



## 2011 OML Bulletins

**December 19, 2011**

From our families to yours, the League would like to wish everyone the Happiest of Holidays and a bright and wonderful New Year!

### **FIRST HALF OF 129TH GENERAL ASSEMBLY ALL BUT COMPLETE**

As December nears its completion and 2012 literally at our doorstep, the 129th Ohio General Assembly turns the page on its first year of business and is moving forward with a number of unfinished and a few yet to be unveiled pieces of legislation that effect Ohio municipalities. We continue to follow the developments in the House Local Government committee as they have been holding hearings on sub.HB50, the anti-annexation bill and HB246, that would permit some reverse auctions for local governments. HB246 received its fourth hearing on Tuesday with proponent testimony offered by a Valerie Stueland of the City of Dayton. As we have reported to you in previous bulletins, sub.HB50 is still in flux at the moment and we are not certain of what the future holds for this bill. The Senate State and Local Government Committee has taken up legislation dealing with the locating of amateur antenna in residential areas, HB158, which we oppose. The Senate committee held its third hearing on the bill December 7th and likely will hold an additional hearing on the bill sometime the first of the year. We are still anticipating legislation to be drafted and introduced proposing wholesale changes to the current operation of municipal income tax. Besides this short list of bills, we expect the second half of the legislative session will have other bills of municipal interest introduced with a special eye towards what may be included in the administrations' spring budget also known as the Mid-Biennial Review (MBR).

### **LEAGUE DISCUSSES TAX LEGISLATION**

League staff met with Rep. Cheryl Grossman last week to discuss the potential of legislation being introduced that would affect municipal taxation practices. We appreciate the opportunity to meet with Rep. Grossman on this important topic and have agreed to meet again at the end of January to try and resolve issues on contention.

### **REGIONAL GROUP HOSTS FORUM**

This past Friday, members of the Ohio Association of Tax Administrators hosted a legislative forum with former Mayor and current House Finance & Appropriations Chairman Rep. Ron Amstutz. The event was held to discuss proposals being floated around the Statehouse on the institution of a centralized collection system of municipal taxes and concerns with areas of uniformity that may create local budget deficits. We want to thank Rep. Amstutz for his time and efforts to help educate our members of what actions may be coming from the state.

## **SHARED SERVICES RESOURCES NOW ON LEAGUE WEBSITE**

In our efforts to provide our members with greater access to pertinent information and examples of communities that are working on cost saving measures through the sharing of services, we want to alert you that we have created a site on our homepage, Here that we hope to use as a “clearinghouse” for such material. We will be posting information from the work that the Office of Budget and Management (OBM) is undertaking through their own initiative to compile the existing cooperatives and practices currently being utilized by all political subdivisions statewide and to help organize communities not yet participating in these types of programs to cut expenses through reducing duplication of services. We will also be posting examples we have compiled and continue to receive of our own municipalities of what is working for them and what isn’t working, as it relates to shared services.

## **OHIO GENERAL ASSEMBLY ANNOUNCES 2012 LEGISLATIVE SCHEDULE**

The Ohio House and Senate have released the schedule of session and committee dates for the second half of the 129th General Assembly. We have posted the link at [www.omlohio.org](http://www.omlohio.org) under “Current Session Schedule”. There will not be committee activity again until mid January of the New Year.

**December 12, 2011**

### **SUB. HB 50 HAS BEEN REMOVED FROM THE HOUSE LOCAL GOVERNMENT AGENDA FOR DECEMBER 13<sup>TH</sup>.**

### **SB 248 AND HB 346 UPDATE**

The Senate this past weekend released their proposed substitute bills dealing with securitization of electric utilities and some onerous anti-municipal language is included. It is critical that you make calls to your state Senator and Representative early this week about this language. The Language is included in SB248 and HB346.

But first some background information. SB248 and HB346, pending in the Ohio General Assembly would establish standards for the securitization of costs incurred by investor-owned utilities. The bills would permit an IOU to apply to the PUCO for a financing order authorizing the issuance of bonds to recover uncollected "phase-in costs" (and carrying charges) that have been approved by the PUCO for securitization or deferral prior to the bill's effective date. The IOUs argue that allowing them to finance such charges will ultimately save customers money. HB 364 is currently before the House Public Utilities Committee and SB 248 is pending before the Senate Energy & Public Utilities Committee. Both bills are sponsored by key majority party lawmakers. Policymakers are hoping to finalize both bills before the holiday recess and votes are expected soon. The amendment being proposed would do the following:

- The amendment would overturn more than 100 years of precedent. Lawmakers previously recognized the value of local control for municipal electric systems and for customers in Ohio and amended previous electric policy bills (SB 3 and SB 221) to ensure that non-by

passable charges wouldn't follow customers who switch to municipal electric systems from IOUs.

- The amendment is also being proposed extremely late in the process without proper vetting.

Mayor Frank Jackson in his letter to Speaker Batchelder and Senate President Niehaus states, "As you know, proposed language in SB248 and HB364 may require customers to pay a switching fee to an investor-owned utility for changing their electrical service from an investor-owned utility to a municipal electric distribution company. Essentially, customers across the state are being asked to provide additional financial support for the investments of privately-owned utilities."

We strongly encourage you to make calls to your state representative and senator to oppose an onerous amendment to legislation that is expected to be voted on early this week.

### **HB 158 AMATEUR RADIO ANTENNA**

HB 158 dealing with the placement and regulation of amateur radio antenna structures is scheduled for 4<sup>th</sup> hearing and possible vote on December 14<sup>th</sup> in the Senate State and Local Government and Veterans Affairs Committee. This bill attempts to preclude municipalities from certain regulation of these structures as is currently permitted under federal law. OML has already testified in opposition to HB 158. We encourage you to contact committee members expressing opposition.

**December 8, 2011**

### **2011 OML ANNUAL CONFERENCE WRAPS-UP ON A HOLIDAY NOTE**

On behalf of the OML Board of Trustees and staff we want to thank all of our municipal officials who were able to attend our 60<sup>th</sup> annual conference this past week in downtown Columbus. Although we had to readjust because of the change in date for the annual event, we appreciate all those who were able to adjust with us and make the conference a great success. We also want to extend our sincere thanks and gratitude to Secretary of State Jon Husted, Attorney General DeWine, Auditor Dave Yost and JobsOhio President Mark Kwamme for taking time out of their busy schedule to speak with our members about state issues that affect municipal operations.

And finally we want to thank all of our exhibitors for participating in the conference. We hope all who attended the 2 day conference were able to learn new information that will be beneficial to their residents and assist our leaders in being the stewards of their communities.

### **ANTI-ANNEXATION BILL SCHEDULED FOR POSSIBLE VOTE**

HB50, the legislation proposed to curtail the practice of municipal annexation procedures is back on the schedule for next week's House Local Government committee. The committee will be meeting Tuesday, December 13<sup>th</sup>, 1:30 in Hearing Room #121. As was the case this past week,

the Chairman has slated the committee to hear testimony from Opponents, Proponents, Interested Parties' as well as the submission of amendments with the scheduled possibility that the bill will be voted on by the full committee. The committee removed HB50 from their schedule this week for the purpose of working on details of the legislation. As such, it did not receive an official hearing. The league has not been provided copies of amendments that may be offered in committee next week. If we are successful in getting any language changes to HB50, we will alert you and provide you with the information immediately. We encourage all of our members who share our concerns with more legislative proposals to further impede a community's ability to service its constituents and provide growing economic development opportunities to their region through the annexation process, to please attend the House Local Government Committee on Tuesday to oppose this legislation.

## **MUNICIPAL TAX LEGISLATION LOOMING**

Meetings are on-going with members of the Administration, elected legislative officials and parties representing the Ohio Society of Certified Public Accountants to complete a draft of legislation making wholesale changes to the operation of local municipal income tax and the central collection of this critical source of revenue. Municipal interests remain frozen-out of these important discussions amongst policy makers as they craft the economic future of Ohio cities and villages. From second hand sources we understand legislation is imminent and we appreciate those persons who have expressed a willingness to provide us with draft language once it is available. The Resolutions that many of our communities have adopted expressing their opposition to the state taking over the administration of municipal income taxes has been a tremendous assistance to us and we thank you for becoming actively involved in this critical proposal being advanced at the Statehouse. If your community has not expressed their position on the state interfering with the locally generated and administered taxing practices please consider doing so before it becomes too late to be effective.

With the Legislature about to recess for the Holidays after next week, we will be sure to alert our members through special Legislative Bulletins of any activity that may occur during this "down time".

The complete committee schedule for next week will be posted to our website once it becomes available.

**December 2, 2011**

## **LEGISLATION IMPOSING CHANGES TO MUNICIPAL TAX OPERATIONS APPEARS IMMINENT**

As we have shared with you through our past weekly Legislative Bulletins, League staff along with a small number of municipal tax administrators have held ongoing meetings, for over a year, with representatives of the Ohio Society of CPA's to address areas of municipal tax operations that have variances in application. The goal has been to reach agreeable solutions to make application of the tax uniform without putting municipalities' revenues in further jeopardy. We have reached consensus on some issues during the conversations with the OSCPA's where we felt we were all in agreement and have even offered legislative language that would address some of their concerns while keeping the effects revenue neutral. Unfortunately, when we felt progress was being made and there was an understanding that our members cannot be hurt

financially by making changes to existing regulations, we were met with the retort that we are unwilling to compromise and that we don't want any changes to take place. This continuing position by the OSCPA representatives is untrue and distorts the good faith nature we felt we were entering into when we participated in these lengthy discussions.

We have heard from second and third-hand sources that legislation is now being drafted by members of the Ohio House of Representatives along with officials of the administration to address the full "wish list" that the OSCPA's has, regardless of all of the past dialogue that has taken place between our municipal officials and tax preparers representatives.

To provide our members with a better sense of what items were presented to us by the OSCPA's that they want changed, we want to briefly highlight some of the topics discussed.

**Centralized Collection:** First and foremost the OSCPA's want the state to create the much discussed Centralized Collection of municipal income taxes. This has been one of the organizations legislative goals for over 20 years and as you know, this is the first time some of our elected state representatives have felt it's a good idea. We fully expect that Central Collection will be part of the legislative package being drafted.

**Tax Base Uniformity:** One of the most wide ranging areas of discussion has been defining what is taxable, although many of these areas were addressed in previous uniformity bills from past General Assemblies and were purposely not altered for economic development considerations. Defining the tax base would include such factors such as how Net Operating Losses (NOL's) are treated, Pensions, Deferred Compensation, Stock Options, Health Savings Accounts, Lottery/Casino winnings and how to treat Electric and Telephone companies. Included in this long and fluid list is the biggest revenue hit to many of our municipalities, changing Net Operating Loss practices. Currently, 151 Ohio municipalities do not offer Net Operating Loss carry-forwards to businesses and the OSCPA's want the state to mandate to Ohio communities that they provide this business tax deferment practice. This proposed mandate would be a tremendous financial blow to 151 of our communities that have a uniform zero NOL policy. This is getting at uniformity, by lowering the taxing obligations of businesses that reside in our communities and are users of services cities provide. **We object whole heartily to this attempt.**

**12 Day Occasional Entrant Rule:** Business advocates are not happy with the results of previous legislative compromise of making the occasional entry rule uniform and agreeing to 12 days as a good standard. Now, they want it to be at least 30 days or even 90 days before someone working in a community would be required to help support the services they rely on to make their job safe and productive. We believe this is will significantly reduce a community's revenues and thus we object to its inclusion.

**Standardizing Assessments & Appeals:** In this category, topics being discussed are the Assessment and Appeal process, Due Dates and Extensions, munis that don't comply with the law and posting Rules and Regulations. To start with the last item, it is already required that municipalities that have an income tax must post the ordinance and any rules and regulations on the community's website. We continue to hear horror stories of communities throughout the state that we are told just won't follow the law but we are never given any specific names of these places for us to follow-up on. On the issue of Due Dates and Extensions, we have suggested and we thought agreed to that we would all conform to Federal deadlines and procedures, those being uniform.

**Ohio Business Gateway:** As part of our previous conversations, we have always reminded our counterparts that the Ohio Business Gateway is a system that has been heavily invested with taxpayer dollars, by the State of Ohio, and was created to act as a central collection point to ease the stress of business filer's requirement to file in various taxing jurisdictions. We have pointed out the limitations of the current system when it comes to accompanying documentation needed to effectively administer a local tax. It seems only reasonable that it would be a benefit to everyone if more improvements were made to make OBG truly effective.

These items represent what our "negotiations" have been centered around and the areas of contention that remain. Although these are the issues we have been working on, we fully expect that what legislation is drafted will include other "treats".

### **MAYOR'S COURT LEGISLATION HEARD**

The Senate Judiciary Committee heard sponsor testimony on Wednesday from Sen. Patton on his recently introduced legislation, Senate Bill 254, which would raise the minimum population of jurisdictions with Mayor's Court from 100 to more than 200 persons. We will be sure to alert you of any further hearings on the bill and if any amendments are generated by the proposal.

### **LEAGUE TESTIFIES IN OPPOSITION TO AMATEUR STATION ANTENNA STRUCTURES PROPOSAL**

League staff presented opposition testimony yesterday to the Senate State & Local Government & Veterans Affairs committee on HB158, legislation aimed at codifying federal regulations on the height of ham radio antennas. The Municipal League opposes the bill on the grounds that if enacted, the statute would be in violation of the Home Rule clause found in Article XVIII, Section 3 of the Ohio Constitution. OML Legal Counsel John Gotherman's testimony is available [HERE](#). The bill was passed by the Ohio House June 7<sup>th</sup> and Wednesday's hearing constituted its second hearing. There is a companion bill in the Senate (SB93) that has received one hearing.

### **ANNEXATION BILL SCHEDULED FOR HEARING**

HB50, Rep. Schuring legislation proposing changes to current annexation laws is scheduled for a 6<sup>th</sup> hearing by the House Local Government Committee. The committee will be meeting Tuesday, December 6 at 1:30 pm in Hearing Room 121. The bill is scheduled to receive testimony from Proponents, Opponents, and Interested Parties with the possibility of amendments and a vote. Although the bill is scheduled for this packed additional hearing, we are trying to get copies of amendments that may be offered as we grapple with trying to get a clear picture of where the legislation is heading. We appreciate Chairman Blair's communication with us on the status of the bill and for his endeavors to keeping us as up to date as possible.

### **HEALTH CARE INNOVATION CHALLENGE ANNOUNCED**

Last week, the Center on Medicare and Medicaid Innovation announced the establishment of the Health Care Innovation Challenge (HCIC). The challenge will **award up to \$1 billion in grants to local governments** and public-private partnerships who are able to implement the most compelling new ideas to deliver better health, improved care and lower costs to people enrolled in Medicare, Medicaid and CHIP, particularly those with the highest health care needs. **Awards will range from approximately \$1 million to \$30 million for a three-year period.** According to the Center on Medicare and Medicaid Innovation, the objectives of this initiative are to:

\*Engage a broad set of innovation partners to identify and test new care delivery and payment models that originate in the field and that produce better care, better health, and reduced costs through improvement for identified target populations.

\* Identify new models of workforce development and deployment and related training and education that support new models either directly or through new infrastructure activities.

\* Support innovators who can rapidly deploy care improvement models (within six months of award) through new ventures or expansion of existing efforts to new populations of patients, in conjunction (where possible) with other public and private sector partners.

**Application Information:** Potential applicants must submit a Letter Of Intent (LOI), through the LOI page, by December 19, 2011 in order to be eligible for a funding award. All applications must be submitted electronically through [www.grants.gov](http://www.grants.gov). **To ease your search in locating the HCIC link on the grants.gov website, you may want to search using the funding number which is CMS-1C1-12-001.** Applicants are strongly encouraged to use the review criteria information provided in the “Application Review Information” section in the Funding Opportunity Announcement (FOA) to help insure the proposal adequately addresses all the criteria that will be used in evaluating the proposals and to learn more about the application process.

**Important Dates:** To participate in the Innovation Challenge, applicants must provide specific information by specific dates. These are:

- Letter of Intent: December 19, 2011
- Applications Due: January 27, 2012
- Anticipated Award Date: March 30, 2012

For more information, please direct your questions to [InnovationChallenge@cms.hhs.gov](mailto:InnovationChallenge@cms.hhs.gov).

## **November 18, 2011**

The Ohio Legislature will be observing the upcoming Thanksgiving holiday so next week around the Statehouse will be rather quiet. We hope you all have a very happy Thanksgiving holiday.

## **MUNICIPAL TAX UNIFORMITY DISCUSSIONS CONTINUE**

This week OML staff along with a group of Tax Administrators from around the state met again with members of the Ohio Society of CPA’s to discuss issues of municipal tax uniformity. We were honored to have Rep. Henne and his aide Alyssa join the meeting as we address areas of concern not only of the tax preparer’s perspective but also difficulties our tax Administrators are encountering and would like to be addressed in legislation. The most difficult points in our discussions as you can imagine are when areas are discussed for “reforming” which will result in non-revenue neutrality for our members. We continue to reiterate and remind those proposing ideas to change our municipal tax operations of the severe consequences of action taken by the General Assembly in the last biennial budget through the slashing of funding to our cities and villages that our communities will not be able to weather additional assaults on our revenues and expect Ohio’s residents to be satisfied with the level of services provided by their hometowns. We expect that after the representatives of the OSCPA’s take back to their legislative committee and we discuss with our representatives the dialogue that took place and the ideas that were put forth, we will meet again to try and reach a final area of common ground to go forward to fixing

areas that need attention and leaving areas alone that would jeopardize the safety of Ohio residents.

In regard to the ongoing discussions from the administration of the idea of the state taking over the collection of municipal income taxes through some sort of centralized collection scheme, all we can share with you is that meetings have been taking place with Legislators, Tax Commissioner Testa and other administration officials, and representatives of the OSCPA as they continue to talk of the creation of such a statewide intrusion of local control. We are disappointed that we have been frozen-out of attending these discussions and look forward to the day when we are invited to participate in crafting proposals that will directly affect the future of Ohio's municipalities. We thank those councils that continue to examine this radical proposal by the state and whom have expressed through Resolutions their opposition to this proposal going forward. We also very much appreciate those Legislators who are accepting the invitations of our regional municipal organizations to meet in their districts to discuss some of the ideas coming from the Statehouse and how a spirit of consideration and communication will result in the most desirable outcome for everyone.

### **LOCAL GOVERNMENT INNOVATION PROGRAM LEGISLATION HEARD**

On Tuesday, the House Finance and Appropriations committee met and heard sponsor testimony from Rep. Ron Amstutz on his recently introduced bill, HB371, which proposes to adjust the Local Government Innovation Program that was created in the last biennial budget. Because the budget process did not afford legislators sufficient time to completely iron out all of the details of the \$45 million program envisioned to assist local governments with launching new innovative initiatives that would result in cost savings to communities, the legislation is there to be the vehicle to finalize the remaining and significant details. An example of items being considered in the bill for clarification is the mix and configuration of loans versus grants and how to insure that some level of distribution amongst local governments of differing sizes is achieved. Rep. Amstutz shared with the committee that he believes the legislation will be passed by the House rather soon and acted upon by the Senate possibly sometime in the new year.

### **HOUSE LOCAL GOVERNMENT COMMITTEE HEARS REVERSE AUCTION BILL**

Chairman Blair and the members of the House Local Government Committee held its third hearing on Rep. Roegner's HB 246 which is legislation that would give Ohio municipalities the ability to use the electronic bidding process known as reverse auctions for construction services and supplies. The third hearing held on Tuesday was for opponents of the bill with testimony presented by contracting organizations such as the Ohio Contractors Association, Association of General Contractors and various other contractor organizations. The League continues to support this important piece of legislation that would give our municipalities a tool in the ever depleting "tool box" to help control costs on badly needed and often government mandated projects.

### **DEPARTMENT OF TAXATION RELEASES BOARD OF TAX APPEALS REPORT**

As a requirement included in HB153, the recently passed biennial state operating budget, Tax Commissioner Testa was instructed to conduct a review of the operations of the Board of Tax Appeals by November 15, 2011 and submit a written report to Ohio legislative leaders assessing the Board's operations and recommendations for improvement in the appeals process, internal

operations and other operational matters the Commissioner “deems advisable”. The completed report is available at [www.tax.ohio.gov](http://www.tax.ohio.gov).

## **November 10, 2011**

Happy Veteran’s Day to everyone but especially to those who sacrificed much for our country. As the saying goes, “all gave some, but some gave all” and we honor the sacrifices of our Veterans and their families.

We want to congratulate those municipal candidates whom were successful in their running for their first public office and to those hearty souls who ran for re-election. Equally, want to send our condolences to those who were not successful in this go around. We honor those that serve their communities in these challenging times for our local governments and stand ready to be of any assistance to our new and returning public servants as they face the work ahead in service to their friends and neighbors. We expect the Ohio General Assembly will be returning to a full session and committee schedule very soon as the leaders of the House and Senate continue to digest the effects of the November 8<sup>th</sup> election. We remain very hopeful that we will be offered an opportunity to work in a spirit of cooperation and communication with legislative leaders as they develop proposals that may affect Ohio municipalities in the future.

Because of Veteran’s day, committee notices for the upcoming week may be delayed in being announced. We will be sure to notify you on Monday if there are committees that schedule hearings for any bills of municipal interest. Please have a safe and reflective Veteran’s Day weekend.~

## **AUDITOR OF STATE YOST REACTS TO CENTRALIZED COLLECTION IDEA**

Earlier this week we were provided a copy of a letter Ohio Auditor Dave Yost drafted to Ohio Tax Commissioner Joe Testa, detailing concerns the Auditor has with the concept being discussed for the state to take over the local collection of municipal tax revenues by creating a state run centralized collection operation. You can find the letter [HERE](#). We share with Auditor Yost his concerns for the negative consequences that could result if such a transformation occurred and thank him for his thoughtful consideration of this very troubling initiative to interfere with Ohio municipalities revenues.

## **LOCAL GOVERNMENT INNOVATION FUND COUNCIL HOLDS ORGANIZATIONAL MEETING**

This past week, the first meeting of the Local Government Innovation Fund (LGIF) Council was held. We want to thank David Collinworth, City Manager for the City of Westerville for serving as the Ohio Municipal League’s representative on the Council. The Council will be meeting again December 1<sup>st</sup> to continue developing the administration of the program. As you are aware, through HB153 the recently enacted state operating biennial budget, the LGIF was created to distribute \$45 million in loans and grants to political subdivisions for local government innovation projects. The program will be administered through the Ohio Department of Development and applications will be reviewed and acted on by the members of the governing council. Although all of the final specifics are still being resolved, the timeline for the application and awarding of funding appears to be the applications will be finalized and available

sometime in early January, with the application acceptance window opening February 20<sup>th</sup> and ending March 1, 2012. The awarding of first round funding will take place April 1, 2012. There will be a total of three rounds of applications and funding opportunities as part of the program.

As details become clearer, we will be sure to notify you of any changes or dates that you will need to be aware of to be considered for what we expect to be a very competitive process. There is also a website that has been established at <http://development.ohio.gov/Urban/LGIF.htm> where future information will be available.

## **November 4, 2011**

Happy post-Halloween and pre-Election Day Greetings!

The Ohio Legislature has been concentrating all of their attention the last two weeks on coming-up with a new statewide Congressional district map that will be acceptable to enough members in the minority party to receive their vote while at the same time trying to avoid the whole subject being put to a referendum vote next year. That obviously has not been an easy task for the Governor and his Republican majority members in the House and Senate, but they continue to negotiate and attempt to reach an amicable resolution. As such, there were no committee hearings this week and none have been scheduled for next week as well. We do expect things will begin getting a little busier after the voters have their say on Tuesday with more dates in November for session and full committees to meet.

We appreciate the regional tax administrators groups who continue to invite their regional legislators to their meetings to discuss the administrations pursuing of the state taking over the collection of municipal taxes through a centralized collection mechanism and also appreciate the many councils whom have acted on adopting resolutions in opposition to this plan. If you have not already, please forward to us any Resolutions your community passes on this topic and letters to your House and Senate members that you draft so we have a good idea of how our communities feel about this onerous topic that continues to receive momentum from administration officials. Have a great weekend and don't forget to vote.

## **October 18, 2011**

As we had announce in a previous Legislative Bulletin, the Ohio Office of Budget and Management (OBM) has been given the task through the recently passed state operating budget to survey all local governments and school districts on practices they are using regarding the sharing of services in an attempt to save money and/or offer a greater streamlined approach to constituent services.

The OBM has asked for our assistance in getting the online link to the survey to our members and to encourage you to please complete the brief survey so that the state can maximize its outreach to communities that can use assistance learning more about varying opportunities there are for shared services and to complete the mosaic of who is doing what statewide.

The link to the survey can be found below as well as additional explanation from OBM on the requirements placed upon them and the need for good information. The deadline to complete the survey is October 28th. Thank you for your time and assistance with this request.

## SHARED SERVICES SURVEY

Across the public sector, state and local government agencies are being asked to do more with less during challenging economic times in an effort to deliver essential public services in more efficient and effective ways. 'Shared services' is one means by which many publically-supported organizations are finding ways to achieve streamlined operations, administrative cost savings and improve service delivery to Ohio taxpayers.

Am. Sub. H.B. 153, the FY 2012-2013 biennial state operating budget for Ohio, was passed and enacted in June 2011 and requires the Director of the Governor's Office of 21st Century Education to conduct a shared services survey of Ohio's school districts, community schools, STEM schools, chartered nonpublic schools, joint vocational school districts, and other educational service providers and **local political subdivisions** by October 15, 2011. This survey will be utilized to collect baseline data on existing shared services arrangements as well as to identify where there may be opportunities to do more.

There are several purposes for this survey:

- To identify and celebrate ways that publically-funded organizations across Ohio are CURRENTLY sharing services and/or have PLANS to share services;
- To identify best practice shared services delivery models where there is potential for near-term cost savings and improved service delivery that can be replicated;
- To identify obstacles and barriers to successful sharing of services; and
- To identify the conditions for success that characterize successful shared services.

Please take a few minutes to complete this survey. The survey can be accessed online at: <http://survey.education.ohio.gov/se.ashx?s=60DA72701C32FD35>

Participants will have until **October 28, 2011**, to complete the survey. Results will be included in the plan and recommendations released in December. The Administration is working closely with all interested stakeholders to ensure the survey results reflect the current state of shared services and accurately identify new opportunities for collaboration.

**In preparation to complete the survey, respondents should be prepared to provide the following information:**

- Your organization's 2010-11 Total Annual Operating Expenses;
- Identification of your organization's collaborative or shared service projects;
- The amount spent or purchased in 2010-2011 through a shared service arrangement provided by another governmental entity;
- The amount of your 2010-2011 total annual revenue generated by providing shared services and other consortia programs or services to another governmental entity.
- Information about your core technology systems.

**It is recommended that you have this information prior to completing the survey.**

Your direct and candid responses will assist the state in developing the appropriate policies and

related support systems to ensure the ongoing delivery and sustainability of essential public services to all Ohioans.

### **October 14, 2011**

The General Assembly was in recess this week so nothing to report to you committee or session-wise. We expect next week to be quiet at the Statehouse as well. We want to thank all those members of the League who continue to contact your representatives and senators on the opposition to the concept of the state centrally collecting your municipal income taxes and please continue to send us copies of Resolutions and letters you are producing so we can continue to refer to those when we meet with your legislators. Have a safe and happy weekend~

### **OHIO BUSINESS GATEWAY COMMUNITY “PROFILES” FOUND TO BE FLAWED**

As we continue to meet with Legislators and hear ideas on how there is a great need in the business community to have complete uniformity of municipal taxing procedures, we have come across some information provided by the state that reflects inaccurate information of communities taxing practices and in some instances, in the tax rate that is to be applied. We bring this to your attention in hopes that a member of your tax office or other finance official will be able to verify that the information the state has listed online is accurate for your city or village. The community “profiles” can be found through the Ohio Business Gateway website and specifically the link to pull-down your individual communities information is at [www.business.ohio.gov/efiling/help/MuniContact/MuniContactsList.aspx](http://www.business.ohio.gov/efiling/help/MuniContact/MuniContactsList.aspx). Please take a moment and verify the accuracy of the important information as it is reflected on the OBG site. It is important that Legislators understand as accurately as possible where the variances in municipal tax collection provisions are and the information provided by the gateway site is one avenue that is being looked upon to have the best information on the taxing operations of our communities. We know that in many cases the OBG does not always have the most timely information and we continue to try to work with the administrators of the system to point out flaws and correct bad information when we find it.

### **September 30, 2011**

Greetings! September was a busy month around the Statehouse with Sessions and committee hearings resuming from the legislatures summer recess. We anticipate a slight lull in the legislative calendar for the month of October. As such, there are no session dates or committees scheduled for next week. Included in this week’s Bulletin are two requests from state agencies asking for your help in providing information contained in upcoming and current surveys, initiated by the recently passed state budget. We would appreciate our member’s assistance in providing the brief information being requested which ultimately will result in benefits to your communities operations and future planning. Have a safe and happy weekend!

### **MUNICIPAL INCOME TAX CENTRAL COLLECTION CONCERNS PERSIST**

Although there have not been further public comments made by administration officials on designs by the state of Ohio to take-over the collection of your municipal income taxes, we want to encourage our members to continue reaching-out to their state Representatives and Senators, Governor Kasich, Lt. Governor Taylor and Tax Commissioner Testa on the detrimental consequences a central collection system would have to your communities financial stability. League staff continues meeting daily with members of the General Assembly and other officials on our opposition to the idea of the state acting as the collector of our local revenues and the severe negative implications that we feel would result from the reduction in compliance and auditing capabilities, just to name a few. We believe that local taxing practices are best handled by local residents and local leaders who know their communities best. Not only would our revenues be in jeopardy at a time when the state budget effects are being realized but the customers our communities serve would be forever changed by taking local control away. We want to thank those municipalities whom have passed and forwarded on to us and their Statehouse members letters and Resolutions expressing their individual city or village's opposition to this troublesome concept. We also thank the regional groups who are continuing to host forums for Legislators to meet with our local leaders and thank those members of the General Assembly who are willing to make time in their busy schedules to spend time with our concerned members. Please keep up the lines of communication so that no one misinterrupts any silence on the issue from our League members as a passive acceptance of the proposal.

### **LEAGUE PRESENTS PROPONENT TESTIMONY ON REVERSE AUCTION LEGISLATION**

In Tuesdays House Local Government committee, League staff delivered proponent testimony on Rep. Roegner's HB246, legislation recently introduced which would once again give local governments the authority to conduct electronic reverse auctions for supplies and services related to construction projects. The testimony can be found [HERE](#). Municipalities had previously had the ability to conduct these cost saving bidding procedures under the authority of the constitutionally granted Home Rule provision, but this resource became prohibited several years ago by the General Assembly. Rep. Roegner's important piece of legislation restores the permissive reverse auction option for such significant projects, especially as our communities are facing a future of unfunded mandates from federal and state regulatory agencies. We want to thank the representative for her assistance in offering our communities a resource to conserve taxpayer dollars. We will alert our members when the next proponent hearing is scheduled for HB246 for those interested in coming to the Statehouse to share your support for this measure.

### **OBM ANNOUNCES REGIONAL SHARED SERVICES SURVEY REQUEST**

The Office of Budget and Management has asked for our assistance in communicating with our members an upcoming survey the agency will be conducting on statewide regional shared services. As the attached memo from OBM ([HERE](#)) describes in greater detail, the online survey will be coming-out on October 14 and has a completion deadline of October 28. It is important that the greatest amount of political subdivisions participate and respond to the survey request, so that the newly created Regional Shared Service Center System accurately reflects where the need is greatest to help communities work towards cost cutting initiatives which can offer relief to individual operating budgets.

### **SOIL AND WATER CONSERVANCY DISTRICT NEEDS YOUR HELP**

The Ohio Federation of Water and Soil Conservation Districts also has a short survey that they need input from our local leaders on. HB153, the recently passed Biennial Budget created the Ohio Soil & Water Conservation Commission Program Delivery Taskforce, tasked with

identifying obstacles to the effectiveness of the state's SWCD program with the goal of eliminating redundancies and inefficiencies in the current program. The link [HERE](#) will take you to additional information from the OFSWCD and to the web address where the survey monkey is located.

### **September 23, 2011**

The General Assembly was back in force this week with issues of redistricting, both Congressional and the new state legislative boundaries for our state Representatives and Senators, again taking-up the most attention. Although there were few municipal legislative bills that were heard League staff continues to meet with Legislators who are interested in furthering change on local government.

We would like to thank Rep. Roegner for her introduction and presenting sponsor testimony before the House Local Government Committee on HB246, legislation which would authorize political subdivisions to purchase by reverse auction certain services and supplies that are currently prohibited from purchasing by such a system. We thank Representative Roegner for her interest in assisting our municipalities to pursue greater cost saving mechanisms as they go through the purchasing process and hopefully adding a tool to our diminished local government tool box. We look forward to supporting the legislation and hope it receives favorable consideration by the Legislature.

Next week's legislative session and committee schedule is pretty light compared to this week's activities with the House and Senate only scheduled to be in session on Tuesday. October's agenda also appears to be condensed as the General Assembly is scheduled to hold session meetings on an "if needed" basis. Be assured that we will continue to keep you updated on legislative activity affecting our municipalities and we strongly encourage you to have conversations with your individual members of the Ohio General Assembly on issues that are affecting or may affect your communities operations in the future.

### **September 16, 2011**

The General Assembly returned this week with the bulk of the heavy lifting being done in the Ohio House. On Thursday, the lower chamber passed and sent to the Senate HB 319 which is legislation instituting new Congressional boundaries reflective of the latest U.S. Census results. Because of the loss of population Ohio has experienced in the last ten years, Ohio's Congressional delegation has been reduced from 18 to 16 seats. The Ohio Senate is sure to address the bill next week with an expedited committee hearing schedule and consideration by the full body soon. The redistricting legislation has been the legislative focus of the past week and needs to be in place by December 7th. We continue to work with Legislators on existing legislation and meeting with members on ideas being considered for future legislation and other issues affecting municipalities.

As a matter of housekeeping, we would like to remind our members that if your communities have made contact with your State Representative or Senator or if any councils have passed Resolutions addressing issues coming from the Statehouse, we would appreciate receiving a copy of what is communicated so we can have a better picture of communities individual

concerns and challenges. Thank you to those that have already provided copies of their letters, e-mails and Resolutions, it is a great help as we talk to members of the General Assembly.

OML Staff has produced the following information outlining changes to the Ohio Public Notice statutes contained in the recently passed budget, HB153. The changes in Ohio law will take effect at the end of the month. We hope you find the information timely and helps with your conforming to the new requirements.

### **September 9, 2011**

The General Assembly will be coming back from their summer recess next week with the House scheduled to hold two days of session including committee hearings while the Senate will be holding only committee hearings. Although the General Assembly is reconvening in Columbus again from their hiatus, work by the Legislature has been on-going with the forming, by the House of Representatives, three ad hoc study committees on Tax Structure, Workforce Development and Technology in State Government. These three ad hoc committees are continuing their schedule of holding field meetings around the state to hear from area residents on the impact these topics are having on their communities or businesses and recommendations for areas of improvement. The League has been especially interested and is attending the meetings held by the Tax Structure Study Committee as it travels around to the different meeting locations. The three areas of focus that the tax study committee has been instructed to concentrate on is the C.A.T. Tax, Sales & Use Tax and Expenditures. Although these are the only three areas to be considered by the bi-partisan committee, inevitably local taxing policy and municipal taxation in particular continues to enter into the discussions. The committee holds its next field meeting this coming Monday at the University of Toledo and then Friday, at the University of Akron.

Legislators have also been busy these past several months meeting with different constituency groups in and outside of their districts. We are grateful to the members of the General Assembly who have been meeting with our municipal and local government groups and for those regional organizations creating an opportunity for our local leaders to have a dialogue.

The General Assembly is scheduled to continue their legislative schedule through the remainder of September with session dates and committee hearings while the month of October appears a bit more fluid on when sessions will be held. We will be sure to keep our members alerted to any new legislation that is created from discussions that have occurred over the summer or if committees take-up existing bills or topics of municipal interest.

### **August 26, 2011**

#### **ANNUAL CONFERENCE RESCHEDULED**

The 60th Annual Ohio Municipal League Conference has been rescheduled to December 6th and 7th, and will remain at the Renaissance Hotel in downtown Columbus. We apologize for any inconvenience this may cause for our member's schedules. For those whom have pre-registered, we will be contacting you with the specifics of changes in registration and hotel reservation

matters. We will also be sharing with everyone the revised registration and workshop information once the details have been worked-out.

## **OHIO GENERAL ASSEMBLY ANNOUNCES REMAINING 2011 SESSION SCHEDULE**

The General Assembly has released the second half of the 2011 legislative session schedule. The document can be found [here](#).

**August 19, 2011**

### **ADDITIONAL INFORMATION ON OHIO HOUSE AD HOC TAX STRUCTURE COMMITTEE RELEASED**

Ohio House Speaker William Batchelder has provided us with additional information regarding the upcoming ad hoc Tax Structure Study Committee field hearings. The documents can be found [HERE](#). The information contains the list of cities, dates and times that the committee will be holding their meetings. The information goes on to state that the study committee will “specifically cover three areas of the tax code: the commercial activities tax, the sales and use tax and tax expenditures.”

**August 18, 2011**

### **OHIO HOUSE ANNOUNCES TRAVELING STUDY COMMITTEES ON TAX, WORKFORCE AND TECHNOLOGY ISSUES**

Ohio House Speaker William Batchelder announced yesterday plans to begin holding "field hearings" through-out the state to solicit ideas and "ensure" that the voices of Ohio citizens are heard as the House begins to consider legislation in three key areas for the coming fall legislative session. The three bipartisan ad hoc committees being formed will focus their attention on issues dealing with Ohio's current Tax Structure, Workforce Development and Technology in State Government. Although the dates for the proposed road events have not been announced, the Chairmen, who have been appointed to lead the study committees, have scheduled "inaugural meetings" at the Statehouse, beginning next week. The Chairmen and dates for these meetings are: Rep. John Adams (Caucus Majority Whip) will be Chairing the Tax Structure committee and has announced their first meeting will be Wednesday, August 24, 10 a.m. in Hearing Room 114; Rep. Tim Derickson will head-up the Workforce Development group and will be meeting the following Wednesday, August 31st at 10 a.m. in Hearing Room 116 and Rep. Craig Newbold will be convening his committee on Technology August 31st at 10 a.m., as well, in Hearing Room 121.

As it was announced by the Speaker, the results of the Study Committees work will be presented to the full House and will then be the spring boards for legislation shortly thereafter. We encourage everyone who can come to Columbus to attend the first meeting on the changes to the Ohio's Tax Structure and/or Workforce Development to let the members of the committee know that our municipal officials are tuned-in to designs the Legislature has to further affect changes to the operation of your communities and are eager to be part of that dialogue

**August 15, 2011**

## **CENTRAL COLLECTION PLANS PRESENTED AT TAX CONFERENCE**

In our continuing effort to keep you informed of changes being proposed to the operation of Ohio municipalities, we feel it is important you are aware of issues presented during various forums that take place over the summer while the Legislature is on their summer recess. To that end, we want to share with you information that was presented at the recently held "Ohio Tax Course" which is an annual, two day conference billed as an opportunity for attendees to gain "valuable insight into all the business taxes in Ohio". The event is sponsored by the Ohio Chamber of Commerce and the Ohio Department of Taxation. As part of the conference program, Ohio Tax Commissioner Joe Testa presented a power point presentation on Ohio Municipal Income Tax and an overview of the goal of the Kasich administration to institute a state operated program for the central collection of Ohio Municipal Income Tax. A copy of the Tax Commissioners power-point presentation is linked [HERE](#) for you to look at. ***PLEASE READ***

As we have reported to you in past Legislative Bulletins, the concept of taking away the ability of municipalities to collect and administer their own locally approved municipal income tax through a central collection scheme is not new as the League has been in discussions with parties who would like to see this change occur. This does, however, represent the first time in our knowledge that an administration official has unveiled the plan in some detail and in such a public forum. This indicates to us that central collection is at the top of the list for the next round of wholesale changes in store for Ohio municipalities.

We believe this radical proposal would be a tremendous financial blow to Ohio's municipalities, would be impractical in a wide-range of areas from enforcement to fair application.

As always, it is crucial that you contact your state Representative and Senator and share with them what plans are being laid to institute a bad tax policy that will directly undercut the financial future of your community and the continued circumventing of local control.

## **DIVISION OF UNCLAIMED FUNDS SEEKS TO RETURN FUNDS TO OHIO MUNICIPALITIES**

The Ohio Department of Commerce's Division of Unclaimed Funds is committed to returning taxpayer dollars and public funds to their proper source. This commitment is especially important during this time of tight local budgets.

The Division's Political Subdivisions Outreach Program works aggressively to identify unclaimed funds accounts for Ohio's municipalities. The Division's staff searches its unclaimed accounts for those that appear to belong to cities and villages. When such accounts are found, the staff mails claim forms to the Mayor and he or she is encouraged to claim the funds on behalf of their town as soon as possible.

In addition to this outreach program, the Division encourages Ohio's municipalities to regularly search the Division's list of open unclaimed funds accounts at

<http://www.com.ohio.gov/unfd/TreasureHunt.aspx> and to file claims for any accounts that are found.

The Division is seeking to return every dollar possible to Ohio's municipalities and the citizens they serve.

## **August 4, 2011**

Good Morning To All. The 129<sup>th</sup> Ohio General Assembly continues to be on their Summer recess and the League is in full seminar and conference mode with our members. We hope everyone is having a safe and happy summer and that the swelter has not been too much. We will continue to keep you updated on any new activity around Capital Square as it is warranted through our Bulletin. We look forward to seeing everyone at our various summer seminars and especially at our Annual Conference, September 28-30th in Columbus. ~

### **NEW MEMBERS WELCOMED TO THE OHIO HOUSE**

In a rare July Session, the House of Representatives met to seat two new members to the Chamber, filling the vacancies created by the appointments of Representatives Burke and Balderson to the Ohio Senate. Dorothy Liggett Pelanda was selected to represent the 83<sup>rd</sup> House District and Brian Hill will serve the 94<sup>th</sup> House District as its newest Representative. We want to extend a warm welcome and hearty congratulations to these two very experienced and impressive individuals.

### **TANGIBLE PERSONAL PROPERTY PHASE-OUT AND PUBLIC UTILITY DEREGULATION REPLACEMENT PAYMENT CALCULATIONS RELEASED**

The Ohio Department of Taxation has released an updated spreadsheet for the changes in tangible personal property (TPP) and public utility (SB3) reimbursements. The spreadsheet can be found [HERE](#). In releasing the updated numbers, they caution that in producing the information there maybe instances when individual jurisdictions may find errors or differences of opinion about how a data element is classified. The Department of Taxation considers the review by individual jurisdictions as part of the "verification process" and highly encourages you to review the calculations for your community and report any errors or challenges to their calculations to them. It is important to be aware that under temporary law, jurisdictions may ask for changes to calculations through June 30, 2013 but after that date, all calculations will be final.

### **FALL BALLOT ISSUES PLACED**

Ohio Secretary of State Jon Husted has announced the order of the three issues that will appear on the November 8 ballot. Issue 1 will be a proposed constitutional amendment that lawmakers directly placed on the ballot that would raise the maximum age that a judge may take office from 70 to 75 years old. Issue 2 will be the referendum which would repeal the recently enacted SB5, the new law which would among other things restrict collective bargaining rights of public employees. The last issue on the ballot will be the proposed constitutional amendment designed to give Ohio veto power over President Obama's health-care law requiring the purchasing of health care insurance.

**July 20, 2011**

Greetings Everyone-As summer progresses here in the Capital City, the Legislature continues with their summer recess but have returned briefly for a few odds and ends. One item of business that needed addressing was the seating of vacancies created in the Ohio Senate. Once Representatives but now Senators, Terry Balderson was tapped to fill the term of former Sen. Jimmy Stewart and David Burke has been seated to replace Sen. Karen Gillmor. We want to offer our congratulations to these two gentlemen and wish them much success.

As always, we will continue to provide you with information in this Bulletin through-out the summer on issues from the budget and other newsworthy items from the Ohio General Assembly. Until next time, stay cool! ~

### **OHIO ENDS YEAR WITH \$138.8 MILLION SURPLUS; RAINY DAY FUND RESTORED**

The Office of Budget and Management announced last week that because of an unexpected increase in revenues, the State of Ohio ended Fiscal Year 2011 with an “unencumbered, unobligated” ending balance of \$138.8 million, this after moving \$246.9 million into the recently barren Budget Stabilization Fund which is also referred to as the “Rainy Day” Fund. The OBM, through its “Monthly Financial Report” states that tax revenues for the fiscal year were higher than or met estimates in 11 of 12 months, generating \$973.2 million more than expected.

### **LOCAL GOVERNMENT FUND DISTRIBUTION NUMBERS RELEASED**

The Ohio Department of Taxation has provided us with a break-down of municipalities and what they are projected to receive through FY '11-'12 as a result of the cutting of the Local Government Fund by half, which was part of the recently passed budget. You can access the spreadsheet through this link.

### **DOT ANNOUNCES AVAILABILITY OF NEW ROUND OF TIGER FUNDING**

Earlier this month, U.S. Transportation Secretary Ray LaHood announced that \$527 million will be available for a third round of the highly successful T.I.G.E.R. (Transportation Investment Generating Economic Recovery) competitive grant program, which funds innovative transportation projects. Municipalities who are interested in applying for the grant program can go to [www.dot.gov/tiger/application-resources](http://www.dot.gov/tiger/application-resources) for FAQ's and application details.

Projects will be chosen based on their ability to:

- \*Contribute to the long-term economic competitiveness of the nation.
- \* Upgrade the safety and quality of existing transportation infrastructure and facilities.
- \* Increase energy efficiency and reduce greenhouse gasses.
- \* Improve the quality of life in communities through better transportation choices and connections.

**July 7, 2011**

We regret that some officials were offended by the references to foreign nations in last week's legislative bulletin when reporting on the enactment of the new two-year state budget. We apologize for any discomfort that may have been caused especially as city and village officials face increasing challenges during this biennium.

### **HOUSE AND SENATE TO RETURN NEXT WEEK FOR SESSION DAY**

Two weeks after leaving Columbus for summer recess, legislators in both chambers will return for session next Wednesday to address lingering business. The Senate is expected to return next week to seat replacements for outgoing members Sen. Karen Gillmor(R-Tiffin) and Sen. Jimmy Stewart (R-Albany), the House recently announced plans for session also. There is a possibility that the chambers could pass elections-related legislation. However, it likely won't include a controversial proposal to require voters show photo identification at the polls (HB 159).

### **LEGISLATIVE SCHEDULE SET FOR SECOND HALF OF 2011**

The House and Senate announced the Session schedule for the remainder of the year. It consists of 12 scheduled session days and 6 (if-needed) session days at present. A complete schedule provided by Hannah News Service will be posted on our website for your convenience.

### **EFFECTIVE DATE FOR HB153, THE BIENNIAL BUDGET BILL**

HB 153 being an appropriation bill has varying effective dates depending on the provision. Most of the bill dealing with monetary issues becomes effective immediately upon the Governor's signature. Other areas of the bill become effective in 90 days and still others have a specific effective date associated with a certain subject matter. We are trying to ascertain some of these dates with help of the Secretary of State, the Legislative Service Commission and other knowledgeable agencies. Listed below are some of the subject matters and effective dates to some of the provisions found in HB153.

PUBLIC NOTICE REQUIREMENTS	September 29, 2011
LOCAL GOVERNMENT FISCAL DISTRESS	September 29, 2011
PREVAILING WAGE THRESHOLDS	September 29, 2011
INCREASE TO VILLAGE COMPETITIVE BID LIMITS	September 29, 2011

As we find out about other effective dates dealing with HB153 we will keep you informed.

### **FUTURE LEGISLATIVE BULLETINS**

As most of you know the legislative activity around the Statehouse drops dramatically. The League will take advantage of this lull by going in depth into some of the non-budget items found in HB153, the Biennial Budget bill. We will start this in our next Legislative Bulletin.

**June 30, 2011**

Good Morning! The state has acted and the budget is complete; now all that is left is the fall-out. We want to thank all those municipal officials who reached-out over the past many weeks to their state Representative and Senator to share with them your concerns on the effects their budgetary decisions would have on your communities. The old adage that “you can lead a horse to water but you can’t make him (or her) drink” seems fitting right about now. We do not expect there to be any Session or Committee Hearings scheduled for awhile since the General Assembly will be on summer recess until sometime after Labor Day. Some activity may take place through Committee work during late July or August. We will continue to contact you weekly through these bulletins with updated information on the budget, as it becomes available, and other activities you should know about around the Statehouse.

Have a safe and very happy 4<sup>th</sup> of July weekend! ~

### **MUNICIPALITIES SHOULD BRACE FOR THE NEW NORMAL**

There is much back-slapping occurring now in the hallowed halls of the Statehouse today as members of the General Assembly congratulate themselves on balancing the state two year operating budget without any tax increases and without including the pesky 5% reduction in their own paychecks. But a new normal is about to be visited upon Ohio’s local governments and most disproportionately upon Ohio’s municipalities as a result of the drastic funding and policy changes included in HB153. Unfortunately, we expect the new normal to consist of local leaders having to explain to safety force personnel why their community can no longer afford to employ them and why they are being let go; the new normal of Mayors and Councils facing bare financial coffers and having an ever growing list of priorities to the safety and health of the people they serve and saying “...remember the good old days?” Well, these are the good old days because once the budget that was passed this week by the Ohio Legislature and its effects come home to roost in a year or so down the road, the cold realities of the state abandoning its financial partnership with the service providing local governments will become self-evident. The last thing our community leaders want to do is ask their residents to sacrifice more but if seeking tax increases is the only option between operating effective safety services versus the “every man for himself” approach common in places like Afghanistan or Haiti, our elected officials will make the hard choices our state leaders could not. It’s sad but the state has left only one tool in the once abundant local government toolbox and it’s the least favorite tool of all; higher taxes.

The scope of the changes the leaders of the Ohio Legislature have chosen to edict down to local government has been rather astonishing when considered in its whole. But the list is particularly lengthy and seismic for Ohio cities and village. One change proposed which was fortunately not included in the final product was the idea to radically alter the long existing alternative LGF distribution formula in favor of a new formula. This unnecessary change would have caused undo conflict between communities and would have created a significant loss in LGF funding for many of our municipalities. We have attached a comparison document [HERE](#) for you to look at the full view of what the Governor, House and Senate proposed to be their budget items and where everything ended-up. Here is a quick overview of items we have previously covered in past bulletins and that were included in the budget package:

- Slashing the Local Government Fund in half by 2013. The final bill further reduced the amount appropriated to the LGF by \$50 million in the second year of the budget, diverted to an innovation fund that has no definition.

- Eliminates the Estate Tax by 2013
- TPP and Dealers Intangible Taxes phase-out accelerated.
- Miniscule increase in Prevailing Wage law offering no help.
- Limits Competitive Bidding increase threshold only to Villages.
- Increases Public Notification requirements.
- Imposes convoluted Auditor of State language regarding new standards for communities forced into Fiscal Emergency and the ability of the State to perform essentially a hostile takeover of the municipality.
- Restricts the ability of municipalities to tax a private entity that performs a public service.
- Strips three out of four municipal representatives on the Ohio Business Gateway (which is tax revenue distribution system for businesses to pay local taxes) and replaced them with representatives of “business”.
- Eliminates the exemption from Solid Waste District fees for public haulers.
- Restricts municipality’s ability to regulate certain aspects of the fast food industry.
- Changes the Public Records law dealing with lawsuits.

It is apparent that with these changes to the operation of Ohio’s municipalities, a new normal for communities will be fraught with angry residents, stymied local officials and our best and most courageous members of society unemployed and desperate.

## **June 24, 2011**

Happy Friday All! Here’s hoping you have a more enjoyable weekend then the members of the Conference Committee who will be hammering-out the final budget language. We suspect they won’t see much sunlight but let’s hope they produce a product that does not take the financial knees out from under Ohio’s municipalities. Have a safe and dry last weekend of June.~

## **BUDGET DRAFTING REACHES THE 11<sup>TH</sup> HOUR**

Time is nearing an end for the crafting of the state budget and the final deals are being brokered behind closed doors to complete the legislative process for sub.HB153. The Conference Committee was to meet on Thursday to begin discussing in public the remaining differences between the three versions of the one state budget. While there were some 500 differences between the as passed by the House and Senate version of the budget the leaders of the General Assembly are still hoping to have the bill ready for full consideration by the House and Senate on Tuesday, June 28 and then on to the Governor for his final signature. With that in mind, Conference Committee is scheduled to meet sometime today, Friday June 24 and will continue to work through the weekend if necessary to reach the deadline. We appreciate everyone who has reached-out to your Representative and Senator to express your concern and in some instances disgust with proposals included in the budget that would greatly weaken Ohio’s economic engines, Ohio’s municipalities.

Be assured that the League continues to talk and press policy makers about aspects in the budget that are detrimental and we will continue to educate Legislators about what their proposals will

mean for our struggling communities. Like the rest of the “interested party” community around Capital Square, we do not know what changes have been worked-out and what differences persist but we are hopeful local government funding is still being addressed and that relief can be extended with any extra dollars available at the end of the Conference Committees work. We will be notifying you through Special Legislative Bulletins early next week as to what the Conference Committee agrees to and presents as the final budget package to the respective chambers of the General Assembly. It’s not too late for you to also communicate your feelings to your Legislators; time is short but there is still time.

## **LOCAL GOVERNMENT COMMITTEE CONTINUES TO WRESTLE ANNEXATION BILL**

To say that sub.amend.HB 50 is in a state of “flux” right now would be an apt way to describe the current condition of the anti-annexation legislation currently being considered by the House Local Government Committee. As we have previously reported to you, OML has been working with the sponsor of the bill and other committee members to address some of our concerns with issues raised in the bill and we were under the impression that the bill was to be amended again to reflect some of our concerns but when the Committee met that did not happen and further amending of the legislation did not take place.

During the same Local Government Committee meeting on Tuesday, legislation was heard on the function of the county auditor’s office. At the end of the hearing, amendments were offered to the bill, in the interest of making it a better bill, we presume. But one amendment offered on the behalf of the Ohio Tax Commissioner, Joe Testa, would have stripped two out of the three municipal representatives on the Ohio Business Gateway steering committee and replaced them with representatives from “business”, doubling the number of their representatives. Does anyone else see a pattern developing here?

We want to thank Rep. Mike Duffy for offering an amendment to the amendment restoring the role our municipal officials play in the operation of this critical tax distribution system.

**June 17, 2011**

Happy Father’s Day weekend. Like a broken record the budget remained the main focus of the General Assembly this week. The process has almost finished and your assistance is needed now more than ever to communicate with your Legislators. Fire-up those grills and we will deal with Monday when it gets here.~

## **BUDGET CUTS COUPLED WITH DRAMATIC POLICY CHANGES INCLUDED IN BUDGET**

In counting the days remaining on the calendar, there are roughly 13 days left for members of the General Assembly to come to agreement on how to close an \$8 billion (some argue the number is lower but that’s a different topic) revenue shortfall in the two year biennial state operating budget. The House and Senate have named their respective conferees to serve on the Conference Committee charged with ironing-out the differences between the House passed version of HB153 and the Senate version. The Conference Committee members are Representatives Amstutz, Carey and Sykes while the Senate conferees are Senators Widener, Jones and Skindell. The

Committee held its first meeting on Wednesday to hear presentations by the Office of Budget and Management and the Legislative Service Commission on revenue and Medicaid caseload projections and to wrangle about what to do with an estimated \$256 million left-over in state revenue surplus once the budget is “balanced”. The next Conference Committee meeting has been tentatively scheduled for later next week with the goal being to have a bill agreed on and presented to the full legislature on June 27<sup>th</sup> or 28<sup>th</sup> and then sent to the Governor for his signature sometime before the June 30<sup>th</sup> deadline.

As we have continued to report to you, the budget still includes the disproportionate 50% cut to the Local Government Fund, the repeal of the Estate Tax, the accelerated phase-out of the TPP and Dealer’s Intangible taxes, the new notification mandates that will cost our communities resources, and the prohibiting of municipalities to tax private entities who perform a public service for their community. These are a few of the most severely detrimental aspects of what the Ohio General Assembly is proposing to do to your communities through the major changes included in the budget bill, while offering virtually no “tools” for the “tool box”.

Besides those glaring examples of the state’s proposed severe changes in fiscal policy that will have a severe negative impact to our communities, the budget continues to include language added by the Senate Finance Committee which proposes a new statutory Local Government Fund distribution formula and establishes a new process for local governments to enact an alternative formula for distribution of the Local Government Fund, within each county. These statutes dealing with the distribution formulas have not been altered for many years. We feel it is critical that before wholesale changes are made to a system that a vast majority of local governments depend on, this dramatic legislative proposal should be fully vetted through the legislative process including committee hearings on what the result of the proposed changes would be to Ohio’s local governments. As a policy statement on the proposed amendment (SC-2479), the OML recommends that the language be removed from sub.HB153 and the issue be considered separately for the following reasons:

1. This proposal could impact all political subdivisions receiving LGF dollars. For that reason, the proposal needs to be studied in a thoughtful and transparent process with accurate revenue loss and gain figures in addition to serious input from affected local governments;
2. Funding for Ohio local governments are already threatened with the proposed overwhelming cuts due to other provisions in sub.HB153; changing the local distribution formula from a much diminished Local Government Fund could cause serious dislocations in anticipated revenues at the local level.

We urge you to contact your Representative and Senator immediately by email, phone or fax to share with them your concern to these unwarranted and potentially devastating changes to state funding as it relates to their partnership with local governments. The more input legislators receive from our public servants on the preverbal “front-line”, the much better they can relate to the real changes they will be creating.

## **ANTI-ANNEXATION BILL RECEIVES 4<sup>TH</sup> HEARING**

The House Local Government Committee met Tuesday to hear sub.HB50, the legislation introduced which would create obstacles to the practical use of Type-II annexation procedures which is the last, most widely used annexation procedure available to municipalities. The League

continues to work with the Sponsor of the bill and the Committee in an attempt to address concerns raised in the legislation that we feel is merely a solution in search of a problem. The bill has been scheduled for another all party hearing with the possibility of amendments on Tuesday, 1:30 in hearing room #121. We will continue to post on our website any new language that is added to the bill.

## **BILL REQUIRING LOCAL FISCAL CONSIDERATION BY EPA PASSES**

SB22, Senator Tim Schaffer's bill which would require the Ohio Environmental Protection Agency to take into consideration a communities fiscal condition while constructing water and sewer mandates has been successfully passed by the House and Senate and is now on its way to Governor Kasich for his signature. We want to thank Senator Schaffer and the entire General Assembly for their support of this bill which will offer needed relief to our already fiscally distressed municipalities.

### **June 10, 2011**

Good Morning All-the state budget bill was the "Belle of the Ball" this past week at the Statehouse, again, and will remain until June30th. Please consider reaching-out to your Senator and Representative to share with them what the cuts in state aid will mean to your constituents and the services they depend on; time is ticking but there is still time. Have a great weekend~

## **LOCAL GOVERNMENT "TOOL BOX" ABOUT EMPTY**

On Wednesday night the \$55.7 billion dollar biennial budget was passed by the Senate on a party line vote of 23-10 and was then whisked over to the awaiting members of the House of Representatives where the Senate changes to HB153 were soundly rejected by a vote of 0-97 so off to a joint House-Senate Conference Committee the bill goes. And go it must because there are still some very serious fiscal matters left unresolved dealing with municipal government. Although the Senate did keep the language raising the base amount each county would receive in Local Government Funds from \$500,000 to \$750,000, they also added and have kept in the bill the most distressful change to the current LGF formula by radically altering the distribution and approval procedures which would call for 75% or more of the subdivisions located wholly or partially in a county to approve an alternative formula. This dramatic tinkering with the current system not only will have the effect of significantly changing funding levels communities currently receive but also has the potential to cause municipalities to have greater amounts of strife and conflict amongst one another when the General Assembly has said all along that they want local governments to be more cooperative and to reduce the instances of communities being "pitted" against each other; this most definitely will cause some major "pitting".

The Senate version of the bill also included language that would prohibit Ohio's municipalities from controlling through traditional zoning tools the ability to manage where fast food restaurants locate in their communities and any type of management of the properties such as lighting, noise or even the requirement to locate in commercial districts. We continue to try and work with members of the House and Senate on this ridiculous subrogation of a municipal corporation's right to protect the interests on their citizens and hope clearer heads will prevail when the Conference Committee meets.

There remain several other outstanding issues that were not addressed by the Senate which continue to be of major concern to the League. First and foremost is the removal of the 2% employer reduction in the contribution rate to employee retirement system which was in the Governor's proposal but removed in the House version. This proposal was the only true, immediate relief from all of the other cuts in revenue included in the budget bill that was ever offered to our local governments. The Senate did not restore the language and we are very hopeful the next phase of the legislative process for HB153 will offer this relief. And finally, the Estate Tax repeal remains slated for January 1, 2013, the TPP phase-out remains accelerated, the non-revenue neutral requirements on cities and villages to pay for the newly proposed Public Notification law changes also remain and the issue of private entities who are contracted by a municipality to perform a public service remain exempt from local tax obligations.

We want to express to you how effective you are when you reach-out to your particular Senator and Representative to share with them your continued concern for the direction the state is going with its long history of partnering with and supporting of Ohio's cities and villages, which currently remain the economic engine of the state. There is still time for you to help us affect changes to these dire fiscal proposals contained in the budget bill; there is only about two weeks left until the June 30 deadline to give the final push and help end this budgetary tailspin the state has us heading towards.

### **ANTI ANNEXATION BILL HEARING SCHEDULED**

Like last week before sub.HB50 was pulled from the Committee schedule, the House Local Government Committee Chairman has announced there will be a fifth hearing for the latest bill attempting to stifle the growth of Ohio cities by curtailing the most widely used annexation procedure. Sub.HB50 will be heard Tuesday, June 14 at 1:30 in Hearing Room #121 and again is scheduled for All Testimony, possible amendments and the introduction of yet another substitute version of the bill. We have posted the latest language from the Rep. Schuring's office [HERE](#). We know it is very difficult when the hearing schedule changes so frequently to make time to come to the Statehouse to lend your voice on why this is the wrong time and the wrong vehicle to address a problem that frankly does not exist but we urge you to come to the Committee to help educate the members of the negative consequences of the proposal.

**June 2, 2011**

Happy Friday Everyone! The budget continues on its bumpy course through the Senate Finance Committee and the House Local Government Committee continues to work on legislation making annexations more difficult in Ohio but other than that it was a rather quiet and short week. Hope everyone has a beautiful sunny, safe weekend!~

### **BUDGET BILL RECEIVES COMMITTEE CHANGES**

The Senate Finance Committee continued their work on the proposed sub.HB153, the state's biennium budget with the unveiling Tuesday of the committee's suggestions on how a \$8 billion dollar hole can be filled and the budget balanced through June 30, 2013. OML Executive Director Sue Cave presented opponent/interested party testimony to the Finance Committee on the League's perspective of the Senate's current version of changes proposed. Sue's testimony can be found [HERE](#). The committee will be taking one more shot at changes through an omnibus amendment to be presented to the Committee early next week, then a vote is expected by the full

Senate Finance Committee and then on to the Senate floor for the full Chambers consideration of the Committee's work. Once the Senate acts on the bill, it will be sent back to the House for consideration of Senate amendments where, keeping with the Budgetary maneuvers, the House will not concur on the changes and the bill will be sent to a Conference Committee where the real "horse trading" takes place. Of course, these legislative procedures and the Governor's veto review and signature enacting the bill will have to be completed by midnight, June 30<sup>th</sup>.

Although the members of the Senate Finance Committee have been provided a great opportunity to hear the serious objections from many of Ohio's local officials about the dramatic decrease in the local-state partnership, deep cuts in state financial assistance to our already economically depressed communities remains part of the Legislature's plans. The Senate Finance Committee has proposed some changes to the House version of the bill that address the severe cuts in funding including transferring the funding included in the proposed Local Government Integrating and Innovation Fund of \$50 million a fiscal year to the Local Government Fund and increased the minimum distribution threshold per county to \$750,000 from \$500,000. Those items are appreciated in addressing the 50% cut in LGF. However, new language has been included which would dramatically change the LGF distribution formula in that the approval process for adopting a local alternative process has received a total overhaul. The proposal would call for 75% or more of the subdivisions located wholly or partially in a county to approve an alternative formula. This will most certainly result in changes in levels of funding for cities and villages.

The Senate Finance Committee has also proposed adding language that addresses:

- Changes to Public Records law as it relates to requests that are unreasonable and requested for vexatious intent.
- Clarifies that currently state operated prisons if sold to a private entity remains subject to local taxation; we have asked the Committee to continue to look at the issue of private companies that are contracted to do public services being subject to local taxation and not carved-out as an exemption as the legislation continues to read.
- Mandates that all local governments are required to submit annual reports to the Treasurer of State's office detailing their employee salaries and benefits.
- Increased the bid limit for Villages from \$25,000 to \$50,000 but did not make the same change for cities.
- Restored the language on mandatory municipal healthcare pooling to the as passed by the House version.
- Addressed some issues regarding the simplification of shared services and JEDD's taxing matters.

There are several areas that the Senate has yet to address affecting municipalities which we continue to urge their consideration in addressing, those being:

- No changes to the elimination of the Estate Tax expiring January 1, 2013
- No relief from the loss in revenue by the accelerated phase-out of the TPP
- No relief from the elimination of the local's share of the Dealers Intangible Tax
- No replacing of the 2% reduction in the employer's contribution to the pension system
- No relief from the amended language altering Public Notification laws

- No assistance in making changes to proposed Prevailing Wage language so that cities biggest expenditures would qualify for financial relief

There is still time for you to impress upon your Senator the importance of your communities financial solvency and how services that residents of their district rely on daily will be in jeopardy if they do not act to provide relief. Please email or call your Senator as we reach the crunch-time in the budget process and policies directly affecting you are being made today.

### **ANTI ANNEXATION BILL HEARING SCHEDULED**

The House Local Government Committee Chairman has announced there will be a 5<sup>th</sup> hearing of sub.HB50, Rep. Schuring's bill which would present additional obstacles to Type-II annexation procedures. The committee is scheduled to meet in Hearing Room #121 on Tuesday, June 2 at 1:30. The bill is scheduled for All Party Testimony with the possibility of amendments and another substitute version of the bill to be presented to the Committee; we have yet to receive an advanced copy of any new language that will be presented to the Committee on Tuesday, but be assured we will alert everyone once it is received and posted to our website. Being its 5<sup>th</sup> hearing, there is a significant likelihood that the Committee could vote on the bill at its next meeting so it is crucial for local officials that continue to have objections to the proposed language to come to the Statehouse to share your concerns directly with the Committee members whom will be controlling the future of Ohio's communities ability to be self-sufficient.

### **May 27, 2011**

Happy Friday all! Activity at the Statehouse was rather light this week while the Budget process nears its end in the Senate Finance Committee. Have a safe and reflective Memorial Day weekend ~

### **SENATE FINANCE COMMITTEE WORKS ON FINAL TOUCHES TO STATE BUDGET**

The Senate Finance Committee held one hearing this week on the proposed Biennial Budget, HB153, as the Committee Chairman continues to receive amendments for consideration to be part of the final product, by the Senate. Although there weren't a large amount of people who testified as compared to previous hearings, we want to thank Michael Courtney, the City of Lancaster's Safety-Service Director who presented testimony on the effects proposed cuts would have on his community. We have provided a copy of Mike's testimony [HERE](#). From what we understand, amendments to the *as passed by the House* version of HB153 were due in Chairman Widener's office on Thursday; the Chairman and staff will begin going through the proposals this weekend and will craft their version for the Senate Finance Committee's consideration and approval then on to the full Senate sometime in early June. As it stands right now, it is likely the Chairman will unveil the Senate's version on Tuesday May 31 with all public testimony hearings to be scheduled for Wednesday, June 1, 9am-2:30pm, Thursday, June 2, 1pm, and Friday, June 3, 9am-2:30pm. It must be noted that all of these times have the "*Or at the Call of the Chair*" condition noted to them, meaning things are still *fluid*. The hearings remain in the Senate

Finance Hearing Room. We absolutely urge everyone to reach-out by e-mail over the long holiday weekend to the members of the Senate Finance Committee and let them know of the potential devastating effects the disproportionate reductions in State assistance will mean to the services you provide and the communities they serve. Additionally, be sure to send an e-mail to your particular Senator and let them know how their district will be affected. You may access the list of e-mail addresses and names of Committee members through this link.

We want to thank those Mayors, Managers and Council Members whom have already contacted their Senator since our Call to Action yesterday and thank you for providing us with a copy of what you communicated to your Legislator.

## **HOUSE LOCAL GOVERNMENT HEARS ANTI-ANNEXATION BILL**

The House Local Government Committee held its first hearing on the recently unveiled sub. HB50, Rep. Schuring's bill that would further stymie the most popular, expedited Type-II annexation procedures. As the bill continues to evolve, it continues to present a series of hurdles to communities' ambitions of providing more efficient services and offering greater economic opportunities to where Ohioans work and live. We want to thank our dedicated local officials who were able to come to the Statehouse hearing to present opponent testimony to the Committee and for their expertise in explaining the burdens this legislative proposal would present. The House Local Government Committee is not scheduled to meet next week but we will continue to keep you informed of future hearings on sub.HB50. Please consider speaking to your state Representatives and Senator about the effects of thwarting the abilities of Ohio cities to grow and prosper.

## **REGIONAL GROUP HOSTS AREA LEGISLATORS**

We want to thank the Dayton Area Tax Administrators (DATA) organization for hosting a Legislative Forum this past Monday and especially want to thank Representatives Beck, Butler and Rosenberger for taking time out of their wildly busy schedules to join their local officials who attended. Sue Cave, OML Executive Director was able to attend and expressed her appreciation to the members of the General Assembly for fielding the variety of questions our local leaders have on State issues especially on the topic of the state imposing a central collection system for municipal income tax and for alleviating some fears of those in attendance. We absolutely urge other regional groups from around the State to think about hosting such forums to provide an opportunity for their own area state Representatives, Senators and local government officials to interact and clear-up questions or concerns from the Statehouse.

## **NOT MUCH COMMITTEE ACTION NEXT WEEK**

Apparently the long weekend and the Budget have taken the steam out of the Committee Hearing Schedule for next week. As of this morning, only Senate Finance is having hearings on bills of interest for the League. Of course it happens to be the State Budget.

The Senate Finance Committee has set hearings for Wednesday, Thursday and Friday, June 1-3 to take public testimony on its substitute version of the FY12-13 budget, HB153. It will be unveiled on Tuesday, May 31 at 2:30 p.m. or at the "call of the chair."

**PLEASE CHECK OUR WEBSITE TUESDAY MORNING TO SEE IF THERE ANY ADDITIONS TO THE COMMITTEE SCHEDULE.**

**May 26, 2011**

# CALL TO ACTION

HB153, the state Budget bill, is currently in the Senate Finance Committee. It is expected that the Committee will be working over the Memorial Day holiday weekend to craft its proposed changes to this measure. While they are in the process of making decisions that could have dramatic impact on municipalities and other local governments, it is imperative that they hear from each of you. Members of the Committee need to hear again of the devastating effects on your budgets and services due to the cuts in state reimbursements or the elimination of taxes that fund local services.

Ask them to:

- Restore the Local Government Fund to a more reasonable level.
- Provide relief from the accelerated phase-out of the Tangible Personal Property Tax (TPP) and Utility reimbursement.
- Eliminate the repeal of the Estate Tax
- Restore the language that provided for a 2% cut in the employer contribution rate to OPERS and Police and Fire Pension System.

Because it is a long holiday weekend, we urge you to e-mail members of the Senate Finance Committee and to e-mail your individual Senator ***today***; changes to the House version of HB153 are being considered and proposals are being drafted LITERALLY as you read this. The following link will provide you with the e-mail addresses to all 33 State Senators.

Please look for our normal Legislative Bulletin tomorrow highlighting the week's activities at the Statehouse.

**May 20, 2011**

Happy Friday Everyone. The Budget making process continues to roll along in the Ohio Senate and we are feverishly keeping-up with all the shenanigans that go along with the sausage-making process. Additionally, there are a few more bills getting attention this week and next that should be on your municipal radar. Have a safe and dry weekend~

## **SENATE FINANCE COMMITTEE HEARS FROM LOCAL GOVERNMENTS**

The Senate Finance Committee heard testimony Thursday from local government officials on the financial hardships that will be the result of enacting the current version of sub.HB153, the proposed Biennial Budget. We want to extend our deepest appreciation to the municipal officials from around the State who were able to make time in their busy schedules to come to the Statehouse to help advocate for the future of Ohio's hometowns. Sue Cave presented her testimony to the Committee and a copy of her presentation is available through this link. Also

presenting testimony was Valerie McCall of behalf of Mayor Frank Jackson of Cleveland. Included in Valerie's testimony were two documents generated to show what the impact of the proposed cuts in state revenue sharing would mean to the employees of the city and to the funding of services. We have linked the City of Cleveland's impact papers here for you to look at. As we previously reported to you, the Committee continues to work on changes to the *as passed by the House version* and amendments and a sub bill will be produced in the next couple of weeks; the Committee will then adopt the changes generated by their Committee hearings and additional hearings are expected to be scheduled before a Committee vote is taken. We will alert you once the Senate Finance Committee releases the schedule for future hearings. And as always, things can get "fluid" so we will endeavor to keep you informed of any changes to hearing schedules.

### **ANTI-ANNEXATION BILL RECEIVES ALL PARTIES HEARING**

HB50, legislation which would present additional hurdles to Type-II Annexation procedures, the most widely used procedure available to communities interested in offering more cost-efficient services to their area residents, is scheduled for a fourth hearing on Tuesday, May 24 at 1:30pm in Hearing Room #121. The Committee will hear *Opponent, Proponent and Interested Party testimony* and is also scheduled to receive for consideration a substitute version of the bill. You can access the latest version of the anti-annexation bill that will be presented to the House Local Government Committee Tuesday, is available on our website at [www.omlohio.org](http://www.omlohio.org). Although we have literally just received a copy of the bill and are going through it now, it is doubtful that it will be a helpful tool for the dwindling tool box at the disposal of Ohio's municipalities. We urge anyone concerned with the current direction of the legislation to join us at Tuesday's Committee hearing and share with the members what an important tool annexation procedures are for our communities and that the future economic strength of our State rests in the abilities of municipalities to respond to opportunities for development.

### **ELECTIONS REFORM LEGISLATION MOVING IN HOUSE AND SENATE**

The Ohio General Assembly has been acting on legislation in both Chambers to overhaul the state and local elections process. HB194 and SB148 have been receiving simultaneous hearings these past couple weeks with HB194 being the first to be passed by its respective Chamber. Although there are a number of changes in the bills that effect the elections process, there was little effecting municipalities until language was considered in both bills to do away with Special Elections; this obviously caught our attention. With all of the financial difficulties on the horizon as a result of proposals included in the State Budget bill, we know that our communities are going to need flexibility to go to their voters to address local budget issues, many of which may need to be resolved through Special Elections. As a result of this concern, language that was included in the Senate version of the bill, SB148, that would have restricted Special Elections was removed. We want to thank the members of the Senate Government Oversight & Reform Committee for considering the future plight of local governments and not restricting this important form of flexibility.

### **HOUSE COMMITTEE APPROVES NPDES PERMIT BILL**

The House Agriculture and Natural Resources Committee met Wednesday evening and voted in the affirmative to send on to the full House SB22, legislation introduced by Senator Tim Schaffer that would require the Ohio Environmental Protection Agency to follow Federal guidelines when

issuing NPDES permits for public sewage systems that financial factors of the community be considered and factored into mandating procedures. The bill will now be sent back to the Senate for concurrence on House changes then on to the Governor for his signature.

## **BILL TO REQUIRE MUNICIPAL INCOME TAX REVENUE RECIPROCITY HEARD IN SENATE**

Sponsor testimony was heard on SB145, legislation introduced that would require Cities that generate over \$100 million dollars in revenue through the collection of the municipal income tax to offer a non resident taxpayer a 10% credit for their municipal income tax filing , by the Senate Ways and Means Committee Thursday. The League continues to object to the legislation as we have in previous General Assemblies when the bill has been introduced and will continue to keep you informed of any future hearings on the bill.

**May 17, 2011**

## **SENATE FINANCE BUDGET HEARING SCHEDULE REVISED, AGAIN**

As with every Budget, committee hearings and specifics on “who, what and when” can get rather “fluid” and this Budget cycle is no different. With that said, the Senate Finance Committee is still having “Local Government Day” this Thursday, May 19<sup>th</sup> beginning at 9am, in the Senate Finance Hearing Room, but the change to the previously reported schedule is that the testimony will be *open to all Local Government Officials* whom would like to testify on the proposed Budget bill, HB153. We were previously under the impression that testimony would only be limited to Associations of Local Government and that the following week there would be Open Testimony for individual officials to testify. Chairman Widener’s office told us today that next week there will be little committee action on HB153 with the possibility of only invited agencies returning to present specific testimony and that amendments are due in their office by Thursday, May 26<sup>th</sup>. Following that, the Chairman’s office indicated things are rather “fluid”; there will be a substitute version of the Budget drafted and submitted to Committee and they anticipate after the sub bill is unveiled, additional Public Testimony hearings will be scheduled giving those that had not been able to present testimony, the opportunity.

If you are planning on coming to Columbus to help us “educate” the members of the Senate Finance Committee on the impact the proposed cuts would have on the administration of your community, Chairman Widener asks that you submit an electronic “Witness Slip” form to his office and that you e-mail your testimony to their office prior to the day of the hearing you will be attending and that you bring 40 hard copies with you on the day of your testimony. The electronic “Witness Slips” are available on the Ohio Senate website at [www.ohiosenate.gov/committees/standing/detail/finance.html](http://www.ohiosenate.gov/committees/standing/detail/finance.html) and the e-mailed testimony can be sent to Chairman Widener’s aide Daniel Hurley at [daniel.hurley@senate.state.oh.us](mailto:daniel.hurley@senate.state.oh.us). OML Executive Director Sue Cave will be presenting testimony on Thursday to the Committee so if you plan on attending, please let us know so we can help coordinate with you.

**May 13, 2011**

Greetings everyone. The budget hearing process remains in full gear in the Senate with State agencies receiving the bulk of attention this past week in Senate Finance Committee. There are a few other legislative matters going on of interest too we are following, imagine that. Hope everyone has a dry weekend.

### **SENATE FINANCE COMMITTEE CLARIFIES WHO IS INVITED TO MAY 19TH “LOCAL GOVERNMENT DAY”**

There has been clarification made to the Senate Finance Committee hearing schedule for next week's testimony on HB153, the Biennial Budget bill. We previously were under the impression that the Committee would hear testimony from local government officials (i.e. Local Government Day) on Thursday, May 19<sup>th</sup> but that has been clarified to mean that only associations or organizations representing local governments, such as the OML, would be presenting testimony on the 19<sup>th</sup>, and will be given 5 minutes to testify. Senate Finance Committee Chairman Widener's office has indicated that the Committee will hear testimony from individual local officials the week of May 23<sup>rd</sup>, when the Committee will hear *All Public Testimony* on the budget. The specific day or days for when *All Public Testimony* will be received has not been determined but we will alert you once we receive the information. We absolutely urge you as Municipal Officials to contact your State Senator and share with him or her the critical importance to your city or village the continued financial support by the State and the impact cuts to local governments would have to the quality and dependability of services your residents depend on; 24 hours a day, seven days a week, 365 days a year.

If there has ever been a better and more critical time for our members to “plug-in” and get involved in the far-reaching policy changes being discussed by the Ohio General Assembly, it is certainly now! As we reported last week, by party-line the House of Representatives passed HB153, the Biennial Budget legislation on to the Senate. Also as we reported to you last week, the tact the Governor and House of Representatives have taken as it pertains to supporting Ohio municipalities as been an all-out assault through disproportionate cuts to once traditional funding partnerships. If one takes a step-back and looks at the totality of the proposed new state policies to financially under-cut our Cities and Villages, almost leaving them in a position where they are being set-up to fail, it really is somewhat breathtaking. Consider the bright-light, glaring cuts being proposed through the slashing by over half, in two years, the Local Government Fund to the tune of almost a \$400 million dollar reduction; the \$260 million dollar gutting of the locals portion of Estate Tax revenue; the accelerated phase-out and elimination of revenues, representing a \$860 million dollar budgetary crater to local governments and schools, generated through the TPP, Kilo-Watt hour and Dealers Intangible tax sources; the unfunded mandate language added by your state Representatives which would include language from the last General Assembly (which failed to stand on its own legislatively and was not be passed as HB220) requiring communities to help subsidize the newspaper paper industry in Ohio by mandating the purchasing, with taxpayer dollars, of advertising space to post public notices with a newspaper of general circulation in the community ; new proposals from the Ohio House as well as the State Auditor's office make wholesale changes to Chapter 118 language thereby creating new conditions on already financially stressed communities facing fiscal emergencies, and giving the State the authority to step in and take-over the operation and ultimately dissolving of communities that need assistance, not further hurdles to be successful from the State. What toolbox our local leaders had at their disposal before the budgetary proposals began getting legislative momentum is now being dwindled down to trivial resources with little effectiveness.

The only way to educate those making decisions that will directly impact you and your constituents you serve is to reach-out to your Senator by letter, phone, e-mail or visit and tell them what their actions will mean in real-time to the services we all take for granted at home. When you do make contact with members of the General Assembly, we would appreciate any copies or responses you receive so we can have a better picture of issues and responses throughout the State.

### **PENSION REFORM LEGISLATION REMAINS IDLE**

HB69 (Watchman) and SB3 (Faber), the two bills introduced aimed at tackling the issue of reforming Ohio's five retirement pension systems, continue to not progress through the committee process. The latest information is that Legislators are considering hiring an independent firm to review pension issues with the goal of creating an independent analysis on the proposed changes being considered. It is not likely that any action will take place on the two bills until the additional actuarial review is complete.

### **LOCAL ZONING OF AMATEUR RADIO ANTENNA BILL UP FOR VOTE**

HB158 (Stebelton/Oakey), legislation being heard in the House Local Government Committee which would affect the ability of communities to control the zoning of amateur radio antennas, is scheduled to receive its fourth hearing and **possible vote** on Tuesday, May 17, 1:30pm in Hearing Room #121. The League presented written testimony to the Committee last week offering our position that as the bill is currently written, it is not a General Law and thus would not affect Ohio's municipalities. Although the bill was amended last week, the basic structure of the legislation was not changed and our position remains.

### **LEAGUE TESTIFIES ON WATER ACCESS TO EVERY RESIDENCE LEGISLATION**

OML Executive Director Sue Cave gave testimony before the House Agriculture and Natural Resources Committee Wednesday night as an Interested Party to HB120, legislation introduced by Reps. John Carey and Lou Gentile which would create the Water Access to Every Residence Taskforce. The taskforce would be charged with "identifying residential communities that do not have access to potable drinking water and to develop strategies for providing the necessary access, as well as identifying funding to finance the potential projects." As the bill currently is drafted, OML does not have a seat on the taskforce and as the largest public provider of water services, we felt it important that we are included in the conversation and Sue's testimony urged the Committee to include our seat at the table.

### **SPECIAL ELECTIONS IN JEOPARDY**

SB148 (Wagoner), legislation introduced and being heard in the Senate Government Oversight & Reform Committee to revise Ohio Election Laws, amended the bill Thursday to **eliminate special elections** in February and August. The bill is expected to receive a final Committee vote next Thursday.

**May 6, 2011**

*Happy Friday everyone! The General Assembly is back from their Spring Break all tan and rested and in a local government revenue cutting mood. The following is the latest on where we*

*are and aren't on the budget; legislatively, that was the main piece of legislation to share with you. Hope everyone has a great weekend and a happy Mother's Day!~*

## **OHIO HOUSE PASSES DISPROPORTIONATE CUTS TO MUNICIPALITIES ON TO SENATE**

The Ohio House of Representatives successfully passed Sub. HB153, the Biennial Budget bill yesterday, by a party line vote. Before moving the bill on to the Senate for their consideration, the House Finance Committee adopted an omnibus amendment cleaning-up, adding and deleting a few items from the substitute version of the bill presented to the committee this past Thursday. You may review the changes in the adopted omnibus amendment through this link to the Gongwer News Service. Although the changes included in the omnibus amendment don't have too much effect on our cities and villages, there was language added to include Rep. Chandler's HB220, the Local Government Public Notice Task Force Recommendations, from the last General Assembly. We are still reviewing the language to confirm if all or parts of HB220 will be included in the Budget bill but this 400+ page amendment insertion would now impose additional costs to many municipalities for publication of ordinances, resolutions and other notices. With the State saying they want to lessen mandates on local governments, this is a proposal heading the wrong way. Additionally, the omnibus amendment language has a provision included which would ensure that every county receive the lesser of \$500,000 or the FY'11 LGF allocation which to us translates to mean that the larger the share of LGF funding each county receives the larger the amount the political subdivisions in that county would receive through their distribution formula. As the bill currently stands, the over 50% cut to the Local Government Fund remains, the inclusion of the repeal of the Estate Tax remains as does the change in the accelerated phase-out of the TPP, the Kilo-Watt Hours and Utility tax. Unfortunately, the 2% change to the employee/employer pension retirement contribution rate is not in the bill any longer, which offered our communities the greatest source of financial relief, in a timely manner. The Senate Finance Committee is still scheduled to hear testimony from Local Government officials on May 19 ("Local Government Day") at 2pm, in the Senate Finance Hearing Room. Please try and make your best effort to come to the Statehouse and help us fight for the future strength of our Cities and Villages.

## **HOUSE COMMITTEE HEARS RADIO ANTENNA ZONING BILL**

The House Local Government Committee has announced they will be hearing HB 158, Rep. Stebelton/Okey's bill that would affect local zoning of amateur radio antenna structures. This would be the third hearing for the bill and it is scheduled to receive Opponent, Proponent and Interested Party testimony. The Committee is scheduled to meet Tuesday, May 10 at 1:30pm in Hearing Room 121. If you are interested in this issue, we encourage you to come to the Statehouse to lend your voice to the debate on this legislation.

**May 2, 2011**

## **SENATE FINANCE COMMITTEE ANNOUNCES "LOCAL GOVERNMENT DAY"**

The Senate Finance Committee Chairman Chris Widener has announced that the committee will be hearing testimony on the "as passed by the House" version of HB153/Biennial Budget bill from local governments on Thursday, May 19 beginning at 2pm, in the Senate Finance Hearing

Room. The Senate Finance Committee's "Local Government Day" will be a great opportunity for you to present your case for how the current state revenue-sharing partnership strengthens your community and what the elimination of revenue generated by the Local Government Fund, Estate Tax, Tangible Personal Property Tax, Kilowatt Hour Tax, Dealers Intangible Tax and Liquor Permit fees, with absolutely no immediate relief being offered, would mean to the level and quality of services their constituents receive. *It must be mentioned that this is the date scheduled now, and as with everything legislatively, the specifics are subject to change; if they do we will alert you immediately.*

**April 29, 2011**

Good Afternoon All-The following is the latest news on the proposed budget , HB153, as presented by the House Finance and Appropriations Committee Thursday night and was the only legislative game in town this past week. The General Assembly will be back from their Spring Break recess next week but committees are still being affected by the Budget so the schedule is a little lighter than normal, unless you are a member of a Finance Committee. Hope everyone has a safe and happy Royal weekend~

## **LOCAL GOVERNMENTS CONTINUE TO BE THE BUDGETARY PIÑATA OF THE STATE**

As expected, the House Finance and Appropriations Committee unveiled their version of the Biennial Budget recommendations on Thursday. What was not expected was the continued assault on the operations and solvency of Ohio's local governments, in general, and municipalities in particular. The committee has proposed going further with cuts to the partnership once enjoyed between the state and local governments than what the Kasich administration suggested, while removing one of the most immediate sources of relief from the dire cuts offered. While we continue to go through the massive changes in policy released late yesterday afternoon, we have been able to glean from the pile a few shinning nuggets of concern for our hometowns. The most severe and quite frankly disappointing addition to HB153 was the language to repeal the Ohio Estate Tax by January 1, 2013, leaving local governments with over a \$260 million dollar tool missing from their toolbox. The Committee has also proposed reinstating current law regarding proposed changes to employee contribution rates to state retirement systems meaning that the most immediate financial relief cities and villages would have received would now be removed and the employee/employer contribution rates would remain the same. Further changes proposed in HB153 would again change the TPP reimbursement phase-out plan by suspending in FY '14 the phase-out of the tangible and public utility personal property tax reimbursement meaning that this new reimbursement schedule would be of no benefit to the vast majority of Ohio's political subdivisions already slated to have their TPP revenue eliminated. Language also added would clarify the treatment of an entity that enters into a contract with the State to do public services, which to us translates to the waiving of any municipal tax obligation for those "entities"; on the issue of creating health insurance pooling system for local government employees, the bill would have the DAS conduct a feasibility report but eliminates all other provisions and requires the General Assembly to approve all further action on this issue; the Auditor has language added to the bill that would add fiscal caution as a categorical designation by the State Auditor for certain local governments and would require local governments to adopt a state auditor approved financial recovery plan, providing that the failure to do so within 120 days triggers a financial emergency. We expect this

State Auditor language to get a lot of use since most of our communities will all be facing extreme financial hardships as a result of the state budget.

There are a few items in this bill that are less painful but still do not offer relief from the tsunami of financial setbacks for our municipalities. Some of them include the creation of an appropriation of \$50 million dollars a year to provide grants for local governments to collaborate. The program would run through the Ohio Public Works Commission's newly named Local Government Integrating and Innovation Committee. Furthermore, the proposed substitute bill would prohibit charging local subdivisions for using the state public notice website and would extend the Ohio Historical Preservation Tax Credit program with a cap of \$25 million dollars per year.

These are items that we have found in the latest version of the budget that would have an impact on cities and villages. **There is no relief being offered so far from the estimated 50% cut in LGF proposed by the original version of the budget.** On our website, [www.omloho.org](http://www.omloho.org), we have a link from the Gongwer News Service that details all of the changes presented last night in the House Finance and Appropriations Committee. OML Executive Director Sue Cave will be testifying to the full Committee tomorrow morning on the League's position to these new proposals. The House Finance and Appropriations Committee plans on voting the bill out of committee Monday and the full House is expected to vote on HB153 in Thursday's session where it will then go to the Senate Finance Committee for hearings. Attached is the hearing schedule for HB153, both for the House and Senate Finance Committees next week. We encourage all our members to try and make room in your schedules to come testify to the Senate Finance Committee and share with them the importance of the state/local financial partnership, what the loss of revenue will mean to the services you provide their constituents and to reiterate that without strong cities, Ohio's economic future will suffer greatly.

**April 25, 2011**

Good afternoon and happy Monday to you all. We want to direct your attention to what is in store for the upcoming week at the Statehouse while the General Assembly is still officially of their Spring Break recess . We hope you all have a great week .

#### **HOUSE FINANCE AND APPROPRIATIONS COMMITTEE ANNOUNCES HEARING SCHEDULE FOR SUBSTITUTE BUDGET BILL**

Although many Legislators have been in warmer, drier climates enjoying their Spring Break recess last week, other members have been hard at work drafting the final version of the House Finance and Appropriations' version of the biennial budget, HB153. Chairman Amstutz has announced the committee will convene but will not hear testimony on Thursday at 4:30 in room 313 to unveil the substitute version of the bill. The Chairman has also announced that all testimony hearings will be heard on the sub bill Friday at 9:00a.m., Saturday at 10:00a.m. and Monday at 10:00a.m. all in room 313 with a possible vote on the bill Monday by the full committee. We, of course, at this point do not know what the House majority will be adding or removing from the Kasich budget proposal so we all will be waiting on Thursday for the unveiling. In the upcoming Legislative Bulletin this Friday, we plan to be able to provide you with more details of what the bill includes.

Speaking of budgets, Ohio Department of Transportation Director Jerry Wray recently spoke to a Mid Ohio Regional Planning “State of the Region” event last week and was able to provide some potential forecasting of what local governments can expect (or not expect as the case may be) from the state funding partnership on road projects. Director Wray stressed with the tight budget, local governments will be expected to pay more of roadway construction costs and projects that are in the early study and planning stages will potentially be downgraded and removed from the ODOT list. ODOT also plans to revamp the criteria used by its Transportation Review and Advisory Council which judges funding requests from local governments. So, until the large influx of jobs starts to begin flooding back into Ohio as promised by the administration, it would appear that Ohio’s commitment to safe roads and smooth highway commerce will have to wait for many of our communities.

## **April 15, 2011**

Greetings from Columbus. We hope everyone is well and if you haven’t already are planning a Spring Break or at least a “stay-cation” to get out and enjoy the returning of the sun. The General Assembly has been hard at work wrestling with the realities of tight budgeting and other State related matters and are taking the next two weeks off to recharge their batteries with a little Spring Break R&R. Because the Legislature will be on recess for two weeks, returning the first week of May, there will not be Committee Hearings or Sessions to report on. Although the League is working on a wide variety of issues with the General Assembly, here are a few of the hotter topics and updates you should be aware of:

### **HOUSE FINANCE COMMITTEE WRAPS-UP TESTIMONY ON STATE BUDGET**

The House Finance and Appropriations Committee have finished hearing testimony on HB153, the State Biennial Budget and will be taking the time over the Spring Break recess to begin the drafting process for their proposed changes to the Governor’s budget plan. Sue Cave, OML Executive Director, along with other local government officials presented testimony to the full committee, again reiterating what the Governor’s proposed cuts to local government funding would mean to their communities and to the overall effectiveness of Ohio’s political subdivisions. We want to thank our members who made the trip to Columbus to advocate for their communities and for the citizens who reside in their communities to the committee members. Although there are many theories about what changes the House of Representatives will make to the budget bill, no one knows for sure what will be added but we are pretty confident there will be some significant policy changes included. Whatever the outcome, it will make for a busy month of May at the Statehouse.

### **ESTATE TAX PASSED-OUT BY SENATE COMMITTEE**

SB90, Sen. Kris Jordan’s legislation to eliminate the Ohio Estate Tax was approved and voted out of the Senate Ways and Means and Economic Development Committee on Thursday by a party line vote of 5-3. Before the legislation was passed by the committee, it was amended to reflect HB3, the House’s version of the Estate Tax repeal, to extend to 2013 when the revenue source would be taken from Ohio’s local government “tool box”. We again want to thank the testimony offered by OML members to the Senate Ways and Means and Economic Development Committee on the detrimental effects the loss of this modest revenue stream will have on the operations of their communities. So far, the Estate Tax has not made its appearance as part of the budget bill and its future seems to be in limbo as far as when the House or Senate will have a stand-alone bill on the floor for either Chamber to act on. Those of you who attended our OML

Legislative Luncheon last month may remember Senate President Neihaus' declaration to our members and legislators present that there would not be an Estate Tax bill moving this year in the Ohio Senate and maybe not next year either. We are hopefully that Senate leadership is able to keep their pledge to assist Ohio's cities and villages and stave-off this ill-timed change in tax policy.

### **MUNICIPAL REVENUE SHARING BILL RE-INTRODUCED**

Senator Tim Schaffer has reintroduced his legislative proposal that would require municipalities that generate over \$100 million dollars in tax revenue to participate in a system to share 10% of their revenues with home municipalities of nonresident workers. SB145 was introduced and assigned to the Senate Ways and Means and Economic Development Committee and is a mirrored version Senator Schaffer's SB26 from the last General Assembly. Essentially the legislation would mandate municipalities to participate in reciprocity agreements with other communities where now the practice is voluntary and offers flexibility to each communities individual needs.

Have a happy weekend!

**April 8, 2011**

### **THANK YOU**

Thank you to everyone who has contacted the League to express their condolences about the passing of John Mahoney, our Deputy Director. Those feelings were very much appreciated.

### **LOCAL GOVERNMENTS RECEIVE BUDGET HEARING**

The House Agriculture and Natural Resources Subcommittee took testimony yesterday from representatives of local government on the proposed biennial budget bill, HB153. OML Executive Director Sue Cave along with other municipal officials presented the perspective of municipalities to the sub-committee members and shared with them what affects the decrease in state assistance that Ohio's communities have depended on for funding basic services, would mean in practical terms. We have posted Sue's testimony which was presented to the Committee on our website. We want to expression our deep gratitude to those Mayors and other municipal officials who made the trip to Columbus to participate in this crucial debate. We also want to remind you that the House Finance and Appropriations committee will be holding hearings next week on the budget and has designated Local Government related testimony to be heard Tuesday, April 12 beginning at 1:00 in the House Finance Hearing Room 313. We urge all municipal officials concerned about the numerous proposed changes included in the budget which would essentially defund state assistance to local governments to levels that have never been seen before in the decades of the State/Locals partnership which use to exist in Ohio to spend an afternoon at the Statehouse and help us stress to the Legislature that our communities are too vital to be abandoned.

### **ESTATE TAX BILL RECEIVES HEARING IN SENATE**

The Senate's version of legislation aimed at eliminating the Ohio Estate Tax received another hearing in the Senate Ways and Means Committee on Thursday. Senator Kris Jordan's SB90, which OML's Executive Director Sue Cave testified in opposition to last week and a copy of her testimony can be found on our website, is legislation to end the ability of local governments to place a minimal tax on estates over \$338,000. Obviously, if this legislation were successfully passed, would further limit a community's ability to raise revenue when local economies are still weak and the state seems to be moving towards a gradual elimination of financial assistance to political subdivisions. It is our understanding the SB90 will be up for a vote when the Senate Ways and Means Committee meets in the North Senate Hearing Room Thursday, April 14 at 9am. The Committee will be taking testimony on the bill before they call for a vote so if you haven't already testified, we urge you to come to Columbus to testify on why this proposal to further take funding away from our financially strapped local governments is ill-advised and ill-timed.

## **HOUSE BUDGET HEARINGS SCHEDULE**

The House Finance and Appropriations Committee will hear public testimony on the proposed FY12-13 state budget HB153, over four days next week.

### **THE SCHEDULE AND THE TOPICS FOR THE DAY ARE AS FOLLOWS:**

#### **Tuesday, April 12 - 1 p.m.**

Public testimony on the Ohio Department of Rehabilitation and Correction, Department of Youth Services, Department of Commerce, local governments and miscellaneous issues.

#### **Wednesday, April 13 - 9 a.m. and, if needed, at 6:30 p.m.**

Public testimony on primary and secondary education and higher education issues.

#### **Thursday, April 14 - 9 a.m. and, if needed, after session**

Public testimony on health and human services issues.

#### **Friday, April 15 - 9 a.m. (if needed)**

Open public testimony.

All hearings will be held in House Hearing Room 313. Committee chair Rep. Ron Amstutz (R-Wooster) requests that persons testifying bring 75 copies of written testimony to his office 24 hours prior to the committee.

**April 6, 2011**

### **ADDITIONAL DATE TO TESTIFY ON BUDGET PROPOSALS**

The House Finance and Appropriations Committee has announced the hearing schedule for next week on HB153, the Biennial Budget. As you know, the Finance Committee has segmented its hearings to subcommittees with the House Agriculture and Natural Resources Subcommittee hearing testimony from local government officials this Thursday at 10a.m. in Hearing Room 018. The full Finance Committee will be holding hearings next week and is scheduled to take additional testimony from local government officials Tuesday, April 12 at 1pm in Hearing Room 313. We urge all city and village officials whom are concerned about the consequences of the

Budget's proposed slashing of the funding partnerships between the State and our local communities, to plan on coming to the Statehouse to directly share with the Legislators what their decisions will mean to their constituents. If you or other members of your administration are planning on coming to testify, we urge you to contact our office so we can give you additional specifics and committee requirements which will help ease your testimony.

**April 1, 2011**

## **SB 5, COLLECTIVE BARGAINING REFORM, ON THE WAY TO THE GOVERNOR FOR SIGNATURE**

After a four hour floor debate the hotly contested collective bargaining bill passed the Ohio House by a vote of 55-34. The following changes were added by the Ohio House to the Senate passed version of SB5:

- Removes specific provisions on jail time and/or fines for contempt of court orders enjoining strikes;
- Relaxes collective bargaining limits on unclassified civil servants, confining the prohibition to "certain clerical and administrative employees and certain employees that serve in a fiduciary capacity."
- Lowers the number of petition signatures needed to decertify a union as "exclusive representative" from a simple majority to 30 percent of employees in the collective bargaining unit.
- Restores current law establishing State Employee Relations Board (SERB) determinations on an "appropriate bargaining unit" as final and unappealable.
- Prohibits contract language barring local school boards from acquiring services from educational service centers.
- Expands collective bargaining for equipment safety to all public employees, with no limitation to police and fire forces.
- Prohibits "fair share" wage deductions from public employees who are not members of the workplace union.
- Bans payroll deductions supporting political action committees, except as found in campaign finance law;
- Adds 15 days to various dispute resolution timelines in the unamended substitute bill.
- Removes provisions defining employee picketing and "direct dealings" by public employees with employers during labor negotiations as unfair labor practices.
- Removes provision requiring SERB to hold hearings for all unfair labor practice charges.
- Makes those leveling charges parties to a SERB hearing in the same degree as SERB representatives and those charged with unfair labor practices.
- Limits conflict-of-interest protections against public officials or public employees participating in the collective bargaining process to situations in which the official or employee's immediate family has a direct interest.
- Requires a "performance pay" system to be developed by the Department of Administrative Services for most public employees except teachers, rather than the "merit pay" proposed in the Senate-passed bill.
- Requires the State Board of Education to develop a performance-pay rubric for teachers, to be applied equally with

performance parameters set by local boards of education.

- Strengthens limitations on longevity pay.
- Bans consideration of the number of citations issued by a law enforcement officer in his or her performance evaluation.
- Prohibits compensation of non-union supervisors from being automatically tied to collective bargaining agreements.
- Stipulates that Police and Fire Pension Fund death benefits to surviving family members, and any permitted increases, are those in force at the bill's effective date.
- Limits vacation days for current public employees accruing leave at a rate of 9.2 hours per pay period to no more than 720 hours.
- Removes the requirement for reductions in force to reflect "efficiency of service" or "appointment type."
- Creates the Ohio Commission for Excellence in Public Service to establish best practices for "healthy working relationships" in public employment.
- Requires the chief financial officer of a public employer to advise the employer's legislative body on "which last best offer costs more" - the public employer's or the public employee's union.

Some of the above mentioned list was gathered from *Hannah News Service* and the *Gongwer News Service*. The Senate later concurred to House amendments by a vote of 17-16. The bill was signed by the Governor on Thursday, March 31.

The final version of SB5 and its analysis can be found at [Laws, Acts, and Legislation](#). Now we wait to see if and when the statewide referendum materializes.

## **HEARINGS ON SB 153, STATE OPERATING BUDGET, HITS FULL STRIDE**

The placeholder bill has now been replaced with a 3,224 pages of proposed legislation. The bill, and the other documents that are associated with HB 153, is available at [Main Operating Budget - H.B. 153 of the 129th General Assembly](#). A document that everyone will find especially helpful when looking at the budget is the Legislative Services Commission's legislative analysis of the bill. This link [Laws, Acts, and Legislation](#) leads you right to the analysis.

## **BUDGET ITEMS OF INTEREST**

The drastic cuts to the Local Government Fund. Attached is a document from the Department of Taxation that spells out the proposed changes of the administration.

The ability for our members to use multi-prime contractors instead of a single prime contractor.

The Tangible Personal Property loss reimbursement phase-out to local government and the schools.

Changes to the Kilowatt-Hour Tax and Natural Gas Tax Revenue Distribution. HB 153 requires all natural gas tax revenue to be credited to the state's general revenue fund in fiscal year 2012. The local governments' shares of the kilowatt hour tax will be phased out by 2031.

The budget proposes to increase the threshold for prevailing wage project from \$78,258 or less to \$5 million or less for certain projects.

A proposal to create a statewide public notice website available for use by all public entities is included in the bill. This program will apply to all public notices and bid notices. There are will be no charges to users of this system.

The budget also allows local government and schools to explore-commerce opportunities and use internet tools and websites for advertising.

HB153 proposes to create the “Public Employees Healthcare Program.” The language proposes to allow local governments and schools to develop regional or statewide pools of their employees for a “more efficient delivery of quality health benefits for government employees.”

The pension contribution rate changes are now also included in the Budget Bill. For the Ohio Public Employee Retirement System, the bill proposes to change the current contribution rate of 14% of payroll for employer to 12% of payroll. The contribution rates for the Police and Fire Pension Fund will be changed from the current employer rates of 19.5% to 17.5% for police and from 24% to 22% for firefighters. Estimates from the administration state that the proposed savings from this change saves employers approximately \$570 million, all but \$60 million will supposedly be saved by schools and the other political subdivisions.

This by no means is an exhaustive list of proposals found in HB153. The League will be doing more Legislative Bulletins than usual because there is a lot of information to be found in this 3,000 plus bill and it will take some digging to find it all. So if you feel that you are being overwhelmed with information, we apologize. We are doing it to keep you informed.

## **TAX COMMISSIONER TESTA WANTS TO COLLECT YOUR TAXES**

Commissioner Testa testified before the House Finance and Appropriations Transportation Subcommittee this week. Apparently the subject of the State collecting municipal income taxes was brought up before the committee. This idea of letting the state collect local municipal income tax has not been included in HB 153 yet, but the Commissioner seems to think it is a good idea. There is a point of clarification that needs to be made as well. Is the Commissioner talking about business income taxes or all income taxes? We will keep you informed as HB 153 progresses. Now is also a good time to let your State Representative know what you think of central collection.

## **BUDGET HEARING SCHEDULE**

The House Finance and Appropriations Committee has also set a hearing schedule as follows:

- The five subcommittees will have the next two weeks for their budget hearings. The full committee will then take public testimony on the Kasich administration bill April 12- April 14.
- Subcommittees are to have their amendments to Rep. Amstutz by Friday, April 15, with staff taking the next two weeks --to prepare a substitute bill.

- That sub bill is expected to be accepted by the full committee on Thursday, April 28, with public testimony in the full committee on Friday, April 29 and Monday, May 2.
- A committee vote is expected on Tuesday, May 3 and a House floor vote on Thursday, May 5 vote.

## **TRANSPORTATION BILL SIGNED**

Governor Kasich signed HB114, the Transportation Budget Bill, this week. The bill goes into immediate effect. The text of the bill and all its accompanying documentation can be found at <http://www.legislature.state.oh.us/> .

## **SB90 HEARD**

SB90, sponsored by Senator Jordan, had opponent testimony before the Senate Ways & Means & Economic Development Committee this week. Numerous city and township officials as well as OML and OTA gave testimony before the committee as to the economic impact that the proposed legislation will have on municipal corporations and townships. The common theme before the committee is that with all the other revenue changes being proposed in HB153, the Operating Budget, now is not the time for local government to take another hit.

There will a fourth hearing on SB90 next week. It will be Proponent, Opponent and Interested Party meeting. The hearing will be on Thursday, April 7, 2011 in the North Hearing Room. If you would like to testify but have not yet please consider doing so.

**March 28, 2011**

## **TANGIBLE PERSONAL PROPERTY UPDATE**

An explanatory document of the proposed Tangible Personal Property tax reimbursement changes and SB3, the kilowatt hour tax revenue changes that are in the budget is attached.

## **UPDATE ON BIENNIAL BUDGET BILL**

House Finance and Appropriations Committee Chair, Rep. Ron Amstutz (R-Wooster), has stated that he would like to have the FY12-13 budget, HB153, on the House floor for a vote on Thursday, May 5. To accomplish this feat the five subcommittees currently hearing portions of the bill will have the next two weeks for their budget hearings. After that, the full committee will then take testimony on HB153 from April 12-April 14.

Subcommittees are then supposed to have their amendments to Chairman Amstutz's office by Friday, April 15. Staff will then take the following two weeks to prepare a substitute version of HB153. That sub bill is expected to be accepted by the full committee on Thursday, April 28, with public testimony in the full committee on Friday, April 29 and Monday, May 2. A committee vote is then expected on Tuesday, May 3. Of course, the House Finance Committee has yet to see the bill. Chairman Amstutz has stated that expects to see actual HB153 language by Tuesday, March 29.

## **ESTATE TAX REMINDER**

Just a note to those interested in the Estate Tax. Opponent testimony to SB90, the Senate version of the Estate Tax Repeal, will be heard Thursday, March 31 in the Senate Ways & Means & Economic Development Committee. The Committee meets at 9:00 AM in the South Hearing room of the Senate Office Building. Those wishing to testify should bring 25 copies of their testimony for the committee.

### **PENSION BILL UPDATE**

The House Health and Aging Subcommittee on Retirement and Pensions has cancelled hearings scheduled for Tuesday and Wednesday this week because committee members are working on a substitute version of HB69. The chairman's office indicates next week's subcommittee meetings might also be cancelled.

**March 25, 2011**

### **TRANSPORTATION BUDGET SENT TO GOVERNOR KASICH**

On Wednesday, the Ohio Senate unanimously passed and the House concurred and sent to Governor Kasich HB114, the \$7 billion transportation budget, for his signature. As we previously reported, the OPWC State Issue 2 funding has remained intact as well as the revolving fund allocation added by the Ohio House. The Senate made its own additions to the legislation by re-installing the language previously removed by the House dealing with Private-Public Partnerships (PPP). The language is a reincarnation of the Transportation Innovation Authorities (TIA) language from the last General Assembly, just with a new name. Although there has been a lot of confusion on how the language would be implemented and if private entities who join into contract agreements with local partners would have the ability to use eminent domain procedures, the Senate is confident those issues have been resolved and no eminent domain powers would be available private contractors. HB114 also clarifies that eminent domain procedures would only apply to transportation projects and not for economic development purposes. The goal of the PPP language is to help generate funding for local construction projects that otherwise would not have the funding sources available.

Other amendments added by the Senate to the final version of the bill are:

- Prohibit federal stimulus funds from being spent on signs identifying the source of funding for a project;
- Prohibit appropriations of state and federal funding for the Cincinnati streetcar project;
- Permit the State Highway Patrol to assist another police officer upon request if the trooper arrives first to the scene of an emergency;
- Add cable operators, electric cooperatives, and municipal electric utilities to the entities eligible for reimbursement when their facilities must be relocated due to a highway construction project;
- Make several revisions to House changes to Transportation Improvement District language and make parking facilities and freight rail eligible for TID funding;
- Add \$750,000 in non-GRF for the Department of Natural Resources Waterways' Improvements;
- Create new special license plates

### **BUDGET BILL CONTINUES TO RECEIVE HEARINGS**

HB153, the budget bill that at this point is proposed by Governor Kasich continues to receive its first round of hearings in the House Finance and Appropriations Committee, although the actual language to the legislation has yet to be released. The hearings thus far have been limited to presentations from state funded departments and their plans for the allocations thus far promised to them. It is our understanding that the Finance Committee will begin holding public testimony the week of April 11 and we expect a specific day where the League will be invited with other representatives from local governments to give their perspective of what the disproportionate cuts in funding will mean to their constituencies. We will continue to keep you up to date on when the language to the budget is available and what other surprises may be lurking in the details.

### **PENSION REFORM CONTINUES**

Hearings on SB3 and HB69 continued this week. Both the Senate Government Oversight and Reform Committee and the House Health and Aging are likely to adopt substitute versions of the two pension bills soon. Once those are adopted by the two committees, we will place links on our website. Rumor has it that the bills will only include the most updated versions of the five systems long term solvency plans. Ideas being considered by the members will probably not be included in this set of substitute bills. We will continue to keep you apprised of the situation as it progresses.

### **ESTATE TAX BILL UP FOR OPPONENT TESTIMONY**

SB90, sponsored by Senator Kris Jordan, will up for opponent testimony before the Senate Ways & Means & Economic Development Committee next week. The Committee will meet on Thursday, March 31 at 9:00 am in the North hearing Room. Those wishing to testify about the impact of the proposed piece of legislation should bring approximately 25 copies of testimony for the Committee. We encourage those who have concerns about this legislation to show up to voice their concerns.

### **COLLECTIVE BARGAINING UPDATE**

The House Commerce and Labor Committee have scheduled SB5, the collective bargaining bill, for amendments and a possible vote at 9 a.m. Tuesday, March 29, in Hearing Room 114.

### **LEGISLATIVE LUNCHEON A GREAT SUCCESS**

On Tuesday we held our Legislative Luncheon for members of the General Assembly and our local officials and we are happy to report that the event was a complete success. We want to extend our thanks and appreciate to the more than 300 municipal officials from across the state who took time out of their busy schedules to join us for the afternoon program and we also want to thank all of the members of the Ohio House and Senate who joined our local government leaders for lunch. We also want to extend a hearty thank you to Speaker of the House Batchelder, Minortiy Leader Budish, Senate President Niehaus and Senate Minority Leader Cafaro for sharing their time with us and for their remarks about what is and what isn't happening at the Statehouse.

**March 18, 2011**

### **GOVERNOR KASICH'S BUDGET PROPOSAL UNVEILED**

As we reported to you Tuesday and which we are pretty sure you are aware, the Governor released his biennial budget proposal this week, and a placeholder bill, HB153 was introduced

which will serve as the vehicle for its journey through the legislative process. HB153 is in number only and currently the actual language for the budget has not been released and will probably not be available for another week. The \$55.5 billion dollar 2 year budget proposal includes wide ranging cuts to departments, services, reform oriented goals but includes no new taxing mechanisms to make-up for the \$8 billion dollar hole in the state budget. Instead, the Governor has squarely saddled the brunt of the deficit solving ideas on the backs of Ohio's local governments with the push to levy a drastic 50% slash to the Local Government Fund over the two year cycle. Although we expected the support to be reduced, it would be a severe understatement to say that it baffles the mind how we have been told the administrations governing priorities is to strengthen the partnership between the state and our service providing communities but yet those words ring hollow with the defunding scheme that would force local communities to try and raise taxes on the local level to sustain the vital programs our citizens and businesses depend on every day. Specifically, the budget that is currently before the House Finance and Appropriations Committee would reduce funding levels to the LGF to \$526 million in fiscal year 2012, which represents a 25% cut and another 25% cut in FY 2013 level which would dwindle the fund to \$339 million. On top of that, the administration proposes taking away \$312 million dollars local governments currently receive through tax revenues generated through inventory, equipment and utility funding sources. As if that weren't enough, the budget would accelerate the phase-out of the agreed to sharing partnership of revenue generated by the Tangible Personal Property (TPP) tax and the kilowatt hour tax many of our communities use for the general operating budgets, which goes to employing police, fire and rescue services, just to name a few. The introduction of these draconian measures have been coupled with proposals the administration feels would offer enough relief to our locals to not warrant increasing taxes and fees. They include:

- Offering financial relief from cities and villages by not having to purchase detailed public notice and legal ad space in newspapers in favor of smaller display ads that direct readers to a new state run public notice website.
- Allowing local governments to sell ad space on their websites.
- Use of single-prime contracting and design build projects for construction projects
- Reduction in mandates.
- A proposal to create a new health care pooling system to be administered through the Department of Administrative Services.
- A projected savings of \$1 billion dollars a year for local governments through reforms to the Collective Bargaining system included in SB5.
- Police and Fire employees pension contribution level would increase by 2% while employer contribution levels would be decreased by 2%. This provision would also apply to the Ohio Public Employee Retirement System.

The Governor also included in the relief initiatives he introduced to help prevent lay-offs and tax increases in our communities the benefit of revenue generated by the as yet constructed four Casinos. We have several objections with the ideas presented to assist our already financially strapped members in that the Constitutional language prohibits the sharing of Casino revenues to only communities with a population of 80,000 or greater meaning that the vast majority of local cities and villages will never see a dime from gambling proceeds. Furthermore, any relief from a health care pooling system is years away and additionally, many of our communities have already negotiated contracts with service unions so changes found in the Collective Bargaining (SB5) system would be of no benefit to our bottom lines.

As stated, the cuts in Governor Kasich's budget proposal would be devastating to the administration of safety, health and quality of life services provided on the local level, including

the crucial services our elderly population and those citizens in greatest need depend on every day. Currently, language has not been included to wipe-out revenue generated through the Estate Tax but discussions are continuing to have this added to the legislation. We have been told that the House Finance and Appropriations Committee will begin public testimony on HB153 the week of April 11<sup>th</sup>, with proponents having the first opportunity to testify followed by opponents to the legislation. We will continue to keep you updated on the committee schedule so you can come to the Statehouse and share with the legislature how these cuts will affect your communities and the constituents the members of the General Assembly serve.

## **HB 50 UPDATE**

For those of our members that are closely following HB50, there will be no hearings on the bill next week. The committee notice sent out Thursday afternoon did not have the bill on the committee schedule.

## **SB 5 UPDATE**

Democrats and Republicans are supposedly working on proposed changes to collective bargaining rollback SB5, leaders indicate, with the minority saying Thursday it hopes to offer amendments next week. "Both sides are going to put their heads together and make some determinations about what we're going to do and how we're going to do it," Ranking Minority Member Kenny Yuko (D-Richmond Heights) of the House Commerce and Labor Committee was quoted in a *Hannah News Report*.

## **SYNOPSIS OF CASINO BALLOT LANGUAGE**

- Authorize only one casino facility at a specifically designated location within each of the
- cities of Cincinnati, Cleveland, Columbus, and Toledo.
- Levy a fixed tax of 33% of gross casino revenue received by each casino operator of
- the four casino facilities.
- Distribute the casino tax as follows:
  - 51 % among all 88 counties in proportion to such counties ' respective populations. Half of each county's distribution will go to its largest city if that city's population is above 80,000.
  - 34% among all public school districts
  - 5% among all host cities
  - 3% to the Ohio casino control commission
  - 3% to the Ohio state racing commission fund
  - 2% to a state law enforcement training fund
  - 2% to a state problem gambling and addictions fund
  - Require each initial licensed casino operator to pay a single \$50,000,000 fee to be used for state job training purposes and make a minimum initial investment of \$250,000,000 in its facility.
  - Permit approved types of casino gaming authorized by Michigan, West Virginia, Indiana, and Pennsylvania as of January 1, 2009 or games subsequently authorized by those states.
  - Authorize the casinos to operate 24 hours a day, seven days a week, at the discretion of the casino operator and require that the casino facilities shall be subject to all state and local laws and provisions related to health and building codes, but that no local zoning, land use laws, subdivision regulations or similar

provisions shall prohibit the development or operation of the casinos at the designated sites.

- o Create the Ohio casino control commission which will license and regulate casino operators, management companies retained by such casino operators, key employees, gaming-related vendors, and all gaming authorized by this constitutional provision.

Because of the way the ballot language is constructed dealing with host cities and the population thresholds of 80,000, only 9 municipal corporations would be required to get any casino money. Also worth mentioning is that all 88 counties do receive money casino money, but they are not required to share that revenue with anyone.

**THE EXACT BALLOT LANGUAGE CAN BE FOUND UNDER ARTICLE XV:  
MISCELLANEOUS OF THE OHIO CONSTITUTION**

**March 15, 2011**

**GOVERNOR KASICH'S BUDGET PROPOSAL RELEASED**

Governor Kasich released his overview of the administration's proposed biennial state operating budget today, which generally proposes cuts to the Local Government Fund by at least 25% in FY2012 and at least 25% in FY2013. The details of the cuts and other measures that will have a direct impact to the operation of Ohio communities will be included in HB 153. The bill is in number only and is referred to as a placeholder bill until the specifics are included, which we expect to be released in the next two weeks. The "Blue Book" as it is referred to that has the general budget proposals can be found on our website [Here](http://www.ohio.gov) or through the State of Ohio's website, [www.ohio.gov](http://www.ohio.gov); from there you can access the information through the link titled Governor Kasich's Executive Budget. Of course, we will keep you updated through our Legislative Bulletins as information becomes more available.

**March 11, 2011**

**TRANSPORTATION BUDGET PASSES HOUSE**

HB114, the Transportation budget bill was unanimously approved by the Ohio House Thursday afternoon. Initially as we reported to you in previous Legislative Bulletins, funding had not been included for Issue2, the state capital improvement program administered through the Ohio Public Works Commission nor was there an appropriation for the LTIP revolving loan program. We are relieved to report that through the work done by Rep. Ross McGregor, Chairman of the House Finance Transportation subcommittee, and the full House Finance and Appropriations committee, the funding levels were restored and the important capital projects slated for this year will be able to move forward. The bill will now move on to the Senate for their consideration of the bill.

**SB 22 PASSES OUT OF SENATE**

SB 22, sponsored Senator Schaffer, passed out of the Senate by a vote of 33-0. The bill will empower Ohio EPA to work within the flexibility granted by federal law to consider local financial capability factors and current economic realities when implementing Clean Water Act improvements. Specifically the bill would require Ohio EPA to consider certain factors when issuing an NPDES permit. Some of the things to be considered include affordability of control

option, effectiveness of control technologies, measures to reduce economic impacts on subject entities and residents to name a few. An analysis of the bill can be found at <http://www.legislature.state.oh.us>.

The bill has been referred to House Agriculture and Natural Resources Committee.

### **HB 120 HEARD IN THE HOUSE**

HB120, sponsored by Representative John Carey, to create the Water Access To Every Residence Task Force was heard for the first time. According to Rep. Carey, "The primary goal of this task force will be to identify residential communities in our state that do not have access to potable drinking water."

The task force would include representatives of: the Governor's Office of Appalachia, the County Commissioners' Association of Ohio, the Ohio Township Association, the Ohio Farm Bureau, the Ohio Rural Water Association, the Ohio Small Communities Environmental Infrastructure Group and members from the House and Senate. The League will also be asking to be included in the task force as well.

### **HB 50 UPATE**

For those of our members that are closely following HB50, there will be no committee next week. Due to a heavy committee schedule dealing with the SB5, the Collective Bargaining Bill, House Local Government Committee will not meet next week.

### **OPERATING BUDGET HEARINGS SLATED**

The House Finance and Appropriations Committee will meeting beginning at 9 a.m. Wednesday, March 16 and Thursday, March 17 for the first hearings on the state's two-year operating budget. The first day is set aside for testimony from Budget Director Tim Keen and the Legislative Service Commission. The second day features a panel of health and human service agency directors, including Office of Health Transformation Director Greg Moody. Both hearings, which will be in Hearing Room 313, are scheduled to stretch into the afternoon.

### **COLLECTIVE BARGAINING MOVES TO THE HOUSE**

The House Commerce and Labor committee has received the as passed by the Senate version of SB5, the Collective Bargaining bill and has held hearings on it this week. Although there have been conflicting timelines for when the bill would be voted on by the committee, we do know hearings will continue next week. We are not sure if the Senate will agree to whatever changes the House comes up with and if a Conference Committee can be avoided but whatever occurs the talk has been to expect the issue to be put up for a Referendum ballot issue this coming November.

### **GOVERNOR KASICH DELIVERS STATE OF STATE SPEECH**

On Tuesday Governor Kasich delivered his first State of the State speech to the members of the Ohio General Assembly. As with other State of the State speeches from previous Governors, the contents of the speech was void of specifics keeping everyone interested on the edge of their seats for the Governors budget unveiling March 15<sup>th</sup>. Although the rumor mill continues to spin like a ferriswheel in a tornado, we will not know what cuts or overall structural changes are in

store for all of us stakeholders until next Tuesday. As usual, the House will take the first crack at the proposed biennial budget then on to the Senate, Conference Committee and passage all to be done by June 30<sup>th</sup>. We will of course keep you informed of what is included or not included in the legislation.

### **LOCAL GOVERNMENT PARTNERS CREATE WEBSITE**

In partnership with the County Commissioners Association of Ohio, Ohio Township Association, Ohio Association of Regional Councils, and the Ohio Parks and Recreation Association, we have developed a website that will serve as a clearinghouse of information on proposed cuts we anticipate to the Local Government Fund. The website address is [www.everyohioan.com](http://www.everyohioan.com) and we encourage you to keep checking it for the latest news and updates as it relates to the LGF.

**March 4, 2011**

### **MEETINGS ON BUDGET ISSUES**

On Thursday, staff from OML, County Commissioners Association and Township Association met with Speaker Batchelder and Representative Amstutz at their request to discuss the state budget. It is clear to everyone that the forecast for this coming 2-year state budget is grim. We were all asked to provide examples of changes to state law that could help us weather the cuts in local funding that were to come. We each explained that these changes, while helpful, would not have a significant impact short term and would not replace all of the lost revenue. Any suggestions that you might have for such changes would be appreciated. All units of local government expressed the view that state budget cuts should not be disproportionately borne by local government.

### **ANTI-ANNEXATION HB 50**

The House Local Government Committee held an opponent hearing on HB 50 earlier this week. Appearing in opposition to this session's first anti-annexation proposal were Rod Davisson, Mayor, Obetz; Stephen Smith, Jr., Law Director, Grove City; Greg Horn, City Manager, Centerville; Jason Reese, Assistant Law Director, Canton; and John Gotherman, Legal Counsel, Ohio Municipal League. HB 50 is an attempt to render the popular "100% owners Type II Annexation" procedure useless by bringing a whole new group of political subdivisions into the process. Copies of the testimony presented can be found on the OML Website. Please contact members of the House Local Government Committee and your Representative expressing opposition. The committee hearing the bill has not yet posted its hearing schedule.

### **COLLECTIVE BARGAINING ON THE MOVE**

SB 5, Ohio's attempt to change the Collective Bargaining Law was again the center of attention at the Statehouse. After a change to the Senate Insurance Commerce & Labor Committee structure, replacing Senate Seitz with Senator Hite, the bill was passed by a vote of 7-5 after a 99 page omnibus budget was added to the legislation. (SEE ENTIRE LIST HERE) The bill finally passed out of the Senate after a rather lengthy floor debate by a narrow margin of 17-16. The bill now heads to the Ohio House where Speaker Batchelder was quoted as saying that SB 5 will

have "very extensive hearings" in the House. The bill in all probability will be assigned to the House Commerce and Labor Committee with committee hearings probably starting next week.

## **HB 22 UPDATE**

HB 22, which requires the Director of Environmental Protection Agency to consider additional factors when issuing NPDES permits, passed out of committee with League support. The bill was passed out on a unanimous vote and may make it to the floor next week. A copy of the League's letter may be found [HERE](#).

## **MUNICIPAL INCOME TAX GETS NEW ATTENTION**

Along with what seems like everything else, the topic of "simplifying" municipal income tax administration and collection procedures are getting a fresh look by members of the General Assembly. The momentum to revisit the topic of uniformity has been spurred on by the Ohio Society of CPA's in coordination with the Ohio Chamber of Commerce and the NFIB. The league, along with a group of Tax Administrators from around the state, have been participating in round table discussions with representatives of the OSCPA's for over a year to talk about a list of objections they have to current municipal income tax procedures of some communities. Our hope was that we could work towards solutions that are practical for communities and most importantly are revenue neutral. Through our meetings we have tried to explain three things: first, in some instances, problems being raised are covered by current law, secondly, there are some things we agree can be fixed that are technical in nature but thirdly, there are changes that have been proposed we feel the consequence of taking away practices communities feel are important for their viability are wrong. From meeting with the OSCPA on these matters, our attention has now turned to working with members of the Legislature who are interested in addressing some of the points raised by the groups. Members of the OML staff have had several meetings with Representative Michael Henne (R-Clayton) to discuss the topic of muni income tax uniformity along with meeting with Representative Peter Beck (R- Mason), whom was just named Chairman of the House Ways and Means Committee. In one of those meetings with both Rep. Henne and Rep. Beck, the league representatives were joined by two of our Tax Administrators to give a practitioners interpretation to the questions being raised. From those meetings and at their request, we provided the two legislators with legislative language we feel fairly deals with some of the changes they are considering. To date, we do not know of a timetable for when legislation will be drafted, if it will be part of the budget or what the fate of our conversations will be but it is important for our members to let their Representative and Senator know that this is a very bad time to remove tools from your local communities tool box to pay for services and continue to insure that the most important revenue source for their hometowns is secure.

## **LEGISLATIVE LUNCHEON**

In addition the League's Legislative Luncheon at the Statehouse Atrium is coming up on March 22<sup>nd</sup>. Registration begins at 11:30 a.m., with lunch scheduled around noon. Complete details are located [HERE](#). Please mark the date and plan to attend. Remember, Ohio's Operating Budget should be introduced by then.

**February 25, 2011**

Hi, everyone - This week another hearing on SB 5, the collective bargaining bill, was held in the Senate. The committee is now gathering up proposed amendments to the bill. We'll see what happens, but a formal hearing on the bill is not scheduled for the bill next week yet. However, we do expect the committee to have a meeting, without testimony, to consider amendments and action. It is rumored that such a meeting will occur on either Tuesday or Wednesday.

HB 50, which attempts to damage the Expedited 2 Annexation process is also up for a hearing (see committee schedule) for all testimony. The League is putting together some folks for testimony on this bill, but if you'd like to testify next week please do.

We also have a problem with the ODOT budget (HB 114) in that the appropriation for Issue 2 and the LTIP program are not included in the original version. Without that appropriation in the ODOT budget, which passes early, even if the appropriation passes in a later bill, we could lose an entire construction season for important capital projects all over the state. We are working with the Ohio Public Works Commission, many other groups and state officials to fix this problem. Please, contact your legislators on this important issue. Attached is sample letter from the City of Dayton that may help you with that effort.

We also had good response on our press release about our joint LGF education project from many newspapers and over 75 on-line outlets. We will continue that effort.

In addition, the League's Legislative Luncheon at the Statehouse Atrium is coming up on March 22. Registration begins at 11: a.m., with lunch at noon. Complete details are on our website ([www.omloho.org](http://www.omloho.org)). Please, mark the date.

Hope everyone has a great weekend. John

## **February 18, 2011**

Hi, everyone - Attached is the schedule of bills of municipal interest for next week. HB 50, the bill that would place obstacles in the way of Type 2 -Exedited annexations, it up for a proponent hearing.

The Estate Tax, which passed out of House committee on a vote of 9-8 this week, obviously will not be up for a hearing. A number of municipal officials from across the the state, as well as the League and the Ohio Township Association, testified against HB 3 this week. We appreciate all the municipal officals who joined us in opposing this bill week. You did a great job. The Speaker of the House also announced that HB 3 would not move to the House floor until the House had a clear picture of the Governor's budget and how this measure meshed with that budget. The Governor's budget is not expected to be unveiled until mid-March. That sentiment was echoed by Representative Ron Amstutz, the Chairman of the House Finance Committee, as he voted against HB 3 in committee for its being moved outside of the budget process.

HB 3, in its current form, would repeal the Estate Tax on January 1, 2013.

And the usual calm of an early part of the General Assembly's session may return next week, as no hearings are scheduled on HB 5, the collective bargaining law. This week, between opponents of the bill and "Tea Party" proponents of the bill, the crowd in the Senate hearing room, the Atrium, the Rotunda and outside the Statehouse swelled to 4000 on Thursday. Testimony from

both sides went from 10:00 in the morning until well into the evening. We do not expect this display to abate any time soon, whenever this bill comes up.

There will also be a number of meetings, next week, on the state pension plans as we begin the long process of reforming those systems.

Hope everyone has a happy President's Day weekend. John

### **February 11, 2011**

Hi, everyone - Attached is the schedule of bills of municipal interest up for hearings in the General Assembly next week.

This week, HB 3, was heard and a good number of municipal officials did a very good job of testifying against this effort to repeal the Estate Tax. The bill will be heard again next week (see committee schedule), with possible vote scheduled. Once again, for those who could not testify this week, we could really use your help and hope you will testify next week. Thanks to all those who provided testimony this week.

The biggest crowd this week was generated by SB 5, a reform of the collective bargaining law, which among other things would eliminate collective bargaining for all state employees, including those at state colleges and universities. For other agreements, it bars health care and other benefits from being a matter of bargaining. It limits significantly binding arbitration. It also bars the practice of pension pick-ups for employees and would eliminate step increases for public employees. As with any bill, you can review the 475-page bill [www.legislature.state.oh.us](http://www.legislature.state.oh.us). The bill will be heard twice next week. We continue to follow this bill and discuss it with legislators and the administration. The Tuesday hearing is for proponent testimony and the Thursday hearing is for opponents. You are certainly welcome to testify if you'd like to wade through the hundreds of folks who show up for these hearings.

Finally, HB 50, which would like to start putting obstacles up to Type 2 expedited annexations, will receive its "sponsor only" hearing next week.

At the request of the House Finance Committee, the League provided a broad overview of municipal government in Ohio this week. That testimony is available on our website ([www.omloho.org](http://www.omloho.org)). Just click Budget/State Legislative News from the front page.

Hope everyone has a good and warm weekend. John

### **January 28, 2011**

Hi, everyone - It will be another very light week of session next week with a proponent hearing on HB 3, the Estate Tax repeal, at the top of bills of municipal interest.

On that bill, we expect another proponent hearing the following week and then an opponent hearing on the problems with the bill the following week. During that opponent hearing, we hope many municipal officials will be present to present opposition testimony. Of course, as with all things legislative, that expected schedule of hearings is somewhat tentative and we will keep you informed of any changes to that schedule.

Have also attached some thoughts about what you as municipal officials can do to educate or lobby, if you like, your members of the General Assembly on the impact on your community of eliminating the Estate Tax, without making up those local revenue losses, and the importance of the Local Government Fund to your city or village. **Please see this information in the Budget/State News section of our website.**

(<http://www.omlohio.org/StateIssues/StateGovNews.htm>)

League staff has visited over 50 legislators and done 15-20 print and radio interviews over the last week or so to talk primarily about these two issues. We will continue to do that work, but your discussions with your local legislators about the local impact on the communities in their districts is always the best lobbying tool we have. We cannot be successful on these types of issues without your help! We are always appreciative of that fact and thankful for all you do for the League.

We hope the attached thoughts are helpful in your valued efforts on the Estate Tax and the LGF.

On another matter, the pension systems, in our case Police and Fire, have been instructed by key figures in the General Assembly to resubmit all proposals for pension reform without any increases in the employer contribution rate. Nice to win one without a fight.

And the first anti-annexation bill (HB 50) has been introduced. More on that, perhaps, next week.

As always, we hope everyone has a safe and good weekend. John

### **January 14, 2011**

This week was mostly taken up with inaugural events and other formal gatherings of the Governor, the General Assembly and other state officials. The House did make its committee appointments (available at [www.omlohio.org](http://www.omlohio.org) today), while the Governor continued to make a number of appointments to build his new administration.

As you know HB 3, a placeholder bill to repeal the state estate tax, was also introduced. Your defense of the proceeds of that tax and what those proceeds mean for your community to your legislators is critical to our efforts on this important issue. We have never taken a position on the estate tax itself, but we have strongly fought to have any repeal of the tax paired with a replacement revenue source from the state to avoid the serious damage to local services an outright repeal will cause. Despite what some may tell you, this discussion has only begun. With your help, we can make progress on this issue.

There are no bills of municipal interest up for hearings next week.

Hope everyone has a good weekend and a happy and thoughtful Martin Luther King Day