

September 2017 Legislative Update

❖ **HB 49 - State Biennial Budget Updates**

Governor signed the budget with 47 total vetoes; House override of 11 vetoes. Senate met on Tuesday and voted to override six of those. Both House and Senate have until the end of the session to vote on additional veto overrides.

▪ **Elimination of Sales Tax on Medicaid Managed Care Organizations (MCO)**

- Vetoed provision requires the state to seek federal approval from the Centers for Medicare and Medicaid Services (CMS) to reset the franchise fee on health insuring corporations (HIC) to raise an additional \$207 M per year to be distributed to counties and transit authorities.
- If federal approval is granted, the state will distribute payments shortly after July 2018 to counties and transit authorities equal to their Medicaid MCO “piggyback” sales tax receipts collected during calendar years 2015 and 2016. The payments will sunset after 6 years.
- House overrode veto on July 6th; Leadership in the Senate has requested a hold on the MCO revenue replacement amendment override vote. During this time the CCAO, representatives from the transit authorities and members of the legislature will meet with the administration to see if an alternative solution can be reached on replacing the foregone county and transit authority MCO sales tax revenue. Rumors of a suggestion to increase the severance tax to find funding and/or an increase in the sales tax. US Centers for Medicare and Medicaid Services have expressed strong doubt as to whether an additional waiver would be granted.
- Reminder: the Governor’s veto does NOT impact the transition payments to Counties and Transit Authorities - Counties should establish a County Replacement Fund to receive transition payments from the state. In most cases the Board of County Commissioners will adopt a resolution to formally establish the fund. Payments will be made in two equal payments, the first one-half to be paid by November 1, 2017 and the second one-half to be paid in January 2018. No need to request AOS to establish the fund; no need to petition the Court of Common Pleas or Tax Commissioner to spend the money in the fund.

▪ **Changes in Current Agricultural Use Valuation (CAUV) Calculations - ORC 5715.01, 5713.31, 5713.34**

- Requires the formula used to compute CAUV values to employ a capitalization rate and requires (1) the equity yield rate in the capitalization rate formula to equal the greater of the 25-year average of the total rate of return on farm equity published by the United States Department of Agriculture or another published source, or the loan interest rate; and (2) a holding period of 25 years for calculating equity build-up and land value appreciation in the formula. (The capitalization rate is used to calculate a valuation from an annual profit for an average Ohio farm, considering only agricultural factors.)
- Places a ceiling on the taxable value of CAUV land used for conservation purposes by requiring the land to be valued as though it included the least productive type of soil.
- Phases in the amendment's changes over two reassessment or update cycles. Specifies that during the first three-year cycle in each county (beginning with tax year 2017), the tax value of CAUV land will include one-half of the difference between its value under the new versus the old formula.
- USDA has indicated that information on the conservation areas is confidential to the property owner and USDA will not provide a waiver.

- ❖ **HB 291 Employee Dishonesty Insurance** – 9/20/17 First hearing in House State & Local Government Committee
 - Authorizes certain county, township, and municipal officials to purchase an "employee dishonesty and faithful performance of duty policy," rather than a surety bond, to cover losses due to the fraudulent or dishonest actions of, and the failure to perform a duty prescribed by law by, an officer, official, employee, or appointee of the political subdivision.
 - Allows the purchase of such an insurance policy when a surety bond is required by laws regulating counties, townships, or municipal corporations.
 - Does not affect the criminal or civil aspects of elected officials and public employees who may engage in gross negligence or malfeasance while in office.
 - The insurance has to be equal or greater than current bonds.

- ❖ **HB 295 Exempt Disabled Veterans from Licensing Fees for Assistance Dogs** - 9/20/17 First hearing in House Armed Services, Veterans Affairs & Homeland Security Committee
 - Exempt certain disabled veterans from paying a dog registration fee when application is made to the county auditor that includes proof that the dog is an assistance dog.
 - Definition of mobility impaired person amended to include a person who is a veteran of the armed forces of the United States, including reserve components thereof, or of the national guard, who has been discharged or released from active duty in the armed forces under honorable conditions, and who has been diagnosed with post-traumatic stress disorder, traumatic brain injury, or any other service-related disability.

- ❖ **HB 298 Public Employee Sick Days** – Assigned to House State & Local Government Committee
 - Amends ORC sections 124.133, 124.14, 124.38, 124.382, and 3319.141 to make changes with respect to the number of sick days provided to public employees.
 - Reduces the amount of sick leave to three and one-half hours for each completed 80 hours of services, excluding overtime hours worked, from four and six-tenths hours.
 - Prohibits an appointing authority from providing paid sick leave in an amount greater than provided in this new law, including a collective bargaining agreement.

- ❖ **HB 312 Local Government Credit Cards** - 9/20/17 First hearing in House Government Accountability & Oversight Committee
 - Requires certain political subdivisions to follow procedures for the use of credit cards including adopting a policy, conducting a quarterly review, and in some cases providing itemized receipts to the political subdivision's fiscal officer.
 - In political subdivisions where the fiscal officer does not retain possession of the credit cards or the political subdivision's name does not appear on each card, requires the legislative authority to appoint a compliance officer to oversee use of credit cards.
 - Specifies that the use of credit cards with the purpose to defraud is a violation of the criminal offense "misuse of credit cards."
 - Prohibits the use of debit cards by political subdivisions for any purpose other than law enforcement.
 - Requires all political subdivisions including counties to report to the Auditor of State any amount of money or rewards the political subdivision derives from the use of a credit card rewards program.
 - CAAO Financial Committee recommends:
 - Counties have a credit card policy in place and that it is being followed
 - Policy includes an annual reconciliation to identify personnel with access to the credit card
 - Review ORC 9.21 (definition of political subdivision does NOT include a county), to see if provisions would be useful for a county to adopt including:

specific written policy, appointment of “compliance officer”, quarterly review of number of cards issued, expiration dates, credit limits, itemized receipt and liability of employee

- Opposition to ORC 9.22, No political subdivision may hold or utilize a debit card except for law enforcement purposes.
- Be aware of ORC 117.102, auditor of state shall adopt a procedure by which a political subdivision shall report any amount of money or rewards the political subdivision derives from the use of a credit card rewards program.
- Recommendation that the expansion of allowable uses for county credit cards (request of CCAO) be postponed until adequate safeguards are in place to prevent fraud and abuse (office supplies, employment services, building and maintenance supplies, educational programs and materials, electronic subscriptions)

❖ **HB 323/SB 181-Authorize Municipal Corporations to Certify Unpaid Garbage Collection Fees to the County Auditor** – 9/20/17 First hearing on House Bill in House State & Local Government Committee; Senate Bill introduced on August 16th

- Extends to all municipal corporations the authority to certify amounts due for garbage collection services to the county auditor, who must enter the fees on the property tax list.

❖ **HB 341 Judges Public Records Exemption** - Introduced 9/11/17

- Amend ORC sections 149.43 and 149.45 to include judges as individuals whose residential and familial information is exempt from disclosure under the Public Records Law, and whose addresses public offices, upon request, must redact from records available to the general public on the internet.

❖ **HB 343 Resolution Required to Initiate Property Tax Complaint** - Introduced 9/11/17

- Amend ORC section 5715.19 to require local governments that contest property values to formally pass an authorizing resolution for each contest and to notify property owners.

❖ **Discretion in Offering Tax Forfeited Land for Sale**

- Greater Ohio Policy Center (GOPC) is working on a bill that would make forfeited land sales optional, as opposed to the current mandate that sales be conducted once a year. The change would empower county auditors to hold these sales at times they find them necessary, as opposed to mandating they be conducted annually.
- An issue that has been raised is the problem with forfeited land sales; oftentimes a single house has been sold on multiple occasions because the buyer is unaware of the condition of the home. Once they get a look at the property, they see that it will be too costly to repair, fail to pay the property taxes, have the property fall back into forfeiture and repeat the process all over again. It is GOPC’s position that by holding forfeited land sales with less frequency, will minimize the likelihood of these properties falling into this cycle, holding properties in reserve until either motivated buyers who intend to renovate the property can be found or until another entity, such as a land bank, is in a position to acquire the property and do the necessary work to make it a livable property once again. Bill is intentionally structured in a way to permit Auditors to hold sales yearly (or multiple times a year) if they desire by making the sales permissible, as opposed to mandatory-annual sales.