



# Ohio Legislative Service Commission

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## Bill Analysis

Megan Cummiskey

### **H.B. 371**

129th General Assembly  
(As Introduced)

**Reps.** Amstutz and Weddington, Blair, McClain, Duffey

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### **BILL SUMMARY**

- Modifies the types of political subdivisions eligible to receive grants or loans under the Local Government Innovation Program.
  - Modifies the application process for loans and grants under the Program.
  - Modifies the criteria used to evaluate proposals under the Program.
  - Extends the Council's operations to June 30, 2018, instead of December 31, 2015.
  - Modifies the authority of the Chancellor of the Ohio Board of Regents to appoint a member of 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 manner in which awards are to be divided between larger and smaller political subdivisions.
  - Makes an appropriation.
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### **CONTENT AND OPERATION**

The bill makes various changes to the Local Government Innovation Program (LGIP) that was created in the current Main Operating budget, Am. Sub. H.B. 153 of the 129th General Assembly. 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 bill's changes to the LGIP are outlined below.

| Topic  | Current law   | H.B. 371   |
|--|---|--|
| <b>Political subdivisions eligible to receive awards<sup>1</sup></b> | Defines "political subdivision" to include a body corporate and politic responsible for governmental activities in a geographic area smaller than that of the state and also includes a list of eligible subdivisions including municipal corporations, townships, counties, school districts, and many smaller political subdivisions. | Defines "political subdivision" to mean any body corporate and politic that is responsible for governmental activities only in a geographic area smaller than the state.   |
| <b>Application process</b>   | Requires a political subdivision to submit its proposal to the subdivision's district public works integrating committee. The committee is then required to submit the proposal to the Department of Development, with advisory comments. The Department then submits it to the Council for evaluation and selection. <sup>2</sup>      | 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 develop and implement a means of ensuring local support for each grant or loan application submitted. <sup>3</sup> |
| <b>Evaluation of proposals – implementing audits<sup>4</sup></b>     | States that one of the criteria used for evaluating proposals is whether the proposal is to implement performance audit recommendations made by the Auditor of State under the law governing performance audits of state agencies.  | Changes the criterion to whether the proposal is to implement performance audit <u>or</u> other audit recommendations. The bill removes the reference to the law governing performance audits of state agencies.   |

<sup>1</sup> R.C. 189.01.

<sup>2</sup> R.C. 189.07.

<sup>3</sup> R.C. 189.06 and 189.07.

<sup>4</sup> R.C. 189.06.



| Topic  | Current law  | H.B. 371   |
|--|--|--|
| <b>Termination of Council</b> <sup>5</sup>   | Provides that the Council ceases to exist on December 31, 2015.  | Provides that the Council ceases to exist on June 30, 2018.  |
| <b>Council appointment by Chancellor of Board of Regents</b> <sup>6</sup>                | Requires the Chancellor of the Board of Regents to appoint one member who must have expertise in local government issues.  | Requires instead that the Governor appoint one member recommended by the Chancellor.   |
| <b>Local Government Innovation Fund</b> <sup>7</sup>                                     | Consists of moneys appropriated to it and grants or donations received from nonpublic entities.  | Same as current law, but also includes repayments of principal and interest on loans made from the Fund.   |
| <b>Division of awards between larger and smaller political subdivisions</b> <sup>8</sup> | <p>Requires awards be divided in the following manner:</p> <p>(1) At least 30% to political subdivisions that are not counties and have a population of less than 50,000 residents or counties with a population of less than 130,000 residents;</p> <p>(2) At least 30% to political subdivisions that are not counties and have a population of 50,000 residents or more or counties with a population of 130,000 residents or more.</p> | <p>Requires awards be divided in the following manner:</p> <p>(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;</p> <p>(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.</p> |
| <b>Appropriations changes</b> <sup>9</sup>   | Appropriates no funds in fiscal year 2012 and appropriates \$45 million in fiscal year 2013 to make loans and grants under the Program. Provides that, in fiscal year 2013, up to \$100,000 may be used by the   | Appropriates \$175,000 in fiscal year 2012 and \$44,825,000 in fiscal year 2013 to be used to make loans and grants. Provides that, in fiscal years 2012 and 2013, up to \$175,000 for use   |

<sup>5</sup> R.C. 189.10.

<sup>6</sup> R.C. 189.03.

<sup>7</sup> R.C. 189.05.

<sup>8</sup> R.C. 189.08.

<sup>9</sup> Sections 3 and 4, amending Sections 261.10 and 261.20.93 of Am. Sub. H.B. 153 of the 129th General Assembly.

| Topic | Current law   | H.B. 371  |
|-------|---|---|
|       | Department of Development for administrative costs. | by the Department for administrative costs.<br><br>Requires the Director of Budget and Management to transfer \$175,000 in cash from the General Revenue Fund to the Local Government Innovation Fund on the bill'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. |

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## HISTORY

| ACTION     | DATE     |
|------------|----------|
| Introduced | 11-03-11 |

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