



**OML**  
OHIO MUNICIPAL LEAGUE  
Partnering for Stronger Cities and Villages

# Legislative Bulletin

**June 30, 2017**

## **GENERAL ASSEMBLY SENDS BUDGET TO GOVERNOR FOR SIGNATURE, VETOS**

Yesterday afternoon, the Legislature favorably voted on Sub. HB 49, the state operating budget bill, sending it to Gov. Kasich for his signature. The Governor has until Friday, June 30<sup>th</sup> at midnight to sign the bill. He also has the Constitutional authority to line-item veto certain provisions within the bill.

There is a lot contained within the massive legislation that affects municipalities. In this bulletin, we've done our best to identify every part of the bill that will have an impact on our cities and villages.

To see the changes in the bill as it moved from the Governor, to the House and the Senate, all the way to Conference Committee, please reference this comparison document, found [HERE](#).

Here are the 6 main items OML focused on over the course of the budget process:

- The Tax Commissioner's administration of the municipal net profit business filings for businesses who "opt-in" to file through the Ohio Business Gateway (OBG) with a .5% administration fee charged to municipalities. This legislative proposal received almost no vetting in the Ohio Senate to explore intended and unintended consequences and will create two separate laws for the same class of taxpayer. The poorly-crafted language will further erode local control of municipal authorities by removing all auditing and enforcement capabilities of local tax administrators and does a disservice to all municipal taxpayers in Ohio by removing these crucial safeguards. Furthermore, the constitutionally-challenged proposal continues to interfere with the ability of municipalities to generate and manage revenues locally by creating cash flow disruptions, uncertainties and greater dependencies upon future state distributions of municipal revenues. The League supports the language crafted by the Ohio House of Representatives to address the challenges of roughly 13% of municipal business filers through the investment of a rebuilt OBG system that preserves local control and provides greater certainty in municipal revenue collections. **TAXCD38.- R.C 718.01, 113.061, 709.023, 715.691, 715.70, 715.71, 715.72, 718.02, 718.04, 718.05, 718.91, 718.27, 718.41, 5701.11,5703.052, 5703.053, 5703.19, 5703.21, 5703.50, 5703.57, 5703.70, 5703.90; Section 803.100, Repealed 718.06**
- The elimination of the municipal income tax "throwback" provision. The financial implications on municipal budgets with the elimination of this local revenue statewide will be significant, and in many instances, will further preclude the ability of cities and villages to invest in opportunities for greater job creation. There are no state revenues associated with the repeal of this municipal tax provision and we ask that the language be removed from Sub. HB49 and given an opportunity to be studied in future legislation. **(DESCRIPTION AND CODE SECTIONS ARE INCORPORATED INTO TAXCD38)**

- The preemption of local water ordinances that would prevent certain municipalities from charging what they deem an appropriate fee for water and wastewater services to surrounding communities by deeming them "predatory municipal annexations" and withholding 20% of their LGF revenues. We believe this provision significantly challenges the Home Rule authorities of the Ohio Constitution and should be removed from the budget. **EPACD28**.- R.C. 5747.504, 5747.51, 5747.53, SECTION 803.210
- The redirection of \$35 million from the Local Government Fund (LGF) to fund statewide opioid interdiction programs. This revenue would come directly from the municipal LGF distribution formula and would further interfere with the ability of our front-line responders to save lives in order to get those afflicted to treatment. We believe our local governments and municipal safety officers must be properly funded if our state stands a chance of winning this battle. The elimination of financial resources to our first responders is a misguided state policy that we ask be reconsidered. **RDFCD9**.- R.C.301.132, 5747.503, and Sections 291.20, 307.110,307.193,333.63, 337.220, 337.231, 383.10, and 757.20
- The redirection of \$24 million in municipal LGF dollars to all Ohio townships and very small villages. As cities and villages continue to struggle with local economic conditions, we recognize that there are very successful townships in our state that are not in need of municipal revenue to continue their financial solvency while cities and villages of every size and location continue to struggle. We ask that revenue dedicated to municipalities remain with municipalities. **RDFCD1**.- R.C. 131.44, 131.51, 5747.50, 5747.502, 5747.503, and Section 757.20
- The decrease of the threshold of petition signatures for village dissolutions from 40% to 30% of the local population. **LOCCD17**.- R.C. 703.20, 703.21

To view a breakdown of the changes to direct municipal LGF under current law for the remainder of 2017, please visit this link:

<http://www.tax.ohio.gov/Government/LocalGovernmentDistributionsLGF-PLF.aspx#3148156-forecasted-revenue>

Under HB 49, there will be a re-direct of \$12 million annually from the direct municipal LGF to the Small Villages and Township Fund. Additionally, it would re-direct remainder to the Targeting Addiction Assistance Fund and further breaks that down to several other funds to fight the opioid crises. Later this summer, a breakdown of the direct municipal LGF will be made available; however, unless one of the above-mentioned provisions is vetoed by the Governor, there will be no direct municipal LGF revenues at all.

Yesterday, OML sent a veto request letter to Governor Kasich, asking that he take into consideration the issues raised above and veto these provisions. You can view a copy of that veto request letter [HERE](#).

There are far more issues in the budget that will have an impact on municipalities. We've detailed them for you in a separate list, found [HERE](#).

One final list for you to reference can be found [HERE](#). These are items that OML and our members opposed over the course of the budget and were consequently removed by legislators before the final vote.

Finally, on a somewhat positive note, we would like to share with you an email we received on Wednesday from Sen. Dolan (R-Chagrin Falls), which you can read [HERE](#). Despite the treatment of municipalities in the budget, we have allies in the Statehouse who appreciate the contribution of our municipal leaders and who are listening to our concerns. Already, we are scheduling meetings with other legislators to continue the conversation on these topics. We are far from giving up, and we hope you take this letter as an encouragement to continue reaching out to members - they are listening, and we cannot back down.

The budget process will be officially over once Governor Kasich signs the bill into law; however, there is a possibility for the Legislature to reconvene one final time on July 6<sup>th</sup> for a veto override, where a 2/3rds majority vote can override a veto from the Executive branch. We have not heard any word on whether or not such a session will actually happen, but it remains a possibility. We will alert our members if a session on July 6<sup>th</sup> is scheduled to take place.

We want to thank our members for their hard work throughout the budget process on contacting their legislators and the office of the Governor not only to oppose anti-municipal proposals, but also to express their desire to stop the breakdown of trust between the state and its municipalities. Many of you scheduled meetings, analyzed proposed language and came to the Statehouse to offer testimony. We appreciate your voices and your expertise, and we encourage you to continue to forge relationships with your legislators as the year progresses. Those relationships are important, and it is imperative the General Assembly and the Administration continue to hear from you.

## **WORKER'S COMPENSATION BUDGET PASSES BOTH CHAMBERS**

On Wednesday, legislative session saw the passage of HB 27, the Worker's Compensation Budget, from the both the House and the Senate. The House concurred on the Senate's changes to the bill, which included reducing the statute of repose for firefighter cancer presumption from 20 years to 15 years, and creating both a \$2.5 million statewide safety awareness educational campaign and a \$6 million health and wellness program. Senate-added provisions also will ensure injured workers eligible for Temporary Total Disability receive their compensation in a timely manner, while another was added to end the backlog of over 20,000 application for permanent partial disability.

Over the bill's lifetime, OML worked with several other interested parties on several crucial issues, and was able to come to agreements approved by both parties. We are grateful for their cooperation and look forward to a watching a fully-funded, empowered BWC better the lives of Ohio's citizens.

## **INTRODUCED BILLS OF MUNICIPAL INTEREST**

HB 292 - STATE OF RESIDENCE TEST (Rep. Scherer) To modify the test for determining an individual's state of residence of income tax purposes.

HB 291 - EMPLOYEE DISHONESTY INSURANCE (Rep. Wiggam) To authorize counties, townships, and municipal corporations to purchase an employee dishonesty and faithful performance of duty insurance policy, instead of a bond, for protection from loss to the fraudulent or dishonest actions of, and the failure to perform a duty prescribed by law by, an officer, official, employee, or appointee for which a bond is required by law.

HB - LEAD SAFETY AND UNIFORMITY (Rep. Merrin) To enact the Lead Safety and Uniformity Act to provide that the state, acting through the Department of Health, has the sole and exclusive authority to compel, prohibit, license, or regulate lead abatement activities in Ohio.

HB 298 - PUBLIC EMPLOYEE SICK DAYS (Rep. Merrin) To make changes with respect to the number of sick days provided to public employees,

**NO COMMITTEES HAVE BEEN SCHEDULED WITH BILLS OF MUNICIPAL INTEREST**