



STATEHOUSE REPORT

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The Senate proposal for MCO loss revenue

This week CCAO and the transit authorities along with the Kasich Administration were presented with a proposal by the Senate to address the local MCO sales tax revenue loss.

The proposal includes the following:

- The \$207 million Transitional Aid to counties and transits that will be split into two payments and paid in November 2017 and January 2018 will remain the same. No change.
- An additional \$50 million would be paid to counties and transit authorities in January 2018. These funds will be distributed based on an approach determined by these entities in cooperation with the Senate.
- In addition to the \$50 million above, up to \$30 million could be paid to counties and transit authorities in November 2018, if state general revenue tax receipts perform better than estimates from July 1, 2017 through October 31, 2018. Again, these funds would be distributed based on an approach determined by these entities in cooperation with the Senate.



From the Senate's perspective, this proposal would provide, in addition to the Transition Aid, a guaranteed \$50 million allotment in January 2018 and possibly up to \$30 million in November 2018 if economic factors are favorable. Some Senate members have expressed concern that the federal government will not approve a request from Ohio to raise the state's franchise fee on managed care organizations (MCO's) to replace our local sales tax dollars, and they view this proposal as "real money" available to assist counties within the confines of the constrained state budget already in place.

The Kasich Administration along with CCAO and the transit authorities were given until close of business Friday (today) to accept or reject the Senate proposal, with no opportunity to negotiate alternative provisions. In addition, CCAO was told that if the Association did not accept the proposal, the Senate may not look favorably on taking up the override of the Governor's veto on requiring the Administration to talk to CMS.

Obviously, CCAO is disappointed with the low dollar figure in the Senate proposal. Given the confines of what was presented, CCAO as well as the transits and the Kasich Administration said "yes."

The loss of the MCO sales tax revenue stream to counties and transits is a serious matter, and one that the Association has prioritized. We have been steadfast in our advocacy efforts to be treated with parity by the state, and while the Senate proposal includes some "real money" in the confines of the state's existing biennial budget, we recognize counties have long term needs with the loss of a \$207 million annual revenue stream.

The Senate proposal will need legislative action to put the proposal in place. If you have questions please contact the CCAO policy team at 614-221-5627.

TEMPLATE RESOLUTION FOR CREATING A MEDICAID LOCAL SALES TAX TRANSITION FUND FOR THE RECEIPT OF STATE TRANSITIONAL AID UNDER HB 49 (STATE BUDGET)

[HERE](#)

More materials will be sent out on this topic on Monday



Councilman Schron

Cuyahoga County testifies at the statehouse

Cuyahoga County Councilman Jack Schron and Fiscal Officer Dennis Kennedy testified in support of House Bill 251 before the House Financial Institutions, Housing and Urban Development Committee this week. The bill, sponsored by State Rep. Dave Greenspan (R-Westlake) would increase from five to ten years the maturity period of other political subdivision's bonds and obligations eligible for investment of a subdivision's interim moneys, a county's inactive moneys, and money in the county public library fund.

Councilman Schron spoke about the Cuyahoga County Municipal Infrastructure Program, which "allows for the investment of a portion of the county's funds currently invested in our approved investment to now be invested by purchasing the bonds and other obligations of Cities, villages, townships, school districts and special districts whose boundaries are fully or partially within the County. The Program is designed to assist the various types of governmental bodies by providing them a lower interest rate while returning to the county, payments at higher rates than we can achieve through traditional investments."

Mr Schron went on to say that the program was designed to be a win/win for all involved, however to date, none of the entities mentioned above have opted to use the program since its inception in 2014 because the time and costs associated with processing under this program is not warranted under Ohio's current limitation of five years. HB 251 would extend the period from five to ten years.

Mr. Kennedy spoke to the committee about their growing reliance on sales tax revenue and the serious consequences that will arise from the elimination of the Medicaid MCO sales tax.

“Our revenue concerns have recently been increased due to the change in MCO sales tax revenue collections. We presently estimate the impact of the fall from this revenue to be in the range of \$24-\$27 million annually. We are currently preparing our 2018-2019 biennium budget based on the assumptions that this incremental revenue will not be realized and have asked our operational managers to propose expense reductions accordingly.”

“House Bill 251 will extend that investment period to ten years, an extension we are hopeful will allow us to produce more investment income for our portfolio. That increase in earnings capacity will help offset the loss of the MCO sales tax revenue and reduce the impact of operational reductions.”

If you have questions regarding this topic contact [Brad Cole](#). You can see a letter of support for HB 251 written by Brad [here](#).

Prevailing wage bill sees another hearing in the House

A bill that would allow political subdivisions, special districts, and state institutions of higher education to elect to apply the Prevailing Wage Law to public improvement projects drew a crowd to the House Economic Development, Commerce and Labor Committee this week.

Nine witnesses submitted testimony in support of House Bill 163, claiming the bill would empower local government and expand the number of quality bidders on projects by allowing local entities to decide if they want to pay the higher wage on a case by case or comprehensive basis. The senate has a companion bill (SB 73) which includes the same provision.



Allen County Commissioner Jay Begg spoke in support of the bill at a press conference in March, explaining that the market rate in his area for skilled trades is about \$18 per hour, while there are very few prevailing wage jobs that are less than \$25 per hour. He also said prevailing wage carries with it a series of classification issues that create work for local administrators. The CCAO Board of Directors voted to support this legislation earlier this year.

If you have questions on the bill please contact [Brad Cole](#) or [Kate Neithammer](#).

House passes sales tax exemption for prescription eyewear



Rep. Derek Merrin

The Ohio House of Representatives passed by a vote of 91-1 a bill that exempts prescription eyeglasses, contact lenses and their components from the sales and use tax beginning July 1, 2019, the beginning of the next biennial budget period.

Representative Derek Merrin (R-Maumee), sponsor of HB 116, told the Ohio House that prescription eyewear is the only medical product sold in retail stores that is subject to sales tax. He said, "It's important for our tax code to treat all prescriptions equally," adding that 75 % of Ohioans will need prescription eyewear at some point in their lives.

The fiscal impact of the bill is delayed until the start of the next state budget in order not to impact the current operating budget. Beginning in SFY 2020, the state GRF will experience a loss of \$22.4 million per year while counties and transit authorities stand to lose \$6 million per year and the Local Government Fund and Public Library Fund will jointly see a loss of \$0.8 million per year.

Representative John Rogers (D-Mentor-on-the-Lake) offered an amendment to make the two local government funds whole. This amendment was tabled by the Ohio House after Representative Tim Schaffer (R-Lancaster) said the issue should be addressed through the budgetary process in the next General Assembly.

The governor line item vetoed an amendment similar to HB 116 that was included as part of the state budget.

If you have questions regarding this topic contact [Brad Cole](#).

Bills Introduced



SB 195

DOGS LAW (BEAGLE, B.)

To revise provisions of the Dogs Law governing nuisance, dangerous, and vicious dogs, to revise enforcement of that Law, and to establish a notification process regarding complaints of certain violations of that Law.

HB 348

DRUG TRAFFICKING (GINTER, T.)

To provide that the penalty for trafficking in, possession of, or funding of trafficking in fentanyl or carfentanil is the same as the penalty for those crimes involving heroin, to increase to a third degree felony the trafficking in or possession of at least one gram but less than five grams of any of those drugs, to provide that deception to obtain a dangerous drug involving fentanyl or carfentanil is a third degree felony, and to provide a per se prohibited concentration of fentanyl and carfentanil regarding

operating a motor vehicle that is the same as the per se prohibited concentration for heroin.

HB 349

POLICE ANIMALS ([LATOURETTE, S.](#))

To increase the penalty for assaulting a police dog or horse and to include search and rescue dogs and horses in the prohibition against assaulting or harassing a police animal.

HB 352

DOGS LAW ([REZABEK, J.](#), [HUFFMAN, S.](#))

To revise provisions of the Dogs Law governing nuisance, dangerous, and vicious dogs, to revise enforcement of that Law, and to establish a notification process regarding complaints of certain violations of that Law.

HB 354

COURT JURISDICTION ([REINEKE, B.](#))

To provide the Tiffin-Fostoria municipal court with concurrent jurisdiction with the Seneca County court of common pleas in operating a drug addiction recovery program.

Hearing Schedule



Tuesday, September 26

Senate Finance

(Chr. [Oelslager, S.](#), (614) 466-0626), Finance Hearing Rm., 2:30 pm Confirmation hearing on governor's appointments of Donald Ortner and Teresa Gardner, Lorain County Community College Board of Trustees; Drew Forhan, Bowling Green State University Board of Trustees; Dustin Parke and Jeremy Moyers, Financial Planning and Supervision Commission for Village of Mt. Sterling; John DeMarco, Cleveland State University Board of Trustees; Stephen Casciani, Ohio University Board of Trustees and William Nurczyk, Jr., Eastern Gateway Community College Board of Trustees

SB 135

VOTING EQUIPMENT ([LAROSE, F.](#))

--1st Hearing-Sponsor

Wednesday, September 27

Senate Ways & Means

(Chr. [Eklund, J.](#), (614) 644-7718), South Hearing Rm., 9:00 am

HB 118

PROPERTY TAX COMPLAINTS ([MERRIN, D.](#))

--1st Hearing-Sponsor

SB 147

RURAL JOBS ([HITE, C.](#))

--2nd Hearing-Proponent

HB 69

TIF DISTRICTS ([CUPP, R.](#))

--3rd Hearing-All testimony

Senate Government Oversight & Reform

(Chr. [Coley, B.](#), (614) 466-8072), Finance Hearing Rm., 9:45 am

HB 31

GOVERNMENT CONTRACTING ([CUPP, R.](#))

--3rd Hearing-All testimony-Possible amendments & vote

SB 21

ELECTION PROCEDURES ([UECKER, J.](#))

--2nd Hearing-Proponent-Possible amendments

Senate Rules & Reference

(Chr. [Obhof, L.](#), (614) 466-7505), Majority Conf. Rm., 11:00 am

Senate Session

(Chr. [Obhof, L.](#), (614) 466-4900), Senate Chamber, 1:30 pm