

# House Bill 153

*(As Enacted)*

## State Budget Overview SFY 2012 and SFY 2013 Impact on Counties



*August 2011*



County Commissioners  
Association of Ohio



## BUDGET PREFACE

### *Overview of the "As Enacted" State Budget for FY 2012 & 2013*

"When written in Chinese, the word "crisis" is composed of two characters. One represents danger and the other represents opportunity."

**--John F. Kennedy**

This quote, from our 35<sup>th</sup> President, seems an apt description of the County Commissioners Association of Ohio's approach heading into this year's budget process.

Certainly, "crisis" seemed to be the word most used as work began on crafting the biennial budget. The state faced what many speculated to be an \$8 billion structural imbalance (later estimates put this figure at closer to \$5 billion). Governor John Kasich had made clear during his recent campaign that he felt there were "too many local governments" and rumors of his opposition to revenue sharing ran rampant. Both the Governor and the General Assembly made clear that any revenue enhancements from tax increases were out of the question. In fact, it was well known that Governor Kasich would go ahead with the final income tax deduction that Governor Strickland had delayed as a stopgap to revenue shortages late in his Administration.

Aware of the "danger" this budget posed, the Association was hopeful that "opportunity" for real reform would be abundant. It was widely acknowledged that funding cuts to local governments would play a role in this Administration's solution to the budget crisis. Commissioners have long accepted the challenge of balancing budgets as revenues plummeted. Time and time again, commissioners ran head first into the inefficiencies of county government. Many commissioners shared the opinion of the Governor that county government could be reformed to provide services in a more cost-effective and efficient manner.

In that spirit, prior to and during the budget process, CCAO offered the Administration and General Assembly no less than 50 amendments aimed at various reforms, sharing services, and "doing things differently." Specifically CCAO offered proposals under the following categories:

- Elimination or Modification of Unfunded Mandates;
- Management Improvement, Efficiency, and Cost Allocation Initiatives;
- County Government Revenue Flexibility and Fees;
- Additional Revenue Options to Sustain County Government; and
- County Government Structural Changes and Governance Reform.

While a number of these proposals, or tools, were included within the budget, many proved too controversial and were either not included, completely removed, or significantly weakened during long and arduous budget deliberations.

This document is the final installment of CCAO's review of the state budget bill (HB 153) as the measure continued through the legislative process and has now been signed into law by the Governor. The purpose of the document is to provide an overview of the many provisions related to county government included within HB 153 with an emphasis on the various tools to assist commissioners in meeting the funding challenges of the budget.

“Ability is nothing without opportunity.”

--**Napoleon Bonaparte**

In closing, CCAO appreciates the reform proposals included in this budget bill, i.e., centralized services, mandate relief, quarterly budgets, and others. These changes and others that will be highlighted in this report can result in long term budget stabilization and will help to contain the long term growth in expenditures. However, in the short run, and especially during this two year budget cycle, the ledger sheet simply does not balance. The fact is that commissioners need more tools or opportunities to be able to meet the challenge this budget and fiscal realities dictate.

In response to the state budget, CCAO will continue to advocate for consideration by the General Assembly multiple initiatives to help county government respond to the challenges and opportunities counties will confront under this budget and the economic challenges our State and Nation must confront.

First, we ask legislators to be diligent in refraining from passing legislation that mandates additional costs on county government. In addition, we urge the Governor and General Assembly to continue efforts to provide relief from unfunded mandates.

Second, give county commissioners the tools they need to be able balance the county budget and to get the job done in the wake of these budget cuts and with constrained future revenue.

Third, CCAO continues to want to work in partnership with the state on programs to retain existing jobs, promote economic development, and enhance workforce training and development programs for young people and incumbent workers.

Finally, CCAO continues to work on the tough issues of county and local government reform and look for ways to better collaborate, consolidate, and share services.

With this in mind, CCAO asks commissioners to continue their advocacy efforts with Governor Kasich and members of the General Assembly. While the crisis continues, CCAO knows commissioners will not shy away from the challenges and opportunities to enhance local government for all our constituents.

Editor's Note: In order to see the statutory language for many of the items discussed in this overview, go to HB 153 in Act form at the link provided below. The Act is over 3200 pages long.

<http://www.legislature.state.oh.us/bills.cfm?ID=129> HB 153

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## COUNTY REVENUES

### Local Government Fund

The Local Government Fund (LGF) currently receives 3.68% of state general revenue fund (GRF) tax revenues. The state budget replaces the formula with an appropriation for the biennium. The budget utilizes the SFY 2011 distribution and generally appropriates 75% percent of that amount to the political subdivisions in SFY 2012 and 50% of that amount in SFY 2013.

The Local Government Funding levels in millions are as follows:

	Actual SFY 10	Actual SFY 11	Projected SFY 12	Projected SFY 13	Projected SFY 12 + 13
*Prior law	\$641.7	\$687	\$702	\$743	\$1,446
**HB 153	-	-	\$584	\$348	\$933
Estimated Loss to Local Governments	-	-	\$118	\$395	\$513
Redirect all dealer in intangibles (DIT) tax revenue to the State	-	-	\$11	\$11	\$22
Total Estimated Loss to Local Governments, including DIT redirection	-	-	\$129	\$406	\$535

\*LGF funding at 3.68% of GRF tax revenue (Note: SFY 2012 & 2013 figures do not reflect additional GRF tax revenue resulting from TPP and public utility personal property tax reimbursement reductions, but do reflect GRF tax impact caused by other tax law changes in budget bill).

\*\*State budget reduced funding: SFY 2012 equals 75% of SFY 2011 LGF (plus \$49.27 million supplement, and with July 2011 based on full revenue sharing with the 25% cut not beginning until August; SFY 2013 equals 50% of SFY 2011 LGF).

During SFY's 2012 and 2013 each county undivided local government fund will receive no less than the smaller of \$750,000 or the amount actually received during SFY 2011. This minimum distribution provision will result in approximately \$1.3 million of additional LGF distributions in SFY 2012, and \$5.1 million during SFY 2013. The minimum distribution provision benefits the following counties: Adams, Brown, Carroll, Fayette, Gallia, Hardin, Harrison, Henry, Highland, Hocking, Holmes, Jackson, Meigs, Monroe, Morgan, Morrow, Noble, Paulding, Perry, Pike, Van Wert, Vinton, and Wyandot.

For the August 2011 through June 2012 period, all 88 county undivided local government funds also will receive a proportionate share of \$49.27 million.

In addition to these changes, beginning in CY 2012, the budget directs all dealers in intangibles tax revenues to the state general revenue fund. This means that the 5/8ths

share of revenue currently allocated to county undivided local government funds on a county-situs basis will be diverted to the state GRF. This is a loss of \$11 million per year to county undivided LGF's.

At the end of the biennium, the percentage of revenue based funding will resume in July 2013. The funding percentage will be based on a one time calculation of LGF deposits made during FY 2013 divided into FY 2013 tax revenue to yield the new LGF funding percentage to be used beginning in FY 2014. This, of course, could be changed in the next biennial budget.

For counties and other local governments which use calendar year budgeting, the proposed changes in the budget do not take effect until August 2011.

Excluding the 23 counties listed above which will receive enhanced distributions under the minimum distribution provision; the following represent CY impacts for the remaining 65 counties:

- **CY 2011 LGF funding is estimated to be 99.9% of the amount received in CY 2010 (a 0.1% reduction).**
- **CY 2012 distributions equal 71.4% of proposed CY 2011 distributions (a 28.6% reduction).**
- **The January-June 2013 distributions equal 60.3% of proposed January-June 2012 distributions (a 39.7% reduction).**

Again, the percentages listed above reflect distributions to the 65 county undivided local government funds that will not receive a minimum distribution under the \$750,000 minimum distribution provision and do not include direct LGF distribution to qualifying municipalities and the dealers in intangibles tax distributions.

The Department of Taxation reports and estimates the following levels of funding for Local Government Fund distributions for CY's 2009-2012 (includes direct distributions to qualifying municipalities and excludes dealers in intangible tax distributions):

CY 2009 (actual)	\$641 million
CY 2010 (actual)	\$650 million
CY 2011 (estimated)	\$648 million
CY 2012 (estimated)	\$465 million
CY 2013 (no estimate for full year)	

The aggregate LGF distributions in CY 2011 will be nearly equal to the amount received in CY 2010. There are three reasons for the higher than expected distributions during CY 2011: 1) robust state revenue growth that caused a year – over – year increase in distributions during the first seven months of 2011; 2) supplemental distributions that amount to \$20.5 million during the last five months of 2011 (This amount represents five months of the \$49.27 million supplement provided by the General Assembly in SFY 2012); and, 3) \$0.6 million minimum distribution during the last five months of this calendar year.

*For more data on the undivided LGF allocation per county, please review Appendix A or use the following links to the Ohio Department of Taxation's website, as well as CCAO's website:*



Taxation: <http://tax.ohio.gov/channels/government/revenuesharing.stm>

CCAO: <http://ccao.org/LinkClick.aspx?link=CLIPS%2fFY+12-13+LGF.pdf&tabid=52&mid=488&language=en-US>

### **Tangible Personal Property Tax (TPP) and Public Utility Reimbursements**

The budget bill generally accelerates the phase-out of reimbursements for lost tangible personal property taxes (TPP) and public utility tangible property (PUTP) taxes.

TPP was phased-out and eliminated under tax reform enacted in 2005 (HB 66). Laws providing for electric power deregulation and natural gas deregulation were adopted in 1999 and 2000, respectively. A portion of the kilowatt hour tax and all of the natural gas tax (MCF) were earmarked for schools and local governments for property taxes lost due to electricity and gas deregulation. Prior law provided local governments with full reimbursement for lost TPP through June 2011 with phased-down reimbursements continuing through 2018.

For counties, property tax levies are broken into five functional areas:

- Mental health/developmental disabilities levies
- Public health levies
- Senior services levies
- Children services levies
- Other levies that don't fit into any of the above categories including county inside property tax millage which is a major source of revenue to the county general fund

The phase-out will be accelerated for programs with lesser relative reliance on these payments. However, counties that are heavily reliant on these replacement payments will experience suspension of the accelerated phase-out of TPP and public utility reimbursements in CY 2013 and succeeding years. Of course, the suspension of the accelerated phase-out of reimbursement payments could be changed in the next biennial budget.

The reliance on these payments is determined by taking into account the total resources available to each of the five different functions within counties. Total resources for the four defined functions include total property tax receipts (including rollbacks/homestead) and total TPP and public utility reimbursements. For the fifth or "other" functional group, which includes the county inside property tax millage, total resources include the funding streams above plus the county share of Local Government Fund allocations and permissive sales taxes levied under the base tax (this would include taxes levied under ORC Section 5739.021 but exclude taxes levied under ORC Section 5739.026).

Funding changes to county functions are measured on the basis of their reliance. County functions whose payments were 2% or less of the total resources are considered low reliance functions. For these counties, the reimbursements will be eliminated after June 30, 2011. If a county function has a reimbursement over 2% of total resources, then the annual reduction is limited to no more than 2% of base year (2010) total resources. The same methodology applies separately for both TPP and public utility replacement payments.

The total estimated combined budgetary loss to schools and local governments from the proposal to change the schedule for phase out of TPP and public utility replacement payments is **\$587 million in FY 2012 and \$845 million in FY 2013**.

The actual impact on counties also is very significant. While comparing tax years and state fiscal years is always hard, in CY 2010 counties received approximately **\$301 million** in reimbursements from both sources. Under the budget, this amount would be reduced to **\$165 million in FY 2012 and \$110 million in FY 2013**.

The enacted budget suspends the accelerated phase-out of reimbursement for tax losses on TPP and public utility property tax losses at CY 2013 levels in subsequent years for local governments other than school districts. Local governments with little reliance on TPP and public utility reimbursement will be phased out within 2011, 2012, or 2013. However, local governments with a heavy reliance on TPP or public utility taxes would experience a total reduction of 6% of total resources by CY 2013, and any reimbursement received in CY 2013 would continue to be reimbursed to the local government in CY 2014 and beyond.

The budget holds the percentages of Commercial Activity Tax (CAT) receipts at 2013 levels in order to fund reimbursement payments to local governments for TPP losses. The budget also holds percentages of kilowatt hour tax receipts at FY 2012 levels in order to fund reimbursement for utility personal property tax losses in CY 2013 and subsequent years.

The bill allows a local government to appeal to the Tax Commissioner a levy classification or amount used in calculation of total resources. The bill specifies that decisions of the Tax Commissioner regarding such appeals are final and not subject to appeal and that no changes in classification or calculations will be made after June 30, 2013.

The bill requires annual reimbursement payments to be made twice per year, in May and on or before November 20, beginning in 2011 (prior law required three payments per year; in May, August and October).

*For an overview of how the cuts to TPP and utility property reimbursements will affect your county, please review Appendix B. For additional data on how the cuts impact your county, please use the following link to the Ohio Department of Taxation's website:*

Taxation: [http://tax.ohio.gov/channels/government/phase\\_out.stm](http://tax.ohio.gov/channels/government/phase_out.stm)

## **Other Sources**

### ***Local Government Innovation Program and Fund***

The budget creates the Local Government Innovation Program to provide grants and loans to political subdivisions to foster collaboration and consolidation. The program will be administered by the Department of Development, and will be overseen by the 15-member Local Government Innovation Council. Members of the Council are to be appointed by the Governor, and CCAO will have a representative on the Council per statute (Other members include legislators, the Municipal League, Township Association, School Boards Association, and the Chamber of Commerce). Members will not be paid, but can be reimbursed for actual and necessary expenses. Up to \$100,000 of the fund in SFY 2013 may be used for administrative costs incurred by the Department of Development.

The Council will determine the criteria and a competitive process for evaluating local government innovation proposals and to make loan and grant awards to political subdivisions. One of the criteria must be local matching funds. No more than \$100,000 is to be awarded to an individual political subdivision, and no more than \$500,000 is to be awarded for a particular project.

The Council will award loans to a qualified political subdivision or group of political subdivisions for the purpose of purchasing equipment, facilities, or systems, or for implementation costs. Loans are to be repaid by recipients using savings achieved by implementing innovation projects. The Council also can award up to 20% of the money in the Fund as grants for process improvements or implementation of approved innovation projects.

The bill sets forth a process for applications: proposals are to be submitted to the applicable Public Works Integrating Committee, who then must submit the proposal (with advisory comments) to the Department of Development. Next, the Department will in turn provide the proposal to the Council.

At least 30% of the awards must be awarded to political subdivisions that, as of the 2010 census:

- Are not counties and have a population of less than 50,000; OR
- Are counties with a population of less than 130,000.

And, at least 30% of the awards must be awarded to political subdivision that, as of the 2010 census:

- Are not counties and have a population of 50,000 or more; OR
- Are counties with a population of 130,000 or more.

Awards for proposals that include subdivisions in both tiers are to be drawn from either or both tiers in the Local Government Innovation Fund.

The Local Government Innovation Council is to begin evaluating proposals no later than March 1, 2012, and is to issue its first awards no later than July 1, 2012. Subsequent evaluations and awards are to take place on a quarterly basis, or on another schedule determined by the Council.

The bill requires the Council to submit a report on activities, including awards made, to executive and legislative leadership by January 31, 2013. Further, the bill specifies that the Council will cease to exist on December 31, 2015.

### ***Casino Revenue***

According to the Ohio Constitution, counties are to receive a portion of casino taxes. The county line item in the budget anticipates \$5,778,617 in FY 2012 and \$138,882,294 in FY 2013, from the temporary casino in Cleveland, as well as the Toledo facility.

The Department of Taxation and the Office of Budget and Management estimated in a report released in October 2009 that licensing of video lottery terminals (VLTs) at racetracks will reduce gaming revenues and thus the amount of revenue distributed to

counties by approximately 27%. A recent agreement between the Governor and the casino companies calls for the eventual installation of VLTs at 7 racetracks in Ohio. This development will reduce revenue distributions to counties below what the proponents of casinos projected back in 2009.

*CCAO will be providing commissioners, executives, and council members with revised projections on casino revenues in the near future.*

### **Sales Tax Broadening/ Managed Care Revenue**

The state budget bill expands the Medicaid managed care sales tax to apply to prescription drugs. This base broadening will benefit counties by increasing the revenue received from the permissive sales and use tax.

CCAO is researching the potential revenue impact of this expansion of the sales tax. Rough estimates peg county receipts at approximately \$10 million in FY 2012 and \$15 million in FY 2013.

### **Sales and Use Tax Exemptions**

The budget bill includes several exemptions from the sales and use tax that will have the practical effect of reducing sales and use tax receipts to the state GRF and to counties and transit authorities that levy a sales tax. Provisions that would reduce state and local sales and use tax revenue included the following:

- **Computer Data Center Sales and Use Tax Exemption** – Authorizes the tax credit authority to grant a full or partial exemption from all sales and use taxes for equipment used in the operation of a computer data center business, provided the business makes an investment of \$100 million and maintains annual payroll of at least \$5 million.
- **Seven-Year Time Limit for Sales and Use Tax Assessment** – Places a seven year time limit within which the Tax Commissioner must issue an assessment for any alleged unpaid use tax liability. Prohibits the Commissioner from assessing any consumer for use tax liability incurred before 2008. Allows taxpayers who are assessed for unpaid use tax to file an application for a refund within six months of the assessment. Any refund shall not exceed the amount of the assessment due for the same period.
- **Sales Tax Exemption for Certain Tangible Property and Services Used in Agriculture** - Provides various exemptions from the sales and use tax for building materials that are incorporated into a building used for keeping captive deer; exempts sales taxes sales of tangible personal property or agricultural land tiles used primarily for farming, agriculture, horticulture, or floriculture; removes horses and fish from the definition of excluded livestock for purposes of the sales tax exemption for building materials included within a building used to keep fish or horses for food.
- **Sales and Use Tax Exclusion for Redeemed Customer Loyalty Coupons** - Excludes from the sales and use tax the value of gift cards redeemed by a consumer in exchange for the vendor's goods or services as part of the vendor's awards, loyalty, or promotional program.

These exemptions generally have the practical effect of reducing state and local permissive sales tax collections.



## **CCAO PROPOSED TOOLS TO ADDRESS STATE AND COUNTY BUDGET CHALLENGES**

### **Office Space for General Health Districts**

While the Governor's proposed budget and the House passed budget provided for a phase out of the requirement for counties to pay for office space related costs for general health districts, this provision was stripped from the Senate version of the budget and was not in the final bill. What remains is authority for board of commissioners to donate or sell property, buildings, and furnishings to any board of health of a general or combined health district.

The instrument authorizing the sale or donation must include a reverter clause that reverts the property to the board of commissioners if the property was donated to the board of health or provides for the disposition of the proceeds of the sale of the property by the board of health if the property was originally sold to the board of health by the commissioners.

### **Reduction in the County Mandated Share of Welfare**

The bill provides for a reduction in the amount of revenue the county must appropriate to the county department of job and family services. Under current law the county share is determined by a complex formula, however this formula allows the required contributions from the county general fund to increase by up to 10% per year. Under the budget, this will be reduced to an amount not to exceed 5% of the previous year's contribution.

### **Furloughs**

The budget bill continues through SFY 2013, the automatic authority that county appointing authorities have to establish a mandatory cost savings program (non-voluntary furlough) for up to 80 hours during a state fiscal year for non-bargaining employees.

Beginning in SFY 2014, appointing authorities can utilize non-voluntary furloughs if one of the following occurs: 1) demonstration of a lack of funds; 2) demonstration of reasons of economy; or 3) the jurisdiction has been placed in fiscal watch or fiscal emergency by the Auditor of State.

*Please note, CCAO will provide on the Association's web site ([www.ccao.org](http://www.ccao.org)) guidance materials developed by Downes, Fishel, Hass, Kim Law Firm for implementing this provision.*

### **Modified Work Week Schedule**

The budget bill also authorizes counties to institute a modified work week schedule program. The structure of the program is similar to that of a mandatory cost savings (furlough) program in the following ways: 1) applies to non-bargaining employees; 2) the authority to institute such program is automatic in SFY 2012-2013; and 3) beginning in S 2014, an appointing authority must demonstrate one of the following: a) demonstration of a lack of funds; b) demonstration of reasons of economy; or c) the jurisdiction has been placed in fiscal watch or fiscal emergency by the Auditor of State.

A modified work week schedule program can provide for a reduction from the usual number of hours worked during a week by employees immediately before the

establishment of the program. The bill allows the reduction in hours to include any number of hours so long as the reduction is not more than 50% of the usual hours worked. The program can be administered differently among employees based on classifications, appointment categories, or other relevant distinctions.

*Please note, CCAO will provide on the Association's web site ([www.ccao.org](http://www.ccao.org)) guidance materials developed by Downes, Fishel, Hass, Kim Law Firm for implementing this provision.*

### **Quarterly Spending Plans**

Under former law, if commissioners included a quarterly spending plan as a part of the appropriation resolution, the spending plan could only apply to appropriations from the county general fund. Likewise, if a quarterly spending plan was used, it had to apply to all appropriations from the county general fund. If a quarterly spending plan was adopted, the amount of the quarterly allotment, by line item, was used by the county auditor to certify the availability of funds pursuant to ORC Section 5705.41(D).

While these provisions of the law are not changed by the budget bill, commissioners are given additional authority to adopt quarterly spending plans. The budget grants new authority to commissioners to adopt a quarterly spending plan that applies to individual county offices if the county office has expended more than 60% of its appropriation for personal services or payroll during the first six months of any year.

In addition, if a county office, during the previous fiscal year, spends 110% or more of the total amount appropriated for personal services and payroll in the original annual appropriation measure required by ORC Section 5705.38, then commissioners may also adopt a quarterly spending plan for individual offices. In both of these cases, the quarterly spending plan may apply to any county fund, not just to the county general fund.

*Please note, CCAO will publish an in depth County Advisory Bulletin on quarterly spending plans, which provides guidance on implementing such plans.*

### **County Centralized Services**

The budget bill authorizes a board of county commissioners to adopt a resolution establishing centralized purchasing, printing, transportation, vehicle maintenance, human resources, revenue collection, and mail operation services for a county office.

The bill defines "county office" as the offices of the county commissioners, county auditor, county treasurer, county engineer, county recorder, county prosecuting attorney, county sheriff, county coroner, county park district, veteran service commission, clerk of the juvenile court, clerks of court for all divisions of the courts of common pleas, including the clerk of the court of common pleas, clerk of a county-operated municipal court, and clerk of a county court, and any agency or department under the authority of, or receiving funding in whole or in part from, any of those county offices.

Human resources includes human resource management, civil service, employee benefits administration, collective bargaining, labor relations, risk management, workers compensation, and unemployment compensation, but does not permit the commissioners to establish any classification and compensation plan, position descriptions, terms of employment, or exercise any other powers of an appointing authority.



The county commissioners' resolution must specify all of the following:

- The name of the county office that has been assigned responsibility for administering centralized services. The commissioners may enter into an agreement with another county office to administer central services, but the commissioners may not unilaterally assign this responsibility to any office without that officer's consent;
- Which county offices are required to use the centralized services, and if not all of the centralized services, which centralized service each county office must use;
- A list of rates and charges the county office must pay for the centralized services;
- The date upon which each county office specified in the resolution must begin using the centralized services.

Prior to adopting a resolution establishing centralized services, commissioners must send written notice to any office affected by centralized services indicating the rationale for the policy and the anticipated savings from the policy.

The board of commissioners may not apply centralized services to any of the following:

- Purchases of consulting services from the county recorder's special fund to supplement the equipment needs of the county recorder, the real estate assessment fund, and the furtherance of justice fund;
- Purchases of financial software by the county auditor;
- Printing of county property tax bills;
- Collection of any taxes, fees, or assessments by the county treasurer;
- Purchases of software by the county recorder.

The bill provides that centralized services do not authorize the board of commissioners to control funds received directly by a county office under law or to control the expenditure or use of those funds.

Not later than ten days after the resolution is adopted, the clerk of the board of county commissioners must send a copy of the resolution to each county office that is specified in the resolution.

*Please note, CCAO will publish an in depth County Advisory Bulletin on centralized services, which provides guidance on implementing this provision.*

### **County Automatic Data Processing Boards**

The budget bill permits a board of county commissioners to adopt a resolution requiring the county automatic data processing board to assume the duties of the county records commission and the county microfilming board. The resolution must set a date for the transfer of duties.

If a resolution is adopted to expand the duties of the board, the prosecuting attorney, county engineer, county coroner, sheriff, and a common pleas court judge must be added to the membership of the board. Existing law already requires the county treasurer, recorder, clerk of courts of common pleas, member of the board of commissioners, and, if the board of elections chooses to participate, two members of the board of elections of opposite parties to serve on the data board. The county auditor is the administrator of the expanded board.

If the commissioners expand the duties of the board, the bill requires all of the assets and liabilities of the county records commission and the county microfilming board to be transferred to the county automatic data processing board. The data board may set up centralized or decentralized operations for each of the various functions performed by the board contingent on necessary funds being appropriated by the board of commissioners. Any such centralized facilities shall be used by all county offices. The county auditor is required to prepare an estimate of the annual revenues and expenditures of the data board and of each office or facility operated by the data board. The auditor is required to prepare a report each year to the county commissioners and the data board.

The bill authorizes the data board to adopt such operational rules as it considers necessary, but no rule shall derogate the authority or responsibility of any county elected official. The bill also authorizes the data board, with the approval of the board of commissioners, to contract with other political subdivisions, federal or state agencies, and other county automatic data processing or microfilming boards to provide services to one another.

In addition, the board shall establish a schedule of charges upon which the cost of providing such services is to be based. All moneys rendered pursuant to contracts are to be deposited in the county general fund, although these moneys may be segregated into a special fund in the county treasury until the end of the calendar year. County offices also may be charged for such services and moneys credited to the data board.

### **Political Subdivision Shared Services/ Intergovernmental Agreements**

The bill expands counties' ability to enter into intergovernmental agreements, which currently are authorized in ORC Sections 307.15 – 307.19. ORC Section 9.482 allows a board of county commissioners to enter into agreements with any of the following:

A municipal corporation, township, county, school district, or other body corporate and politic responsible for governmental activities in a geographic area smaller than that of the state. In addition, a county hospital commission appointed under section 339.14 of the Revised Code, board of hospital commissioners appointed for a municipal hospital under section 749.04 of the Revised Code, board of hospital trustees appointed for a municipal hospital under section 749.22 of the Revised Code, regional planning commission created pursuant to section 713.21 of the Revised Code, county planning commission created pursuant to section 713.22 of the Revised Code, joint planning council created pursuant to section 713.231 of the Revised Code, interstate regional planning commission created pursuant to section 713.30 of the Revised Code, port authority created pursuant to section 4582.02 or 4582.26 of the Revised Code or in existence on December 16, 1964, regional council established by political subdivisions pursuant to Chapter 167. of the Revised Code, emergency planning district and joint emergency planning district designated under section 3750.03 of the Revised Code, joint emergency medical

services district created pursuant to section 307.052 of the Revised Code, fire and ambulance district created pursuant to section 505.375 of the Revised Code, joint interstate emergency planning district established by an agreement entered into under that section, county solid waste management district and joint solid waste management district established under section 343.01 or 343.012 of the Revised Code, community school established under Chapter 3314. of the Revised Code, the county or counties served by a community-based correctional facility and program or district community-based correctional facility and program established and operated under sections 2301.51 to 2301.58 of the Revised Code, a community-based correctional facility and program or district community-based correctional facility and program that is so established and operated, and the facility governing board of a community-based correctional facility and program or district community-based correctional facility and program that is so established and operated.

The purpose of an agreement is to enable a political subdivision to exercise any power, perform any function, or render any service for another contracting political subdivision that such entity can do.

Should such an agreement not specify what office, officer, department, agency or other authority is to exercise or perform the duties, the legislative authority of the jurisdiction is to determine and assign the powers and duties; in the case of counties, the board of county commissioners would make the determination.

A political subdivision cannot enter into an agreement to levy a tax or perform any investment function. Yet, nothing in the statute prohibits a political subdivision from entering into an agreement to collect, administer, or enforce any tax on behalf of another political subdivision, or to limit the authority to create and operate a joint economic development zone or district.

### **Public Construction Reform**

As was the case during the last session of the General Assembly, CCAO is supportive of the provisions in the budget bill relating to public construction reform. The options provided for in the bill will give counties additional flexibility which can result in cost saving on construction projects.

The bill eliminates the requirement that the multiple-prime contracting method be used when undertaking a public improvement project. Under the budget, a public authority may choose to use multiple-prime contracting on any project or may choose to use construction managers at risk (CMAR), design-build firms (D/B firms), or a general contractor as sole prime contractors regardless of the size of the project. These provisions in the law are too detailed for this summary. Please refer to the following ORC Sections for further information: 9.33, 9.331-9.335, 123.011, 126.141, 153.01, 153.03, 153.07, 153.08, 153.50, 153.501-153.505, 153.51-153.56, 153.581, 153.65-153.67, 153.69, 153.692, 153.694, 153.70-153.73, 153.80, 3313.46, 3353.04, 3354.16, 4113.61, 5540.03, 6115.20, 701.10, and 701.13.

### **Prevailing Wage for Public Buildings**

The budget bill increases the prevailing wage threshold for vertical construction projects from \$78,258 to \$125,000, effective September 29, 2011 for the first year after the effective date of amendment: \$200,000, effective September 29, 2012, for the second year after the effective date of the amendment: \$250,000, effective September 29<sup>th</sup>

2013, in the third and succeeding years with no biennial adjustment as required by prior law. For reconstruction involving vertical structures the prevailing wage threshold is increased from \$23,447 to \$38,000, effective September 29, 2011 for the first year after the effective date of the amendment, \$60,000, effective September 29, 2012, for the second year after the effective date of the amendment, and \$75,000, effective September 29, 2013 and thereafter with no biennial adjustment.

Under prior law, any new construction on public improvements that costs \$78,258 or less was exempt from the Prevailing Wage Law (the statutory baseline threshold of \$50,000 as adjusted pursuant to that Law). Reconstruction costing \$23,447 or less was similarly exempt (the statutory baseline threshold of \$15,000 as adjusted pursuant to that Law).

Construction on public improvements that involve roads, streets, alleys, sewers, ditches, and other works connected to road or bridge construction will continue to be subject to the previous thresholds, adjusted biennially by the Director of Commerce

The bill exempts from the law improvements undertaken by a port authority and repeals the prevailing wage requirement that applies to the construction or repair of a port authority facility. The bill also exempts from the prevailing wage law any portion of a public improvement that is undertaken and completed solely with donated labor.

*Please see additional changes to prevailing wage requirements for Development projects under the “Jobs, Economic Development, and Infrastructure” section of this overview.*

### **Public Notice Reform and Requirement to Post on State Public Notice Website**

The budget bill provides for numerous reforms and a new requirement for public notices.

First, the measure directs the Office of Information Technology within the Ohio Department of Administrative Services to create a “State Public Notice Website” for which there will be no cost for posting or searching for public notices. Once the website is operational, all public notices, except for the publication of court calendars under ORC Section 2701.09, must be posted on the state public notice website.

Second, the requirement that certain notifications be made in newspapers of opposite politics, in two newspapers, or in newspapers with second class mailing privileges, is eliminated and instead requires notices to be made in a “newspaper of general circulation” in the political subdivision. In addition, the definition for a “newspaper of general circulation” is modified to include qualifying community newspapers.

Next, the budget provides for the use of pre-printed inserts in a newspaper of general circulation, rather than the typical “tombstone” format.

The bill also requires newspapers to offer local governments the “lowest favored advertising rate” and to add the notice to the publication’s website, if available, for free.

Finally, and perhaps most important to commissioners, the bill enacts ORC Section 7.16 which provides local governments with an alternative option to the statutory default for many required public notices when this new section is specifically referenced. Under this new authority, once a local government publishes a legal notice in its entirety the first time required, subsequent publication requirements may be satisfied by a second publication in abbreviated form including the following information:

- It is published in the newspaper of general circulation in which the first publication of the notice or advertisement was made and is published on that newspaper's internet web site, for free, if the newspaper has one.
- It includes a title, followed by a summary paragraph or statement that clearly describes the specific purpose of the notice or advertisement, and includes a statement that the notice or advertisement is posted in its entirety on the state public notice web site established under ORC Section 125.182. The notice or advertisement also may be posted on the political subdivision's internet web site.
- It includes the internet addresses of the state public notice web site, and of the newspaper's and the political subdivision's internet web site if the notice or advertisement is posted on those web sites, and the name, address, telephone number, and electronic mail address of the political subdivision or other party responsible for publication of the notice or advertisement.

If a political subdivision does not operate and maintain, or ceases to operate and maintain, an internet web site, and if the state public notice website is not operational, the political subdivision shall not publish a notice or advertisement under this section, but instead shall comply with the default publication requirements under the Revised Code.

Once again, a county is not required to use this option and can instead choose to continue publishing the notice as statute requires.

Similarly, these changes do not alter the competitive bid model of public notice under ORC Section 307.87.

Also included in the budget are new reforms regarding the publication of delinquent tax lists. First, the measure allows county auditors to charge a land or home owner a flat fee for the cost of publishing the land or home on the delinquent real property manufactured home tax lists, and to place the fee as a lien on tax delinquent parcels or manufactured homes if it is not paid. Second, with regard to the two required publications of the delinquent tax lists, the cost of the second publication of the list shall not exceed three-fourths of the cost of the first publication.

*Please note the change to the statutory requirement for Regional Councils of Government- Joint Purchasing under the "General Government and Operations" section as well as the Sheriff Sales Advertising under the "Public Safety and Criminal Justice" section of the overview. These notices do not appear eligible for the ORC Section 7.16 alternative option.*

*\*\*Please also note, CCAO will publish an in depth County Advisory Bulletin on the various provisions related to public notice, which provides guidance on implementing the new public notice provisions in the budget.*

### **Medical Care Reimbursement Rate for Confined Persons**

The budget bill establishes the Medicaid reimbursement rate as the amount to be paid to a medical provider who is not employed by or under contract with a municipal corporation or township for providing medical services to persons confined in multicounty, municipal-county, or multicounty-municipal correctional centers.

Under current law, a county, the Department of Youth Services, or the Department of Rehabilitation and Correction pays medical providers that are not employed by or under

contract with them the Medicaid reimbursement rate to provide medical care to persons confined in a county jail or state correctional institution.

### **Debt Collection by Attorney General**

The budget bill provides that a political subdivision, with the approval of the Attorney General, may certify an amount payable that has not been paid within 45 days after payment is due to the Attorney General for collection under the Attorney General's general debt collection power contained in ORC Section 131.02.

The request for collection is to be submitted to the Attorney General in the form and manner prescribed by the Attorney General. If the Attorney General agrees to collect the debt, the Attorney General shall give immediate notice by mail or otherwise to the party indebted of the nature and amount of the indebtedness. Subsequently, the Attorney General collects the claim or secures a judgment and issues an execution for its collection. Interest is charged from the day on which the claim became due at the annual rate required by ORC Section 5703.47 and a collection cost may be assessed by the Attorney General.

The Attorney General and the political subdivision may agree to do any of the following if such action is in the best interests of the political subdivision:

- Compromise the claim.
- Extend for a reasonable period the time for payment of the claim by agreeing to accept monthly or other periodic payments.
- Add fees to recover the cost of processing checks or other draft instruments returned for insufficient funds and the cost of providing electronic payment options.

### **Coroner Witness Fees in Civil Cases**

The budget bill provides that a county must receive compensation for the time its coroner or deputy coroner spends preparing and providing "expert testimony" in a civil matter.

The rate of compensation reimbursable to the county is calculated based upon the Class 8 Salary (w/o Private Practice), established in ORC Sections 325.15 and 325.18, divided by 2080 hours. Currently this salary amount is \$121,323 and when divided by 2080 yields an hourly rate of \$58.33. If the coroner is providing expert testimony in a deposition, the hourly rate is charged. If, however, the coroner is called as a witness at trial or a hearing, the hourly rate is multiplied by a factor of six so that the rate per hour reimbursable to the county when a coroner provides expert testimony during a trial is \$349.97 per hour.

In order for the coroner to be required to testify, a party to the civil matter must subpoena a coroner or deputy coroner by filing with the court a notice that includes the name of the individual being subpoenaed, a brief statement of the issues upon which the party seeks expert testimony from the witness, and an acknowledgment that the party will comply with all of the requirements of the law including the payment of compensation as determined by the coroner. The failure of a party to file an appropriate subpoena request prohibits the party from having a coroner or deputy coroner testify unless the party can show good cause as to why the coroner has not been served with a subpoena.

After the conclusion of the coroner's testimony, the coroner is required to file a statement with the court and serve a copy on each of the parties indicating the fee due and how the fee was calculated. The party deposing or calling the coroner as a witness at trial or hearing is required to reimburse the county in which the coroner or deputy coroner holds office or is appointed or employed within 30 days after receiving the fee statement. The fee is deposited into the county general fund.

Note that there is a critical distinction made between "expert testimony" and "fact testimony." Expert testimony in which the coroner acts as an expert witness pursuant to law and the Rules of Evidence is to be compensated. Fact testimony in which the coroner simply presents the information gathered and the process followed by the coroner in the performance of the coroner's statutory duties is not compensated.

*Please note, CCAO will publish an in depth County Advisory Bulletin on coroner witness fees, which provides guidance on implementing the fee authority.*

### **Expenditure of Local Court Filing Fees**

Currently, expenditures from funds received from a local court filing fee to support computerization of the clerk of courts office is completed by a court order for the amount and the commissioners appropriating that amount. However, for the expenditure of funds received from the other local court filing fees for court computerization and legal research, dispute resolution or mediation, or a special project of the court, only a court order is needed, and there is no commissioner involvement/oversight or public transparency regarding these expenditures.

The budget bill made changes in this area regarding expenditures from most of the local court filing fee funds. In general, the budget bill provides that when expending funds obtained through local court filing fees or declaring a surplus of such funds and spending the surplus for other appropriate expenses, the court will expend the funds by court order and then either have to have the expenditure appropriated by the board of county commissioners or in the alternative make an annual report available to the public listing the use of all such funds during that current year.

There are a couple of exceptions to the changes noted above. The probate court local filing fee funds were not covered, and they remain simply subject to expenditure by court order. Also the "special projects" funds of the county and municipal courts were not included in the changes, and they remain simply subject to expenditure by court order. The common pleas court "special projects" funds, however, will be now treated the same as those funds for the computerization of the clerk of courts office and require the court to issue a court order expending the funds and the commissioners to appropriate those funds for expenditure.

CCAO will continue to advocate that all of these funds be dispersed through a similar process that insures transparency and accountability to the public for the expenditure of these funds.





## **GENERAL GOVERNMENT AND OPERATIONS**

### *Health Insurance:*

As a part of the law changes around the creation of health care pools for public employers, HB 153 also creates some new requirements for self-insured counties and other political jurisdictions. It also explicitly authorizes insurers, including public employee benefit plans, to offer incentives for wellness program participation.

### **State Health Care Pool**

The budget bill charts a path that the Department of Administrative Services (DAS) must take in exploring and creating health care pools for political subdivisions, school districts, and institutions of higher education, and gives DAS the authority to make participation mandatory should the pools be established. However, the bill also creates criteria that, if met, would enable some public employers to be exempt from mandatory participation.

The Governor vetoed a provision included in the bill by the General Assembly that read “No action shall be taken regarding health care coverage for employees of [public employers] without the enactment of law by the General Assembly.” This language was included in the same section of the bill that would have required DAS to submit a feasibility report to the General Assembly within 12 months after the effective date of House Bill 153. However, the Governor’s veto message spoke only to the required report, and not the requirement that legislative action be necessary for the Administration to implement health care pooling.

The bill exempts political subdivisions from mandatory pooling if they:

- Have a self-insurance program, as long as the program meets certain best practices, OR  
  
(These best practices are to be determined, as they will be developed by DAS or the Public Employees Health Care Board; public employers will not need the approval of the DAS Director to be exempt.)
- Are part of a consortium, as long as the program meets certain best practices, OR  
  
(Again, these best practices are to be determined, as they will be developed by DAS or the Public Employees Health Care Board; public employers will not need the approval of the DAS Director to be exempt.)
- Adopt a delivery system of benefits that is considered to be most financially advantageous to the political subdivision, even if it is not in accordance with DAS’ best practices.

DAS may adopt rules for the enforcement of health plan sponsors’ compliance with the best practices standards adopted by the Department pursuant to this section.

The bill also requires DAS to contract with an independent consultant to analyze costs related to public employee health care, and in doing so, requires that political subdivisions and other public employers provide information to DAS that the Department finds necessary to complete the study within 30 days of receiving such a request. The consultant is required to use this and other data to submit written recommendations to DAS for the development and implementation of a successful program for pooling public

employee health care plans. The bill contains 19 specific issues that, at a minimum, the consultant's recommendations must include. Some of the 19 include:

- The establishment of regions for the provision of health care plans, based on the availability of providers and plans in the state at that time;
- The viability of voluntary and mandatory participation by public employers;
- The option of allowing political subdivisions, public school districts, and state institutions to join an existing regional consortium as an alternative to department plans;
- The potential impacts of any changes to the existing purchasing structure on existing health care pooling and consortiums, public employees, and individual local public employers; and
- The benefits, including any cost savings to the state of establishing a benchmark for public employers to meet in lieu of establishing new health plans administered by the department.

Once the consultant's report is completed, the bill requires that DAS:

- Work with the Department of Insurance to determine what geographic regions in the state exist based on provider availability, networks, costs, and other factors; and then,
- Solicit bids for health care plans for political subdivisions, public school districts and state institutes in a region similar to the existing plans; and also
- Determine the benefits offered by existing health care plans, the employees' costs, and the cost-sharing arrangements used by the public employers participating in a consortium.

However, if options exist in a defined regional service area that meets DAS' best practices, public employees must be given the option of selecting from two or more health plans – the state's plan and the existing consortium's plan.

### **New Requirements for Individual Self-Insured Plans**

Included in the bill's broader provisions around health care pooling are new requirements for individual self-insured political subdivisions, many of which were a part of current law, but did not apply to individual self-insurance programs in municipal corporations, townships, or counties. HB 153 removed counties' and townships' exemptions from these requirements.

Provisions from which individual self-insured counties are no longer exempt include:

- Reserving funds as actuarially deemed necessary, and reporting reserved funds and disbursements, along with an actuarial certification, within 90 days after the last day of the county's fiscal year. County individual or joint self-insurance programs must contract with a member of the American academy of actuaries for the preparation of these required written evaluations.

- Establishing by resolution a special fund for the necessary reserved funds. Such a special fund is not subject to approval by the Auditor of State (or, in other words, is not subject to ORC Section 5705.12.) Counties may allocate the costs of insurance or any self-insurance program, or both, among the funds or accounts established under this division on the basis of relative exposure and loss experience.

In addition, the bill also creates the following new requirements for individual self-insured entities:

- A certified audited financial statement, which must be submitted with above-mentioned required actuarial reserve analysis currently found in ORC Section 9.833 (C)(1) and submitted within 90 days of the last day of the county's fiscal year (a copy of this report must also be submitted to the Auditor of State).
- A contract with a certified public accountant, in addition to the new-to-counties requirement of a contract with an actuary mentioned above, for the preparation of required written evaluations.

### **Wellness**

The bill explicitly authorizes an insurer – defined in the relevant section, among other things, as a “public employee benefit plan,” – to offer a wellness or health improvement program that provides rewards or incentives in order to encourage participation or reward participation in such a program.

### **Restriction on Nontherapeutic Abortions**

The bill prohibits the use of county funds for paying the costs, premiums, or charges associated with a health care policy, contract, or plan that provides coverage, benefits, or services related to an abortion that is performed when the following occurs:

- The life of the mother would not be endangered if the fetus were carried to term;  
OR
- The pregnancy of the mother was not the result of a reported rape or incest, as continuing law does with regard to state funds.

The measure further prohibits the use of any institution, structure, equipment, or physical asset that is owned, leased, or controlled by the county from performing or inducing an abortion, except in cases in which the life of the mother is endangered or if the pregnancy was the result of a reported rape or incest.

A county that has adopted a charter form of government, to the extent that it is exercising the powers of local self-government as provided in that charter, are excluded from the above provisions.

*County Operations:*

### **County Recorder Training**

The budget bill requires a newly elected county recorder to complete at least 15 hours of continuing education approved by the Ohio Recorders' Association during the first year

of the recorder's term, and complete at least 8 hours in each subsequent year of the term, and in each year of any successive term.

The Ohio Recorders' Association is required to record and verify the completion of continuing education coursework and to provide a list of county recorders who have completed required coursework to the Auditor of State, and requires the Association to issue "failure to complete" notices to recorders who do not complete minimum levels of continuing education requirements.

Finally, the bill requires a board of county commissioners to approve reasonable amounts from funds appropriated to the county recorder in order to cover continuing education costs, including registration fees and travel, lodging, and meal expenses.

*Please note, CCAO will publish an in depth County Advisory Bulletin on county recorder training.*

### **Public Record Retention and Lawsuit Reform**

The budget bill provides for numerous, much sought-after reforms in the area of public record lawsuits and public record retention.

First, the budget modifies the record retention process. Under current law, a county records commission must create a schedule of records retention or RC-2. This schedule dictates how long certain records should be retained by the county. The schedule is approved by both the Ohio Historical Society as well as the Auditor of State's office. However, prior to destroying records, a county still needed to send an RC-3, or certificate of disposal, to the Ohio Historical Society for each record when the record became due for destruction. This allowed the Historical Society one last opportunity to select documents to retain for its records of continuing historical value. This RC-3 requirement has proven costly and time-consuming for counties and other local governments.

The budget bill provides for a much more efficient process by allowing the RC-2 or schedule of records retention to dictate whether an RC-3 or certificate of disposal is required to be sent to the Ohio Historical Society. As mentioned, RC-3's were intended to allow the Ohio Historical Society the opportunity to request records of historical value. This streamlines the process of records disposal by allowing the elimination of an additional time and cost consuming step of sending certificates of disposal when the Ohio Historical Society knows ahead of time it has no intention of requesting such records.

The bill also adds the records retention process, an often confusing process, to the list of subjects the Attorney General is permitted to present during the required sunshine law training that all elected officials or their designees must attend during their terms.

Second, the budget bill adds language attempting to curtail the cottage industry of nefarious public record lawsuits. The budget restrains "pay day" law suits by providing for the following:

- Limits the cumulative total amount received in forfeiture for a wrongful destruction to \$10,000.
- Limits the attorney fees for such suits to \$10,000.

- Provides for a “first past the post” provision, whereby only one suit per destruction can proceed.
- Provides a five-year statute of limitations on such suits.
- Provides that a person cannot recover if clear and convincing evidence shows that the record request was a pretext to create liability.

### **Microfilming Board**

The budget bill moves the date for meetings of a county microfilming board from the third Monday in January (Martin Luther King Day) to the second Monday in January.

*Elections Administration:*

### **Poll Worker Training Funds**

Boards of elections are required to establish a poll worker training program for which the Secretary of State’s office annually reimburses counties for those expenses once a statement of expenses has been received. The budget bill appropriates \$234,196 per year for these reimbursements.

### **Township Levy Expenses**

The budget bill provides that, when a county board of elections incurs expenses related to a township tax levy ballot issue, the township board of trustees may request that those expenses be withheld from the particular township fund to which the tax is to be credited.

*Miscellaneous:*

### **Increase in Ethics Disclosure Statement Filing Fees**

Beginning with CY 2011, the budget bill increases the filing fee for most required disclosure statements submitted to the Ohio Ethics Commission, the Joint Legislative Ethics Commission, and the Board of Commissioners on Grievances and Discipline of the Supreme Court. For county officials, or candidates seeking county office, this would be an increase from \$40 to \$60.

### **State Government Reorganization Plan**

The budget bill requires the Department of Administrative Services, by October 30, 2011, to begin developing recommendations for a state government reorganization plan focused on increased efficiencies in the operation of state government and a reduced number of state agencies. The Department must present its recommendations to the Speaker of the House of Representatives, the President of the Senate, the Minority Leader of the House of Representatives, and the Minority Leader of the Senate by January 1, 2012.

### **Ohio Constitutional Modernization Commission**

The budget bill provides \$50,000 in each of FY 2012 and FY 2013 to the Ohio Constitutional Modernization Commission to support its operations and expenses.

### **Mandate Assistance**

The budget bill zeroes out Mandate Assistance for FY 2012 and FY 2013. The purpose of the Mandate Assistance line item is to provide partial relief to local entities for unfunded mandates while those entities advocate for the repeal, funding, or modification of unfunded mandates.

In the past money from the mandate assistance line has been used to reimburse counties for prosecutorial costs incurred when a state institution is located within that county.

### **Regional Councils of Government – Joint Purchasing**

The bill permits a regional council of governments to enter into unit price contracts related to buildings or structures on behalf of member political subdivisions. The bill permits such contracts for the repair, enlargement, improvement, or demolition of a building or structure if the contract is awarded pursuant to a competitive bidding procedure of a county, municipal corporation, township, special district, school district, or other political subdivision that is a council member; a statewide consortium of which the council is a member; or a multistate consortium of which the council is a member.

Public notice of the business opportunity for a contract is met by publishing a notice once a week for at least two consecutive weeks in a newspaper of general circulation in the jurisdiction and if posted on the council's internet web site for at least two weeks before the date specified for receiving bids. This particular notice does not appear eligible for the aforementioned ORC Section 7.16 alternative public notice publication option.

### **Educational Service Centers Contracts with Local Governments**

The bill permits Educational Service Centers (ESC's) to enter into service contracts with other political subdivisions. The provision specifies that contracts with counties and townships are not subject to competitive bidding.

In addition, the bill requires the Governor's Director of 21<sup>st</sup> Century Education to develop a plan for the integration and consolidation of these publicly supported regional shared services organizations serving Ohio's schools and develop a plan to encourage communities and school districts to create regional P-16 councils to better organize and share existing community resources to improve student achievement. Not later than October 15, 2011, the Director is to conduct a shared services survey of Ohio's school districts, community schools, STEM schools, and other educational entities along with local political subdivisions to gather baseline data on the current status of shared services and to determine where opportunities for additional shared services exist. By January 1, 2012, the Director is to submit to the Governor and the General Assembly "legislative recommendations" for implementation of the plan, and such plan is to include provisions for implementation beginning July 1, 2012.

### **Unemployment Compensation**

The budget bill modifies Ohio's seasonal unemployment provisions by creating a two-part test for claimants who have a history of seasonal employment to be eligible for benefits.

- Part 1 of the test determines how much time an individual filing for UC benefits actually worked in the seasonal industry. If the claimant's base period employment "significantly" (defined as 40% or more of the weeks in the claimant's base period) consists of work with a seasonal employer, the claimant may not be able to receive unemployment benefits if they are between seasons and also meet the criteria for Part 2 of the test, and do not otherwise have sufficient weeks and wages in non-seasonal employment.
- Part 2 of the test determines whether that individual had received "reasonable assurance" of a job in the following season. "Reasonable assurance" is broadly defined as a written, verbal, or implied agreement that the individual will provide services in the same or similar capacity in the following season.

Under the new provision, which becomes effective October 30, 2011, seasonal employers whose employees worked less than 40% of the base period in seasonal employment will share in the proportional cost of UC benefit payments with non-seasonal employers. Seasonal employers who employed workers for 40% or more weeks in the base period in seasonal employment (whose workers are also given reasonable assurance) will not be charged for seasonal benefits, unless they fail to rehire the employee in the next successive season.





## HUMAN SERVICES

*Department of Job and Family Services:*

### **Adoption Assistance (AA) Cost Shifting to Local PCSAs**

The budget bill does not reduce the state's share of Adoption Assistance contracts. As introduced and passed by the House, the bill would have reduced the state's contribution by \$7 million, which would have been a direct cost shift to county children services agencies.

#### **Background:**

Currently, each county JFS or public children service agency (PCSA) holds a contract with each adoptive family whose adoptions qualified for Adoption Assistance. To qualify the family must adopt a child with special needs, and the monthly stipend is to be negotiated based on the needs of the child and circumstances of the family. Over the past three budgets, we have seen a continued cost shift of this obligation from the state to the county:

<b>State Fiscal Year</b>	<b>State Contribution</b>
08-09	\$300
10-11	\$250
12-13	Proposed: \$230
12-13	Enacted: \$250

Adoption Assistance contracts currently present liability issues for counties. IV-E AA contracts are between the county and family, and federal guidelines prohibit the state and county from lowering the subsidy amount without the consent of the adoptive parent. The federal government does reimburse 63% of the state and counties' shares of these payments. Statewide, the average payment is \$465 per month.

### **CDJFS Funding Flexibility**

ODJFS is continuing two funding flexibilities in the next biennium to help cope with reduced monetary allocations.

- 1) The mandated share counties are required to provide from local funds for the maintenance of effort for TANF now can be used for IM Control. Thus, counties have the ability to use these monies to leverage matching federal dollars for Medicaid and Food Stamp administration.
- 2) ODJFS will transfer a portion of the local TANF allocation to TANF Title XX. Counties have the discretion to transfer the dollars back to the main TANF line if a county so chooses.

In addition, the budget bill provides counties the ability to transfer money from the Public Assistance Fund to the Children Services Fund or the Child Support Enforcement Administration Fund, so long as the monies transferred may be spent for the purposes of the receiving fund.

CCAO is working with ODJFS and the impacted county associations to better understand this new flexibility and which monies are indeed able to be transferred.

### **Publicly Funded Child Care**

The budget bill reduces child care provider rates by 7%.

It also prohibits an eligible parent from receiving full-time publicly funded child care from more than one provider per child, in an attempt to reduce expenses.

### **Audits and Sunshine Laws**

The budget bill specifies that until an audit report is formally released by ODJFS, the report and any related records and documents are not public records.

The budget also specifies that an audit conference conducted by ODJFS audit staff with the officials of the public office that is the subject of the audit is not a public meeting for the purpose of the Open Meetings Law.

### **ODJFS Collection Authority**

A CCAO amendment was adopted to allow ODJFS to enter into a repayment agreement with a county when such county owes an excess grant, allocation, advance, reimbursement, or cash draw made to the county entity performing family services duties. The budget bill also explicitly authorizes ODJFS to certify such a claim to the Attorney General for collection.

### **Medicaid Eligibility Determinations**

The budget bill generally permits ODJFS to enter into agreements with other state agencies, local government entities, or political subdivisions to accept applications and make eligibility determinations on ODJFS' behalf for Medicaid.

The bill also requires ODJFS, on receipt of any necessary federal approval, to reduce the complexity of the Medicaid eligibility determination process caused by the different income and resource standards for the numerous Medicaid eligibility categories.

Finally, the measure requires ODJFS to request federal approval for children's hospitals and federally qualified health centers to make presumptive eligibility determinations, and permits the Departments to seek even broader authority in terms of non-CDJFS entities that may make presumptive eligibility determinations.

CCAO is working with the state and our county partners to understand what impact, if any, the first two provisions may have on county JFS administrative funding in future biennia. We are also working to identify a process for presumptive eligibility determinations that will minimize the administrative burden on county human service agencies.

### **License Suspension Procedures for Defaulting Child Support Obligor**

The budget bill modifies procedures for child support obligor license suspensions. Currently, a child support enforcement agency (CSEA) may notify a driver license issuing bureau about a default once the obligor is in default – meaning the obligor fails to pay an amount equal to or greater than one month of support due. Under the budget, a CSEA may not notify a license issuing agency about a default unless 90 days have passed since the obligor entered default, and in that 90 days the obligor failed to pay at least 50% of the monthly obligation by means other than tax interception. The bill also

alters the circumstances under which a CSEA is required to notify a license issuing agency that the obligor is no longer in default.

*Department of Health:*

### **Program for Medically Handicapped Children**

The budget bill made no changes to current law around the use of county assessment set aside for the Bureau for Children with Medical Handicaps (some groups had been seeking to expand the use of these dollars).

### **Family and Children First Councils**

The Family and Children First Council administrative line was reduced by 7.7% in the budget. Given the overall budget climate, this is relatively good news for Councils.

### **Help Me Grow**

Help Me Grow received a 7.7% reduction in GRF from \$36.5 million to \$33.6 million in SFY 2012, and is flat funded in SFY 2013. The program, administered by the Ohio Department of Health, provides state and federal funds to county Family and Children First Councils to be used in conjunction with local, state, and other federal funds to implement and maintain a coordinated, community-based infrastructure that promotes services for expectant parents, newborns, infants, and toddlers aged birth to 3 years, and their families.

There are essentially two sides to the Help Me Grow program: Part C Early-Intervention Services as provided under the Individuals with Disabilities Education Act, and Home Visiting preventative services.

The budget bill eliminates a requirement that the Help Me Grow program include distributing subsidies to counties to provide both Home Visiting and Part C Early Intervention program services. This is because the Administration plans to make Help Me Grow Home Visitation services Medicaid eligible, when possible (probably SFY 2013,) through targeted case management. Under this plan, instead of local councils receiving state GRF to provide these required Help Me Grow services, the Part C and Home Visiting allocations will now be separate. As a result, many counties may see a decrease in funding for Part C services.

However, for SFY 2012, up to 38% of a county's total Home Visiting GRF allocation may be used flexibly to support Part C services. Counties will have the discretion to use up to 100% of their first quarter home visiting funds for Part C services. If any home visiting GRF funds are utilized during the first quarter, the amount able to be flexed by a county in each subsequent quarter will decrease to equal a year-long average of no more than 38% per county.

It also permits the Director of the Department of Health to enter into interagency agreements with state agencies to implement Help Me Grow program and to distribute Home Visiting and Part C Early Intervention program funds through contracts, grants or subsidies to entities providing program services.

## **Early Intervention Workgroup**

The budget bill requires the Department of Health to establish an Early Intervention Workgroup, charged to develop recommendations for eligibility criteria for early intervention services to be provided pursuant to Part C of the Individuals with Disability Education Act. The recommendations are to be based on available funds and national data related to the identification of infants and toddlers who have developmental delays or are most at risk for developmental delays and would benefit from these early intervention services.

During the legislative process, CCAO obtained a seat on this committee, since in many counties the commissioners are the administering agents of the Help Me Grow program and therefore have an interest in the issue.

The committee must issue its report by October 1, 2011.

*County Homes:*

## **County Home Exemption from CON Requirement**

The budget bill permits a county home to obtain Medicaid or Medicare certification for existing beds without obtaining a certificate of need if: 1) the county home is located in a county that has a bed need shortage, 2) no county that borders that county has a bed need excess or bed need shortage, and 3) the number of the county home's existing beds for which Medicaid or Medicare certification is sought does not exceed the bed need shortage quantity of the county in which the county home is located.

No county home can obtain certification under this provision after December 31, 2013.

## **Medicaid Franchise Fee and County Home Status**

There was no change to the status of county homes as it relates to the Medicaid franchise permit fee (aka "bed tax") in this budget. However, it is to be discussed by the Joint Legislative Committee for Long-Term Services and Supports, created in the bill.

There was a reduction in the amount of Medicaid franchise fee revenue county homes will receive by \$5.70 per bed per day.

## **Joint Legislative Committee for Long-Term Services and Supports**

The budget bill creates the aforementioned committee, which is to have its first meeting no later than September 30, 2011 and at least quarterly thereafter. The six-member legislative committee is to examine, among other issues, subjecting county homes to the Medicaid franchise fee.

Other issues the committee will examine are: 1) the implementation of the dual eligible integrated care demonstration project, 2) the implementation of a unified long-term services and support Medicaid waiver component, 3) providing consumers choices regarding a continuum of services that meet their health-care needs, promote autonomy and independence, and improve quality of life, 4) ensuring that long-term care services and supports are delivered in a cost effective and quality manner, and 5) other issues of interest to the Committee.

## **Creation of a Unified Long-Term Care Budget**

The bill requires ODJFS and the Ohio Department of Aging to seek federal approval for a unified long-term service and support Medicaid waiver program to provide home and community-based services to eligible individuals of any age who require the level of care provided by nursing facilities.

## **Medicaid Reimbursement Rates for Nursing Facilities**

The budget bill revises the formula used in determining nursing facilities' Medicaid reimbursement rates. The formula makes changes to price centers in the formula, including: direct care costs, ancillary and support costs, and capital costs, and adds quality incentive payments that will be based on new accountability measures to be developed by ODJFS.

The bill requires ODJFS to adjust certain price centers and the quality incentive payment when determining nursing facilities' Medicaid reimbursement rates for the upcoming biennium. The bill also creates a maximum payment for nursing facility services to individuals who are eligible for both Medicare and Medicaid (aka "dual eligibles.")

Overall Medicaid spending for long-term care services in SFY 2013 is \$166 million more than in SFY 2011, and the budget "rebalances" where the money is spent by increasing home and community based services from 36% today to 42% in SFY 2013 and decreasing the share spent on institutions from 64% today to 58% in SFY 2013. The bill reduces overall Medicaid spending for nursing homes from \$2.7 billion in SFY 2011 to \$2.5 billion in SFY 2013.

The bill completes the transition to a price-based system, enacted in SFY 2005 as a part of HB 66, from a cost-based payment methodology for nursing facilities. It increases the portion of the rate that is related to direct care and quality from 52% in SFY 2011 to 61% in SFY 2013, and it provides stop loss protection for facilities facing greater than 10% rate cuts in SFY 2012. The bill also increases quality incentive payments from 1.7% of the rate in SFY 2011 to 9.7% in 2012.

The bill also sets the maximum amounts that ODJFS may pay to reserve a bed in a nursing facility. The amounts are currently established in an ODJFS rule. Additionally, the bill specifies the maximum period for which Medicaid payments may be made to reserve a bed in a nursing facility is not to exceed 30 days in any calendar year.

*Mental Health and Drug Addiction Services:*

## **Funding of Medicaid Services**

Under current law, ODMH and ADAMHS boards are responsible for paying the nonfederal share of any Medicaid payment for services provided under a component of the Medicaid program that ODMH administers on the behalf of ODJFS. The bill eliminates ADAMHS boards' responsibility July 1, 2012.

While the ADAMHS boards remain responsible, they are to use state mental health subsidies that ODMH allocates to them, and are not required to use any funds other than those allocated to them by the state in GRF appropriation line item 335501, Mental Health Medicaid Match.

During the legislative process, local boards received additional funding in line item 335505, Local Mental Health Systems of Care, over what the Executive version proposed. This line is funded at \$49.96 million in SFY 2012 and \$59.08 million in SFY 2013.

### **Board Allocations of State Mental Health Subsidies**

Under the bill, ODMH continues to be required to establish a methodology for allocating state mental health subsidies to ADAMHS boards. But, the bill eliminates the current requirements applicable to the methodology and allocation, and requires ODMH to establish the allocation methodology after notifying and consulting with relevant constituencies.

The bill permits the methodology to provide for the subsidies to be allocated to ADAMHS boards on a district or multidistrict basis. An ADAMHS board's use of the subsidies is subject to audit by county, state, and federal authorities.

## **JOBS, ECONOMIC DEVELOPMENT, AND INFRASTRUCTURE**

*Economic Development:*

### **JobsOhio**

Removes the current requirement that the Governor serve as a member and chairperson of the JobsOhio Board of Directors and instead requires the Governor to appoint all nine members and designate one of those members as the chairperson.

### **Workforce Development/Job Training**

Since Ohio's workforce development system is funded through the federal Workforce Investment Act, there is not a significant opportunity to change funding levels or policies in the state budget process.

However, two non-WIA workforce development programs are funded in HB 153:

1. The bill creates the Incumbent Worker Training program to be administered by the Department of Development and/or Jobs Ohio. Under this program, eligible employers/employees can receive up to \$6,000 per worker per year, presuming either the employer or employee pays for 33% of the cost of the employee's training.

The bill makes an appropriation of up to \$20 million in SFY 2012 and up to \$30 million in SFY 2013 to fund the program. The money comes from the Board of Regent's Economic Development Program funds.

2. The bill funds the Board of Regent's Co-op/Internship Program at \$24 million over the biennium.

### **Prevailing Wage Requirements for Development Projects**

The bill removes the requirements that prevailing wage be paid to contractors for:

- Projects under the Department of Development's Job Ready Sites Program;
- Any industrial, distribution, commercial, and research projects receiving funding from the Department under ORC Chapter 122;
- Projects involving the acquisition, construction, improvement, or equipping of property for industry, commerce, distribution, or research under ORC Chapter 165;
- Projects receiving funding under ORC Chapter 166 (liquor profits program);
- Energy resource development projects or facilities supported by the Department under ORC Chapter 1551;
- Projects undertaken by urban redevelopment corporations in conjunction with municipal corporations under ORC Chapter 1728;
- Rail service projects funded by the Ohio Rail Development Commission under ORC Sections 4981.11 to 4981.26.

### **Loan Guarantees for Historic Rehabilitation Projects**

The bill authorizes the Director of Development to try to obtain up to \$75 million in federal economic stimulus funds and to make the funds available to secure and guarantee loans made for historic building rehabilitation projects that have been approved for an Ohio historic rehabilitation tax credit (see ORC Section 149.311). The federal funds would be any funds available under the federal American Recovery and Reinvestment Act of 2009 or any other federal source of money that may lawfully be applied to that purpose. Any such funds obtained by the Director must be credited to the Ohio Historic Preservation Tax Credit Fund created by the bill.

The bill extends perpetually the historic tax credit for rehabilitating an historic building and limits credits to \$60 million per year in each year of the biennium. The bill requires the development director to adopt rules for procedure and criteria for conducting cost-benefit analyses of historic buildings that are the subjects of applications so as to determine whether rehabilitation of the historic building will result in a net revenue gain in state and local taxes once the building is used. The Director must use the results of the cost benefit analysis when determining whether to approve an application.

### **“Invest Ohio” Personal Income Tax Incentive**

The budget bill creates a nonrefundable, small business investment credit against the personal income tax for persons investing in a "small business enterprise" with an operating presence in Ohio. A "small business enterprise" is defined as having at least 50 employees in Ohio or a majority of all its U.S.-based employees in Ohio, and either having assets of \$50 million or less or having sales of \$10 million or less.

The small business investment credit equals 10% of the qualifying investment. Unused credits can be carried forward for up to seven succeeding tax years. The credits may be claimed for either direct investments by the taxpayer or indirect investments made by a partnership or other form of pass-through entity in which the taxpayer owns an equity interest.

To be eligible for the tax credit, the investments must be made on or after July 1, 2011. The person is not immediately able to claim the credit upon making the investment. The person must wait at least two years beginning on the day the qualifying investment was made if the qualifying investment is made between July 1, 2011, and June 30, 2013; or five years if the qualifying investment is made after June 30, 2013.

The value of credits that can be granted by the Director of Development is limited to \$100 million in any fiscal biennium, and the amount of credit any one taxpayer may receive on behalf of qualifying investments in any fiscal biennium is limited to \$1 million.

### **Refundable Job Retention Tax Credit Program**

Current law authorizes the Ohio Tax Credit Authority to award job retention tax credits (JRTC) if the business' credit application is recommended for approval before July 1, 2011.

The budget continues this program by creating a new, separate refundable credit for qualifying businesses between July 1, 2011, and December 31, 2013. The former ceiling of \$8 million in job retention tax credits has been increased to \$25 million combined for FY 2011, FY 2012, and FY 2013.



The current thresholds have been reduced in order for a business to qualify for the JRTC so that now an eligible business must have an annual payroll of at least \$20 million, invest at least \$5 million at a project site located within the same political subdivision as that in which the business has its principal place of business, and meet the other existing JRTC program requirements.

### **Rapid Outreach Grants**

The budget bill continues the Rapid Outreach Grants incentive program for attracting, expanding, and retaining business opportunities for the state. Under the program the Department of Development may award funds directly to business entities considering Ohio for expansion or new site locations. The funds can be used for equipment purchases, infrastructure, and real property improvements or other fixed assets. The funds can also be awarded directly to a political subdivision for on- or off-site infrastructure improvements to various specified facilities.

The Director of Development also has the ability to recommend alternative uses of funds in order to satisfy an economic development opportunity or extraordinary need, including projects for rail freight assistance as requested and submitted by the Department of Transportation. Any awards under this program must be approved by the Controlling Board.

### **Energy Strategy Development**

The bill requires the Ohio Air Quality Development Authority to establish the Energy Strategy Development Program for the purpose of developing energy initiatives, projects, and policy for the state. The provision also creates the Energy Strategy Development Fund consisting of money credited to it and money obtained for advanced energy projects from federal or private grants, loans, or other sources.

### **Enterprise Zone Program**

The budget bill extends by one year the authority of local governments to offer Enterprise Zone economic development incentives, which currently expires on October 15, 2011.

*Infrastructure:*

### **Public Services provided by Private, Local, or Regional Entities (Turnpike Sale or Lease)**

The budget bill permits the OBM Director and the ODOT Director to execute a contract with a private entity, local or regional public entity or agency for the purpose of outsourcing "highway services," which is defined as the operation or maintenance of any highway in this state, the construction of which was funded by proceeds from state revenue bonds that are repaid by non-gas tax revenues derived from the operation of the highway. This has the practical effect of limiting the application of these provisions to the Ohio Turnpike.

The budget permits OBM to issue a request for proposals (RFP) only if the General Assembly acts by concurrent resolution to approve it, within 90 days of the OBM Director providing a draft copy to the legislature. If approved, the contract would set rates or fees, standards for public services to be provided, financial assurances, and remedies

for default, among other things. The bill exempts any projects from the prevailing wage law and any employees working at or on a project from the collective bargaining law. The measure generally exempts any project used for performing a public service from taxation by the state or any of its political subdivisions. The bill permits the OBM Director to hire appraisers, investment bankers, and other consultants to advise the state

The budget bill authorizes the ODOT Director to be the authorized representative of the Ohio Turnpike Commission for purposes of the bill. The ODOT Director is authorized to execute any contract for the provision of highway services, notwithstanding any Ohio Turnpike Commission laws to the contrary. Contracts and the transfer of moneys must be approved by the Controlling Board under the bill.

### **Financing Transportation Improvement District Projects**

The budget bill permits a transportation improvement district and any one or more governmental agencies, until December 31, 2011, to enter into an agreement providing for the joint financing, construction, acquisition, or improvement of any project. Project is defined to include a street, highway, parking facility, or freight rail tracks and necessarily related freight rail facilities.

The bill provides that a municipality, county, or township that is a party to such an agreement may issue securities to provide for the payment of its portion of the project's cost and allows the district to purchase those securities directly from the county, municipality, or township.

### **Regional Transit Authority Membership**

The budget bill creates, until November 5, 2013, an additional procedure for political subdivisions, by ballot issue, to join a RTA that levies a property tax and includes a county of at least 400,000. The bill also allows, until November 5, 2013, a township or municipality that is a member of such an RTA to withdraw after placing the issue on the ballot. If a township or municipality withdraws from the RTA, the bill grants authority to both to contract for the provision of transportation services. The effective date of the joinder or withdrawal from an RTA is six months after certification of the ballot issue.

The measure prohibits a regional transit authority from extending its service or facilities into another political subdivision without first notifying it and giving the political subdivision 30 days after receiving the notice to comment on the proposal.

The bill requires the Ohio Public Transit Association, in consultation with the Ohio Municipal League, the County Commissioners Association of Ohio, and the Ohio Township Association, to study regional transit authority expansion outside territorial boundaries and provide a report to the General Assembly and the Governor by December 31, 2011.

### **County Sewer District Contracts:**

The budget bill expands the scope of the contracting authority of a county sewer district by:

- Authorizing a board of county commissioners to convey, by mutual agreement, to a municipal corporation any part of water supply or sanitary facilities of the sewer district that are connected to facilities of the municipal corporation.

- Authorizing a board to convey, by mutual agreement, to a municipal corporation water supply or sanitary facilities acquired or constructed by a county for the service of property located in the district that are also located in the municipal corporation or within an area that is incorporated as, or annexed to, the municipal corporation.

*Environment:*

### **Solid Waste Management District Fee Exemptions**

The bill provides that no solid waste management district can exempt a public sector commercial licensed hauler from a fee that is charged to private sector commercial license haulers by the solid waste management district.

### **Extension of E-Check**

The budget bill authorizes the extension of the motor vehicle inspection and maintenance program (E-Check) through June 30, 2017. Under the budget, the Ohio EPA Director may request the DAS Director to extend the current contract to conduct E-Check with the contractor that currently operates the program. Upon receiving the request, the DAS Director must extend the current contract for a period not to exceed 12 months beginning on July 1, 2011. Subsequent to the expiration of the centralized program contract, the bill requires the DAS Director to enter into a contract with a vendor for a decentralized program.

### **Diesel Emissions Reduction Grant Program:**

The budget bill requires Director of Development to administer the Diesel Emissions Reduction Grant Program and to select projects submitted by public and private entities for the federal Congestion Mitigation and Air Quality (CMAQ) Program. The program is appropriated with \$10 million each fiscal year.

Public entities are to be reimbursed for certain eligible costs from the Grant Fund. Diesel Emissions Reduction Grant funds are permitted to purchase hybrid and alternative fuel vehicles under CMAQ program guidance.

### **Solid Waste Transfer and Disposal Fees and Impact on Soil & Water Funding**

The budget bill extends, from June 30, 2012, to June 30, 2014, the expiration date of three fees levied on the transfer or disposal of solid waste that are used to fund programs administered by the Ohio Environmental Protection Agency (EPA). The first fee is a \$1 per-ton fee, of which one-half of the proceeds must be credited to the Hazardous Waste Facility Management Fund and one-half of the proceeds must be credited to the Hazardous Waste Clean-up Fund. Those funds are used for purposes of the hazardous waste management program. The second fee is another \$1 per-ton fee that is credited to the Solid Waste Fund and used to fund the EPA's solid and infectious waste and construction and demolition debris management programs. The third fee is an additional \$2.50 per-ton fee the proceeds of which must be credited to the Environmental Protection Fund, which is used to pay the EPA's costs associated with administering and enforcing environmental protection programs. The solid waste transfer and disposal fees are collected by the owners and operators of solid waste disposal and transfer facilities as trustees for the state.

Under existing law, there is a fourth 25¢ per-ton fee on the transfer or disposal of solid waste the proceeds of which must be credited to the Soil and Water Conservation District Assistance Fund. Please note that the budget bill also extends this fee to June 20, 2013. This results in approximately \$3.1 million to be credited to the Soil and Water Conservation District Assistance Fund.

**Solid Waste Compost Facility License Fee**

The budget bill amends the fee schedule for solid waste compost facility licenses as follows:

Authorized maximum annual daily waste receipt in tons (current law)	Annual license fee (current law)	Authorized maximum annual daily waste receipt in tons (the bill)	Annual license fee (the bill)
12 or less	\$300	12 or less	\$300
13 to 25	\$600	13 to 25	\$600
26 to 50	\$1,200	26 to 50	\$1,200
51 to 75	\$1,800	51 to 75	\$1,800
76 to 100	\$2,500	76 to 100	\$2,500
101 to 200	\$6,250	101 to 150	\$3,750
201 to 500	\$15,000	151 to 200	\$5,000
501 or more	\$30,000	201 to 250	\$6,250
		251 to 300	\$7,500
		301 to 400	\$10,000
		401 to 500	\$12,500
		501 or more	\$30,000

**Sale of Tires Fees and Impact on Soil & Water Funding**

The budget bill extends until June 30, 2013, the sunset of the 50¢ per-tire fee on the sale of tires the proceeds of which are used to fund the scrap tire management program. This fee had been scheduled to expire June 30, 2011.

The budget bill extends until June 30, 2013, the sunset of an additional 50¢ per-tire fee on the sale of tires. The money from the additional fee must continue to be credited to the existing Soil and Water Conservation District Assistance Fund, which is used to provide money to soil and water conservation districts. This fee, likewise, had been scheduled to expire June 30, 2011.

*Miscellaneous:*

**Ohio Housing Study Committee**

The budget bill creates the Ohio Housing Study Committee for reviewing policies, programs and partnerships of Ohio Housing Finance Agency (OHFA). The committee is required to do all of the following:

- Perform a comprehensive review of ORC Chapter 175.
- Review OHFA's relationships.
- Review OHFA's measurable impact of its programs.
- Review OHFA's Qualified Allocation Plan development process and policy.
- Create a quantitative report of single and multi-family programs over last 10 years, due March 31, 2012.
- Evaluate efficiencies of combining DOD housing programs with OHFA.



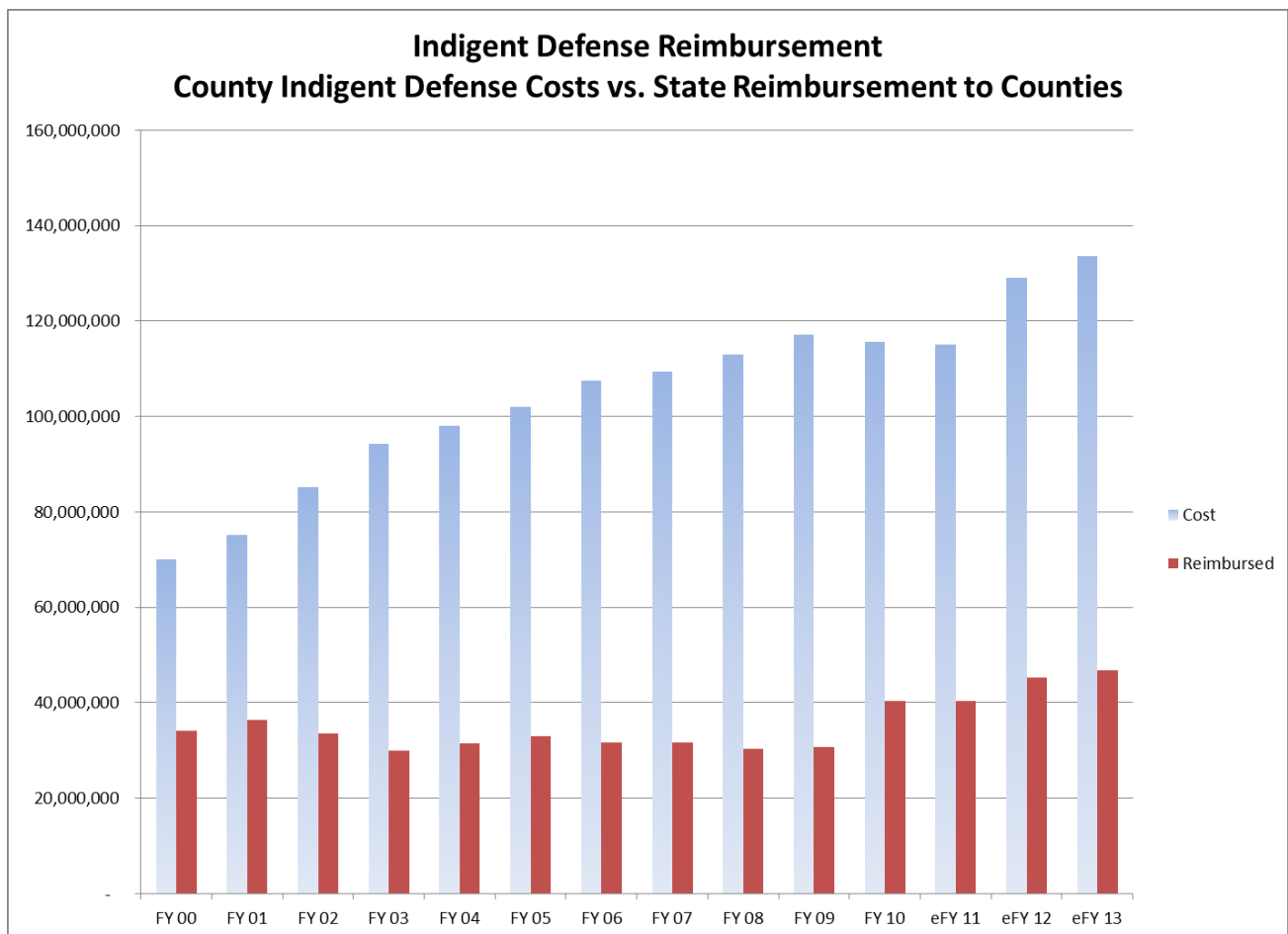
## PUBLIC SAFETY AND CRIMINAL JUSTICE

### Indigent Defense

**FUNDING:** The budget bill proposes a reimbursement rate of 35%. The various line-item appropriations under the Public Defender budget provide total funds available for reimbursement at \$49.4 million for FY 2012 and \$51.0 million for FY 2013.

The GRF appropriations fall from \$12.6 million for current FY 2011 to \$3.0 million and \$3.6 million in FY 2012 and FY 2013 respectively. These reductions in the GRF appropriation are offset by the significant increase in the expected receipts into the Indigent Defense Support Fund provided by the additional state-wide court cost, the DUI surcharge, and the additions to the original state-wide court cost and license reinstatement fees. The Fund is expected to receive \$42.1 million in FY 2012 and \$43.1 million in FY 2013.

Bottom line – CCAO has worked hard to secure additional non-GRF funding resources dedicated to support county reimbursement only to have the state significantly reduce GRF appropriations for county reimbursement.



State Fiscal Year	Total Cost	County Expense	Reimbursed By State	% Reimbursed	GRF Appropriations	Indigent Defense Support Fund	GRF % of Reimbursement
FY 00	70,025,701	35,887,878	34,137,823	48.8%	34,137,823	-	100%
FY 01	75,214,769	38,802,738	36,412,030	48.4%	36,412,030	-	100%
FY 02	85,255,049	51,654,556	33,600,492	39.4%	33,600,492	-	100%
FY 03	94,181,939	64,177,730	30,004,209	31.9%	30,004,209	-	100%
FY 04	98,079,085	66,588,759	31,490,326	32.1%	31,490,326	-	100%
FY 05	101,954,691	68,902,690	33,052,001	32.4%	33,052,001	-	100%
FY 06	107,553,258	75,857,755	31,695,503	29.5%	31,695,503	-	100%
FY 07	109,341,314	77,683,025	31,658,289	29.0%	31,658,289	-	100%
FY 08	112,940,155	82,545,116	30,395,039	26.9%	30,395,039	-	100%
FY 09	117,174,752	86,425,793	30,748,959	26.2%	27,048,959	3,700,000	88%
FY 10	115,727,163	75,326,650	40,400,513	34.9%	15,515,530	24,884,983	38%
eFY 11	115,132,198	74,835,929	40,296,269	35.0%	12,636,040	27,660,229	31%
eFY 12	129,139,000	83,940,350	45,198,650	35.0%	3,003,650	42,195,000	7%
eFY 13	133,510,200	86,781,630	46,728,570	35.0%	3,603,570	43,125,000	8%

COUNTY PUBLIC DEFENDER SALARIES: Based upon an amendment to ORC Section 120.40, boards of county commissioners no longer may provide a pay range for an appointed county public defender which exceeds the pay ranges assigned under ORC Section 325.11 for county prosecutors. This provision takes effect January 1, 2012. While it is our understanding that the intent of this language was to prohibit a public defender from being paid more than the county prosecutor of that county, the language does not specifically say that and by referencing the county prosecutor pay tables it brings into question this provision's effect in those counties where there are part-time prosecutors.

*Department of Rehabilitation and Corrections:*

### **Community Corrections Act Funding**

The Community Corrections Act (CCA) line items support felony prison diversion and misdemeanor jail diversion programs in the local communities. According to the DRC budget summary, during FY 2010, the available 407 line item appropriation was sufficient to support 61 programs in 49 counties providing sanctions for nearly 10,800 offenders while the 408 line item appropriation funded 121 programs in 82 counties providing alternatives to confinement for approximately 20,500 offenders.

The budget bill increases the 407 prison diversion line item from the current FY 2011 level of \$22.4 million to \$25.8 million for each year of the new biennium, and the 408 jail diversion line item is increased from the current FY 2011 level of \$11.3 million to \$14.9 million in each year of the new biennium. As a result the community corrections line items will be increased by about \$7 million a year. However, it appears these line items



will be “home” to several new DRC grant funding concepts (see APA replacement grants and “justice reinvestment” probation grants below) which will receive most of the new money.

### **Pre-Sentence Reports**

DRC made a management decision to eliminate, effective July 16 of this year, its Adult Parole Authority (APA) staff which has been conducting presentence investigation and report writing for common pleas courts across the state. Originally only 25 counties, mostly in rural Ohio, were thought to be receiving this state support to their common pleas courts, but it turned out at least 48 counties were receiving such support.

DRC worked with the common pleas judges to develop a grant program that will allow judges who will find themselves without presentence investigation services to hire new county staff to replace the APA staff. DRC has developed a model that suggests that based upon historical data and the sentencing reforms contained in the justice reinvestment initiative the amount of time to complete a report will be decreasing. With the decreasing time commitment per report and the encouragement to counties to share staff services, DRC believes that the cost for presentence investigations will be reduced. DRC has indicated it will allocate approximately \$1.3 million per year in grant funding to counties to hire staff needed to replace APA staff. As noted, DRC will use the additional CCA funding to make these grants.

### **HB 86 Criminal Sentencing Reforms**

The additional funding in the CCA line items also will be used to implement some of the criminal law sentencing revisions contained in HB 86. The bill (HB 86) established two other grant funding programs to further the “justice reinvestment” initiative. The Probation Improvement Grant will support the reduction of recidivism of felony probationers and the Probation Incentive Grant will help counties reduce their probation revocation rates.

CCAO remains extremely concerned that there won’t be enough CCA funding available to be “reinvested” to support new local community initiatives that will be demanded in order to accomplish “sentencing reform.” HB 86 includes provisions to offer numerous treatment options as an alternative to mandatory prison time which are also to be funded by the increased appropriations for community corrections contained in HB 153. Since the necessary infrastructure is not currently in place and its actual cost is unknown, counties remain leery that the level of appropriations in HB 153 will not be sufficient to meet these new local obligations and counties will end up having to find the funding to meet the obligations of the state.

*Department of Youth Services:*

### **RECLAIM and Youth Services Subsidy**

The budget bill has both the RECLAIM program and Youth Services Subsidy line items funded at FY 2011 levels in both years of the biennium.

*Miscellaneous:*

### **Prosecutor Review of Costs Bill**

The budget bill removes the current requirement that prosecuting attorneys examine and certify each item in the bill of costs prepared by the clerk of the court of common pleas upon the conviction of a non-indigent person for a felony.

### **Corrections Commissions**

Although initially contained in the budget bill, the following changes were removed from HB 153 but were included in HB 86, the sentencing reform proposal, enacted separately.

Judges will no longer be members of a corrections commission that oversees the administration of a multicounty, municipal-county, or multicounty-municipal correctional center, and the requirement that the president of the board of county commissioners be the commissioners' representative has been eliminated. This leaves as correction commission members: the sheriff and a member of the board of county commissioners of each participating county; and the chief of police and mayor or city manager of each participating municipality. The law also was changed to require that the standards and procedures formulated by the commission must include the designation of a fiscal agent.

Rather than serving as members of the corrections commission, the judges will now form a judicial advisory board for the purpose of making recommendations to the corrections commission regarding issues of bed allocation, expansion of the correctional center, and other issues concerning the administration of sentences or any other matter determined to be appropriate by the board. The judicial advisory board shall meet with the corrections commission at least once each year.

Should the number of judges be even, the county auditor or the county auditor of the most populous county, if the board serves more than one county, becomes a member of the judicial advisory board.

### **Sheriff Sales Advertising**

The budget bill specifies that notices of sheriff sales for foreclosures must be published at least once a week for three consecutive weeks before the day of the sale. Current law only requires three publications within a period of three weeks. This particular notice does not appear eligible for the aforementioned ORC Section 7.16 alternative public notice publication option.

### **Joint Police Districts among Townships and Municipalities**

Currently boards of township trustees may, by resolution, create a joint township police district which may be comprised of any or all of the territory within the joining townships.

This authority has been expanded, and the name of the district changed to permit townships and municipalities to form a "joint police district." One or more contiguous townships and one or more contiguous municipal corporations may now form a joint police district comprising all or any part of the townships or municipal corporations as are mutually agreed upon.

The governing body for a joint police district is to be composed of either all of the township trustees of each township and all of the members of the legislative authority of

each municipal corporation in the district or of an odd number of members as agreed to in the joint resolution, as long as the members are representatives from each board of township trustees of each township and from the legislative authority of each municipal corporation in the joint police district.

Under current law regarding joint township police districts, all members of the boards of trustees of the member townships comprise the governing board of the district. Joint police district boards also are authorized to levy a property tax within the territory of the district for the district's expenses in providing police protection and to issue bonds for buying police equipment.

The current authority for a joint township police district to contract with a county sheriff for police services also is extended to a joint police district.

### **Commission on Dispute Resolution Abolished**

The budget bill repeals the Dispute Resolution and Conflict Management Law (ORC Sections 179.01 to 179.04). The 12-member Ohio Commission on Dispute Resolution and Conflict Management is abolished, and the positions of Executive Director and personnel of the Commission have been terminated. CCAO for many years has partnered with the Commission to provide conflict and dispute resolution training for commissioners and other elected local government officials. Although the termination provisions become effective at the end of September, the budget provided no funding for the Commission for FY 2012 and, consequently, the Commission has closed its operations.

### **Sale of Forfeited Firearms and Ammunition by a Law Enforcement Agency**

The budget bill amends current law regarding the disposal of forfeited property that is in the custody of a local law enforcement agency. The bill allows a law enforcement agency to sell firearms and dangerous ordnance to a federally licensed firearms dealer in a manner that the court considers proper. Currently the agency must either give these items to another law enforcement agency or, if they are suitable for sporting use or as a museum piece or collector's item, they may be sold at public auction. All other firearms and dangerous ordnance must either be destroyed by the agency or sent to the Bureau of Criminal Identification and Investigation (BCI) for destruction by the Bureau.

The purpose of the forfeiture law, ORC Chapter 2981, is to provide economic disincentives and remedies to deter and offset the economic effect of offenses by seizing and forfeiting contraband, proceeds, and other items associated with the commission of the offense.



## **AGRICULTURE AND RURAL AFFAIRS**

### **OSU Extension and OARDC**

The budget bill proposes a minimal cut of less than 1% for OSU Extension.

FY 11	\$22.4 million
FY 12	\$22.2 million
FY 13	\$22.2 million

Similarly, OARDC funding is cut approximately 3% from FY 2011 funding levels.

FY 11	\$34 million
FY 12	\$33 million
FY 13	\$33 million

### **County Agricultural Societies**

County and independent agricultural societies receive funding from the state as partial reimbursement for expenses the Societies incur for youth activities. The budget bill cuts funding levels for FY 2012 and FY 2013 by 10% from FY 2011 levels.

FY 11	\$434,903
FY 12	\$391,413
FY 13	\$391,413

### **Farmland Preservation**

The budget bill cuts the operating costs line item of the Office of Farmland Preservation 63%, thus dropping the appropriation from \$200,000 in FY 2011 to \$72,750 per year in FY 2012 and FY 2013. However the Agricultural Easement Fund, which receives matching federal funds from the federal Farm and Ranch Land Protection Program, remains at \$1 million per year in FY 2012 and FY 2013. Finally, the Clean Ohio Agricultural Easement line item, which is used by the Department of Agriculture to administer Clean Ohio bond fund easements, sees an 11.2% decrease from the FY 2011 estimate of \$349,000 to \$310,000 in both years of the biennium.

### **Soil and Water Funding**

The budget bill provides nearly \$9.6 million this biennium for Soil and Water funding. The Department of Natural Resources expects a Soil and Water match of approximately 80% to be available over the biennium.

The funding sources include the following:

GRF:	\$2,900,000
Tire Fees:	\$3,500,000
CDD Fees:	\$1,200,000
MSW Fees:	\$3,300,000

From these funds, \$228,500 is distributed as Conservation Assistance Grants for Districts with budget concerns, and \$200,000 is distributed as Innovation Grants.

The balance of funds is used to pay the Heidelberg Water Quality Lab earmark, Watershed Coordinator grants; Agricultural Pollution Abatement cost share, and support for the Soil and Water Information Management Program.

*For more information on the fees associated with Soil and Water funding, please see references under the “Jobs, Economic Development, and Infrastructure” section of this overview.*

### **Conservation Program Delivery Task Force**

The budget bill requires the existing Ohio Soil and Water Conservation Commission to establish a Conservation Program Delivery Task Force. The Task Force must provide recommendations to the Director of Natural Resources regarding how soil and water conservation districts established under current law may advance effective and efficient operations while continuing to provide local program leadership. The budget also requires the Task Force to examine methods for improving services and removing impediments to organizational management and explore opportunities for sharing services across all levels of government.

The Task Force must include members of the boards of supervisors of soil and water conservation districts and other individuals who represent diverse geographic areas of the state and may include members from the Ohio Federation of Soil and Water Conservation Districts, the Natural Resources Conservation Service in the United States Department of Agriculture, the County Commissioners' Association of Ohio, the Ohio Municipal League, and the Ohio Township Association. The Task Force may consult with those organizations and agencies.

## TAXATION AND FINANCE

***For a comprehensive review of Local Government Funds, TPP, and Public Utility Reimbursement Reductions, please see the “County Revenues” section.***

### **Fiscal Distress for Counties**

The budget bill provides a number of changes to local governments relative to their financial condition and status. This section only will highlight changes impacting counties.

**FISCAL CAUTION.** The bill establishes a new “yellow flag” category for local governments that are fiscally distressed but not yet in fiscal watch. “Fiscal caution” is a new category for which the Auditor of State is to develop guidelines for identifying fiscal practices and budgetary conditions of counties that, if uncorrected, could result in a future declaration of a fiscal watch or fiscal emergency as provided by current law.

In bestowing this designation, the Auditor of State is to notify the county and request it to provide written proposals for discontinuing or correcting the fiscal practices or budgetary conditions that prompted the declaration. The Auditor may also inspect any jurisdiction declared to be under fiscal caution, provide technical assistance, and make recommendations for corrective action. If the Auditor finds that such a county has not made reasonable proposals or otherwise taken action to discontinue or correct the fiscal practices or budgetary conditions that prompted the declaration, and if the Auditor considers it necessary to prevent further fiscal decline, the Auditor may determine that the county should be in a state of fiscal watch and escalate the matter.

**FISCAL WATCH.** The bill requires a board of county commissioners in fiscal watch to submit to the Auditor of State a financial recovery plan, within 120 days of receiving such designation. The plan must identify the actions to be taken to eliminate all the conditions that precipitated the declaration as well as an estimated schedule of action. In addition, a five-year fiscal forecast shall be included that reflects the anticipated effects. The Auditor of State is to review and approve the recovery plan, and may extend the amount of time for filing the plan.

If a recovery plan is not submitted within the required 120-day period or within an approved extension, the county shall be placed into “fiscal emergency” by the Auditor of State.

**FISCAL EMERGENCY.** The bill requires a county in fiscal emergency to include in their financial plan a five-year forecast reflecting the anticipated effects of the actions to be taken, and to update such plan annually. If a county fails to complete a plan or substantially comply with their plan, all state funding for the county, other than benefit assistance to individuals, will be escrowed until a feasible plan is submitted and approved or substantially followed.

If a financial plan is not submitted, the bill allows the financial planning and supervision commission, if the commission considers it prudent, to limit any non-general fund expenditures of the county. This is in addition to the limitation on general fund expenditures imposed by current law.

The bill also permits a county, after its financial plan is approved, to make expenditures contrary to the plan if the county receives the advance approval of its financial

supervisor. However, the commission may overrule the decision of the financial supervisor by a majority vote.

Finally, the bill provides that the Auditor of State is to be reimbursed for any expenses incurred relating to a determination or termination of a fiscal caution, fiscal watch, or fiscal emergency as well as technical and support services. The Auditor of State also may seek funding from the Controlling Board for these purposes.

### **Auditor of State Costs**

The budget bill requires the Auditor of State to establish rates by rule to recover a broader range of personnel costs and related expenses when local public offices are audited. No longer will the state General Revenue Fund (GRF) cover the vacation and sick leave costs of assistant auditors, employees, and typists. The bill also eliminates the authority to pay travel and hotel expenses of deputy inspectors and supervisors of public offices from the state treasury.

### **Board of Tax Appeals**

The state budget increases the appropriation for the Board of Tax Appeals in each year of the biennium partially to restore funding to an agency that has been significantly underfunded in previous budgets. The Board of Tax Appeals budget would be increased from \$1,150,000 in SFY 2011 to \$1,600,000 in SFY 2012 and \$1,700,000 in SFY 2013. The Board of Tax Appeals handles appeals from county boards of revision as well as appeals from the Tax Commissioner. Increased appropriations will be used to increase staffing to address a substantial backlog of tax appeals awaiting consideration.

The budget bill requires the Tax Commissioner to review the operations of the Ohio Board of Tax Appeals and make recommendations for how the operations could be improved. The Tax Commissioner must report the review and recommendations by November 15, 2011, to the Governor, President of the Senate, and the Speaker of the House.

### **Delinquent Property Tax**

The budget provides for the following changes with regards to delinquent property taxes:

- Authorizes county treasurers to shorten the deadline before which a tax certificate holder must initiate a foreclosure action to collect the taxes, from 6 years after the certificate was held to 3 years.
- Authorizes the negotiated sale of tax certificates in the same manner for current sales at public auction.
- Authorizes tax certificates being sold at public auction to be advertised electronically.

### **County Delinquent Tax and Assessment Collection Funds**

The bill divides each county's Delinquent Tax and Assessment Collection Fund into two separate funds, one for county treasurer expenses and the other for prosecuting attorney expenses. Previously, half of the money in each county's fund is appropriated to the treasurer and half to the prosecuting attorney, and the purposes for which the money may be used are unchanged. The bill authorizes the county treasurer or



prosecuting attorney on or before October 20 of any year to ask the county auditor to suspend the crediting of delinquent tax collections to the respective funds in the following year if the balances reach three times the amount deposited into the fund in the preceding year. The forgone money would be allocated and distributed among taxing districts' funds as otherwise required by law.

### **Tax Amnesty Program**

The budget bill requires the Tax Commissioner to administer a tax amnesty program from January 1 to February 15, 2012, for the state personal income tax, sales and use tax, corporate franchise tax, and for local taxes including the tangible personal property tax, county and transit authority sales tax, and school district income tax.

### **Maturity of Securities Issued by Counties for Real Property**

The budget bill provides that general obligation bonds issued by a county to finance the acquisition or construction of real property may have a maximum maturity of up to 40 years, instead of 30 years under current law, if supported by a certification as to its estimated useful life.

### **Qualified Energy Project Exemption**

The bill extends by two years the deadline by which the owner of a qualified energy project must submit a property tax exemption application, begin construction, and place into service an energy facility using renewable energy resources or advanced energy technology to qualify for an ongoing real and tangible personal property tax exemption. Commissioners may recognize these provisions from SB 232 (128<sup>th</sup> G.A.) that affect the tax treatment of wind and solar projects.

### **Tax Increment Financing Protections for Joint Vocational School Districts**

The bill extends to joint vocational school districts the same protections that prior law affords to other school districts by requiring counties, municipal corporations, and townships to provide the same hold harmless or payment in lieu of taxes compensation to the JVSD that it provides to city, exempted village, and local school districts.

The bill also harmonizes the notification requirements for joint vocational school districts by requiring counties, municipal corporations, and townships to provide 45 days notice before adopting a TIF resolution or ordinance if such legislative bodies had provided 45 days advance notice to a city, exempted village, or local school district. The law generally requires school boards to receive 45 days advance notice of proposed adoption if the tax exemption exceeds 75% or ten years.

### **Convention Center Property Tax Exemption**

The bill exempts from property taxation a convention center owned by a city located in a county with a population of between 700,000 and 900,000 people. This exemption applies only to Cincinnati and will effectively reduce property tax revenue to taxing districts within Hamilton County.



APPENDIX A:

*ADDITIONAL DATA*

*ON*

*LGF ALLOCATIONS*



**Changes to the Local Government Fund,  
as enacted by FY12-13 state operating budget  
July 15, 2011**

**Forward**

The enacted fiscal year 2012-2013 biennial budget (Am. Sub. H.B. 153, 129<sup>th</sup> General Assembly) makes important changes to the funding of the state's general-purpose revenue sharing funds, the Local Government Fund (LGF) and the Public Library Fund (PLF). The changes to the LGF are reflected in the accompanying Excel spreadsheets and are discussed below.

**Overview of prior law and new law**

*Prior law*

Under the law in effect prior to the FY 12-13 budget, each month the LGF received an amount equal to 3.68 percent of tax revenue received by the state General Revenue Fund during preceding month. The amount of money deposited in the LGF in a particular month is distributed during that month by the Department of Taxation to the 88 county undivided local government funds, except for a portion of the LGF distributed by the Department to over 500 municipalities that qualify for a direct distribution from the LGF. Formulas in state law determine how the LGF is allocated among the county undivided LGFs and among the over 500 municipalities that receive a direct distribution. The portion of the LGF distributed to the county undivided LGFs is subsequently distributed by county officials among the subdivisions (cities, villages, townships, the county government, and park districts) located in the county, using a prescribed statutory formula or an "alternative" method adopted by that county in the manner provided by state law.<sup>1</sup>

*New law*

For the August 2011 through June 2013 period, the budget temporarily replaces the LGF's "percentage of revenue" funding method. Instead of receiving allocations tied to the amount of GRF tax revenue received each month, the LGF receives a designated percentage of the specific dollar amounts received by the fund during the fiscal year 2011 (July 2010 through June 2011) "base year" period. In fiscal year 2012, the county undivided local government funds shall also receive a specific dollar amount that partially mitigates that year's net funding reduction; furthermore, in fiscal years 2012 and 2013 smaller counties shall benefit from a minimum distribution provision. (See below for a more detailed explanation of these various changes.)

Beginning in July 2013 the "percentage of revenue" funding approach goes back into effect. In July 2013, a one-time calculation of new funding percentages is to be performed. The new funding percentage shall replace the 3.68 percent rate that was in statute. The new funding percentage will be obtained by dividing fiscal year 2013 LGF deposits by total GRF tax revenues received during fiscal year 2013.

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<sup>1</sup> A proposed change in the method by which county undivided LGF monies are to be distributed among subdivisions was not included in the final version of the budget and thus not enacted into law.

## **Detail on Local Government Fund changes**

### *Amounts distributed from LGF*

Prior to the recently enacted budget, the LGF received 3.68 percent of state GRF tax revenues. For the August 2011 through June 2012 period, the enacted budget provides base funding of the LGF at an amount equal to 75 percent of the amount received during August 2010 through June 2011.<sup>2</sup> For the July 2012-June 2013 period, the base funding level for the LGF is 50 percent of the amount received during July 2010-June 2011.

There are two notable augmentations to the base-level funding described above. During fiscal years 2012 and 2013 each county undivided local government fund will receive no less than the smaller of \$750,000 or the amount received during fiscal year 2011. This minimum distribution provision will result in approximately \$1.3 million of additional LGF distributions during FY 2012, and \$5.1 million during FY 2013. In addition, for the August 2011 through June 2012 period all 88 county undivided local government funds will receive a proportionate share of \$49.27 million.

### *Allocation among recipients*

During the August 2011-June 2013 period each county undivided local government fund will receive the same percentage share of the fund as it received during FY 2011. However, if the computed distribution results in a county undivided LGF receiving in FY 2012 or 2013 an amount smaller than \$750,000 or what it received in FY 2011 (whatever amount is less), then such county undivided LGF will receive an enhanced distribution. The enhancement is equal to the amount necessary to result in that year's minimum distribution amount.<sup>3</sup>

### *Resumption of "percentage of revenue" funding beginning in FY 2014*

"Percentage of revenue"-based funding is to resume in July 2013. The funding percentage is based on a one-time calculation: LGF deposits in FY 2013 will be divided by FY 2013 state GRF tax revenues to yield the new LGF funding percentage to be used beginning in FY 2014.

### *Dealers in Intangibles Tax*

Beginning in 2012, the 5/8ths of dealers in intangibles tax revenue currently allocated to county undivided local government funds, will instead be directed to the state General Revenue Fund.<sup>4</sup> The change means all dealers in intangibles tax will go to the GRF, and reduces distributions to county undivided local government funds by an estimated \$11 million per year.

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<sup>2</sup>The July 2011 LGF deposits equal 3.68 percent of state GRF tax revenues. This is the only month of the FY12-13 biennium in which funding is based on the percentage-of-revenue approach.

<sup>3</sup> For a county whose FY11 distribution was less than \$750,000, its LGF distribution during August 2011-June 2013 will be the same as the amount received during such month of FY11; such a county will receive an enhanced distribution to ensure this result. For a county whose FY11 distribution was larger than \$750,000 but whose total FY12 scheduled "base" distributions will be less than \$750,000, during FY12 it will receive a monthly enhanced distribution equal to 1/11<sup>th</sup> of the difference between \$750,000 and its total regular FY12 LGF distribution. For a county whose FY11 distribution was larger than \$750,000 but whose total FY13 scheduled "base" distributions will be less than \$750,000, during FY13 it will receive a monthly enhanced distribution equal to 1/12<sup>th</sup> of the difference between \$750,000 and its total regular FY13 LGF distribution. Note that the computations discussed above are conducted without consideration of the funding supplement totaling \$49.27 million in fiscal year 2012. This means that each county subject to the minimum distribution requirement and thus receiving an "enhanced" distribution, will receive a share of the \$49.27 million funding supplemental in addition to its minimum ("base" plus "enhanced") distribution.

<sup>4</sup> Prior to the budgetary change, 5/8ths of revenue from dealers in intangibles went to the undivided local government funds of those counties in which the dealer did business. However, all revenue from "qualifying" dealers in intangibles was directed to the GRF even before the budgetary law change was enacted.

*Projected distributions, by calendar year*

Presented below is a schedule of LGF distributions during CY 2011-2013. And at the bottom of this document is a table showing the total monthly LGF distributions, for the January 2009 through June 2013 time frame. The figures below reflect *total* distributions from the LGF; that is, they reflect the combination of distributions made to the 88 county undivided local government funds and distributions made to municipalities that qualify for a direct distribution from the state LGF.

Aggregate LGF distributions in CY 2011 will be nearly equal to the amount received in CY 2010.<sup>5</sup> Several factors, when combined together, are sufficiently significant to overcome the effects of the 25-percent reduction in base LGF distributions that begin in August 2011, and thus result in nearly equivalent aggregate distributions during CY 2010 and 2011. These factors are: year-over-year revenue growth that caused an increase in distributions during the first seven months of CY 2011; supplemental distributions that amount to \$20.5 million during the last five months of 2011; and \$0.6 million in enhanced (“minimum”) distributions during the last five months of the year.

In CY 2012, total LGF distributions shall be 71.7 percent of the CY 2011 distributions. CY 2012 distributions are driven by quite different funding conditions occurring during the first and second halves of that year: the January through June 2012 period reflects a 25-percent year-over-year reduction partially offset by \$28.7 million in distribution supplements; and the July through December 2012 period reflects a 50-percent reduction relative to July through December 2010. Finally, the enhanced distributions required to meet the minimum county distribution requirement contribute to overall funding levels: such distributions total \$3.3 million during CY 2012.

The total January-June 2013 distributions will equal 50.7 percent of January-June 2011 distributions, and represent 61.4 percent of January-June 2012 distributions.<sup>6</sup> We have not developed estimates beyond June 2013 so full (12-month) distribution projections for 2013 are not available. Even so, because there is a restoration of “percentage of revenue” funding in July 2013, distributions during the last half of CY 2013 will increase to the extent GRF tax revenues grow.

Because of the FY12 \$49.27 million funding supplement and because of the minimum distribution provision, there will be some variability among recipients in the rate by which their distributions will change. See footnote five for a more complete explanation of this variability and refer the accompanying spreadsheets to find specific results for each recipient.

See the following page for a schedule of distributions and total distribution amounts, by month.

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<sup>5</sup> The rates by which distributions will change from year to year will vary according to recipient. This is due to the funding supplement (\$49.27 million in FY12) and the minimum distribution provision. The portion of the LGF distributed directly from the state LGF to qualifying municipalities will not be augmented by the funding supplement and the direct distributions are not subject to a minimum distribution provision. This results in a different pattern of year-to-year change than the county undivided local government funds. Furthermore, those county undivided LGFs subject to the minimum distribution provision will experience varying degrees of year-to-year changes; all of these counties will receive less of a distribution decline than counties not subject to the minimum distribution provision. That said, the large majority of county undivided LGFs *not* subject to the minimum distribution requirement will experience the following funding levels: CY11 will be at 99.9% of CY10; CY12 will be 71.4% of CY11; and Jan-June 2013 will be 60.3% of Jan-June 2012.

<sup>6</sup> January-June 2013 would be exactly 50 percent January-June 2011 distributions if it were not for \$2.6 million in enhanced (“minimum”) county undivided LGF distributions to be made in the first six months of 2013.

**Schedule of monthly LGF distributions, CY 2011-2013**

Note: The table does not reflect the enhanced ("minimum") distributions to be provided to qualifying county undivided local government funds.

Month	Basis for CY 2011 distributions	Basis for CY 2012 distributions	Basis for CY 2013 distributions
January	3.68% of Dec 2010 revenue	75% of Jan 2011 distribution*	50% of Jan 2011 distribution
February	3.68% of Jan 2011 revenue	75% of Feb 2011 distribution*	50% of Feb 2011 distribution
March	3.68% of Feb 2011 revenue	75% of March 2011 distribution*	50% of March 2011 distribution
April	3.68% of March 2011 revenue	75% of April 2011 distribution*	50% of April 2011 distribution
May	3.68% of April 2011 revenue	75% of May 2011 distribution*	50% of May 2011 distribution
June	3.68% of May 2011 revenue	75% of June 2011 distribution*	50% of June 2011 distribution
July	3.68% of June 2011 revenue	50% of July 2010 distribution	Unknown % of June 2013 revenue ("Percentage of revenue"-based funding resumes this month. The specific percentage will be computed this month and used thereafter.)
August	75% of Aug 2010 distribution*	50% of Aug 2010 distribution	Unknown % of July 2013 revenue
September	75% of Sept 2010 distribution*	50% of Sept 2010 distribution	Unknown % of Aug 2013 revenue
October	75% of Oct 2010 distribution*	50% of Oct 2010 distribution	Unknown % of Sep 2013 revenue
November	75% of Nov 2010 distribution*	50% of Nov 2010 distribution	Unknown % of Oct 2013 revenue
December	75% of Dec 2010 distribution*	50% of Dec 2010 distribution	Unknown % of Nov 2013 revenue

\*In addition, during fiscal year 2012 each county undivided LGF will receive a proportionate share of an extra \$49.27 million to be distributed from the state LGF. On a monthly basis, this amounts to a total supplemental distribution of just under \$4.5 million from August 2011 through June 2012.

**Local Government Fund distributions, January 2009-June 2013**

(amounts in millions)

Includes distributions to county undivided LGFs and directly to qualifying municipalities.

Excludes dealers in intangibles tax distributions.

Budget bill law changes take effect in August 2011.

	CY 2009 LGF distributions	CY 2010 LGF distributions	CY 2011 LGF distributions	CY 2012 LGF distributions	Jan-June 2013 LGF distributions
January	\$58.9	\$55.9	\$58.8	\$48.7	\$29.8
February	70.2	60.9	68.7	56.1	34.8
March	39.5	37.9	40.1	34.6	20.4
April	45.6	46.2	52.6	44.1	26.7
May	72.2	74.5	85.7	68.9	43.3
June	55.1	54.0	60.1	49.7	30.5
July	56.0	59.9	63.7	30.4	not estimated
August	45.2	47.6	40.3	24.2	not estimated
September	46.5	49.5	41.7	25.1	not estimated
October	54.8	58.9	48.8	29.9	not estimated
November	51.9	54.5	45.5	27.7	not estimated
December	<u>45.4</u>	<u>50.3</u>	<u>42.3</u>	<u>25.5</u>	not estimated
TOTAL	\$641.4	\$650.0	\$648.2	\$465.0	not estimated



Distributions from Local Government Fund to each county undivided local government fund, reflecting changes made by FY12-13 state operating budget (Am. Sub. House Bill 153)

Note 1: Amounts shown in this table are distributions made by the state to each county undivided LGF; county officials subsequently distribute these monies among the county's subdivisions (municipalities, townships, county government, certain park districts). For historical data on LGF distributions to the different types of subdivisions, refer to the LG-3 and LG-5 tables available at this link: [http://www.tax.ohio.gov/divisions/tax\\_analysis/tax\\_data\\_series/local\\_government\\_funds/publications\\_tds\\_local.htm](http://www.tax.ohio.gov/divisions/tax_analysis/tax_data_series/local_government_funds/publications_tds_local.htm)  
 Note 2: Changes in LGF funding levels take effect in August 2011. See explanatory document for further detail.  
 Note 3: None of the figures shown in this table include dealers in intangibles tax distributions. These distributions will terminate in 2012.

15-Jul-11

	Actual Calendar		Enacted Budget:		Actual January-June 2011	Enacted Budget:		Enacted Budget:		CY11 as %		CY12 as %	
	Year 2010	Year 2011	Calendar Year 2011	Calendar Year 2012		January-June 2011	January-June 2012	January-June 2013	January-June 11	January-June 12	January-June 13	January-June 11	January-June 12
ADAMS	\$758,243	\$815,641	\$815,641	\$785,567	\$426,943	\$423,776	\$388,209	107.6%	96.3%	91.6%	90.9%	90.9%	90.9%
ALLEN	4,548,284	4,545,213	4,545,213	3,247,188	2,560,997	2,125,157	1,280,499	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
ASHLAND	2,121,284	2,119,851	2,119,851	1,514,463	1,194,429	991,156	597,214	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
ASHTABULA	4,019,617	4,016,903	4,016,903	2,869,753	2,263,321	1,878,140	1,131,661	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
ATHENS	2,046,860	2,045,477	2,045,477	1,461,329	1,152,523	956,382	576,261	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
AUGLAIZE	2,295,728	2,294,178	2,294,178	1,639,005	1,292,653	1,072,664	648,326	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
BELMONT	2,837,372	2,835,456	2,835,456	2,025,705	1,597,636	1,325,744	798,818	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
BROWN	1,122,803	1,122,045	1,122,045	880,063	632,216	524,623	394,560	99.9%	78.4%	75.2%	62.4%	62.4%	62.4%
BUTLER	14,453,592	14,443,833	14,443,833	10,318,953	8,138,368	6,753,349	4,069,184	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
CARROLL	799,195	841,281	841,281	785,647	450,002	424,570	388,922	105.3%	93.4%	91.6%	86.4%	86.4%	86.4%
CHAMPAIGN	1,441,876	1,440,902	1,440,902	1,029,408	811,875	673,707	406,938	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
CLARK	5,690,868	5,687,025	5,687,025	4,062,920	3,204,351	2,659,022	1,602,175	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
CLEMONT	4,357,896	4,354,953	4,354,953	3,111,263	2,453,796	2,036,199	1,226,698	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
CLINTON	1,614,426	1,613,336	1,613,336	1,152,598	909,033	754,330	454,517	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
COLOMBIANA (D)	4,112,751	4,109,974	4,109,974	2,936,245	2,315,762	1,921,657	1,157,981	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
COSHOCOTON	1,434,935	1,433,966	1,433,966	1,024,433	807,967	670,464	403,984	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
CRAWFORD	2,101,627	2,100,208	2,100,208	1,500,429	1,183,361	981,972	591,860	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
CUYAHOGA	107,339,292	107,266,816	107,266,816	76,883,484	60,439,420	50,153,604	30,219,710	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
DARKE	2,376,340	2,374,736	2,374,736	1,696,557	1,338,043	1,110,330	669,022	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
DEFIANCE	1,787,462	1,786,255	1,786,255	1,276,135	1,006,464	835,180	503,232	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
DELAWARE	4,840,145	4,836,876	4,836,876	3,456,558	2,725,335	2,261,527	1,362,667	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
ERIE	3,727,931	3,725,414	3,725,414	2,661,076	2,099,082	1,741,852	1,049,541	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
FAIRFIELD	4,987,866	4,984,518	4,984,518	3,561,086	2,808,523	2,330,556	1,404,262	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
FAYETTE	1,149,741	1,148,965	1,148,965	892,180	647,384	537,209	329,029	99.9%	77.7%	73.5%	61.0%	61.0%	61.0%
FRANKLIN	73,865,911	73,816,035	73,816,035	52,735,601	41,591,599	34,513,378	20,795,799	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
FULTON	1,976,887	1,975,562	1,975,562	1,411,380	1,113,129	923,693	556,565	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
GALLIA	962,368	961,718	961,718	807,895	541,879	449,660	391,765	99.9%	84.0%	87.1%	72.3%	72.3%	72.3%
GEALIGA	2,733,166	2,731,321	2,731,321	1,951,308	1,588,961	1,277,054	769,480	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
GREENE	8,109,472	8,103,996	8,103,996	5,789,651	4,566,192	3,789,099	2,283,096	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
GUERNSEY	1,488,101	1,487,096	1,487,096	1,062,410	837,903	695,306	418,952	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
HAMILTON	51,069,628	51,035,146	51,035,146	36,460,493	28,795,721	23,861,980	14,377,860	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
HANCOCK	3,905,780	3,903,143	3,903,143	2,788,480	2,199,223	1,824,951	1,099,612	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
HARDIN	1,211,792	1,210,974	1,210,974	920,092	682,322	566,202	396,110	99.9%	76.0%	70.0%	58.1%	58.1%	58.1%
HARRISON	562,256	618,265	618,265	619,267	316,589	341,858	316,589	110.0%	100.2%	92.6%	100.0%	100.0%	100.0%
HENRY	1,242,356	1,241,517	1,241,517	933,840	699,532	580,483	395,643	99.9%	75.2%	68.3%	56.7%	56.7%	56.7%
HIGHLAND	1,360,042	1,379,111	1,379,111	996,775	777,059	644,818	399,041	99.9%	72.2%	81.9%	51.4%	51.4%	51.4%
HOCKING	872,242	887,015	887,015	785,769	491,132	425,984	390,195	101.7%	88.6%	91.6%	79.4%	79.4%	79.4%
HOLMES	957,535	956,889	956,889	805,721	598,158	447,402	391,681	99.9%	84.2%	87.5%	72.6%	72.6%	72.6%
HURON	2,702,337	2,700,513	2,700,513	1,929,298	1,521,602	1,262,650	760,801	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
JACKSON	1,151,953	1,151,175	1,151,175	893,175	648,629	538,243	395,068	99.9%	71.6%	73.4%	60.9%	60.9%	60.9%
JEFFERSON	3,877,542	3,874,924	3,874,924	2,768,321	2,183,324	1,811,757	1,091,662	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
KNOX	1,989,546	1,988,202	1,988,202	1,420,410	1,120,251	929,603	560,126	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
LAKE	16,900,134	16,888,723	16,888,723	12,065,630	9,515,940	7,886,480	4,757,970	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
LAWRENCE	1,882,195	1,880,924	1,880,924	1,343,769	1,059,806	879,444	529,903	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
LICKING	6,574,282	6,569,843	6,569,843	4,693,623	3,701,774	3,071,792	1,850,887	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
LOGAN	1,811,428	1,810,205	1,810,205	1,293,246	1,019,959	846,378	509,980	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
LORAIN	16,132,774	16,121,880	16,121,880	11,517,783	9,083,863	7,537,936	4,541,932	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%
LUCAS	24,505,334	24,488,788	24,488,788	17,495,263	13,798,192	11,449,962	6,899,086	99.9%	71.4%	60.3%	60.3%	60.3%	60.3%

	Actual Calendar		Enacted Budget: Calendar Year		Enacted Budget: Calendar Year		Actual January-June 2011		Enacted Budget: January-June 2012		Enacted Budget: January-June 2013		CY11 as %		CY12 as %		Jan-June 13 as %	
	Year 2010	2011	2011	2012	2011	2012	June 2011	January-June 2012	January-June 2012	January-June 2013	January-June 2013	CY10	CY11	% Jan-June 12	% Jan-June 11	% Jan-June 12	% Jan-June 11	
MADISON	1,440,939	1,439,966	1,028,740	1,028,740	811,348	673,270	405,674	673,270	405,674	405,674	99.9%	71.4%	60.3%	50.0%				
MADISONING	10,013,746	10,006,984	7,149,183	7,149,183	5,638,429	4,678,859	2,819,214	4,678,859	2,819,214	2,819,214	99.9%	71.4%	60.3%	50.0%				
MARION	2,650,357	2,648,588	1,892,188	1,892,188	1,492,334	1,238,363	746,167	1,238,363	746,167	746,167	99.9%	71.4%	60.3%	50.0%				
MEDINA	6,819,224	6,814,620	4,868,496	4,868,496	3,839,693	3,186,239	1,919,847	3,186,239	1,919,847	1,919,847	99.9%	71.4%	60.3%	50.0%				
MEIGS	649,471	714,168	715,326	715,326	365,697	394,886	365,697	394,886	365,697	365,697	110.0%	100.2%	92.6%	100.0%				
MERCER	1,850,033	1,858,777	1,327,946	1,327,946	1,047,327	869,089	523,663	869,089	523,663	523,663	99.9%	71.4%	60.3%	50.0%				
MIAMI	5,124,971	5,121,511	3,658,908	3,658,908	2,865,712	2,394,610	1,442,856	2,394,610	1,442,856	1,442,856	99.9%	71.4%	60.3%	50.0%				
MONROE	416,707	458,217	458,960	458,960	234,635	253,362	234,635	253,362	234,635	234,635	110.0%	100.2%	92.6%	100.0%				
MONTGOMERY	31,145,275	31,124,245	22,235,762	22,235,762	17,536,936	14,552,432	8,768,468	14,552,432	8,768,468	8,768,468	99.9%	71.4%	60.3%	50.0%				
MORGAN	418,624	460,325	481,074	481,074	235,714	254,528	235,714	254,528	235,714	235,714	110.0%	100.2%	92.6%	100.0%				
MORROW	787,153	821,220	785,585	785,585	431,960	423,949	388,364	423,949	388,364	388,364	107.0%	95.7%	91.6%	88.9%				
MUSKINGUM	3,031,435	3,049,375	2,178,532	2,178,532	1,718,168	1,425,764	859,084	1,425,764	859,084	859,084	99.9%	71.4%	60.3%	50.0%				
NOBLE	380,102	417,966	418,644	418,644	214,024	231,106	214,024	231,106	214,024	214,024	110.0%	100.2%	92.6%	100.0%				
OTTAWA	1,688,459	1,667,332	1,191,174	1,191,174	939,457	779,577	469,729	779,577	469,729	469,729	99.9%	71.4%	60.3%	50.0%				
PAULDING	675,395	742,675	743,878	743,878	380,294	410,648	380,294	410,648	380,294	380,294	110.0%	100.2%	92.6%	100.0%				
PERRY	932,869	932,239	794,626	794,626	525,269	435,677	391,251	435,677	391,251	391,251	99.9%	86.2%	89.8%	74.5%				
PICKAWAY	1,833,545	1,832,307	1,309,036	1,309,036	1,032,412	856,712	516,206	856,712	516,206	516,206	99.9%	71.4%	60.3%	50.0%				
PIKE	775,980	826,746	785,602	785,602	436,930	424,120	388,518	424,120	388,518	388,518	106.5%	95.0%	91.6%	88.9%				
PORTAGE	6,241,029	6,236,815	4,455,701	4,455,701	3,514,130	2,916,081	1,757,065	2,916,081	1,757,065	1,757,065	99.9%	71.4%	60.3%	50.0%				
PREBLE	1,512,819	1,511,798	1,080,058	1,080,058	851,822	706,855	425,911	706,855	425,911	425,911	99.9%	71.4%	60.3%	50.0%				
PUTNAM	1,453,402	1,452,421	1,037,638	1,037,638	818,366	679,093	409,183	679,093	409,183	409,183	99.9%	71.4%	60.3%	50.0%				
RICHLAND	6,091,684	6,087,571	4,349,078	4,349,078	3,430,038	2,846,301	1,715,019	2,846,301	1,715,019	1,715,019	99.9%	71.4%	60.3%	50.0%				
ROSS	2,845,825	2,843,904	2,031,740	2,031,740	1,602,396	1,329,694	801,198	1,329,694	801,198	801,198	99.9%	71.4%	60.3%	50.0%				
SANDUSKY	2,861,770	2,859,837	2,043,123	2,043,123	1,611,374	1,337,144	805,687	1,337,144	805,687	805,687	99.9%	71.4%	60.3%	50.0%				
SCIOTO	2,541,594	2,539,878	1,814,538	1,814,538	1,431,093	1,187,544	715,546	1,187,544	715,546	715,546	99.9%	71.4%	60.3%	50.0%				
SENECA	2,729,053	2,727,211	1,948,372	1,948,372	1,536,645	1,275,133	768,323	1,275,133	768,323	768,323	99.9%	71.4%	60.3%	50.0%				
SHELBY	2,394,390	2,392,774	1,709,444	1,709,444	1,348,207	1,118,764	674,103	1,118,764	674,103	674,103	99.9%	71.4%	60.3%	50.0%				
STARK	15,591,476	15,580,948	11,131,330	11,131,330	8,779,075	7,265,018	4,389,558	7,265,018	4,389,558	4,389,558	99.9%	71.4%	60.3%	50.0%				
SUMMIT	34,029,083	34,006,106	24,294,619	24,294,619	19,160,719	15,899,873	9,580,360	15,899,873	9,580,360	9,580,360	99.9%	71.4%	60.3%	50.0%				
TRUMBULL	9,082,848	9,076,715	6,484,580	6,484,580	5,114,269	4,243,903	2,557,135	4,243,903	2,557,135	2,557,135	99.9%	71.4%	60.3%	50.0%				
TUSCARAWAS	4,303,218	4,300,312	3,072,226	3,072,226	2,423,008	2,010,651	1,211,504	2,010,651	1,211,504	1,211,504	99.9%	71.4%	60.3%	50.0%				
UNION	1,535,693	1,534,656	1,096,388	1,096,388	864,701	717,543	432,351	717,543	432,351	432,351	99.9%	71.4%	60.3%	50.0%				
VAN WERT	1,311,231	1,310,345	964,822	964,822	738,313	612,664	397,842	612,664	397,842	397,842	99.9%	73.6%	84.9%	53.9%				
VINTON	337,305	370,906	371,507	371,507	189,926	205,085	189,926	205,085	189,926	189,926	110.0%	100.2%	92.6%	100.0%				
WARREN	6,797,004	6,792,415	4,852,632	4,852,632	3,827,182	3,175,857	1,913,591	3,175,857	1,913,591	1,913,591	99.9%	71.4%	60.3%	50.0%				
WASHINGTON	2,343,168	2,341,584	1,672,873	1,672,873	1,319,364	1,094,829	669,682	1,094,829	669,682	669,682	99.9%	71.4%	60.3%	50.0%				
WAYNE	4,927,167	4,923,840	3,517,686	3,517,686	2,774,334	2,302,187	1,387,167	2,302,187	1,387,167	1,387,167	99.9%	71.4%	60.3%	50.0%				
WILLIAMS	1,930,727	1,929,423	1,378,417	1,378,417	1,087,132	902,120	543,566	902,120	543,566	543,566	99.9%	71.4%	60.3%	50.0%				
WOOD	5,628,977	5,623,178	4,017,307	4,017,307	3,168,376	2,629,170	1,584,188	2,629,170	1,584,188	1,584,188	99.9%	71.4%	60.3%	50.0%				
WYANDOT	1,040,326	1,039,623	842,982	842,982	585,775	486,086	393,123	486,086	393,123	393,123	99.9%	81.1%	80.9%	67.1%				
TOTAL	\$597,983,295	\$598,146,287	\$430,180,380	\$430,180,380	\$336,705,809	\$280,154,249	\$170,980,414	\$280,154,249	\$170,980,414	\$170,980,414	100.0%	71.9%	61.0%	50.8%				
DIRECT LGF																		
DISTRIBUTION TO MUNICIPALITIES	\$51,998,547	\$50,016,007	\$34,786,766	\$34,786,766	\$29,278,766	\$21,959,074	\$14,639,383	\$21,959,074	\$14,639,383	\$14,639,383	96.2%	69.6%	66.7%	50.0%				
TOTAL LGF	\$649,981,842	\$648,162,293	\$464,967,126	\$464,967,126	\$365,984,575	\$302,113,324	\$185,619,797	\$302,113,324	\$185,619,797	\$185,619,797	99.7%	71.7%	61.4%	50.7%				

(a) No estimates have been produced beyond fiscal year 2013, so figures are available only through June 2013.  
 (b) Includes amounts redirected to Columbiana County's fiscal agent.

**APPENDIX B:**

*ADDITIONAL DATA*

*ON*

*TPP AND UTILITY PROPERTY  
REIMBURSEMENTS*





## Phase-out of the Tangible Personal Property Tax and Public Utility Deregulation Replacement (KWH) Payments for County Government Entities

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The governor's FY2012/2013 executive budget proposal calls for accelerating the scheduled phase-out of certain payments made by the state to localities that replace taxes they once collected on tangible personal property (TPP) and certain types of electricity generation. These spreadsheets were prepared by the Ohio Department of Taxation to show the changes to these payments for various local entities that currently receive them.

Due to the plural nature of county government in Ohio and the quasi-autonomous manner in which services are delivered and levies are raised, the Department has expressed figures for the proposed changes in five categories:

- Mental health/developmental disabilities levies
- Public health levies
- Senior services levies
- Children services levies
- Other levies that don't fit into any of the above categories

The phase-out of these funds is in current law and has been expected: A phase-out of the replacement payments for the TPP tax and for public utility deregulation with respect to fixed rate, current expense levies is already in law. Under the administration proposal, the phase-out will be accelerated for programs with little reliance on these payments. However, counties that are heavily reliant on these replacement payments will experience a prolonged period of phase-out beyond that in current law (treatment of inside millage levies for debt purposes that qualify for reimbursements are not impacted by any of the proposed changes).

Methodology for determining total available resources: The reliance on these payments was determined by taking into account the total resources available to each of the five different functions within counties. Total resources for the four defined services groups include total property tax receipts (including rollbacks/homestead) and total TPP and public utility reimbursements. For the fifth or "other" group, total resources include the funding streams above plus the county share of Local Government Fund allocations and permissive sales taxes levied under the base tax (this would include taxes levied under 5739.021 but exclude taxes levied under 5739.026).

Funding changes to counties are measured based on their reliance: The test for whether a county continues to get reimbursement is based on the question of whether a county's reimbursement exceeds 2% of calculated total resources. However, the fact that the proposed change in reimbursement occurs halfway through tax year 2011 complicates the calculation in 2011.

The first half reimbursement payment in tax year 2011 is unaffected by the proposed change. Only the payments scheduled to be made after June 30 are compared to 2% of total resources. If the second half

payment is less than 2% of total resources, then no payment is made. If the second half payment is greater than 2% of total resources, then the second-half payment is reduced by an amount equal to 2% of total resources.

This has differing impacts on the TPP and public utility deregulation replacement payments. Because the utility deregulation payments are split evenly between the halves of the calendar year, this means that counties with reliance up to 4%, measured on a full-year basis, will receive no payments after June 30, 2011. Since the TPP reimbursements are very heavily weighted toward the second half of the calendar year (6/7 of the payments are made in the second half of the year, to mimic the timing of the TPP tax payments that they replaced), counties with reliance measures less than 2.333%, measured on a full-year basis, will receive no payments after June 30, 2011.

After tax year 2011, the annual reduction in fixed rate reimbursement is limited to no more than 2% of base year total resources. The same methodology applies to both TPP and public utility deregulation replacement payments.

Base calculation methodology and calendar/fiscal year clarification: For the 2011 payment, the base calculation takes into account the fact that part of the calendar year payment will already have been made before June 30 by adjusting the total reimbursement for the payment already made. The base year of the calculations is calendar year 2010. There is a column in many of the worksheets titled "adjustments for levies no longer in place." Under current law for TPP and proposed law for SB3, any levy not in place after 2010 does not qualify for phase-out reimbursements. This column on the spreadsheet represents the adjustment for such levies.

The numbers presented in the spreadsheets are by calendar year, since that matches the fiscal year for county government. For that reason, the aggregate numbers shown in these tables will not match aggregate numbers previously released in the budget summary because those numbers were shown on a state fiscal year basis.

All of the data is presented in a single spreadsheet at the link below. Embedded in the spreadsheet are 10 different worksheets, two for each of the five classifications highlighted in the bullets above. For each type of service, there is a separate worksheet for the TPP reimbursements and the SB3 reimbursements. **All calculations in this spreadsheet are subject to change. The calculations represent our best determination at this time as to the proper classification of every levy in county government.** If you have concerns or questions about the classification or calculations, please relay them to [tpp@tax.state.oh.us](mailto:tpp@tax.state.oh.us).