



Legislative Bulletin

June 16, 2017

As the Senate gets closer to finalizing their list of budget priorities for the next two year state operating budget, the League continues to meet with legislators about concerns and alternative language to relieve Ohio's cities and villages on the challenges that remain present in the Senate's substitute plan. Most of the legislative activity at the Statehouse this week focused on budget issues.

LEAGUE TESTIFIES BEFORE SENATE FINANCE COMMITTEE ON BUDGET ISSUES

This week, the Senate Finance Committee continued to unpack the Senate substitute version of HB49 unveiled Monday with hearings and testimony throughout the week from interested parties.

On Wednesday, OML Executive Director Kent Scarrett testified before the Senate Finance Committee on the amendments impacting municipalities that the Senate has adopted and other changes included in the most recent draft of the budget proposal. You can view the recorded testimony <http://ohiochannel.org/video/ohio-senate-finance-committee-6-14-2017-part-2> via the link provided. The League's testimony begins at 8:08 in the recording and concludes at 26:03. The nearly 20 minutes of testimony includes questions from members of the Committee about issues addressed in the presentation and other matters related to state government and Ohio's municipalities. Following Scarrett's testimony, Chris Ferruso, Director of Legislative Affairs for the National Federation of Independent Businesses-Ohio (NFIB) presented his testimony and shared his members concerns related to the municipal income tax and the organization's support for the Senate language.

Scarrett outlined for the committee the detrimental consequences of the Ohio Department of Taxation's alternative proposal to administer net profit business filings for businesses who opt-in to file through the Ohio Business Gateway. In addition to the increased administrative and financial burden that municipalities would have to shoulder should this proposal become law, Scarrett explained that the Tax Commissioner administering any part of the municipal income tax would be a violation of Ohio's Constitution, per the ruling in *Gesler v. Worthington Income Tax Bd. Of Appeals* (available [HERE](#)). In regards to the elimination of the "throwback" provision, Scarrett listed the impact numbers for multiple municipalities for loss of revenue - some of which total in the millions of dollars.

While he thanked the committee for amendments that removed the preemption of local lead laws and the unitization of municipal corporations with oil and gas reserves, Scarrett asked that the committee remove provisions that would redirect \$24 million in LGF dollars from municipalities to townships and small villages, and over \$35 million to statewide opioid intervention programs.

Sen. Coley (R-Liberty Township) asked why, if the option to file through the OBG was discretionary for businesses, municipalities were concerned about a loss of revenue. Scarrett explained that for the majority of self-collection municipalities, the total cost of revenues for collection net profit business filings totaled around .02%. ODT's 1% administration fee means a substantial increased cost - without relieving municipalities of any administrative burden or cost. "We don't understand why ODT is needed to collect and then redistribute own revenues back to us," he said while explaining that currently, OBG is a portal where revenues are sent directly to the collecting municipality.

Sen. Lehner (R-Kettering) asked for clarification regarding which parts of the Local Government Fund (LGF) this budget is diverting to efforts fighting the opioid epidemic, asking if it was an "antiquated fund." Scarrett explained that the nearly \$60 million in revenues, called the Municipal Supplemental Distribution Fund, was created in the 70s as a means to counterbalance any revenue loss the 600-odd municipalities leveraging an income tax would experience once the State created their own income tax. However, he explained that those revenues are a part of the annual LFG distribution and are not being "cobwebbed."

Finally, Sen. Tavares (D-Columbus) asked if there were ways apart from revenue that State could be a better partner to municipalities. Scarrett explained that one of the "most infuriating" problems municipalities face is preemptions from the State. "It's an extreme challenge to the Constitution and a challenge to the partnership municipalities have with the state," he said, saying increased preemptions in recent years have continued to erode the trust municipalities have with the State.

On Thursday, Keary McCarthy from the Ohio Mayors Alliance provided testimony that can be found [HERE](#) and the City of Cincinnati's Marilyn Crumpton also shared concerns with Committee members. Her testimony can be found [HERE](#) The League thanks all of our members who have contacted their state delegation to impress upon them the fixes that need to be made in the budget to protect our communities.

The Senate Finance Committee will reveal an omnibus amendment to Sub. HB 49 next week before passing the bill out of both the committee and the full chamber. We are asking our members to call their legislators immediately to express their opposition to any state takeover of municipal revenues and the continued erosion of local control. OML continues to meet with legislators before conference committee convenes to educate legislators on what's best for Ohio's municipalities.

WORKERS COMPENSATION BUDGET RECEIVES HEARING

On Tuesday the Ohio Senate Insurance and Financial Institutions Committee heard testimony on the workers compensation budget, HB 27, which was introduced by Rep. Brinkman (R-Mt. Lookout). The Committee heard testimony on a specific provision that would forbid illegal aliens from receiving workers compensation coverage and on another provision that would decrease the statute of limitations on claims from two years to one year.

Opponents to the one-year statute of limitations argued that many workers try to "soldier through" injuries and therefore need more than a year to make their claim. Additionally, some employers encourage workers not to make their claims by making false promises to them. Proponents argued that over 98% of claims are made in the first year and this is an indication that two years is not necessary.

Committee Chairman Jay Hottinger (R-Newark) announced that amendments would be due Friday with a sub bill ready next week. We will keep our members aware of future action of this bill.

INTERIM MONEYS BILL RECEIVES HEARING

HB 251, introduced by Rep. Greenspan (R-Westlake), would increase from the maturity period of other political subdivision's bonds and obligations eligible for investment of a subdivision's interim moneys from five to ten years.

Greenspan, in his sponsor testimony, said, "Under this proposal, a political subdivision may purchase the debt of another subdivision for a longer period of time, which presents two distinct advantages for both the purchaser and seller. Those political subdivisions purchasing the debt may have an opportunity to earn more investment

income than on their traditional or current investments. The political subdivisions selling their debt may pay less interest expense, resulting in savings to taxpayers. As previously indicated, both the seller and purchaser under the proposed extended investment protocol, stand to mutually benefit if they so choose."

As HB 251 progresses, we will be sure to report on future activity.

OHIO AG AND CITIES FILE SUIT AGAINST PHARMA COMPANIES

Last week, the Ohio Attorney General filed a lawsuit against multiple pharmaceutical companies, alleging that they are liable for violating RICO statutes and nuisance statutes in the State of Ohio, among other accusations.

Ohio cities, including Dayton and Lorain, have filed similar suits. The suits allege that these companies have been misleading doctors into overprescribing opioids by downplaying the dangers of the drugs. Ohio is unfortunately leading the nation in opiate deaths, and the upcoming budget has earmarked millions of dollars towards fighting this epidemic.

As updates become available, we will be sure to alert our members.

MAYORS CONFERENCE SUCCESS

This week, the Mayor's Association of Ohio held their annual conference at the Embassy Suites in Dublin. Attendees had the opportunity to hear from featured speaker Ohio Chief Justice Maureen O'Connor, visit the exhibition hall and collaborate with mayors from municipalities of all sizes from around the state. Sessions covered topics like Ohio's updated rules on medical marijuana, open meetings and public records, and ordinance drafting after AT&T's preemption in last General Assembly's SB 331.

OML Executive Director Kent Scarrett gave a legislative update on budget proceedings, JobsOhio gave a presentation covering Ohio Economic Development Strategy, and Greater Ohio Policy Center's Dr. Alison Goebel spoke on the revitalization of Ohio's small and medium-sized legacy cities. Mayors also participated in two separate roundtable discussions for cities and villages to discuss current issues like panhandling, prayers during meetings, and fireworks.

OML wants to thank all who took the time to attend the conference this week and to our wonderful presenters who helped educate Ohio's municipal leaders on issues impactful to their communities.

We appreciate the participation of all of our mayors and municipal officials from across the state, not only during sessions and discussions, but also in your willingness to call your Legislators regarding legislation that impacts your cities and villages. As Dir. Scarrett said during his presentation, OML's largest and most effective lobbying effort is spread all across Ohio in local offices.

Thank you for a great conference, and we hope to see you next year!

BILLS INTRODUCED OF MUNICIPAL CONCERN

SB162 WITHHOLDING FUNDS-SANCTUARY CITIES - To withhold local government fund payments to municipal corporations that have enacted an ordinance, policy, directive, rule, or resolution that hinders or prevents municipal employees from cooperating with state or federal immigration services or from complying with executive orders pertaining to immigration.

Introduced Jordan, K

HB267 LOCAL LIABILITY-VEHICLE NEGLIGENCE - To eliminate certain defenses to political subdivision liability for an employee's negligent operation of a motor vehicle and to reduce damages recoverable against a political subdivision in such actions by the contributory fault of the plaintiff or other parties.

Introduced Ingram, C

HB268 WORKERS COMPENSATION-SELF-INSURERS - To make changes to the Workers' Compensation Law with respect to self-insuring employers.

Introduced Henne, M

HB269 WORKERS COMPENSATION OVERHAUL - To rename the entities who carry out workers' compensation functions in this state, to require the Administrator of Worker Safety and Rehabilitation to develop incentives for employers to participate in safety consultations and loss prevention programs, to require an employee who is receiving temporary total disability compensation to comply with a return to work plan, and to make changes with respect to compensation for permanent total disability and death benefits.

Introduced Henne, M