

TAXATION & FINANCE

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COMMITTEE PRIORITIES

PROTECT COUNTIES FROM MEDICAID MANAGED CARE ORGANIZATION (MCO) SALES TAX REVENUE LOSSES

The county sales tax is the **#1 revenue source** to the county general fund and currently represents over 50 percent of general fund revenues on a statewide basis. Since 2009, Ohio has levied state and local sales taxes upon services purchased by Medicaid MCO's, but has not levied the same tax on services of other (non-Medicaid) MCO's. The Centers for Medicare and Medicaid Services (CMS) has expressed concern that Ohio's sales tax is not in compliance with federal guidelines regarding health care related taxes because it does not apply to all health care services providers. CMS has advised Ohio that it has until the end of the current state budget period (June 30, 2017) to devise another tax policy that complies with federal rules.

Given that the county and transit authority portion of the Medicaid MCO tax is predicted to be \$200 million in SFY 2019, it is essential that any solution to this issue, at a minimum, address the significant fiscal problem this causes for counties. The loss of the Medicaid MCO sales tax exceeds the county revenue loss attributable to the Local Government Fund (LGF) reductions four and five years ago.

This anticipated revenue loss is one in a series of negative revenue impacts (LGF, investment income, real and tangible personal property

THE COUNTY AND TRANSIT AUTHORITY PORTION OF THE MEDICAID MCO TAX IS PREDICTED TO BE \$200 MILLION IN SFY 2019, AND SOLUTIONS TO OHIO'S TAX POLICY SHOULD ADDRESS THIS SIGNIFICANT IMPACT ON COUNTIES.

tax related losses in some counties) that have created revenue instability for county government. Clearly, Ohio's solution to this problem must protect counties from the potential revenue losses associated with revisions to Ohio's sales tax law.

PRESERVE STATE/COUNTY SALES TAX BASE

CCAO urges the Administration and the General Assembly to preserve Ohio's sales tax base.

SALES AND USE TAX ON AVERAGE
REPRESENTS

50+%

OF COUNTY GENERAL FUND
REVENUE, AND COUNTIES HAVE
BECOME MORE RELIANT ON THIS
VITAL REVENUE STREAM OVER THE
PAST 10 YEARS.

CCAO opposes legislation which would narrow the sales tax base, such as legislation that would exempt employment services and employment placement services from the sales tax.

As part of an overall strategy by the state to reduce Ohio's reliance on the personal income tax, the state has adopted a series of income tax reductions since 2005. These efforts when combined with a .25 percent sales tax rate increase in 2013 have had the practical effect of making the state more dependent on the sales tax than the personal income tax for the first time in decades. The sales tax surpassed the personal income tax as the #1 revenue source to the state general revenue fund (GRF) in SFY 2014. Given the state's increased reliance on the sales tax as the #1 revenue source to the state GRF,

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it stands to reason that state government has a compelling interest in protecting the sales tax as a critical part of the state tax base. Thus, the state and counties should work together to protect the sales tax as a critical funding source for both levels of government.

MODERNIZE INFRASTRUCTURE FUNDING

Ohio's infrastructure has a huge impact on economic development and quality of life. The adequacy of infrastructure funding for our highway transportation system and our local utility infrastructure must be revisited. Adjustments to highway user fees, and additional grants, loans and subsidies for the capital costs of local utility infrastructure need to be considered by the state.

Historically, Ohio has met its transportation needs with motor vehicle fuel (gas) taxes and motor vehicle license fees. Ohio counties rely on an equal share of gas taxes to each county as well as a formula for distribution of motor vehicle license taxes to provide stable funding for county highway improvements. While the combination of gas taxes and license fees has worked well for Ohio's counties and the state, inflationary increases in the cost of construction has effectively reduced the buying power of user fee dollars to make necessary improvements to county roads and bridges.

The state last adjusted the motor vehicle fuel tax in 2005 (2 cents in each of 2003, 2004 and 2005) and last adjusted the state motor vehicle license fee for the benefit of local governments in 1980. Permissive local motor vehicle license fee authority was last adjusted by the legislature in 1987.

Recognizing that local governments need to take responsibility in helping to address local highway funding needs, CCAO, CEO, the Ohio Municipal League and the Ohio Township Association all support additional authority for local governments to adjust permissive local motor vehicle license fees.

Ohio, like much of the country, is facing massive water and sewer infrastructure upgrades. The Flint, Michigan, water crisis and the Sebring, Ohio, lead contamination tragedy illustrated the challenges that our aging infrastructure is facing to adequately provide quality drinking water for both our citizens and businesses that rely on water.

The U.S. Environmental Protection Agency recently released its water quality report to Congress that says it will take more than \$14.5 billion to fully fund needed storm water and waste water projects in Ohio over the next five years. Ohio requires \$7.5 billion in capital costs to prevent or control mixed storm water and untreated wastewater from discharging into water systems – the second highest of all states.

Project costs for new construction and repair or maintenance of our water and sewer infrastructure far exceed the financial capacity of the counties and local governments to incur these obligations. The state must find ways to address these challenges and facilitate payment of these project costs. CCAO recommends exploring options such as: allocating public works bonding capacity to these projects, re-establishing the Ohio water and sewer rotary commission, and providing greater funding support, including more matching grants for governments and citizens confronted with EPA orders to install water and sewer systems.

≈ 5,400

COUNTY BRIDGES ARE RATED AS STRUCTURALLY DEFICIENT OR FUNCTIONALLY OBSOLETE

1,200 BRIDGES HAVE REDUCED LOAD LIMITS

79 BRIDGES ARE CLOSED

SUPPORT RETENTION OF LOCAL GOVERNMENT FUND, HOLD LGF HARMLESS FROM ADDITIONAL CUTS DUE TO TAX REFORM

CCAO opposes any additional cuts to the Local Government Fund in the SFY 2018-2019 biennial budget and supports restoration of some of the cuts imposed on local governments during the FY 2012-2013 biennium.

The Local Government Fund (LGF) represents the most critical element of state assistance to counties. In most counties, the LGF is one of the larger individual sources of income to the county general fund. The concept of sharing the major state taxes with local governments should be retained. From the perspective of counties, the LGF helps pay for various state-mandated programs. Unfortunately, the Local Government Fund has been reduced in recent years, posing an increasing challenge for counties.

From 2001 to the present the Local Government Fund has experienced the following changes in relation to the state:

- July 2001 to January 2008 LGF was cut and frozen for 6.5 years resulting in \$644 million gain to the state GRF and an equivalent loss to local governments.
- LGF put back on a percentage of tax receipts formula (3.68 percent of state GRF) with the support of local governments in 2008.
- LGF distributions decline by an additional \$100 million or 14 percent from 2008 to 2009 due to the fiscal impact of the Great Recession on state GRF revenues.
- SFY 2012-2013 state budget reduces LGF by roughly 50 percent over a two-year time period.
- LGF put back on a percentage of state GRF tax receipts formula with LGF to receive 1.66 percent of state GRF as part of the SFY 2014-2015 state budget.

As part of the SFY 2014-2015 state budget, the General Assembly adopted tax reform changes that reduced personal income taxes, business taxes and state GRF revenues in SFY 2014 compared with SFY 2013 levels. The administration has set a goal of additional personal income tax cuts moving forward. In order to meet the growing expenses of complying with state mandates, the LGF must be held harmless from further reductions in revenues as the state continues the process of achieving tax reform.

Finally, since 2011, proposals have surfaced in the General Assembly to change the formula for distribution of LGF receipts so that townships and municipalities would receive a greater relative share of the funding by reducing the amounts received by most counties. The primary reason stated for this redistribution among the political subdivisions in the county is the fact that counties now receive casino revenue. CCAO opposes this change in the local distribution formula because counties continue to fund many mandated state programs that benefit the residents of municipalities and townships. If the LGF formula is to be changed, it must follow an analysis of not only revenues but also of state mandated expenditure requirements by various local governments.

MODERNIZE COUNTY BUDGET PROCESS AND BUDGET CONTROLS

CCAO supports the modernization of Ohio budget and appropriation laws so that the process is better understood by the public, concentrates on decisions that actually authorize the expenditure of public dollars and gives enhanced expenditure control to the board of county commissioners as the appropriation authority.

The proliferation of special revenue funds and the trend to earmark certain fees for the exclusive use of certain officials reduces flexibility for commissioners to allocate scarce resources to programs most needed and removes effective oversight of the spending of public dollars. Too often when funds are earmarked for functions of specific county elected officials, these officials feel this money is "theirs" to do with as they choose. CCAO opposes any new mandatory earmarking

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of county revenue sources. Ohio's budget laws should be amended to give commissioners more oversight over all county budgets.

PERMIT COUNTY COMMISSIONERS TO ACCESS SPECIAL REVENUE FUNDS

Consistent with the authority of state government to divert money from certain special revenue funds to the state general revenue fund and to provide for the most efficient use of county resources, county commissioners should be authorized to divert money in special funds to the county general fund. Such authority should be exercised in accordance with all of the following:

- Not apply to funds comprised of voted property tax levies for specific purposes.
- Be done pursuant to a resolution of the board after public notice to other elected officials and the public and after a public hearing.
- Assure that adequate funds remain in the fund to meet any specific statutory mandate.
- Be authorized through a resolution that applies only to the current fiscal year.
- Where a county elected official has control over a special revenue fund, permit the official to authorize the commissioners to transfer money from the special fund to the county general fund. If the county elected official with control over a fund refuses to authorize a transfer, permit the commissioners subject to the conditions outlined above to transfer special revenue funds to the general fund.

SEVERANCE TAXES ON OIL AND GAS

CCAO supports the following policy with respect to any proposal to increase severance taxes on the production of oil and gas:

- **Increase the tax rate** – The severance tax on oil and gas companies should be increased to a rate reasonably similar to the severance tax rates established by other oil producing states.

- **Majority of revenue to impacted counties** – At a minimum, a majority of the severance tax revenue derived from horizontal wells should be retained by the counties in the Marcella or Utica shale plays. This revenue should be utilized by the counties and other local governments to develop infrastructure that improves the health, safety and welfare of their citizens or is designed to enhance the potential for economic development, job creation and growth within the shale play area. In addition, this revenue should support the increased demand for government services that are required to respond to, mitigate or minimize the impacts resulting from the activity to access, extract, refine and transport to markets the minerals contained in the shale plays.
- **Revenue from increased severance taxes on oil and gas companies should be used minimally to subsidize any form of tax cuts.**
- **LGF hold harmless** – Local governments must be held harmless for any reduction of the Local Government Fund receipts resulting from the extension of any tax cuts or tax reductions that are subsidized with severance tax revenues. Any revenue required to do this must come off the top prior to any revenue allocated to support state agency operations including the ODNR orphan well closure program. In addition, it should not be taken for the allocation distributed to local governments within the shale plays.
- **Some revenue should be used to restore local government funding cuts or to provide property tax relief.**
- **The property and Ad-Valorem tax formula in state law needs to be revised** - Specifically, the law should provide local communities with more revenue from property taxes than they are expected to receive under the current tax structure.
- **Road Use Maintenance Agreements (RUMA)** – RUMA must be a mandatory condition for issuing a permit for an oil and

gas well and for any permit for deep injection well for hydraulic fracturing waste fluids by the state. If agreement cannot be reached between the well owner/drilling company and local governments, a provision should be made for the appointment of an arbitrator to resolve any disputes and to make sure that a RUMA does not become an impediment to oil and gas development. CCAO also supports a requirement for a RUMA in cases of natural gas and other pipelines which trench road rights of way and other public infrastructure. It is important that public roads be protected from damage by pipeline transportation companies and a mandatory RUMA protects the public investment in highway infrastructure.

- **Injection Wells** – Provisions should be made for local governments that have Class II injection wells operating within them to receive compensation from the injection well operator based on the volume of hydraulic fracturing waste disposed through the well. Waste liquid derived from the hydraulic fracturing process must be required to be processed to reclaim and recycle the water and its other natural and chemical additives and reduce the volume of material remaining that retains no commercial value. The remaining fracturing liquid must be disposed of in a manner approved by the Ohio EPA.

COMMITTEE RECOMMENDATIONS

CASINO REVENUES

CCAO believes that the will of the voters in providing for the distribution of revenues to counties and other local governments should be upheld and that efforts to earmark or specify how these revenues are to be used by local governments should be avoided by the legislature, particularly given the uncertainty associated with this new revenue source. Any change in allocation of the gross casino revenue tax should only occur pursuant to another constitutional amendment.

The constitutional amendment provides clear language prohibiting the state from supplanting existing funding obligations of the state with the new revenue. Efforts to change the Local Government Fund distribution formula to give more funds to municipalities and townships violate the principle of no supplantation of existing funding embodied in the constitution.

COUNTY SETTLEMENT FEES

CCAO supports revisions to the settlement fee formula so that all counties experience comparable rates of growth in settlement fees as settlement amounts grow over time. Many, mostly smaller, counties have experienced a rate of growth in settlement fee increases that has not come close to the rate of growth in property tax distributions. The settlement fee formula was last adjusted in 1986. A formula change as proposed by the County Treasurers Association would benefit all counties at a time when most counties are experiencing tight general fund budgets.

DEVELOPMENT IMPACTS ON TRANSPORTATION INFRASTRUCTURE

While CCAO supports the expansion and development of businesses, counties need additional revenue sources and assistance to address new infrastructure demands caused by that expansion and development. CCAO supports additional grants and revenue sources from the state to help finance such infrastructure. In providing additional support to counties for transportation infrastructure, the state needs to take into account the different needs of rural and urban areas by providing assistance to address specific types of infrastructure challenges that are unique to rural, suburban and urban areas.

CCAO also supports a requirement that county commissioners and county engineers be notified of anticipated major new operations or expansions of businesses that could impact roads. CCAO supports a requirement that businesses/developers should work with local officials in exercising mutual responsibility to maintain the local highway infrastructure.

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In addition to financial support from the state, CCAO also supports new local tools, including collaborative authority for local governments to create transportation innovation authorities (TIAs). Transportation innovation authorities have been utilized by local jurisdictions in other states to finance cross-jurisdictional and multimodal transportation projects that have created jobs.

IMPACT FEES

The legislature should authorize counties to impose impact fees for new development. Permissive authority to impose impact fees should require counties, subject to public notice and comment, to conduct a careful study of additional costs attributable to new development and provide an equitable system for distributing costs among benefitting users. Impact fees could be used to pay for highway improvements, recreational facilities, and water, sewer and drainage improvements.

WAIVER OF TAX BUDGET

Permit a board of commissioners to waive the tax budget provided the county budget commission is given necessary information on tax levy funds.

STATUTORY COURT COSTS

Clerk of court fees (ORC Section 2303.20) were last increased in 1992, and probate court fees (ORC Sections 2101.16 and 2101.17) have not been increased since 1976. These fees help offset the cost of the operation of the clerk of courts office and probate court. CCAO asks that these fees be increased significantly to offset the gross depreciation in their value resulting from inflation over the 22-year and 38-year periods.

BILLING FOR COUNTY EMS RUNS

CCAO supports an amendment to the county EMS law explicitly granting counties authority to bill third parties for emergency medical service runs.

LOCAL GOVERNMENT FUND ESTIMATES

CCAO supports an amendment to the Local Government Fund (LGF) law to require the

Department of Taxation to issue to each county auditor updated LGF estimates in the same manner in which such estimates are provided for the Public Library Fund during the calendar year in which such funds are to be distributed.

TRANSFERS FROM SPECIAL FUNDS TO THE GENERAL FUND FOR COST OF INSURANCE AND SELF-INSURANCE

CCAO appreciates recent changes to the joint self-insurance statutes that harmonize the single and joint self-insurance cost allocation methodologies for benefitting special funds in the county. CCAO recommends that the statutes relating to purchase of health insurance and property and liability insurance be reviewed to assure that ORC Sections 9.833, 2744.08 and 2744.081 are consistent and comply with professional insurance, actuarial and technical standards. As it relates to cost allocation language in these laws, they should be consistent with language in ORC Section 4123.41, which relates to the allocation of costs for workers compensation. Current insurance laws provide costs are to be based on the relative exposure and loss experience. CCAO seeks an amendment to add "or any combination of these factors," to be consistent with language in the workers compensation statute.

PERMISSIVE TAXES

As part of its continuing joint effort with the state to provide stable funding sources for counties, CCAO supports increased flexibility for counties to levy permissive taxes to fund needed services at the local level. Counties should be given flexible authority to levy an additional sales and use tax and the existing sales and use tax in .125, .25 or .5 percent increments for any purpose now authorized by state law. The law should not require commissioners to submit the proposal to the electors; however, the right to referendum should be retained.

The authority to levy local sales taxes should be reserved for counties, and CCAO opposes efforts to give this authority to school districts and other political subdivisions.

SALES TAX BASE BROADENING AND TAX REFORM

As part of a continuing effort to provide stable revenues to counties, enhance county fiscal security and generate revenue in a fair and equitable manner from all segments of our evolving economy, CCAO supports the broadening of the state's sales and use tax base to include additional services and internet, catalogue and telephone sales.

CCAO objects to, and will strongly oppose, efforts to reduce or eliminate, or to recapture for the benefit of the state at the expense of counties, any additional sales and use tax revenue generated by counties through any broadening of the sales and use tax base that extends the tax to additional services, or to additional types of sales, such as internet, catalogue or telephone sales. Finally, if any new tax reform results in the repeal or modification of additional major local taxes, the General Assembly should provide full, complete and permanent replacement of lost revenue to local governments.

VENDOR OR CONSUMER SALES TAX REFUNDS

A consumer or a vendor has four years from the date that they erroneously or illegally paid the tax to file a refund request with the tax commissioner, unless the consumer or vendor waives the time limitation under ORC Section 5739.16 (A)(3). If the time limitation is waived, the refund application period must be extended for the same period as the waiver.

State tax policy should discourage over payment of state sales taxes by vendors. Vendors should be encouraged to pay only the sales taxes that are owed, thus minimizing the need for costly and financially disruptive refunds paid by county governments.

CCAO supports reducing the period of time during which a consumer or a vendor may seek a refund from four to three years. CCAO also supports eliminating the provisions of law (ORC Sections 5739.07 (D) and 5739.16 (A)(3)) permitting a consumer or vendor to waive the four-year time limit for an indefinite period of time.

Existing law requires the tax commissioner to recover from the current receipts of the same tax source from which a refund is to be paid. If the current receipts from that tax source are inadequate for the purpose of covering the refund, then the refund is transferred from the current receipts of the state sales tax and then reimbursed to the state from the next distribution of that tax to the taxing jurisdiction. If the refund exceeds 25 percent of the next distribution of the tax, the tax commissioner may spread the recovery over a period of no more than three years, taking into account the amount to be recovered and the amount of future distributions.

CCAO supports extending the length of time a county may reimburse a consumer or vendor for an overpayment, from a maximum of three years to a maximum of four years.

CCAO supports requiring the Department of Taxation to share sales and use tax return and audit information to boards of county commissioners to verify vendor compliance with a county's sales and use taxes.

INTERNET SALES TAX

In the interests of preserving the base of the state and local sales tax and ensuring that the merchandise marketplace is equitable, with no segment given an unfair advantage, CCAO supports federal legislation that would create an opportunity for states to simplify their sales tax collection systems and enhance their ability to collect taxes from remote sellers.

INDIRECT COST

CCAO supports legislation to authorize counties to recover indirect costs, including the costs of building renovations and expansions, from non-general fund programs, following strict cost accounting principles.

CONTROL OF AUDIT COSTS

CCAO supports legislative and other efforts to relieve counties of the costs imposed by state audits. Audit cost reductions should be based

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on the population of the county, a percentage of the county's annual budget, or other fair and equitable criteria, with special consideration given to the costs imposed on less-populated counties.

In addition, CCAO supports legislation authorizing county commissioners to charge each office for the cost of an audit performed by the state auditor's office, and authorizing the state auditor to waive annual audits in favor of biennial audits for entities that the state auditor determines to be at low risk of having audit exceptions.

DEPOSIT OF ALL FUNDS IN COUNTY TREASURY

Under current law, there are a variety of bank accounts maintained outside of the county treasury. CCAO supports legislation to require all monies collected by county agencies to be deposited and disbursed from the county treasury and all outside bank accounts to be closed. Asset forfeiture funds should also be accounted for within the county auditor's general ledger. Exceptions to this general rule would be allowed for child support custodial monies and law enforcement undercover accounts of the sheriff and prosecutor. In the case of these accounts, additional financial reporting and internal controls would be required.



USER FEES

CCAO supports the increased utilization of user fees to fund specific county services. CCAO supports a thorough review of user fees and modernization of all user fees to reflect the cost of doing business.

General tax dollars should not be allocated to subsidize county functions that benefit users of specific services. Where policy does not dictate uniform statewide fees for services, the county should be given additional authority to adjust fees to reflect the cost of performing the specific service. Existing fees that go to the county general fund should not be earmarked for the exclusive use of any one office. County commissioners must have flexibility to allocate resources in the budget process and provide appropriate oversight of spending of public monies.

In addition, authority should be granted to establish fees for the services of the county auditor as the sealer of weights and measures. Counties also should be given permissive authority to test the quality of fuel, but only if fees are charged to the fuel providers to fully fund the initiative.

Finally, CCAO seeks an increase in the current 50 cent fee to \$2.00, which goes to the county auditor's office, for the transfer or entry of land, lot, or part of lot, or the transfer or entry on or after January 1, 2000, of a used manufactured home or mobile home as defined in ORC Section 319.54 (G) (2).

COUNTY BOARD OF REVISION CHANGES

CCAO supports legislation to do all of the following:

- Create a more informal review process for adjustments to disputed valuations of \$50,000 or less.
- Allow county auditors, with the approval of the board of revision, to correct errors in real property valuations after the tax duplicate is delivered to the county treasurer.

- Allow a board of revision to issue subpoenas and compel the attendance of witnesses and production of records and documents.
- Allow a board of revision to issue protective orders to restrict discovery of a complainant's confidential information.
- File complaints with the probate court to compel compliance with the board's directives.
- Prevent any complainant who fails to provide to the board of revision any evidence or information that affects a property valuation from introducing that un-provided evidence or information in any appeal to the board of tax appeals or to a court.
- Require any person to be current in the payment of property taxes in order to file an appeal with the board of revision.

CCAO opposes legislation to permit anyone to appeal a decision from the county board of revision to the common pleas court. Appeals from the board of revision to the common pleas court should remain limited to property owners.

COMPETITIVE BIDDING

Larger counties should be permitted to waive performance bond requirements on construction projects that do not exceed \$250,000.

Indexing of the competitive bid limit to the consumer price index (CPI) should be required on either an annual or biennial basis.

CONTRACTS FOR FISCAL AND MANAGEMENT CONSULTANTS

CCAO supports legislation to provide that all contracts for fiscal and management consultants only can be executed by a board of county commissioners. This does not apply to appraisal contracts paid from the real estate assessment fund.

ADVERTISEMENT OF DELINQUENT PROPERTY TAXES

CCAO supports legislation to establish a dollar threshold below which the listing of delinquent property taxes would not have to be advertised in newspapers of general circulation and allow the full delinquent property tax list to be published on the internet.

STATE TERM CONTRACTS

CCAO supports legislation to eliminate state fees and quarterly reporting requirements for local governments using state term contracts and permit local governments to take delivery of patrol cars through local dealers.

PRESERVATION OF PROPERTY TAX CREDIT PROGRAMS FOR TAXPAYERS

CCAO opposes efforts to reduce in scope or eliminate the current state-funded property tax relief program, which grants a 10 percent reduction in each taxpayer's real property tax bill, an additional 2.5 percent reduction in real property tax bills for owner-occupied dwellings and additional reductions under the homestead program for homeowners over age 65.

PRESENTMENT OF CERTIFIED COPIES, IN PLACE OF ORIGINALS, TO THE COUNTY AUDITOR

CCAO supports legislation that would authorize the county auditor, when verifying the amount and purpose of monies payable from the county treasury, to accept legible certified copies of original invoices, receipts, bills, credit card statements or checks in place of those original documents.

The generating agency, office, officer, board or tribunal must make original invoices, receipts, bills, credit card statements or checks available for the county auditor to inspect at a time and place mutually convenient to both.

The county auditor must not require a generating agency, office, officer, board or tribunal to provide

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original invoices, receipts, bills, credit card statements or checks if those documents are required to remain in the possession of the presenter for use in connection with any state, federal or other audit.

TAX MAP OFFICE

CCAO supports amending Ohio law to eliminate the requirement that commissioners fund the tax map office from the general fund, allow the tax map office to be funded from the real estate appraisal fund (REA), and establish the county auditor as the appointing authority of the tax map draftsman and other tax map office employees. Permit the consolidation of tax map office services and geographic information system (GIS) services.

COUNTY ENGINEER FUNDING

CCAO supports legislation that eliminates the requirement that the commissioners support any part of the operation of the county engineer's office from the county general fund. To the extent constitutionally permissible, the engineer's office should be wholly funded through motor vehicle gas and license tax revenues collected by the state and distributed to county road and bridge funds by the state.

PROHIBIT TAX LEVIES AT SPECIAL ELECTIONS

Support legislation prohibiting taxing districts from submitting tax levies at special elections in August.

PAYMENT OF LODGING TAXES

Support legislation to increase the penalties for failure to collect and remit the lodging tax to local taxing districts (counties, municipal corporations and townships) so that the penalties are similar to the penalties established by existing Ohio law for failure to collect and remit sales and use taxes.

LODGING TAX AND CONVENTION AND VISITORS BUREAUS

Counties may levy a lodging tax of not more than 3 percent on transient guests who stay at places of lodging in the county. Existing law (ORC Section

5739.09 (A)) requires the county levying a lodging tax on lodging transactions after paying the cost of administering the tax to return an amount not to exceed 1/3 to the municipal corporation or township (that is not levying the same lodging tax) in which the place of lodging is located. At least 2/3 of the revenue remaining after the cost of administering the tax must be placed in a special fund to the benefit of the convention and visitor's bureau.

CCAO supports legislation that would revisit the relationship between convention and visitors bureaus and taxing authorities with particular emphasis upon the purposes for which convention and visitors bureaus may expend funds and the reporting requirements of bureaus to taxing authorities.

PUBLIC UTILITY PERSONAL PROPERTY TAXES

During 2005 to 2008, the state, under tax reform, phased out tangible personal property taxes on machinery, equipment and inventory paid by businesses operating in Ohio, but retained personal property taxes on the tangible personal property of public utilities, including electric, rural electric, natural gas, pipeline, water works water transportation, heating and telegraph companies. Given the importance of this remaining revenue source to counties and local governments, CCAO opposes elimination of or further reductions to personal property taxes paid by public utilities operating in Ohio.

When a utility taxpayer files with the tax commissioner for a reduction in tangible personal property taxes, local taxing districts, including the county commissioners of any county affected by an appeal, should be notified of the appeal and should have standing to appeal the decision of the tax commissioner if the decision of the tax commissioner is adverse to the interests of the affected taxing district.

TAX INCREMENT FINANCING (TIF)

The law permits counties, municipalities and townships to establish TIFs that commence whenever one of the following occurs:

- The value of an improvement exceeds a specified amount.
- The construction of one or more improvements is completed.
- Regarding an incentive district TIF, the exemption may commence in different years on a parcel-by-parcel basis.

This language has the practical effect of allowing TIFs to exist well beyond the 30-year time period originally authorized for a TIF. CCAO supports legislation that would limit TIFs to as close to 30 years as possible while grandfathering TIFs that have been authorized under the new law and are currently in place.

VALUATION OF LOW INCOME HOUSING PROJECTS

In the case of *Woda Ivy Glen Ltd. Partnership vs. Fayette County Board of Revision* (2009), the Ohio Supreme Court ruled that new low income rental properties must be appraised using an income approach rather than a cost approach to value. This decision has the practical effect of undervaluing the construction valuation of these properties, disregarding income to the owners of these properties who receive substantial tax credits, decreasing the tax base for taxing districts and shifting the tax burden to local residential/ agricultural land owners.

CCAO supports an amendment to the property tax law that would permit the valuation of such properties on the basis of construction value, not income. If income approach to valuation must be used, then the value of substantial income tax credits should be added to the income of the owners of such properties for valuation purposes.

SUNSET THE COUNTY RECORDERS TECHNOLOGY FUND

The law permits any county recorder to request on an annual basis that additional county recordation dollars be allocated to the County Recorders Technology Fund for a period of five years. If requested by the county recorder, establishment

of the fund and allocation of the recordation fees from the general fund to the Technology Fund is mandatory. CCAO supports letting this mandate expire at the end of 2018 when existing law makes the allocation of funds discretionary on the part of county commissioners.

LIBRARY AND HEALTH DISTRICT LEVIES

CCAO supports giving a board of commissioners discretion regarding the submission, type of property tax levy (renewal, increase, reduction or replacement), millage, and duration of property tax levies submitted to the voters for the purpose of funding a health district or library. Existing law requires a board of commissioners to submit a levy to the voters whenever requested by a board of health or a library board.