



Legislative Bulletin

SPECIAL BULLETIN

June 28, 2017

CONFERENCE COMMITTEE SENDS FINAL BUDGET REPORT TO HOUSE AND SENATE

Late last night, the Conference Committee voted out their report on the budget, Sub, HB 49, for a full vote before the Ohio Legislature. Once the Legislature favorably votes on the bill today, the full state operating budget will be sent to Gov. Kasich for his signature. The Governor has until Friday, June 30th at midnight to sign the bill. He also has the Constitutional authority to line-item veto certain provisions within the bill.

The following provisions are in the final version of the Legislature's budget:

- The Tax Commissioner will administer net profit business filings for businesses who opt in to file through the Ohio Business Gateway starting January 2018. The conference committee changed the administrative service fee from 1% to .5%.
- The “throwback” provision will be eliminated for municipalities with no nexus. The conference committee changed the effective date from 2019 to 2018.
- \$24 million over the biennium will be redirected from the LGF from municipalities towards townships and small villages. We maintain that there are many well-off townships that do not need the funds our small and midsized cities do as they fight local opioid addiction and rebuild their local economies.
- \$35 million over the biennium will be redirected from the Municipal Supplemental Distribution Fund towards combating the opioid epidemic. We believe our local governments and safety officers must be properly funded as they are on the front lines of the fight against opioid addiction throughout the state.
- Columbus will be preempted from providing from charging what they deem an appropriate fee for water and wastewater services to surrounding communities and will have 20% of their LGF distribution withheld unless it charges the same rates to all municipalities it supplies with water and sewer and requisite infrastructure.
- The Local Government Innovation Fund will be closed effective 2018, despite the fact those monies are crucial to capital improvements that rebuild local economies.

Because the Legislature's approval of many of these provisions is detrimental to municipalities, we are preparing to send a veto request letter to the Governor's office, respectfully asking he consider removing the provisions from the bill regarding the municipal income tax changes, the LGF redistribution, preempting municipal water and sewer rates, preempting local lead abatement ordinances.

There are several provisions in the budget we support which include:

- The local lead preemption language has been removed from the budget.
- The Governor's means-based LGF redistribution language has been kept out of the budget.
- The unitization of local mineral rights has been removed from the budget.
- Language mandating area wide waste management planning has been removed from the budget.

This is not an exhaustive list of all the issues in the budget that affect municipalities. We will provide a comprehensive overview of municipal issues in the budget by the end of the week.

We continue to encourage our members to contact the Governor's office and voice their concerns for provisions that remain detrimental to municipalities in the budget. These provisions undermine municipal authority and threaten many municipalities' financial stability. Please request that Governor Kasich continue to honor the historic partnership between the state of Ohio and its municipalities by removing these barriers and instead investing in our local communities and the businesses and residents they serve.