



## Legislative Bulletin

**June 2, 2017**

We hope everyone had a good, long Memorial Day weekend. Because of the day of recognition for those that have sacrificed and gone before us, this week was more abbreviated than others with a generally light legislative schedule for the members of the General Assembly. The Senate Finance committee resumed their public hearing schedule with testimony on Tuesday, Wednesday and Thursday from various statewide associations and other groups who have a stake in the state operating budget.

As we discussed in our bulletin last week, public testimony on the proposed state budget, sub. HB49, will continue next week and the League is targeting Tuesday, June 6th, 11 am (Senate Finance Hearing Room) as a day when municipal officials can have a focused, concerted effort to provide committee members with information pertinent to municipal concerns. The League has been helping to coordinate the testimony of numerous municipal officials who will be delivering their remarks to the committee members and staff would be happy to assist other League members with questions or assistance in preparing remarks. If you are interested in testifying, please contact our Legislative Advocate Ashley Brewster at [abrewster@omloho.org](mailto:abrewster@omloho.org). Written testimony and witness slips must be sent to the Chairman's office 24 hours in advance of the committee. We will be happy to coordinate your submissions with Chairman Oleslegar's office.

The OML continued visiting with members of the Senate this week in our ongoing efforts to educate legislators on budget issues impactful to Ohio municipalities and to make certain requests for changes in language. League staff had particularly productive meetings with Senate President Larry Obhof and Senate Minority Leader Kenny Yuko (separately) and we greatly appreciate these two leaders time and consideration of the concerns and requests of our members. All of the members of the Ohio Senate we have been fortunate to meet with and to engage in sometimes lengthy conversations about very important matters included in the current budget language have been extremely gracious with us and patient to understand the complexities our issues sometimes entail.

We would like to thank the members of the Senate who have committed to offering alternative language through amendments on the League's behalf, which would change current proposals challenging to Ohio cities and villages and to strike other sections that need further review, which the budget process does not provide.

President Obhof has stated that a substitute bill will be due around June 12 with the Senate setting June 21 as the target date for the floor vote. It is expected that the House will not concur with the changes made by the Senate and the bill will be sent to a budget conference committee where differences will be resolved and the bill presented to the Governor for his signature June 30th.

### **ODT'S REVISED MUNICIPAL INCOME TAX ON BUSINESS ENTITIES PROPOSAL**

Yesterday, League staff was provided a copy of the legislative language drafted by the Ohio Department of Taxation which the administration favors over the current language included in sub. HB49 to deal with the challenges and desires of some municipal net profit filers who have filing obligations in multiple municipal jurisdictions. The revised language and bullet points can be found [HERE](#) (Bullet points) & [HERE](#) (Language).

Upon review, League staff and interested municipal tax administrators have found various items included in the language. Not only does the amendment, among other things, create the opt-in proposal for business filers to use the gateway for five years and charges municipalities a 1% service fee to administer less than 15% of a municipality's complete income tax structure, but it also moves up the repeal date of the "throwback" provision to January 1, 2018 and makes other changes to the municipal income tax system as a result of HB5, the municipal tax reform bill passed and enacted in 2014.

We very much appreciate the Tax Commissioner providing us with the language and revised bullet points. It is unfortunate that there was not an interest shown to communicate with our members about the changes being proposed so that differences could be identified and solutions could be explored. We are hopeful that the Ohio Senate does not entertain this sweeping and completely unvetted language and that the proposal is not included in the state operating budget. Efforts are being made by the administration and interested parties to force these major policies changes into the budget and onto Ohio municipalities without the opportunity to understand the effects of these tax policy changes. Bad tax policy is a benefit to no one and the legislature should exercise caution before embracing such proposals.

## **LEAGUE MAKES BUDGET REQUESTS**

The Ohio Senate continued hearing testimony from multiple agencies and their budget requests. Senate members were expected to have their budget amendment proposals in this week as well. We anticipate that the Senate leadership will prepare and release the Senate version of the budget within a couple of weeks. During this time, League members are urged to reach out to their members of the General Assembly to express the needs of your city or village.

The League has submitted our requests for the budget to the members of the Ohio Senate. The League's top priority requests include:

### 1. Centralized collection of municipal net profits tax

- The League **supports** provisions made by the Ohio House that returns the muni net profit tax to chapter 718; invests nearly \$33 million over the biennium to upgrade technological capabilities to the Ohio Business Gateway (OBG); keeps the portal permissive for business filers who choose to use the state system while retaining auditing and review authorities of local tax administrators.
- The League **opposes** language that retains the authority of the Ohio Department of Taxation to collect and redistribute municipal revenues that flow through the OBG. This is the current role of the Department of Administrative Services (DAS) and should remain with that state agency.

### 2. The "Throwback Rule"

- The League **opposes** the House language that creates a "nexus to nowhere" preventing the application of the tax and **supports** language that would remove the throwback provision, section 718.02, entirely from the budget bill and go back to current law so that it may be studied further to see what intended and unintended consequences there would be for our members and businesses.

### 3. Changes to the Local Government Fund:

- The League **supports** most of the changes made by the House, especially the removal of the capacity based formula submitted by the executive branch.
- The League is working with members to have section 5747.503 **removed** from the bill. This section takes \$24 million from the municipal share of the LGF distribution and redistributes it to the more than 1,300 Ohio townships and villages with a population less than 1,000.

#### 4. Municipal Water and Sewer Changes

- The League **opposes** changes that would penalize municipal corporations that do not timely publish an area wide waste treatment management plan and that does not charge the same sewer and water rates its residents and nonresidents; the language reduces Local Government Fund (LGF) payments by 20% until such time as the municipality charges the same sewer and water rates to all of its customers. This language is targeted specifically at the city of Columbus but the language is written in a manner that impacts could also be experienced by other municipalities.

#### 5. Lead Abatement

- The League **opposes** this provision that would preempt municipal lead abatement programs currently in place, replacing local efforts with a yet to be developed Ohio Department of Health statewide abatement program. The language as currently drafted would give the state sole and exclusive authority to compel, prohibit, license, or regulate lead abatement activities in Ohio, including the licensing of lead abatement professionals.

These requests can be viewed in more detail and League's other budget requests can be viewed in detail [HERE](#).

### **WORKERS COMPENSATION BUDGET RECEIVES HEARING**

The Senate Insurance and Financial Institutions Committee held its first hearing on House Bill 27, the workers' compensation budget, introduced by Representative Tom Brinkman (R-Mt. Lookout). Testimony was taken from Representative Brinkman and BWC Administrator/CEO Sarah Morrison.

The significant changes that were discussed included a provision that would prohibit illegal aliens from receiving workers' compensation, required standards for maintaining a sufficient number of certified health care providers, a reduction in the statute of limitations for injury claims from two years to one year, shortening the statute of repose for firefighter cancer claims from 20 years to 15 years, and prohibiting state agencies from taking "quasi-legislative or quasi-judicial" actions with a retrospective impact unless authorized by the General Assembly.

The statute of limitations reduction is insignificant because 98% of claims are filed within a year of the trigger point for the statute to run. The shortening of the statute of repose for firefighter cancer claims was not a request from the League, but is essentially insignificant because the latency period for any type of cancer is far less than 15 years. About a year ago, in a different bill, we did suggest a shorter statute of repose of five years. The League is also supporting an amendment to the existing firefighter cancer law that was the product of an agreement between the League and the Ohio Association of Professional Firefighters. This agreement would clarify the employer's burden in showing a causal relationship between the carcinogenic exposure and the type of cancer the claimant alleges.

In testimony, Representative Brinkman noted the changes that were made and received no questions. Administrator Morrison, on the other hand, received a multitude of questions. Most were intended to urge her to opine on the merits of the policy changes in the bill. Morrison refused to do so, noting that policy is a legislative decision and that the BWC can administratively handle the changes. The League will be submitting supporting testimony next week on this workers' compensation budget.

### **TESTIMONY HEARD ON TRANSPORTATION FUNDING ISSUES**

On Wednesday, the Senate Ways and Means Committee heard testimony from Sean Slone, Director of Transportation and Infrastructure Policy and the Council of State Governments (CSG). Slone's testimony was intended to educate members about the available options regarding transportation funding. Slone noted the multitude of gas tax increases across the country, while Ohio's has remained steady at \$.28 per gallon.

Slone testified that many states have recently raised their gas taxes. He quoted experts who said that this is the simplest way to deal with transportation shortages. He went into specifics from multiple states, including Indiana, Michigan, and Utah.

Slone's testimony was based on a power point, which can be viewed [HERE](#).

## **HOUSE HOLDS HEARING ON PROPOSAL TO FURTHER RESTRICT TRAFFIC CAMERAS**

Last week, we reported on sponsor testimony concerning four bills that are interrelated: House Bills 207, 208, 209, and 210. Each was introduced by Representative Tom Patton (R-Strongsville). Each bills does the following respectively:

HB 207: To prohibit a municipal corporation or township that does not operate either a fire department or an emergency medical services organization from utilizing traffic law photo-monitoring devices.

HB 208: To prohibit a local authority with a population of 200 or fewer from utilizing traffic law photomonitoring devices.

HB 209: To prohibit a local authority, in any year, from issuing a total number of traffic tickets based on the use of traffic law photo-monitoring devices that exceeds two times the population of the local authority.

HB 210: To prohibit a local authority from deriving more than 30 per cent of the total annual revenue of the local authority from the issuance of tickets for traffic law violations based on evidence recorded by traffic law photo-monitoring devices.

The pieces of legislation represent an ongoing conversation related to a specific community and could not be considered "general law." The League has deep concerns for the direction of these proposals as they challenge the authorities of the Home Rule provisions of the Ohio constitution, are punitive in nature, take away more resources to already challenged law enforcement agencies and seems to be a solution in search of a problem.

This week the Ohio House State and Local Government Committee allowed proponent testimony on the bill. No proponents testified. We are in the process of preparing for opponent testimony. If you would like to testify, please contact Josh Brown at: [jbrown@omloho.org](mailto:jbrown@omloho.org).

## **MAYORS CONFERENCE WELCOMES CHIEF JUSTICE**

On Wednesday June 14<sup>th</sup> to Friday June 16<sup>th</sup>, the Mayors Association of Ohio will hold its annual conference. In addition to the group welcoming The Supreme Court of Ohio's Chief Justice Maureen O'Connor as its key-note speaker on the first day of the conference the three-day meeting will include many important sessions on local control, economic development strategies administrative and best practices being used in municipalities across the state for mayors to consider when working with issues in their communities.

Last year's event was a huge success and we look forward to a great conference this year.

For a full agenda for the Mayor's Conference, click [HERE](#).

## OML INCOME TAX CONFERENCE REGISTRATION OPEN

The League would like to remind our members that registration is open and rooms are filling up for our 2017 Municipal Income Tax Conference. Click [HERE](#) to visit our new website for registration, and check out our schedule and speaker line-up online as well.

This year we will be addressing topics pressing for local tax authorities, discussing the changes the passage of the state operating budget will bring to local tax efforts, and we will also be hearing from a panel of legislators on the future of municipal income tax.

## COMMITTEE SCHEDULE

Below is the list of announced committee meetings for next week, with bills of municipal interest included on the calendar. Often schedules are released after our bulletin is complete so please check our website Monday for any revisions to the committee hearing line-up.

### Tuesday, June 6, 2017

#### HOUSE WAYS AND MEANS

Tue., Jun. 6, 2017, 9:00 AM, Hearing Room 121  
Rep. Schaffer: 614-466-8100

#### SB131

EMPLOYEE COMPENSATION-TAX CREDITS (DOLAN M) To provide that compensation paid to certain home-based employees may be counted for purposes of an employer qualifying for and complying with the terms of a Job Creation Tax Credit.

**First Hearing, Sponsor Testimony, PENDING REFERRAL**

#### HB185

POLITICAL CONTRIBUTIONS TAX CREDIT (HAMBLEY S) To expand the scope of political contributions that qualify for the income tax credit for contributions to political campaigns to candidates for any state, county, municipal, or district office.

**First Hearing, Sponsor Testimony**

#### SENATE INSURANCE AND FINANCIAL INSTITUTIONS

Tue., Jun. 6, 2017, 9:30 AM, Senate Finance Hearing Room  
Sen. Hottinger: 614-466-5838

#### HB27\*\*

WORKERS' COMPENSATION BUDGET (BRINKMAN T) To make changes to the Workers' Compensation Law, to make appropriations for the Bureau of Workers' Compensation for the biennium beginning July 1, 2017, and ending June 30, 2019, and to provide authorization and conditions for the operation of the Bureau's programs.

**Second Hearing, Proponent Testimony**

#### SENATE FINANCE

Tue., Jun. 6, 2017, 11:00 AM, Senate Finance Hearing Room  
Sen. Oelslager: 614-466-0626

#### HB49\*\*

OPERATING BUDGET (SMITH R) Creates FY 2018-2019 main operating budget.

**Ninth Hearing, All Testimony**

#### HOUSE ENERGY AND NATURAL RESOURCES

Tue., Jun. 6, 2017, 3:00 PM, Hearing Room 018  
Rep. Landis: 614-466-8035

**HB225**

ABANDONED WELL REGULATION (THOMPSON A) To allow a landowner to report an idle and orphaned well or abandoned well, to require the Chief of the Division of Oil and Gas Resources Management to inspect and classify such a well, to require the Chief to begin plugging a well classified as distressed-high priority within a specified time period, and to authorize an income tax deduction for reimbursements paid by the state to a landowner for costs incurred to plug an idle or orphaned well.

**First Hearing, Sponsor/Proponent Testimony**

**Wednesday, June 7, 2017**

**SENATE WAYS AND MEANS**

Wed., Jun. 7, 2017, 9:00 AM, South Hearing Room  
Sen. Eklund: 614-644-7718

**SB113\*\***

VEHICLE REGISTRATION TAX (COLEY W) To levy an additional registration tax on passenger cars, noncommercial motor vehicles, and commercial cars and trucks beginning on January 1, 2020; to authorize a per-gallon motor fuel retail price reduction for consumers that is equal to the state per-gallon motor fuel tax of \$.28; and to exempt each gallon of motor fuel that is sold at the reduced retail price from the state motor fuel tax.

**First Hearing, Sponsor Testimony**

**SENATE TRANSPORTATION, COMMERCE AND WORKFORCE**

Wed., Jun. 7, 2017, 10:15 AM, South Hearing Room  
Sen. LaRose: 614-466-4823

**HB28**

INDUSTRIAL COMMISSION BUDGET (BRINKMAN T) To make appropriations for the Industrial Commission for the biennium beginning July 1, 2017, and ending June 30, 2019, and to provide authorization and conditions for the operation of Commission programs.

**Third Hearing, All Testimony, AMENDMENTS/POSSIBLE VOTE**

**SENATE FINANCE**

Wed., Jun. 7, 2017, 11:00 AM, Senate Finance Hearing Room  
Sen. Oelslager: 614-466-0626

**HB49\*\***

OPERATING BUDGET (SMITH R) Creates FY 2018-2019 main operating budget.

**Tenth Hearing, All Testimony**

**OHIO HOUSE**

Wed., Jun. 7, 2017, 1:30 PM, House Chambers

**OHIO SENATE**

Wed., Jun. 7, 2017, 1:30 PM, Senate Chambers

**Thursday, June 8, 2017**

**SENATE PUBLIC UTILITIES**

Thu., Jun. 8, 2017, 9:00 AM, Senate Finance Hearing Room  
Sen. Beagle: 614-466-6247

**SB128\*\***

ZERO-EMISSION NUCLEAR PROGRAM (EKLUND J, LAROSE F) Regarding the zero-emissions nuclear resource program.

**Fourth Hearing, All Testimony**

**SB155**

ELECTRIC DISTRIBUTION COST RECOVERY (TERHAR L, PETERSON B) To allow electric distribution utilities to recover costs for a national security generation resource.

**Second Hearing, All Testimony**

**OHIO RETIREMENT STUDY COUNCIL**

Thu., Jun. 8, 2017, 10:00 AM, Hearing Room 121

Bethany Rhodes

On the agenda:

- ORSC budget
- SB151 recommendation
- HB242 recommendation
- Recommendation on draft HPRS omnibus
- Rules

**PLEASE CHECK OUR WEBSITE MONDAY FOR ANY UPDATES TO THE  
COMMITTEE SCHEDULE**