



# Ohio Legislative Service Commission

## Final Analysis

Megan Cummiskey

### Sub. H.B. 371

129th General Assembly  
(As Passed by the General Assembly)

**Reps.** Amstutz and Weddington, Blair, McClain, Duffey, Anielski, Baker, Barnes, Beck, Blessing, Combs, Conditt, Derickson, Dovilla, Gonzales, Goyal, Grossman, Hackett, C. Hagan, Hottinger, Kozlowski, Mallory, McGregor, Murray, Newbold, Peterson, Schuring, Sprague, Uecker, Winburn, Young, Batchelder

**Sens.** Balderson, Beagle, Coley, Eklund, Faber, Hite, Kearney, LaRose, Manning, Obhof, Oelslager, Patton, Sawyer, Tavares, Turner, Wagoner

**Effective date:** March 22, 2012; Sections 4 and 5 effective December 21, 2011

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## ACT SUMMARY

- Modifies the application process for loans and grants under the Local Government Innovation Program.
- Modifies the criteria used to evaluate proposals under the Program.
- Modifies the appointment duty of the Chancellor of the Ohio Board of Regents regarding the Local Government Innovation Council.
- Includes in the Local Government Innovation Fund the repayments of principal and interest on loans made from the Fund.
- Modifies the amount of money that may be awarded to political subdivisions by the Council.
- Modifies the manner in which awards are to be divided between larger and smaller political subdivisions.
- Makes an appropriation.

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\* This version updates the list of Senate co-sponsors.

## CONTENT AND OPERATION

The act makes various changes to the Local Government Innovation Program (LGIP). A 15-member Local Government Innovation Council oversees the LGIP. The Council, in consultation with the Department of Development, awards loans and grants from the Local Government Innovation Fund to political subdivisions for local government innovation projects. The criteria for judging what type of project may qualify as an innovation project is broad, and includes expected cost savings. The act's changes to the LGIP are outlined below.

Topic	Sub. H.B. 371 (the Act)
<b>Application process</b>	Replaces the prior law application process with a new process that requires a political subdivision to submit its application to the Department of Development on a form specified by the Director of Development. The Department then submits the application to the Council for evaluation and selection. The Council is also required to develop and implement a means of ensuring local support for each grant or loan application submitted. <sup>1</sup>
<b>Evaluation of proposals – implementing audits</b>	Requires, as one of the criteria used for evaluating proposals, that the Council determine whether the proposal is to implement performance audits or other audit recommendations under the Auditor of State's laws. Prior law governing that criterion only addressed whether the proposal was to implement performance audit recommendations made by the Auditor of State under the law governing performance audits of state agencies. <sup>2</sup>
<b>Council appointment by Chancellor of Board of Regents</b>	Requires that the Governor appoint one member recommended by the Chancellor, rather than the Chancellor making the appointment of a member with local government expertise as required by prior law. Provides that the member appointed by the Governor under the act is to replace the member previously appointed by the Chancellor. <sup>3</sup>
<b>Terms of office of Governor's initial appointees</b>	Provides that three of the Governor's initial eight appointees are to be appointed for a term of two years instead of two appointees as required by prior law (the change accounts for the Governor's duty to appoint an additional member of the Council under the act). <sup>4</sup>

<sup>1</sup> R.C. 189.06 and 189.07.

<sup>2</sup> R.C. 189.06.

<sup>3</sup> R.C. 189.03; Section 3.

<sup>4</sup> R.C. 189.03.

Topic	Sub. H.B. 371 (the Act)
<b>Local Government Innovation Fund</b>	Includes in the Fund repayments of principal and interest on loans made from the Fund. <sup>5</sup>
<b>Maximum amount of grants and loans to political subdivisions and innovation projects</b>	Provides that the Council may not award more than \$100,000 in total grants and \$100,000 in total loans to an individual political subdivision per innovation project.  Clarifies that, for an innovation project involving a qualified group of political subdivisions, the Council may not award more than \$500,000 per project, in total grants and loans, and that the average amount per political subdivision must not exceed \$100,000. <sup>6</sup>
<b>Division of awards between larger and smaller political subdivisions</b>	Changes prior law to require funds awarded across all rounds of awards to be allocated in the following manner:  (1) At least 30% to political subdivisions that are not counties and have a population of less than 20,000 residents or counties with a population of less than 235,000 residents;  (2) At least 30% to political subdivisions that are not counties and have a population of 20,000 residents or more or counties with a population of 235,000 residents or more. <sup>7</sup>
<b>Political subdivision definition</b>	Uses the same definition as under prior law, but does so by cross reference to another Revised Code section. <sup>8</sup>
<b>Appropriations changes</b>	Increases appropriations from \$0 to \$175,000 in fiscal year 2012 and reduces appropriations from \$45 million to \$44,825,000 in fiscal year 2013 for loans and grants. Provides that, in fiscal years 2012 and 2013, up to \$175,000 may be used by the Department for administrative costs rather than \$100,000 in fiscal year 2013.  Requires the Director of Budget and Management to transfer \$175,000 in cash from the General Revenue Fund to the Local Government Innovation Fund (LGIF) on the act's effective date. Requires the OBM Director to transfer \$44,825,000 from the GRF to the LGIF on July 1, 2012, or as soon as possible thereafter. <sup>9</sup>

<sup>5</sup> R.C. 189.05.

<sup>6</sup> R.C. 189.04.

<sup>7</sup> R.C. 189.08.

<sup>8</sup> R.C. 189.01, cross references R.C. 2744.01.

<sup>9</sup> Sections 4 and 5, amending Sections 261.10 and 261.20.93 of Am. Sub. H.B. 153 of the 129th General Assembly.

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## HISTORY

ACTION	DATE
Introduced	11-03-11
Reported, H. Finance & Appropriations	12-07-11
Passed House (88-3)	12-07-11
Reported, S. Finance	12-14-11
Passed Senate (33-0)	12-14-11

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