of Human Services Innovation under the Department of Job and Family Service's is required to submit recommendations to the governor by Jan. 1, 2015.

"We want people who are dependent to be independent," Mr. Kasich said. "We've got to completely reform our county welfare departments."

The bill also creates workgroups to examine and make recommendations around the current adult and child protective services systems.

Legislation of Interest



[HB 586](#) ■ **JUDICIAL PROPERTY SALES** ([Stautberg, P.](#), [Ruhl, M.](#)) To permit private selling officers to conduct judicial sales of real property. Am. 2329.151, 2329.17, 2329.18, 2329.19, 2329.20, 2329.271, 2329.28, 2329.34, and 2329.39 and to enact sections 2329.152 and 2329.311

[HB 587](#) ■ **BUY LOCAL OHIO** ([Lundy, M.](#), [Budish, A.](#)) To permit political subdivisions to establish a buy local Ohio program. Am. 9.318

[HB 589](#) ■ **ADDICTION TREATMENT** ([Lundy, M.](#)) To provide funds for opioid addiction treatment and rehabilitation services, to make an appropriation, and to name this act the "Save Our Children Now Act."