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# STATEHOUSE REPORT

*Published by: County Commissioners Association of Ohio*

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**November 7, 2014**

## **What may come during lame-duck session**

The lame-duck session of Ohio's General Assembly will kick off this coming week and continue through mid-December, before the biennial session concludes. A wide-range of policy issues will be taken up, ranging from municipal income tax reforms (HB 5) to capital punishment. One item on CCAO's agenda is compensation legislation for county officials along with other elected officials.

Some items the Ohio Senate is expected to take up include the following:

- Municipal Income Tax Reform (HB 5)
- Drug access for prisons, particularly capital punishment
- Red light cameras
- Some 2nd Amendment proposals
- Education reforms
- Financial help to townships and to equalize funding for rural areas.

The Ohio House is expected to be very busy as well, and a few of the many items state representatives will take up include the following:

- Curbing opiate abuse
- Lowering infant mortality rates
- Correcting pension-related issues
- Addressing student educational testing
- Passing the Agriculture MBR, which likely will include various amendments. Possible amendments for consideration could include some limited solid waste reforms, limited opt-out provision for mandatory connection to central sewers (though not in the case of EPA findings and orders), and more.
- Regulating credit unions.

CCAO along with other county officials and other elected officials are seeking action on statutorily prescribed compensation for county commissioners and others. County elected officials, along with other elected officials, last received a cost of living adjustment in 2008. If legislation is not enacted and effective before Jan. 1, 2015, county auditors and the county commissioners who were elected in November 2014, will go 10 years with no change in compensation, if they had been in office since 2008.

CCAO will be forwarding additional information and talking points about the compensation proposal supported by the Association and the Ohio Council of County Officials. In the meantime, if you have questions, feel free to contact CCAO Staffers Cheryl Subler or John Leutz at 614-221-5627.

## **Additional personal income tax cut sure to be part of the next state budget**

The tax policy discussions at the Impact Ohio Post-Election Conference held Nov. 6 confirmed the widely-held expectation that Governor Kasich's administration would continue pushing for significant tax cuts and the Republican-controlled legislature will be with him in that pursuit.

Tim Keen, Director of the Office of Budget Management, indicated that the executive budget, set to be revealed Feb. 2, will once again include plans for restructuring the tax code to accommodate a personal income tax rate cut.

"Whatever proposal the governor puts forward, it will be a net tax reduction, so some of the expected revenue growth from the economy that might otherwise have gone into government spending will be returned to the tax payers," he said, later adding, "We need to continue to move toward eliminating the personal income tax."

"If you're going to make significant progress on the personal income tax, which of course is paid by many businesses, you're going to have to look to rework some of the other areas of the tax code," he said. "There is going to have to be some balance in how that is done. Does that mean that there is going to be some costs borne by business? Yes it does."

House and Senate Republicans offered support for decreasing the income tax, but suggested that revenue to cover the tax cuts should come from additional sales and property tax revenues.

"I would postulate that our focus should primarily be on what we do with the growth revenue rather than looking for replacement revenue," House Finance Chairman Rep. Ron Amstutz (R-Wooster), who is expected to be House Speaker Pro-tem during the 131st General Assembly, said.

Expanding on that point, Senate Finance Committee member Sen. Bob Peterson (R-Sabina) said putting more money in people's pockets by lowering personal income taxes means they'll likely spend more money, which could eventually come back to the state.

"A great opportunity to cut taxes is through job growth, through economic activity through increases in state sales tax, through increases in property tax," he said. "All those things help our local government and our state government and actually help our national economy and that's how we fund some of those tax cuts through growth."

Rep. Jack Cera (D-Bellaire), meanwhile, questioned the necessity of the personal income tax cuts, saying there have been a number of local levies on the ballot in his area.

"My concern is we understand the tax shift from the state to the locals," he said. "To me, that's a shift to the property tax, and we have to be concerned about that."

If tax cuts are inevitable, he said they should be targeted toward the middle and lower class, which have likely been more affected by the increase in sales tax that was implemented to compliment income tax decreases in the current budget cycle.

"We've heard trickle down for quite a while and just cutting taxes for the wealthy doesn't seem to always just create jobs," Rep. Cera said. "I think if we want to create jobs that are good jobs - and those in my mind are the ones we've lost in the manufacturing sector - I think there are a number of other issues beyond income taxes."

On other financial matters, the legislature will continue review of the Commercial Activity Tax (CAT) to ensure that it doesn't affect the competitiveness of businesses in certain sectors, such as those that have thin margins and high volume sales. The guiding principal of the CAT is to keep the tax very broad and the rate very low. A continual review of the CAT application to the various sectors of commerce helps the policy makers recognize when various sectors in the state develop issues that need to be dealt with. The severance tax will be included in budget discussions since its passage in lame duck is unlikely to occur. According to Rep Amstutz, if the issue isn't resolved before the end of session, the House is going to look to the Senate to produce the next severance tax proposal, while Director Keen reiterated the governor's position that the longer the wait, the higher the rate and the broader the base will need to be to gain the administration's support.

Discussion regarding the extent of the state's "rainy day" fund elicited an interesting comment from Rep Amstutz that there may a roll for state intervention on behalf of some local governments and school districts that are struggling financially as a result of the elimination of the estate tax and local government funds. There was also discussion that the proper role for the state may be to partner with local entities to find creative solutions to their financial solutions rather than handing them additional money. Noting that the elimination of the estate tax and the reduction of local government funding were "the right policy decisions," Amstutz went on to indicate that "there are balancing factors we need to look at very closely and figure out how to help those local entities be successful."

## **November statehouse election results**

The GOP had a big night Tuesday. The Republicans again swept all five statewide offices and defended their seats on the Ohio Supreme Court. The party also expanded its majority in Ohio House and maintained its heavy control in the Ohio Senate.

In the Ohio House of Representatives, the Democrat Party lost an additional five seats to bring the breakdown of seats to 65-34. A few of the new members bring county government experience, including Medina County Commissioner Steve Hambley, who will fill the seat being vacated by Speaker William Batchelder. Bob Cupp was a former Allen County Commissioner, State Senator and Supreme Court Justice.



*Medina County Com  
Steve Hambley*

Michael O'Brien is a former Trumbull County Commissioner and mayor of the city of Warren. Scott Ryan currently serves as the Licking County Treasurer, Steve Huffman is the Miami County Coroner, and Rob McColley is the Executive Director of the Community Improvement Corporation of Henry County.

New House Members (29):

Bob Cupp (R-4th District)	Tim Ginter (R-5th District)
Kent Smith (D-8th District)	Janine Boyd (D-9th District)
Stephanie Howse (D-11th District)	Martin Sweeney (D-14th District)
David Leland (D-22nd District)	Hearcel Craig (D-26th District)
Tom Brinkman (R-27th District)	Jonathan Dever (R-28th District)
Christie Bryant (D-32nd District)	Emilia Sykes (D-34th District)
Greta Johnson (D-35th District)	Niraj Antani (R-42nd District)
Jeff Rezabek (R-43rd District)	Paul Zeltwanger (R-54th District)
Nathan Manning (R-55th District)	Michele Lepore-Hagan (D-58th District)
Michael O'Brien (D-64th District)	Steve Hambley (R-69th District)
Scott Ryan (R-71st District)	Sarah Latourette (R-76th District)
Tim Schaffer (R-77th District)	Kyle Koehler (R-79th District)
Stephen Huffman (R-80th District)	Robert McColley (R-81st District)
Nino Vitale (R-85th District)	Bill Reineke (R-88th District)
Steven Kraus (R-89th District)	

New Senate Members (4):

Cecil Thomas (D-9th District)	Sandra Williams (D-21st District)
Kenny Yuko (D-25th District)	Jay Hottinger (R-31st District)

Now that the election is behind us, it's time to meet your new representatives and reconnect with returning legislators. We encourage you to meet with legislators before the end of the year to share your legislative priorities and establish relationships. While members are home in district, it's a great time to offer tours of county facilities, invite them to commission meetings, discuss with them pressing issues facing the county, and promote your legislative needs.

**Legislators heading to County Government:**

Rep. Armond Budish (D-Beachwood), the former House speaker, was successful in his bid to become Cuyahoga County Executive. Rep. Matt Lundy (D-Elyria) won a close race for Lorain County Commissioner, and former State Rep. Casey Kozlowski won an open Ashtabula County commissioner's seat.