



# Ohio Legislative Service Commission

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## Bill Analysis

Jennifer A. Parker

### Sub. H.B. 371

129th General Assembly  
(As Passed by the House)

**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

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## BILL SUMMARY

- Modifies the application process for loans and grants under the 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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## 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	Sub. H.B. 371 (As Reported by H. Finance & Appropriations)
<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>1</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>2</sup>
<b>Evaluation of proposals – implementing audits<sup>3</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 under the Auditor of State's laws. The bill removes the reference to the law governing performance audits of state agencies.
<b>Council appointment by Chancellor of Board of Regents<sup>4</sup></b>	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. Provides that the member appointed by the Governor under the bill is to replace the member previously appointed by the Chancellor. <sup>5</sup>

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

<sup>2</sup> R.C. 189.06 and 189.07.

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

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

<sup>5</sup> Section 3.

Topic	Current law	Sub. H.B. 371 (As Reported by H. Finance & Appropriations)
<b>Terms of office of Governor's initial appointees<sup>6</sup></b>	Provides that, of the Governor's initial appointees, three are to be appointed for a term of one year, two are to be appointed for a term of two years, and two are to be appointed for a term of three years.	Provides that three appointees are to be appointed for a term of two years instead of two appointees (the change accounts for the Governor's duty to appoint an additional member of the Council under the bill).
<b>Local Government Innovation Fund<sup>7</sup></b>	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>Maximum amount of grants and loans to political subdivisions and innovation projects<sup>8</sup></b>	Provides that the Council may not award, in total grants and loans, more than \$100,000 to an individual political subdivision or more than \$500,000 per innovation project.	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. Provides 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.
<b>Division of awards between larger and smaller political subdivisions<sup>9</sup></b>	Requires the funds available for each round of awards to be divided in the following manner:  (1) At least 30% to political subdivisions that are not counties and have a population of less than 50,000	Requires 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

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

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

<sup>8</sup> R.C. 189.04.

<sup>9</sup> R.C. 189.08.



Topic	Current law	Sub. H.B. 371 (As Reported by H. Finance & Appropriations)
	<p>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>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>Political subdivision definition</b> <sup>10</sup>	<p>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.</p>	<p>Same definition by cross reference to another Revised Code section.<sup>11</sup></p>
<b>Appropriations changes</b> <sup>12</sup>	<p>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 Department of Development for administrative costs.</p>	<p>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 may be used by the Department for administrative costs.</p> <p>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</p>

<sup>10</sup> R.C. 189.01.

<sup>11</sup> R.C. 189.01 cross references R.C. 2744.01.

<sup>12</sup> Sections 4 and 5, amending Sections 261.10 and 261.20.93 of Am. Sub. H.B. 153 of the 129th General Assembly.

Topic	Current law	Sub. H.B. 371 (As Reported by H. Finance & Appropriations)
		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
Reported, H. Finance & Appropriations	12-07-11
Passed House (88-3)	12-07-11

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