BUDGET CONFERENCE COMMITTEE MEMBERS TOLD TO EXPECT LESS REVENUE THAN ANTICIPATED

After several days of speculation and rumors of a House concurrence to the Senate budget amendments, the House on Tuesday voted to reject the Senate version and set the stage for a conference committee. Representing the Senate on the panel are Sens. John Carey (R-Wellston), Tom Niehaus (R-New Richmond) and Dale Miller (D-Cleveland). House Finance & Appropriations Chairman Matt Dolan (R-Novelty) is joined by Reps. Larry Flowers (R-Canal Winchester) and Michael Skindell (D-Lakewood) on the panel.

On Thursday, the Office of Budget and Management unveiled a downward revision to revenue estimates on which the upcoming biennium’s spending plan will be based. Conference committee members were told by OBM Director Pari Sabety that, as a result of the latest projections, the state will have $230 million less in resources to support state operations in the next biennium, than were projected when the budget was introduced. The Legislative Service Commission offered a similar assessment for the fiscal year 2008-2009 biennium in downgrading revenue projections by about $233 million.

But with Medicaid savings, unspent money from this year carried forward and other accounting adjustments thrown into the picture, the shortfall is actually $167 million.

The committee will have to iron out more than 200 differences between the two chambers’ versions in preparation for final floor votes on the measure. Expected to receive the most attention among the issues contained in the $52.4 billion measure are the key differences regarding STEM schools, higher education funding and scholarship programs. In addition, the census will have to figure out how to resolve the new revenue short fall projections.

Senate President Bill Harris (R-Ashland) remains very optimistic and believes that the conference committee can wrap up its work by the first of next week. Harris reiterated his belief that there were no major differences with the House that couldn’t be worked out in fairly short order noting that he didn’t know of anything that would slow the conference discussions down.

INDIGENT DEFENSE REIMBURSEMENT

CCAO has made a proposal to the budget bill Conference Committee asking for provisions regarding funding of indigent defense reimbursement to the counties that would (1) place a
surcharge on drunk driving fines; (2) restructure the indigent defense court cost; (3) increase the civil penalties paid to regain driving privileges after a driver’s license has been suspended because the person was convicted of or plead guilty to driving without insurance coverage; and (4) create a rotary fund to receive all revenues dedicated to indigent defense reimbursement in order to preserve the integrity of the funding sources earmarked for indigent defense.

These actions, when coupled with the Senate amendment regarding the unencumbered Judiciary/Supreme Court operating expenses, would do both of the following: (1) for FY08 (beginning in Oct 07), provide approximately $10.8 million additional funding and increase the projected reimbursement rate from 25.8% to 33%, and (2) in FY09, provide approximately $16.5 million additional funding and increase the projected reimbursement rate from 23.8% to 35%.

These actions would bring the appropriations for the constitutionally mandated obligation of providing criminal indigent defense into reasonable parity with the $40 million appropriated in each year of the biennium for civil legal services which, while clearly merited, are not a constitutional obligation imposed upon the state.

FOSTER CARE BILL CLEARS SENATE COMMITTEE

On Wednesday, the Senate Health, Human Services, and Aging Committee reported SB 164, sponsored by Gary Cates (R-West Chester), which makes changes to Ohio’s foster care law. SB 164 would expand the number of required training hours for a prospective foster care parent, permit ODJFS to petition Congress for expanded usage of Title IV-E funding, and coordinate services for foster children with mental retardation or developmental disabilities.

Before reporting SB 164, the committee adopted a substitute bill. Chairman Coughlin explained that the substitute bill removed the public records provisions of the original bill. Thus, under the new version of the bill, foster care givers’ information is subject to the Public Records Law. The substitute bill also removes the requirement that ODJFS adopt a child placement level of care tool pilot program, clarifies reimbursement payments for foster care training, makes changes to language regarding county boards of MR/DD, requires ODMR/DD to decide how services must be provided for a foster child, makes the bill’s implementation contingent on funding availability, and requires competitive bidding for an independent evaluation of the pilot program.

SENATE PASSES STREAMLINED SALES TAX PLAN – LONG AND COLE ATTENDING INTERSTATE MEETING ON FRIDAY WITH TAX COMMISSIONER LEVIN, SENATOR AMSTUTZ AND REPRESENTATIVE GIBBS

Ohio would pull back from a streamlined sales tax compact absent certain concessions from the coordinating panel of the multi-state initiative under a bill that unanimously cleared the Senate on Wednesday. Sponsored by Sen. Ron Amstutz (R-Ashland), the bill (SB 160) contains the latest Ohio proposal in regards to “destination sourcing,” or the preferred standard for streamlined sales tax (SST) compact participants, and sets an October deadline for the group to agree to the changes in lieu of the state's withdrawal. The proposal was amended in committee based on a proposal from Tax Commissioner Rich Levin, which had been discussed with and received CCAO’s support. [See last week’s Statehouse Report]

The Ohio delegation's efforts in Detroit on Friday could lead to a watershed moment in Ohio's efforts to remain part of the compact. Should the SST governing board decline the state's proposal at the meeting, officials agree the state will most likely withdraw from the agreement,
which is designed to help states capture lost sales tax revenue from Internet and catalogue sales.

**JUDGES PAY RAISE PROPOSAL OPPOSED BY CCAO**

CCAO Testimony was submitted this week to the House Judiciary Committee opposing House Bill 173, sponsored by Representative Bill Seitz (R-Cincinnati), which includes among its provisions a substantial pay raise for judges. While CCAO’s Legislative Committee and Board of Directors in general believe the amount of the increase is too great, that concern is raised within the context of two other important issues to commissioners.

First, CCAO recognizes that counties will not be responsible to fund the judicial increase proposed by HB 173, yet commissioners are worried about possible ripple impacts the legislation could have on county budgets. Specifically, commissioners are concerned that judges will correspondingly choose to increase their employees’ salaries in light of the significant increases proposed in this bill.

While state and local government agencies must live within their budgets as appropriated by the legislative authority, it is important to understand that at the county level there are some judges who have practiced “court ordered budgeting.” Under “court ordered budgeting,” judges use their “inherent powers” under the separation of powers doctrine to “court order” the commissioners to provide funding that the judges view as “reasonable and necessary” for court operations. However, this viewpoint is not always shared by the county commissioners as the budget and appropriation authority and by even others in the courthouse.

“Court ordered budgeting” frustrates commissioners, let alone county government operations, as commissioners must allocate more or disproportionate resources to the judiciary that would have gone for other operations. History suggests that certain judges have disregarded the fiscal condition of their counties and have “court ordered budgets” for (1) pay raises for their employees that are beyond the increases granted to other county employees, (2) additional staff, as well as (3) office space and furniture.

While CCAO opposes the legislation at this time, we are pleased to indicate that we are working with Representative Seitz on “court ordered budgeting” and the scope of when this can be used for “reasonable and necessary” court operations. We are encouraged by his responsiveness and hope that provisions may be developed, and possibly included in HB 173, to adequately address this matter.

Secondly, CCAO is disheartened that, at a time when state funding for indigent defense reimbursement to counties is severely low and other fiscal needs of county government are going unmet, new priorities may be established, such as a substantial pay raise for judges and financing for court security projects.

While we recognize that the legislation proposes to divert money from the crime victims’ portion of the statewide court costs, the legislature has been unwilling to divert these funds for indigent defense or to increase the portion of the statewide court costs that currently supports indigent defense reimbursement to counties. Clearly CCAO and its members believe that if this bill is enacted, it reflects a difference in what we believe should be state priorities for the use of limited state dollars. Commissioners simply believe that the provision of adequate funding for the
STATE'S PARTNERSHIP IN PROVIDING THIS CONSTITUTIONALLY MANDATED RESPONSIBILITY SHOULD BE IMPROVED BEFORE FUNDING IS PROVIDED FOR COMPENSATION FOR MEMBERS OF OUR JUDICIARY.

CCAO LOOKS FORWARD TO CONTINUE WORKING WITH REPRESENTATIVE SEITZ IN THIS MATTER.

HOUSE SAYS NO TO SENATE’S EMINENT DOMAIN BILL, SUBSTITUTES ITS VERSION INTO SENATE BILL

Thursday’s House Judiciary Committee saw a sigh of relief for many interested parties as House Members substituted much of SB 7 with provisions from their chamber’s eminent domain bill (HB 5). With extensive differences between the two bills, a conference committee on the legislation seemed unavoidable. Yet House Judiciary Chairman Louis Blessing (R- Cincinnati) postponed a vote on the substitute Senate version until Monday hoping for a compromise that would appease both chambers. The only difference between the latest changes to SB 7 and HB 5, which cleared the chamber last week, is language clarifying that the bill would not impact pending litigation, explained the Chairman. Mr. Blessing added in a later interview that he hopes Rep. Bill Seitz (R-Cincinnati), the chamber’s key negotiator with Senate Bill sponsor Tim Grendell (R-Chesterland), can persuade the upper chamber to accept the House’s changes. However, Senate President Bill Harris (R-Ashland) noted earlier in the day that the Senate sponsor had “put an extensive amount of work” into his bill, adding “obviously we like (our) Senate Bill 7.”

Numerous witnesses appeared in support and opposition to the changes offered. In testimony, backers of the House changes continued their argument that the House version follows the recommendations of last session’s eminent domain task force much more closely. Said Jim Viau, administrator of the Department of Transportation’s Office of Real Estate, “we believe the provisions of HB 5 better reflect the hard and dedicated work of the Eminent Domain Task Force and provide a more balanced approach to eminent domain change for the state of Ohio.”

Added Carol Caruso, senior vice president for advocacy for the Greater Cleveland Partnership, “these issues, as presented to you in (the House version), are the result of compromise.”

County Commissioners Association of Ohio policy analyst Josh Hahn took the opportunity to reissue his group’s opposition to the three most hotly contested provisions in the pending legislation: potential damages liability in “public use” cases, such as those involving water and sewer projects; the 125% threshold for attorney fees, which the group believes should be based on the final and not the initial financial offer; and the definition of blighted areas. (Full copy of the testimony is provided on CCAO website.)

CCAO staff continues to work with Members in promoting the Association’s recommendations. For more information, please do not hesitate to contact CCAO Policy Analyst Josh Hahn at (614) 221-5627 or jhahn@ccao.org.

NEW LEGISLATION INTRODUCED

HB 268 CANCER TRIAL INSURANCE (Beatty) To prohibit insurers, public employee benefit plans, and multiple employer welfare arrangements from excluding coverage for routine patient care administered as part of a cancer clinical trial. Am. & En. 1739.05, 1751.01 & 3923.80
HB 269  TAX EXPENDITURES  (Driehaus) To provide for an appraisal of the effectiveness of tax expenditures and for their expiration after appraisal if not renewed.  En. 5703.95, 5703.951, 5703.952, 5703.953, 5703.954, 5703.955, 5703.956 & 5703.957

HB 270  PENSIONER REEMPLOYMENT  (Schneider) To provide that a member of the Public Employees Retirement System, Ohio Police and Fire Pension Fund, State Teachers Retirement System, or School Employees Retirement System who retires and then returns to public employment in the same position will not receive a pension while earning a salary for that employment.  Am. 145.01, 145.191, 145.38, 145.384, 145.473, 145.58, 742.26, 3307.35 & 3309.341

SB 187  SCHOOL TRANSPORTATION  (Cates) To require school districts to provide transportation to the school of attendance for each resident student under sixteen years of age whose parent requests transportation.

HB 272  911 RECORDINGS  (Patton) To prohibit broadcasting an actual 9-1-1 call that has been made available as a public record.  En. 4931.71

LEGISLATIVE HEARING SCHEDULE

SUNDAY, JUNE 24

Conference Committee on HB119 , (Chr. Dolan, 644-5088), Rm. 313, 3:00 pm

HB 119  BUDGET BILL  (Dolan) To make operating appropriations for the biennium beginning July 1, 2007 and ending June 30, 2009, and to provide authorization and conditions for the operation of state programs.--3rd Hearing

MONDAY, JUNE 25

Conference Committee on HB119 , (Chr. Dolan, 644-5088), Rm. 313, 1:30 pm

HB 119  BUDGET BILL  (Dolan) To make operating appropriations for the biennium beginning July 1, 2007 and ending June 30, 2009, and to provide authorization and conditions for the operation of state programs.--4th Hearing

House Judiciary , (Chr. Blessing, 466-9091), Rm. 114, 2:00 pm

SB 7  EMINENT DOMAIN  (Grendell) To formally state the General Assembly's intentions in its upcoming deliberations on reforming Ohio's laws regulating the exercise of eminent domain.--3rd Hearing-Possible amendments, substitute & vote

SB 157  GUARDIANSHIP  (Buehrer) To specifically authorize a person to designate a guardian for the person's incompetent adult child.--1st Hearing-Sponsor

HB 173  JUDICIAL OPERATIONS  (Seitz) To increase the compensation of justices and judges of the courts, to change the qualifications for all judges, to require the Supreme Court to establish a qualification program for candidates for judicial office, to create the Judicial Allotment Review Commission to study and review the allotment of judgeships in the courts for the purpose of recommending legislation to ensure the efficient and prompt administration of justice in Ohio, to create the Judicial Appointment Review Commission to make recommendations of
persons to fill judicial vacancies, to specify that a portion of certain court costs currently deposited to the credit of the Reparations Fund be deposited in the fund for court security, and to make appropriations for court-related purposes. --5th Hearing-Possible substitute & vote

**HB 255**  \[GUARDIANSHIP/PROBATE\] (Latta) To allow appointment of a nonprofit corporation or public agency as guardian of a person, allow an executor or administrator to accept the county auditor's valuation of real estate, provide that the testimonial privilege between a physician and a dentist does not apply in certain guardianship, adult protective services, commitment, or institutionalization proceedings, eliminate the requirement that a probate court act as a board of education, or governing board of an educational service center that fails to perform its duties and require a probate court to promptly fill a school board vacancy not filled within 30 days. --3rd Hearing-All testimony

**TUESDAY, JUNE 26**

*Conference Committee on HB119*, (Chr. Dolan, 644-5088), Rm. 313, 9:00 am

**HB 119**  \[BUDGET BILL\] (Dolan) To make operating appropriations for the biennium beginning July 1, 2007 and ending June 30, 2009, and to provide authorization and conditions for the operation of state programs. --5th Hearing

*House State Government & Elections*, (Chr. Daniels, 466-3506), Rm. 122, 9:00 am

**SB 3**  \[STATE PENSION RESTRICTIONS\] (Faber) To provide that the privilege of holding a position of honor, trust or profit that is forfeited by reason of conviction of a felony is not restored on completion of a prison term, period of community control sanctions or pardon or release by the Adult Parole Authority and to provide that the office holder will forfeit the portion of any state retirement benefit that is based on employer contributions. --3rd Hearing-All testimony

*House Infrastructure, Homeland Security & Veterans Affairs*, (Chr. Reinhard, 644-6265), Rm. 114, 10:00 am

**HB 266**  \[VETERAN BOARDS\] (Huffman) To enable more flexible composition of veterans memorial boards of trustees. --1st Hearing-Sponsor

**HB 273**  \[HIGHWAYS/LICENSE PLATES\] (Husted) To designate certain memorial highways and to create certain special license plates. --1st Hearing-All testimony-Possible vote

*Senate State & Local Government & Veterans Affairs*, (Chr. Cates, 466-8072), South Hearing Rm., 10:00 am

**HB 50**  \[JUNK VEHICLES\] (Evans) To allow townships to remove junk motor vehicles from public and private property and to borrow money to pay for that removal of junk motor vehicles and for other debris from private property. --2nd Hearing-All testimony

**SB 84**  \[EMERGENCY AGENCIES\] (Schaffer) To specify an additional type of Emergency Management Agency for which a political subdivision may make an appropriation. --2nd Hearing-All testimony

**SB 173**  \[DOG BREEDING\] (Cates) To establish licensing requirements and standards of care for certain dog breeding kennels and dog intermediaries. --1st Hearing-All testimony
House Session , (Chr. Husted, 466-3357), House Chamber, Webcast, Calendar, 11:00 am

House Commerce & Labor , (Chr. Brinkman, 644-6886), Rm. 114, 1:00 pm or after session

HB 79 BWC INVESTMENTS (Batchelder) To specify the classes of investments in which the Administrator of Workers’ Compensation may invest the funds specified in the Workers’ Compensation Law and to prohibit the Administrator from contracting with outside investment managers for the investment of those funds.--3rd Hearing-All testimony-Possible amendments & vote

HB 257 HOME INSPECTORS (Schneider) To require the certification of home inspectors and to regulate the certification and performance of home inspectors.--1st Hearing-Sponsor

HCR 16 EMPLOYEE FREE CHOICE (Yuko) To request that the United States Congress pass the Employee Free Choice Act to protect and preserve for America’s workers their freedom to choose for themselves whether or not to form a union.--1st Hearing-Sponsor

Senate Session , (Chr. Harris, 466-4900), Senate Chamber, Webcast, 1:30 pm

Senate Environment & Natural Resources , (Chr. Niehaus, 466-8082), North Hearing Rm., 2:30 pm or after session

SB 170 CONSERVANCY DISTRICTS (Amstutz) To revise the membership of the board of directors of a conservancy district that includes all or parts of more than sixteen counties; to require the board of directors of such a district rather than the conservancy court to perform certain functions under the Conservancy Districts Law; to prohibit the levying of an assessment by such a conservancy district under specified circumstances and to make other changes concerning the levying of an assessment by such a conservancy district.--2nd Hearing-All testimony

WEDNESDAY, JUNE 27

Conference Committee on HB119 , (Chr. Dolan, 644-5088), Rm. 313, 9:00 am

HB 119 BUDGET BILL (Dolan) To make operating appropriations for the biennium beginning July 1, 2007 and ending June 30, 2009, and to provide authorization and conditions for the operation of state programs.--6th Hearing

Senate Environment & Natural Resources , (Chr. Niehaus, 466-8082), South Hearing Rm., 11:00 am

SB 170 CONSERVANCY DISTRICTS (Amstutz) To revise the membership of the board of directors of a conservancy district that includes all or parts of more than sixteen counties; to require the board of directors of such a district rather than the conservancy court to perform certain functions under the Conservancy Districts Law; to prohibit the levying of an assessment by such a conservancy district under specified circumstances and to make other changes concerning the levying of an assessment by such a conservancy district.--3rd Hearing-All testimony-Possible vote

House Session , (Chr. Husted, 466-3357), House Chamber, Webcast, Calendar, 1:30 pm
Senate Session , (Chr. Harris, 466-4900), Senate Chamber, Webcast, 1:30 pm

House Civil & Commercial Law , (Chr. Oelslager, 466-9047), Rm. 122, 2:30 pm or after session

**HB 125** HEALTH INSURANCE  (Huffman) To establish certain uniform contract provisions between health care providers and third-party payers, to establish standardized credentialing, and to require third-party payers to provide to health care providers specified information concerning enrollees.--10th Hearing-All testimony-Acceptance of substitute version 6-Amendments

**THURSDAY, JUNE 28**

Conference Committee on HB119 , (Chr. Dolan, 644-5088), Rm. 313, 9:00 am
- Note: This meeting will begin at the call of the chair

**HB 119** BUDGET BILL  (Dolan) To make operating appropriations for the biennium beginning July 1, 2007 and ending June 30, 2009, and to provide authorization and conditions for the operation of state programs.--7th Hearing

House Financial Institutions, Real Estate & Securities , (Chr. Widener, 466-1470), Rm. 116, 9:00 am

**HB 152** RETIREMENT PLANS  (Widener) To require school boards to establish alternative retirement plans for teachers and school employees.--4th Hearing-All testimony-Possible vote

**HB 220** PLANNED COMMUNITIES  (Beatty) To establish the Ohio Planned Community Law.--2nd Hearing-All testimony

**HB 240** RE-EMPLOYED RETIREES  (Goodwin) regarding employment of retired members of the Public Employees Retirement System, School Employees Retirement System, State Teachers Retirement System, and Ohio Police and Fire Pension Fund.--2nd Hearing-All testimony

Senate Session , (Chr. Harris, 466-4900), Senate Chamber, Webcast, 11:00 am
- Note: The Senate is also scheduled to meet in full session on Friday, June 29 and Saturday, June 30, at times to be determined

House Session , (Chr. Husted, 466-3357), House Chamber, Webcast, Calendar, 1:00 pm
- Note: The House is also scheduled to meet in full session on Friday, June 29 and Saturday, June 30, at times to be determined

**FRIDAY, JUNE 29**

Conference Committee on HB119 , (Chr. Dolan, 644-5088), Rm. 313, 9:00 am
- Note: This meeting will begin at the call of the chair

**HB 119** BUDGET BILL  (Dolan) To make operating appropriations for the biennium beginning July 1, 2007 and ending June 30, 2009, and to provide authorization and conditions for the operation of state programs.--8th Hearing