



Ohio Legislative Service Commission

Bill Analysis

Bethany Boyd

H.B. 225

129th General Assembly
(As Introduced)

Reps. Peterson and Landis, Pillich, Grossman, Sears, Boose, Derickson, Carey, Thompson, J. Adams, Hayes, Stinziano, Ruhl, McClain, Balderson, Maag

BILL SUMMARY

- Authorizes a county auditor or a board of township trustees, as the case may be, to adopt a direct deposit payroll policy for all county or all township employees.
- Allows the policy to exempt from the direct deposit requirement those county or township employees who cannot provide, by written authorization, an account number designating a financial institution for the direct deposit, or for other reasons specified in the policy.
- Provides that the written authorization is not a public record under the Public Records Law.
- Authorizes counties to increase the amount of money credited to "rainy day" reserve balance accounts.
- Expands the types of insurance plans and programs, and what a subdivision may pay for, out of reserve balance accounts established for self-insurance or workers' compensation payments.
- Authorizes the county auditor, rather than the Tax Commissioner, to review and approve property tax exemption applications for certain public property.
- Requires the Board of Tax Appeals to institute procedures to control and manage appeals filed with the Board.

CONTENT AND OPERATION

Direct deposit of county or township payrolls

The bill authorizes a county auditor, for county employees, or a board of township trustees, for township employees, to adopt a payroll policy under which all county or all township employees are paid their compensation by direct deposit. If such a policy is adopted, a county or township employee, as the case may be, must provide a written authorization designating a financial institution and an account number to which payment of the employee's compensation is to be credited. The bill authorizes the county auditor or board of township trustees, in its direct deposit payroll policy, to exempt from the direct deposit requirement those county or township employees who cannot provide an account number, or for other reasons specified in the policy.¹

The bill provides that the written authorization provided to the county auditor or board of township trustees is not a public record under the Public Records Law,² which mandates full access to public records upon any person's request unless the requested record falls within a specified exception.

Reserve balance accounts

The bill authorizes counties to increase the amount of money credited to "rainy day" reserve balance accounts. Under current law, the taxing authority of a political subdivision may establish reserve balance accounts in which money may be accumulated for the following purposes:

- (1) To stabilize subdivision budgets against cyclical changes in revenues and expenditures (generally referred to as "rainy day accounts");
- (2) To provide for the payment of claims under a self-insurance program for the subdivision, if the subdivision is permitted by law to establish such a program;
- (3) To provide for the payment of claims under a retrospective ratings plan for workers' compensation.

¹ R.C. 9.37(G).

² R.C. 149.43, not in the bill.

Balance increase in county "rainy day" accounts

A "rainy day account" established for the purpose described in (1), above, may be established in the subdivision's general fund or in one or more special funds for the operating purposes of the subdivision. The bill authorizes a *county*, but not other subdivisions, to reserve in a rainy day account *the greater* of 5% of the revenue credited in the preceding fiscal year to the fund in which the account is established *or* one-sixth of the expenditures during the preceding fiscal year from the fund in which the account is established. Under current law, the amount of money that may be reserved in a rainy day account by any subdivision cannot exceed 5% of the revenue credited in the preceding fiscal year to the fund in which the account is established.³

Purposes for which other reserve balance accounts may be used

The bill expands the purposes described in (2) and (3), above, for which the taxing authority of a subdivision may establish a reserve balance account and expands what may be paid for from the account. The bill does not affect the requirement that a reserve balance account established for the purposes described in (2) or (3), above, be established in the subdivision's general fund or by the establishment of a separate internal service fund. And the bill does not affect the requirement that only one reserve balance account may be established for each of the purposes in (2) and (3), above.

For self-insurance purposes under (2), above, the bill authorizes the taxing authority of a subdivision to provide for the payment of not only insurance claims under a self-insurance program, but also for the payment of deductibles under an individual or joint self-insurance program out of the reserve balance account.⁴

For purposes under (3), above, regarding paying claims out of the reserve balance account for workers' compensation, the bill authorizes the taxing authority of a subdivision to provide for the payment not only of claims under a retrospective ratings plan for workers' compensation, but also for the payment of assessments and deductibles, under a self-insurance program, individual retrospective ratings plan, group rating plan, group retrospective rating plan, medical-only program, deductible plan, or large deductible plan for workers' compensation.⁵

Under continuing law, the "subdivisions" for which a taxing authority may establish a reserve balance account for the bill's expanded purposes under (2) and (3),

³ R.C. 5705.13.

⁴ R.C. 5705.13(A)(2).

⁵ R.C. 5705.13(A)(3).

above, are any county; municipal corporation; township; township police district; township fire district; joint fire district; joint ambulance district; joint emergency medical services district; fire and ambulance district; joint recreation district; township waste disposal district; township road district; community college district; technical college district; detention facility district; a district organized for single- or joint-county juvenile facilities; a combined district organized as a joint-county juvenile facility or a juvenile detention facility for delinquent children; a joint-county alcohol, drug addiction, and mental health service district; a drainage improvement district; a union cemetery district; a county school financing district; a city, local, exempted village, cooperative education, or joint vocational school district; or a regional student education district.⁶

The bill eliminates a provision that prohibits a subdivision from establishing a reserve balance account to provide self-insurance for the subdivision if the subdivision participates in a risk sharing pool whereby governments pool risks and funds and share in the costs of losses.⁷

County auditor's responsibility for property tax exemption applications

Beginning in tax year 2011 (January 1, 2011),⁸ the bill authorizes the county auditor to review and approve property tax exemption applications for certain public property.⁹ Generally, under current law, the owner or long-term lessee of property files a property tax exemption application with the Tax Commissioner, or, for real property located in a community reinvestment area, with the Housing Officer, to request that the property be exempted from taxation and that the taxes, interest, and penalties already levied on the property be remitted (forgiven).¹⁰ Under the bill, if the property that is the subject of an application for tax exemption is any of the following, the application must be filed with the county auditor of the county in which the property is listed for taxation:

- A public road or highway.
- Property belonging to the United States federal government.

⁶ R.C. 5705.01, not in the bill.

⁷ R.C. 5705.13(A).

⁸ R.C. 323.11, not in the bill.

⁹ R.C. 5715.27(A) and Section 3.

¹⁰ R.C. 5715.27; R.C. 3735.67, not in the bill.

➤ Additions or other improvements to an existing building or structure belonging to the state or a political subdivision, and that is exempted from taxation as property used exclusively for a public purpose.

➤ Property of the boards of trustees and of the housing commissions of the state universities, the Northeastern Ohio Universities College of Medicine, and of the state, to be exempted from taxation under continuing law under which the property must be held for the use and benefit of those institutions.¹¹

For purposes of exempting an existing building or structure belonging to a political subdivision, "political subdivision" includes townships, municipalities, counties, school districts, boards of education, all state and municipal universities, park boards, and any other entity whose ownership of real property would constitute public ownership.¹²

The bill, for the public properties listed above, requires that the county auditor follow the same procedures as the Tax Commissioner to review and grant tax exemptions, for example, by notifying property owners that a treasurer's certificate was not provided to the county auditor or disallowing the filing of a real property tax exemption application that requests tax remission for more than three tax years.¹³ Likewise, appeals from final determinations of the county auditor concerning an application for a property tax exemption must be taken to the Board of Tax Appeals, which is the same procedure for appeals from the Tax Commissioner's final determinations.¹⁴

Procedures of the Board of Tax Appeals

The bill requires that the Board of Tax Appeals institute procedures, including the conduct of discovery, to control and manage appeals filed with the Board. Those procedures must include a requirement that upon the filing of the transcript of the record in an appeal, the Board of Tax Appeals, through its attorney examiners, must establish a case management schedule in consultation with the parties or their counsel.¹⁵

¹¹ R.C. 3345.17, not in the bill.

¹² R.C. 5713.081, not in the bill.

¹³ R.C. 5713.07, 5713.08, 5713.081, and 5713.082.

¹⁴ R.C. 5717.02.

¹⁵ R.C. 5717.02(C).

HISTORY

ACTION

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