

LEGISLATIVE ACTIVITY THIS WEEK:

FY 2014-2015 Budget - HB 59

LGF testimony

The House Ways & Means Committee, operating as a subcommittee of the House Finance committee, heard testimony on several tax issues included in HB 59, including the Local Government Fund. The OTA testified before the Committee on Thursday and **attached is our testimony** in which we stated we were pleasantly surprised that the Governor proposed increasing the LGF by 4.5% in FY 14 and 3.5% in FY 15 (a total of about \$28 million over the biennium) but we requested additional funding for the LGF. Others that testified include the County Commissioners Association of Ohio, the Shelby County Auditor and written testimony was presented the Ohio Municipal League.

Sales Tax

There have been questions raised as to how the proposed broadening of the sales tax applies to townships. We have sent those questions to the Department of Taxation and below are the responses we received.

1. Under the proposal in HB 59, would a township have to collect sales tax on building permits or zoning permits **they issue**? (Sales tax is expanded to architectural, engineering & related services)
2. Under HB 59, would a township have to collect sales tax on a fair or festival ticket that they sell for a fair or festival **put on by the township**? (Sales tax is expanded to circuses & fairs) What is the definition of fairs, festivals?
3. Under HB 59, would a township have to collect sales tax on advertisements **the township sells** for a township newspaper/newsletter? (Sales tax expanded to sale of advertising)

The answer to all three is no. Under current law, and retained in proposed law, 5739.02 (B)(22) exempts from sales and use tax sales of services made by "the state or any of its political subdivisions, agencies, instrumentalities, institutions, or authorities, or by governmental entities of the state or any of its political subdivisions, agencies, instrumentalities, institutions, or authorities."

4. Under HB 59, would a township have to collect sales tax on a cultural event (i.e. a play, art show) hosted by the township? (Sales tax is expanded to admission to cultural events). As for cultural event, the township would put the event on. We have townships that have cultural art centers. A theater company may come in and put on the production. The theater company may say they would like X amount for admission. The township may then add a few dollars to the cost of the ticket for their costs (lighting, heat/AC, extra staff for events, etc..).

In that case the township is putting on the event and since the township is a political subdivision the admission is not taxable. It is a different situation if the 'We love money for profit theater company' rented the town hall or park and put on an event for which they charged admission - I think in that case the theater company would be required to charge sales tax if they didn't fall under another exemption.

5. Many townships contract with an EMS billing company to enforce the township's EMS run fee. For example, MBI is a company that provides this service to many townships and municipalities. As of right now, MBI does not collect sales tax on the collection of this EMS fee. Under HB 59, would this service be subject to the sales tax expansion? A township authorizes a set amount for EMS run collection so how would this impact the township? (We know that the transport of persons by an emergency medical provider is exempt under 5739.01 (B)(2)(r) current law but renumbered to (B)(4) in HB 59. This would not be on the transport but rather a service for the collection of the fees that is contracted for by the township.)

This service would be subject to the sales tax expansion, but the townships are exempt under 5739.02(B)(1) which exempts from sales tax any sales to the state of any political

subdivisions. We envision the township presenting an exemption certificate in the same manner they would if they were buying office supplies.

Transportation Budget - Sub. HB 35

The House Finance committee accepted a substitute bill on Tuesday and then voted the bill out of Committee on Wednesday. The full House voted to support the bill today 62-32. Now included in the bill are several items that will impact townships.

Weight Limits

Language was included in RC §5577.04 that would increase maximum gross weight of a vehicle on a state (not township) road shall not exceed 90,000 pounds. Current law, which was just increased 2 years ago, is 80,000 pounds. Coal, aggregate and others also already get a variance up 7.5% on a load currently.

Unfortunately, there is no way of stopping these 90,000 pound trucks from turning onto local roads. Most trips begin and end on local roads. Large, heavy trucks accelerate the deterioration of township roads and will put further pressure on funding sources to maintain and repair these roadways.

The OTA is working with our local government partners and the railroad industry to have this language removed in the Senate.

Special Permit for Overweight Truck

This new language requires the state or local governments to issue a special regional heavy hauling permit if made in writing by an applicant. This special permit would authorize an applicant to operate or move a vehicle as follows:

- a) at a size or weight of vehicles or load exceeding the maximum specified in 5577.01-5577.09 or otherwise not in conformity with 4513.01-4513.37
- b) upon any highway of the authority granting the permit except those highways with a condition insufficient to bear the weight of the vehicle as stated in the application
- c) for regional trips at distances of 150 miles or less from a facility stated on the application as the applicant's point of origin

The language allows local authorities to establish a fee for such a special permit.

A special permit would not be required to move a distance of 2 miles or less from the Ohio Turnpike provided the vehicle did not need a permit on the Turnpike. HOWEVER, a local jurisdiction may prohibit a vehicle from traveling 2 miles or less if the road is insufficient to bear the weight. The Director of Transportation may override the local jurisdiction's decision.

Fee for Road Vacation

The County Commissioners Association of Ohio (CCAO) requested language that would allow a board of county commissioners to charge a reasonable fee to cover the costs associated with vacating a road as provided for in Chapter 5553.

Current law (ORC §5553.045) permits a board of township trustees to petition the commissioners to vacate a township road. The commissioners are required to have a hearing after notifying abutting land owners by regular mail of the date and time of the hearing. Following the hearing, the commissioners may make a determination to vacate the road. If the commissioners fail to make a determination, the board of township trustees may make a determination.

Sub. HB 35 will allow the commissioners to charge a fee up front for the costs associated with the road vacation process. The OTA is working with CCAO to understand how much this would actually cost townships. That being said, we are generally opposed to language that shifts costs from one entity to another.

Internet Cafes/Sweepstakes Parlors - HB 7

Five proponents offered testimony before the House Policy and Legislative Oversight Committee on Tuesday. This version of the sweepstakes bill would create such stringent regulations that the industry would effectively cease to exist. The proponents of the bill

are those that benefit from casino revenue, such as the County Commissioners Association and law enforcements groups.

The OTA would actually like to see local regulation of the industry or local ability to ban such business within the township. Municipalities, through home rule, have been doing this and so the cafes are popping up in townships where they have little or no control. We will be submitting a letter in opposition to HB 7 at next week's hearing on the bill. We were informed this week that Rep. Maag will be introducing a bill to allow local control with respect to internet cafes/sweepstakes parlors. **Attached is his co-sponsor request** sent out this week. We encourage you to ask your representative to consider signing on to Rep. Maag's bill.

Notification to Former Employees/Contractors of OPERS Eligibility - HB 67

As we reported last week, Rep. Schuring and Rep. Ramos introduced **HB 67** to extend the time in which a political subdivision has to notify previous employees/contractors of their potential OPERS eligibility. House Bill 67 will delay the implementation date until September 7, 2013 and then past employees/contractors will have until August 7, 2014 to file for eligibility with OPERS. It is the hope of the sponsors that the time extension will allow public employers and OPERS time to address unforeseen issues with this new law. HB 67 was passed by the House on Wednesday and had an informal hearing in the Senate on Tuesday. The bill will be voted on by the Senate next week. The OTA supports the time extension and will work diligently with the sponsors, other interested parties and OPERS to address the issues with this notification requirement.

MEETINGS THIS WEEK:

Rep. Retherford - new member meeting
Sen. Oelslager - budget issues
Sen. Uecker - annexation
Rep. Scherer's aide - Alex - township issues in district

RECENTLY INTRODUCED:

SB 52 PROPERTY TAX COMPLAINTS (Coley, B.) To permit property tax complaints to be initiated only by the property owner.

COMMITTEE SCHEDULE FOR WEEK OF MARCH 4:

Tuesday, March 5

Senate Transportation, (Chr. Manning, G., 644-7613), Finance Hearing Rm., 9:30 am
HB 35 TRANSPORTATION BUDGET (McGregor, R.) To make appropriations for programs related to transportation and public safety for the biennium beginning July 1, 2013, and ending June 30, 2015, and to provide authorization and conditions for the operation of those programs. --**Testimony from Development Services Agency, Public Works Commission and Rail Development Commission**

HB 51 TURNPIKE OPERATIONS (McGregor, R., Patmon, B.) To authorize the Ohio Turnpike Commission to issue revenue bonds for infrastructure projects, to rename the Ohio Turnpike Commission as the Ohio Turnpike and Infrastructure Commission, to repeal authority allowing the Director of Budget and Management and the Director of Transportation to execute a contract with a private entity for the purpose of outsourcing turnpike-related highway services, to make other changes in the law governing the Ohio Turnpike Commission, and to make an appropriation. --**All testimony**

House State & Local Government, (Chr. Blair, T., 466-6504), Rm. 121, 3:00 pm
HB 6 PROCEDURE AUDITS (Thompson, A.) To create an agreed-upon procedure audit for certain eligible political subdivisions and to eliminate the Auditor of State's exemption from filing a rule summary and fiscal analysis with proposed rules. --**2nd Hearing-Proponent**

HB 72 COUNTY RECORDS (Brenner, A.) To modernize and make other changes regarding how the county recorder's office maintains records. --**1st Hearing-Sponsor Senate State Government Oversight & Reform**, (Chr. Burke, D., 466-8049), S. Hearing Rm., 4:00 pm

HB 67 OPERS NOTIFICATION (Schuring, K., Ramos, D.) Retirement System of eligibility for retirement system membership and to declare an emergency. -- **1st Hearing* Pro/Opp/IP House Ways & Means Sub.**, (Chr. McClain, J., 644-6265), Rm. 116, 6:00 pm

- Public testimony on Sales and Use Tax-Proponent; and finishing Local Government Fund/BTA/Excise Taxes, Tax Administration & Compliances

Wednesday, March 6

Senate Commerce & Labor, (Chr. Bacon, K., 466-8064), North Hearing Rm., 9:15 am

HB 34 BWC BUDGET (Hackett, B.) To allow the Administrator of Workers' Compensation to pay for specified medical benefits during an earlier time frame, to make changes to the Health Partnership Program, to eliminate the \$15,000 Medical-Only Program, to make other changes to the Workers' Compensation Law, and to make appropriations for the Bureau of Workers' Compensation for the biennium beginning July 1, 2013, and ending June 30, 2015; and to provide authorization and conditions for the operation of the Bureau's programs. --**1st Hearing-Sponsor & proponent**

Senate Transportation, (Chr. Manning, G., 644-7613), Finance Hearing Rm., 9:30 am

HB 35 TRANSPORTATION BUDGET (McGregor, R.) To make appropriations for programs related to transportation and public safety for the biennium beginning July 1, 2013, and ending June 30, 2015, and to provide authorization and conditions for the operation of those programs. --**All testimony**

HB 51 TURNPIKE OPERATIONS (McGregor, R., Patmon, B.) To authorize the Ohio Turnpike Commission to issue revenue bonds for infrastructure projects, to rename the Ohio Turnpike Commission as the Ohio Turnpike and Infrastructure Commission, to repeal authority allowing the Director of Budget and Management and the Director of Transportation to execute a contract with a private entity for the purpose of outsourcing turnpike-related highway services, to make other changes in the law governing the Ohio Turnpike Commission, and to make an appropriation. --**All testimony**

House Ways & Means Sub., (Chr. McClain, J., 644-6265), Rm. 116, 3:00 pm

- Public testimony on Sales and Use Tax-Opponent

Thursday, March 7

House Ways & Means Sub., (Chr. McClain, J., 644-6265), Rm. 116, 9:00 am

- Public testimony on Sales and Use Tax-All testimony

Senate Transportation, (Chr. Manning, G., 644-7613), Finance Hearing Rm., 9:30 am

HB 35 TRANSPORTATION BUDGET (McGregor, R.) To make appropriations for programs related to transportation and public safety for the biennium beginning July 1, 2013, and ending June 30, 2015, and to provide authorization and conditions for the operation of those programs. --**All testimony**

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outsourcing turnpike-related highway services, to make other changes in the law governing the Ohio Turnpike Commission, and to make an appropriation. --**All testimony**

Monday, March 11

Senate Transportation, (Chr. Manning, G., 644-7613), Finance Hearing Rm., 11:00 am
HB 35 TRANSPORTATION BUDGET (McGregor, R.) To make appropriations for programs related to transportation and public safety for the biennium beginning July 1, 2013, and ending June 30, 2015, and to provide authorization and conditions for the operation of those programs. --**Proponent-Possible amendments & vote**

HB 51 TURNPIKE OPERATIONS (McGregor, R., Patmon, B.) To authorize the Ohio Turnpike Commission to issue revenue bonds for infrastructure projects, to rename the Ohio Turnpike Commission as the Ohio Turnpike and Infrastructure Commission, to repeal authority allowing the Director of Budget and Management and the Director of Transportation to execute a contract with a private entity for the purpose of outsourcing turnpike-related highway services, to make other changes in the law governing the Ohio Turnpike Commission, and to make an appropriation. --**Proponent-Possible amendments & vote**

BOARD OF HEALTH CHANGES PROPOSED IN BUDGET:

The Public Health Futures Legislative Committee was created by HB 487 (MBR) of the 129th GA. The purpose of the Committee was to review the Future Committee of the Ohio Association of Health Commissioners' report, and, on the basis of its review, recommend legislative and fiscal policies that would improve local public health services in Ohio. The OTA was one of the stakeholder members of the committee, which met at least bi-weekly from July 2012 through October 2012. The committee issued its final report, which contained several unanimously supported recommendations for inclusion in this year's budget bill. Unfortunately, HB 59 contains several provisions that are either in direct conflict with the recommendations of the Committee or were never contemplated by the committee.

The OTA is working with the Association of Ohio Health Commissioners (AOHC) to make the budget language accurately reflect the recommendations of the Committee. **Attached is a comp doc** prepared by the AOHC which outlines the recommendations of the Committee versus what is included in the budget. The OTA urges you to review the report and the comp doc with your general health district. To read the full report, please visit

<http://www.odh.ohio.gov/~media/ODH/ASSETS/Files/lhd/PH%20FuturesReport2012FINAL Rev.ashx>.