

Introduction

Why is this report being issued?

The Legislative Service Commission (LSC) publishes the Local Impact Statement Report in accordance with section 103.143 of the Ohio Revised Code, which requires the office to compile the final local impact statements completed for all laws passed by both houses of the General Assembly every calendar year. This report is the ninth in the series of such reports. It covers all legislation that was passed and enacted during calendar year 2006. Before its widespread distribution, LSC is required to circulate a draft of this report to the County Commissioners Association of Ohio, the Ohio School Boards Association, the Ohio Municipal League, and the Ohio Township Association for their review and comment.

As specified in ORC section 103.143, the Local Impact Statement (LIS) Law, this report is a compilation of estimates produced by LSC during the legislative process. This report does **not** present the actual costs to local governments, since these costs will not occur until after each law is implemented.

What is in this report?

This report includes summary charts and an overview of bills that were introduced, passed, and enacted, and includes complete copies of fiscal notes prepared for bills that bore provisions triggering a "Yes" local impact determination. The criteria that LSC uses to evaluate the effect of proposed legislation on local governments are detailed below.

What process is followed for local impact review?

By law, local impact determinations are based on LSC's review of bills in their "As Introduced" form. The initial determination stays with the bill even if a bill is amended in such a way as to alter the initial local impact determination. Occasionally an initial determination is wrong. If so, LSC corrects the LIS as soon as possible, and the correct determination is assigned to the bill from that point on.

The Local Impact determination is the first stage of LSC's fiscal analysis of pending legislation. The purpose is to alert legislators to the various fiscal effects that legislation may impose on four specific types of political subdivisions: counties, municipalities, townships, and school districts. The bill sponsor, committee chair, and legislative leaders of the house to which the bill has been introduced all receive notification of LSC's local impact determination. Although bills often affect other more specialized units of government, such as park districts, transit authorities, and so forth, by law these entities are not included in the initial local impact review. These units of government, however, are taken into account in the fiscal notes that accompany bills as they proceed through the legislative process.

What changes have been made to the Local Impact Statement Law?

Since it was signed into law in 1994, the Local Impact Statement Law has been modified three times: first, in 1997 by Am. Sub. H.B. 215 of the 122nd General Assembly; second, in 1999 by Am. Sub. H.B. 283 of the 123rd General Assembly; and third, in 2001 by Am. Sub. H.B. 94 of the 124th General Assembly. The combined effect has been to exempt the following bills from the local impact determination process:

1. The main biennial operating appropriations bill;
2. The biennial operating appropriations bill for state agencies supported by motor fuel tax revenue;
3. The biennial operating appropriations bill or bills for the Bureau of Workers' Compensation and the Industrial Commission;
4. Any other bill that makes the principal biennial operating appropriations for one or more state agencies;
5. The bill that primarily contains corrections and supplemental appropriations to the biennial operating appropriations bill;
6. The main biennial capital appropriations bill;
7. The bill that reauthorizes appropriations from previous capital appropriations bills.

In 2006, three bills were exempt from the Local Impact Statement Law pursuant to the reasons stated above. These were Am. Sub. H.B. 530 (the capital reappropriations and budget corrections bill), Am. Sub. H.B. 699 (the second capital appropriations bill enacted by the 126th General Assembly), and Sub. S.B. 321 (the tobacco settlement appropriations bill). Nevertheless, LSC continues to assess the impact that such bills have on local governments in the fiscal notes and analyses that accompany such bills.

What factors are considered in LSC's initial review for local impact?

The following guidelines are used to determine if a bill may affect local governments in such a way as to trigger a "Yes" local impact determination:

1. The estimated aggregate annual cost of the bill is more than \$100,000 for all affected local governments; or
2. The estimated annual cost is more than \$1,000 for any affected village and township with a population of less than 5,000 or for any school district with an average daily membership (ADM) of less than 1,000; or
3. The estimated annual cost is more than \$5,000 for any affected county, municipal corporation, and township with a population of 5,000 or more or for any school district with an ADM of 1,000 or more.

A bill is excluded from a "Yes" determination if it is deemed permissive, appears to impose only minimal costs on political subdivisions, is below the dollar thresholds just described, or involves federal mandates.

Questions concerning this report

Please direct inquiries to Terry Steele, LSC Budget Analyst, who prepared this report. He may be reached at 614-387-3319, or by email at tsteele@lsc.state.oh.us.

Obtaining copies of this report

Copies are available upon request from the Ohio Legislative Service Commission at a cost of \$12.00 per copy. Call LSC at 614-995-9995 to receive a copy. The report may also be downloaded from the LSC web site at <http://www.LSC.state.oh.us/>.