Executive

LOCCD8 **Legal Publication in a Newspaper**

R.C. ***7.12***

Authorizes a municipal corporation, county, or other political subdivision that is required by law to make a legal publication in a newspaper to use an insert placed in the newspaper. Restricts the definition of a qualifying newspaper to a publication that has at least 25% editorial, non-advertising content, and that has a circulation of at least 50% of the households in the newspaper's retail trade zone.

Fiscal effect: There may be minimal savings for local governments to produce legal publications as inserts.

LOCCD9 **Commercial Advertising on State Agency and Political Subdivision Web Sites**

R.C. ***9.03, 9.031***

Authorizes state agencies and political subdivisions to adopt rules (in the case of state agencies) or resolutions (in the case of political subdivisions) to authorize commercial advertising on state agency and political subdivision web sites. Requires the rules or resolutions to specify the persons authorized to place the advertising on the web sites, the criteria for choosing advertisers and types of permissible advertisements, the requirements and procedures for making requests for proposals under the authority to place commercial advertisements on web sites, and any other necessary requirements and limitations for the authorization.

Modifies the current prohibition against commercial advertising by political subdivisions by allowing commercial advertising as long as it is posted on a political subdivision's web site in compliance with the authorization under the bill.

Fiscal effect: The provision would increase revenues for those entities that chose to offer advertising on their web sites.

Executive

LOCCD5 **Intergovernmental Shared Services**

R.C. ***9.482***

Grants authority for political subdivisions to enter into contracts with one another to provide services, and specifies, in order to receive a service, a contracting recipient political subdivision must otherwise have the legal authority to exercise, perform, or render the service, and requires the legislative authorities of the contracting subdivision to approve the participation.

Provides that the political subdivision tort liability law applies to political subdivisions that are parties to an agreement and to their employees when they are rendering a service outside the boundaries of their employing political subdivisions under an agreement.

Allows employees acting outside the boundaries of their employing political subdivision, while providing a service under an agreement, to participate in any pension or indemnity fund established by the political subdivision to the same extent as while they are acting within the boundaries of the political subdivision, and entitles them to all the rights and benefits of the Workers' Compensation Law to the same extent as while they are performing a service within the boundaries of the political subdivision.

Fiscal effect: Presumably this authority would be used when the services could be provided at a lower cost.

LOCCD11 **Modified Work Week for Employees of Local Governments**

R.C. ***124.34, 124.394***

Allows a county, township, or municipal corporation appointing authority to establish a modified work week schedule program for its exempt employees and requires all affected employees to participate in such an implemented program during FY 2012 and FY 2013.

Permits the program to provide for a reduction from the usual work week of exempt employees immediately before the establishment of the program, provided that the reduction in hours does not exceed more than 50% of the usual hours worked.

Permits the program to be administered differently among exempt employees based on classifications, appointment categories, or other relevant distinctions.

Executive

Specifies that after June 30, 2013, a county, township, or municipal corporation may implement a modified work week program that applies to its exempt employees in the event of a fiscal emergency.

Fiscal effect: The provision will reduce personnel expenditures for those entities that implement a modified work week schedule program that reduces compensated hours for exempt employees.

LOCCD10 **Mandatory Cost Savings Programs**

R.C. ***124.393***

Extends, from through FY 2011 to FY 2013, the authority for a county appointing authority to establish a mandatory cost savings program in which its exempt employees must participate. Expands the program to apply to townships and municipal corporations.

Extends the period in which a cost savings days program may be implemented to FY 2014 or later.

Fiscal effect: The provision could reduce personnel expenditures for those local governments that implement cost savings programs.

LOCCD2 **County Centralized Services**

R.C. ***305.23***

Authorizes a board of county commissioners to require county offices to use centralized purchasing, printing, transportation, vehicle maintenance, information technology, human resources, revenue collection, and mail operation services.

Fiscal effect: Using centralized services could reduce operating costs for county offices.

LOCCD4 **Park Bid Threshold**

R.C. ***755.29***

Increases the competitive bidding threshold for contracts entered into by a board of park trustees for certain municipal park improvements from $10,000 to $25,000.

Executive

LOCCD6 **County Coroner Deposition or Testimonial Fees**

R.C. ***2335.061, 2335.05, 2335.06***

Permits a party in a civil action to subpoena a coroner, as defined by the bill, or deputy coroner at a trial, hearing, or deposition only upon filing with the court a notice with specified information.

Requires a party that obtains the expert testimony to pay to the county treasury a "deposition fee" or a "testimonial fee," both as defined in the bill, and provides a procedure for determining such fees and for resolving disputes related to the notice and testimony.

Excludes the above provisions from current law specifying the fees and mileage allowed for witnesses in civil cases.

Fiscal effect: Gain in new deposition or testimonial fees deposited into county general funds.

LOCCD7 **Office Space for General Health Districts**

R.C. ***3709.34, 3709.341***

Requires a board of county commissioners to provide office space and utilities to the county's general health district board of health through FY 2011, and to provide payments in FY 2012 through FY 2015 based on specified decreasing proportions of the estimated costs of office space and utilities, with no obligation to provide or make payments for office space and utilities after FY 2015.

Relieves a board of county commissioners of its obligation to provide office space and utilities if the board of health rents, leases, lease-purchases, or acquires office space on its own.

Authorizes a board of county commissioners to donate or sell property, buildings, and furnishings to any board of health of a general or combined health district.

Fiscal effect: Reduction in costs for boards of county commissioners since they will pay a decreasing portion of costs for office space and utilities through FY 2015 and will not be required to pay any portion after that date. Subsequent increase in costs for local boards of health in a general health district.

Executive

LOCCD3 **County Quarterly Spending Plans**

R.C. ***5705.392***

Authorizes a board of county commissioners to adopt a quarterly spending plan the second half of the fiscal year for a county office, department, or division that has spent or encumbered more than six-tenths of the amount appropriated for personal services and payroll during the first half of the fiscal year.

LOCCD1 **Enterprise Zone Extension**

R.C. ***5709.62, 5709.63, 5709.632***

Extends the authority of local governments to offer Enterprise Zone economic development incentives from October 15, 2011 to October 15, 2012.

Executive

DASCD8 **State Public Notice Web Site**

R.C. ***7.16, 125.182***

Requires the Office of Information Technology in the Department of Administrative Services (DAS) to establish, operate, and maintain a state public notice web site where all state agencies and political subdivisions may publish notices required by statute or rule. Allows state agencies or political subdivisions to publish public notices on the state public notice web site in lieu of publishing them in a newspaper. Specifies, however, that an entity that publishes a required notice on the web site must also publish an abbreviated notice in a newspaper providing a brief summary of the notice, a reference to the web site address for the state public notice web site where the complete notice may be found, and a telephone number to call for more information.

Specifies criteria that the Office of Information Technology must satisfy in establishing, maintaining, and operating the state public notice web site. Prohibits the Office from charging a fee to any users of the site. Requires the Office to ensure that (1) notices conform to the statutory or rule requirements as if they were being published in a newspaper or other publication, and (2) notices be displayed on the web site for not less than the length of time required by the relevant statute or rule.

Requires the Office of Information Technology to submit a status report to the Secretary of State twice annually that demonstrates compliance with statutory requirements governing publication of notices.

Requires the Office of Information Technology to bear the expense of maintaining the public notice web site domain name.

Fiscal effect: Possible savings for agencies and local governments that use the state public notice web site in lieu of local news publications. May increase costs for the Office of Information Technology to create and operate the state public notice web site.

Executive

DASCD11 **Construction Reform**

R.C. ***9.33, 9.331, 9.332, 9.333, 9.334, 9.335, 123.011, 126.141, 153.01, 153.03, 153.07, 153.08, 153.50, 153.501, 153.502, 153.51, 153.52, 153.53, 153.54, 153.55, 153.56, 153.57, 153.581, 153.65, 153.66, 153.67, 153.69, 153.692, 153.693, 153.694, 153.70, 153.71, 153.72, 153.73, 153.80, 3313.46, 3353.04, 3354.16, 3357.16, 4113.61, 5540.03, 6115.20, Section 701.10***

Authorizes public authorities, other than the Ohio Turnpike Commission, to enter into public improvement contracts with construction managers at risk (CMARs) and design-build firms (D/B firms), and to enter into public improvement contracts with general contracting firms regardless of the size of the project.

Eliminates the requirement that the multiple-prime contracting method be used for public improvements, but does not prohibit its use.

Defines CMAR and prescribes the process that a public authority must use to select a CMAR. Requires a CMAR to provide a surety bond in an amount not less than the combined contract values of any work under contract prior to the establishment of the guaranteed maximum price or in the amount of the guaranteed maximum price. Subjects CMARs to the current drug-free workplace and prompt-pay laws.

Defines D/B services and prescribes the process that a public authority must use to select a D/B firm. Requires a D/B firm to provide a surety bond in an amount not less than the combined contract values of any work under contract prior to the establishment of the guaranteed maximum price or in the amount of the guaranteed maximum price. Authorizes the public authority to require the D/B firm to carry contractor's professional liability insurance and any other insurance the public authority considers appropriate. Subjects D/B firms to the current drug-free workplace and prompt-pay laws.

Permits public authorities to utilize design-assist firms on CMAR and D/B projects

Increases from $50,000 to $200,000 the minimum project cost threshold that requires the preparation of definite and complete specifications of the work to be performed prior to putting a state project out for bid; exempts contracts with CMARs and D/B firms from this requirement.

Executive

Permits certain public entities to advertise for bids on a public improvement project by electronic means, pursuant to rules adopted by DAS, rather than by newspaper.

Requires that capital funds released contain a contingency reserve.

Fiscal effect: Increased flexibility in construction delivery methods may enable state agencies and local governments to achieve savings on public improvements.

DASCD35 Health Care Pooling Program

R.C. ***9.883, 9.90, 9.901, 305.171, 505.60, 505.601, 505.603, 1545.071, 3313.202, Section 701.20***

(1) Eliminates the School Employees Health Care Board and transfers the majority of the Board's duties to DAS. Renames the School Employees Health Care Fund the Public Employees Health Care Fund.

(2) Requires DAS to design health insurance plans for political subdivisions, school districts (including educational service centers), and institutions of higher education. Permits any or all of the plans designed by DAS to be self-insured. Requires these plans to incorporate the best practices adopted by DAS. Requires DAS to set employee and employer health care premiums for these plans. Permits health benefits to be provided by those entities until DAS implements these new plans. Requires that any such interim plan for school district employees must contain those best practices established by the School Employees Health Care Board or by DAS.

(3) Requires DAS to determine geographic regions for the availability of providers, networks, costs, and other factors relating to providing health care benefits.

(4) Requires DAS to examine those plans currently offered through a consortium of public entities, including the benefits and the strategies of these plans to manage health care costs.

(5) Permits such consortiums that are composed of at least 2,500 employees to continue offering health benefit plans to seek permission from DAS to continue offering such plans.

(6) Eliminates the Public Schools Health Care Advisory Committee.

(7) Requires DAS to contract with an independent consultant to analyze costs related to employee health care benefits provided by existing entities. Requires the consultant to submit certain written recommendations to DAS for the development of a successful program for pooling purchasing power for the acquisition of employee health care plans.

(8) Requires any health care provider that has provided coverage for these entities within the last two years to provide DAS with nonidentifiable aggregate claims data within 30 days of receiving such a request for information from DAS.

Executive

(9) Requires DAS to develop a request for proposals and to solicit bids for the provision of those plans that it develops. Requires DAS, in consultation with the Superintendent of Insurance and using competitive selection, to contract with one or more insurance companies for the issuance of these plans. Permits all health care benefits for these entities to be provided through these plans.

(10) Prohibits these entities, once the plans developed by DAS are in their final form and are fully implemented, from receiving state aid while being in violation of these provisions.

(11) Permits these entities to offer health care benefits to their employees that the entity is currently authorized to offer and that are not covered by DAS's plan.

(12) Requires DAS, not later than 12 months after the section's effective date, to submit a report to the General Assembly on the feasibility of providing care plans that cover persons employed by these entities.

Fiscal effect: Providing pooled health insurance to local governments, school districts, and institutions of higher education may decrease personnel costs for these agencies, if discounts can be achieved through the program. The bill provides GRF funding of $400,000 in both FY 2012 and FY 2013 to support this initiative in DAS line item 100403, Public Employees Health Care Program.

Executive

COMCD7 **Prevailing Wage Law Modifications**

R.C. ***4115.03, 4115.032 (repealed), 4115.033, 4115.034, 4115.04, 4115.10, and 4115.16***

(1) Increases the current statutory monetary thresholds for determining when the Prevailing Wage Law applies to public improvements other than roads, sewers, ditches, and other related projects from $78,258 (the inflation-adjusted statutory baseline threshold of $50,000) to $5 million for new construction and from $23,447 (the inflation-adjusted statutory baseline threshold of $15,000) to $5 million for reconstruction. Requires these amounts to be adjusted biennially by the Director of Commerce, as under current law.

(2) Retains the Prevailing Wage Law thresholds at their current, inflation-adjusted levels for roads, sewers, ditches, and other related projects.

(3) Exempts from the Prevailing Wage Law public improvements undertaken by, or under contract for, state institutions of higher education.

(4) Prohibits a public authority from applying prevailing wage requirements to a public improvement that is undertaken by, or under contract for, a state institution of higher education, a school district, or an education service center.

(5) Excludes from the definition of "public improvement" an improvement that is neither constructed by a public authority nor constructed for the benefit of a public authority, even if the improvement uses or receives financing, grants, or in-kind support from a public authority.

(6) Repeals a provision of the Prevailing Wage Law that deemed certain projects to be public improvements and required all contractors and subcontractors on those projects to comply with the Prevailing Wage Law

(7) Removes the right of an interested party to sue regarding a violation of the Prevailing Wage Law when the Director of Commerce fails to rule on the merits of an administrative complaint within 60 days after the party files that complaint with the Director.

Fiscal effect: Uncertain. On the one hand, these provisions could lower the cost of a public improvement project falling under the proposed threshold amounts. On the other hand, it may be that any savings in labor costs are put toward expanding the scope of the project. A reduction in labor costs may also result in certain tax effects that are difficult to quantify. Uncertain effect on prevailing wage enforcement carried out by the Department's Labor and Wage Section (LAWS), but the change in (7) above could eliminate duplication of effort if an interested party files in court before LAWS has made a determination.

Executive

PAYCD1 **Retirement Systems Contribution Rates**

R.C. ***145.47, 145.48, 145.49, 742.31, 742.33, 742.34, 3307.26, 3307.28, 3309.47, 3309.49, 5505.15***

Decreases employer contribution rates and increases employee contribution rates paid toward the state's five public retirement systems - the Public Employees Retirement System (PERS), the State Teachers Retirement System (STRS), the School Employees Retirement System (SERS), the Ohio Police and Fire Pension Fund (OP&F), and the Highway Patrol Retirement System (HPRS), by 2% of payroll beginning with pay periods on or after July 1, 2011.

PERS

- State and Local divisions (non-law enforcement and public safety): reduces employer contribution rates to 12% (from 14%) and increases employee contribution rates to 12% (from 10%);
- Law enforcement division: reduces employer contribution rates to 16.1% (from 18.1%) and increases employee contribution rates to 13.6% (from 11.6%); and
- Public safety division: reduces employer contribution rates to 16.1% (from 18.1%) and increases employee contribution rates to 13% (from 11%).

STRS

- Reduces employer contribution rates to 12% (from 14%) and increases employee contribution rates to 12% (from 10%).

SERS

- Reduces employer contribution rates to 12% (from 14%) and increases employee contribution rates to 12% (from 10%).

OP&F

- Police officers: reduces employer contribution rates to 17.5% (from 19.5%) and increases employee contribution rates to 12% (from 10%);
- Firefighters: reduces employer contribution rates to 22% (from 24%) and increases employee contribution rates to 12% (from 10%).

HPRS

- Reduces employer contribution rates to 24.5% (from 26.5%) and increases employee contribution rates to 12% (from 10%).

Executive

Fiscal effect: Estimated to decrease public employers' (state, counties, municipalities, townships, school districts, and other political subdivisions) total contributions toward the PERS, STRS, SERS, OP&F, and/or HPRS by approximately $532 million per year, beginning July 1, 2011. The provision would reduce state contributions by approximately $113 million, with about $27 million of this savings being for the state GRF, $34 million for various state non-GRF funds, and $52 million for various other entities, such as state universities. Approximately 96% of state employees are members of PERS, 2.5% are members in HPRS, and the remaining 1.5% are in STRS. The provision would decrease local governments' contributions by about $419 million in the aggregate and increase public employees' contributions to the systems by a corresponding amount. The provision could increase the systems' future liabilities. Even though total contribution rates are kept the same, it would likely increase the systems' liabilities because of the shift in contributions from employers to employees. Currently, employer contributions are not refundable upon the termination of certain employees, but employee contributions are refundable. Any such increase would depend on the number of future terminations.

Executive

DOHCD12 **Licensing and Inspections of Manufactured Home Parks**

R.C. ***3733.02, 3701.83, 3709.085, 3709.09, 3709.092, 3733.01, 3733.091, 3733.101, 3733.13; 3733.021 (Repealed), 3733.022 (Repealed), 3733.024 (Repealed), 3733.025 (Repealed), 3733.03 (Repealed), 3733.031 (Repealed), 3733.04 - 3733.08 (All Repealed), 3733.41, 3733.99, 4781.04, 4781.07, and 4781.14; and Section 737.30***

Repeals the statutes governing the licensure and inspection of manufactured home parks, including the requirement that the Public Health Council adopt rules for such purposes.

Requires a board of health that has a manufactured home park within its jurisdiction to adopt rules regarding the inspection and licensing of these within 12 months of the provision's effective date. Allows a board to charge a fee for a license.

Establishes procedures for the transition of these operations to the boards of health.

Fiscal effect: Loss of $245,800 in fee revenue transferred from the local boards of health and deposited into SSR Fund 4700, General Operations. Decrease of $52,000 in supplemental GRF expended on the program. Currently, boards of health charge license and inspection fees for manufactured home parks and transfer a portion of these fees to the General Operations Fund. ODH currently acts in an advisory role for these programs and uses funds collected for the administration of the program.

DOHCD11 **Licensing and Inspection of Marinas**

R.C. ***3733.21, 3701.83, 3709.09, 3709.092, 3733.22 - 3733.30 (All Repealed), and 3733.99; and Section 737.20***

Repeals the statutes governing the licensure and inspection of marinas, including the requirement that the Public Health Council adopt rules for such purposes.

Requires a board of health that has a marina within its jurisdiction to adopt rules regarding the inspection and licensing of marinas within 12 months of the provision's effective date. Allows a board to charge a fee for a license.

Executive

Establishes procedures for the transition of these operations to the boards of health.

Fiscal effect: Loss of $29,200 in fee revenue each year transferred from the local boards of health and deposited into SSR Fund 4700, General Operations. Decrease of $10,800 in supplemental GRF expended on the program. Currently, boards of health charge license and inspection fees for marinas and transfer a portion of these fees to the General Operations Fund. ODH currently acts in an advisory role for these programs and uses funds collected for the administration of the program.

DOHCD13 **Licensing and Inspection of Agricultural Labor Camps**

R.C. ***3733.42, 3701.83, 3733.41, 3733.43 (Repealed), 3733.431 (Repealed), 3733.44 - 3733.47 (All Repealed), 3733.471 (Repealed), 3733.48 (Repealed), 3733.49 (3733.43), 3733.99, 3733.41, 4141.031, and 5321.01; and Section 737.10***

Repeals the statutes governing the licensure and inspection of agricultural labor camps, including the requirement that the Public Health Council adopt rules for such purposes.

Requires a board of health that has an agricultural labor camp within its jurisdiction to adopt rules regarding the inspection and licensing of these within 12 months of the provision's effective date. Allows a board to charge a fee for a license.

Establishes procedures for the transition of these operations to the boards of health.

Fiscal effect: Loss of $41,700 in fee revenue collected for licenses and inspections and deposited into SSR Fund 4700, General Operations. Decrease of $65,468 in supplemental GRF expended on the program. ODH currently performs licensure and inspection duties relating to agricultural labor camps.

Executive

Other Provisions

DRCCD9 Corrections Commissions and Medical Care Reimbursement Rate for Confined Persons

R.C. ***307.93, 341.192***

(1) Eliminates as members of a corrections commission the presiding common pleas court judge of each county, and the municipal court judge of each municipal corporation, participating in the establishment of a multicounty, municipal-county, or multicounty-municipal correctional center, and requires that a member of the board of county commissioners, rather than the president of the board, be a member of the corrections commission.

(2) Creates a judicial advisory board to make recommendations to a corrections commission about bed allocation, expansion of the correctional center the commission oversees, community corrections or diversion programs, the administration of sentences, and any other matters the commission considers appropriate.

(3) Establishes the Medicaid reimbursement rate as the amount to be paid to a medical provider who is not employed by or under contract with a municipal corporation or township for providing medical services to persons confined in multicounty, municipal-county, or multicounty-municipal correctional centers.

Fiscal effect: Provisions (1) and (2) are organizational in nature and have no direct fiscal effect. Provision (3) could create savings for various counties and municipalities if they obtain Medicaid reimbursement rates for medical services delivered to locally confined persons.

Executive

Property Taxes and Transfer Fees

TAXCD16 **Local Government Reimbursement for Utility Personal Property Tax Losses**

R.C. ***5727.84, 5727.85, 5727.86, Section 757.20***

(1) Accelerates the phase-out of fixed-rate public utility property tax loss reimbursements for most non-school taxing units based on each unit's reliance on the reimbursement as measured by the unit's CY 2010 public utility tax loss reimbursement as a percentage of its total resources as defined in the bill. Specifies that reimbursements are phased out, beginning in CY 2011, so that each unit's reliance on the reimbursement falls by two percentage points per year. Beginning in FY 2012, phases out reimbursements for nonoperating fixed-rate levies by 25% per year (municipalities are the only non-school taxing unit that is eligible for this reimbursement).

(2) Changes the percentages of money credited to various funds from kilowatt-hour (KWH) tax receipts. For FY 2012 and FY 2013, requires 88% of receipts to be credited to the GRF (from 63%), 9% (from 25.4%) to the School District Property Tax Replacement Fund (Fund 7053), and 3% (from 11.6%) to the Local Government Property Tax Replacement Fund (Fund 7054). Distributions to the GRF increase in subsequent fiscal years, to 100% in FY 2031, and eliminates distributions to the other two funds in that same year.

(3) Changes the distribution of receipts from the excise tax on natural gas distribution companies. Beginning FY 2012, requires 100% of receipts to the GRF instead of 68.7% to the School District Property Tax Replacement Fund (Fund 7053) and 31.3% to the Local Government Property Tax Replacement Fund (Fund 7054) as under current law.

(4) Changes the default method for apportioning reimbursement payments among local governments other than school districts for mergers or annexations from a property value basis to a square mileage basis.

(5) Allows a local government to appeal to the Tax Commissioner a levy classification or amount used in calculation of total resources. Specifies that decisions of the Tax Commissioner regarding appeals are final and not subject to appeal and that no changes in classifications or calculations will be made after June 30, 2013.

(6) States that, with respect to unvoted debt levies within the ten-mill limit or pursuant to a municipal charter, if the levy was no longer levied for debt purposes for tax year 2010 or for any tax year thereafter before 2016, payments for that levy are to be made under the new reimbursement mechanism for fixed-rate levy losses beginning the first year after the year for which it is no longer levied for debt purposes (and is levied for other purposes). (Taxes levied pursuant to a municipal charter refer to taxes levied pursuant to a provision of a municipal charter that permits the tax to be levied without prior voter approval.)

Executive

(7) Requires reimbursement payments to be made on or before August 31 and February 28 instead of in late August and February as under current law.

(8) Repeals the law creating, as of January 1, 2011, the Public Utility Tax Study Committee, which was to study the extent to which school districts had been compensated by the tax loss reimbursements

Fiscal effect: See LSC's Bill Analysis for H.B. 153 for a more extensive discussion of these proposed statutory changes. The appropriation for these payments from the Local Government Property Tax Replacement Fund (Fund 7054) is $16 million for FY 2012 and $11 million for FY 2013, down from an estimated $90 million in FY 2011. The reallocation of KWH tax receipts would increase revenue to the GRF by about $139 million in FY 2012 and $141 million in FY 2013. The reduction in receipts to Fund 7054 under the proposed formula would be about $48 million in FY 2012 and FY 2013. The remainder of the increase in GRF revenue would come from the reduction in share to Fund 7053. Also, the bill directs the natural gas distribution tax to the GRF beginning in FY 2012. All revenues prior to FY 2012 have been distributed to Fund 7053 and Fund 7054. Amounts raised by this tax in recent years have ranged from about $66 million to $71 million.

TAXCD17 **Local Government Reimbursement for Tax Losses on Tangible Personal Property (TPP) of General Business**

R.C. ***5751.20, 5751.21, 5751.22, 5751.23, Section 757.20***

(1) Accelerates the phase-out of fixed-rate TPP tax loss reimbursements for most non-school taxing units, based on each unit's reliance on the reimbursements as measured by each unit's calendar year (CY) 2010 TPP reimbursement as a percentage of the unit's total resources as defined in the bill. Specifies that beginning in CY 2011, reimbursements for operating fixed rate levies are phased out so that each unit's reliance on the reimbursements falls by two percentage points per year.

(2) Phases out nonoperating fixed-rate levy reimbursement by 25% per year beginning in CY 2011. (Municipalities are the only non-school taxing unit that is eligible for these reimbursements.)

(3) Changes the percentages of money credited to various funds from commercial activity tax (CAT) receipts. For FY 2012, requires 25% (from 5.3%) of receipts to be credited to the GRF, 52.5% (from 70%) to the School District Tangible Property Tax Replacement Fund (Fund 7047), and 22.5% (from 24.7%) to the Local Government Tangible Property Tax Replacement Fund (Fund 7081). Specifies that the corresponding percentages for FY 2013 are 50% (from 10.6%), 35% (from 70%), and 15% (from 19.4%), respectively. Increases distributions to the GRF in subsequent fiscal years, to 100% in FY 2021, and phases out distributions to the other two funds. Eliminates distributions to Fund 7047 beginning in FY 2021. Eliminates distributions to Fund 7081 beginning in FY 2019.

Executive

(4) Changes the default method for apportioning reimbursement payments among local governments other than schools for mergers or annexations from a property value basis to a square mileage basis.

(5) Phases out from 2012 to 2016 the county administrative fee losses caused by the tangible personal property tax losses.

(6) Allows a local government to appeal to the Tax Commissioner a levy classification or amount used in calculation of total resources. Specifies that decisions of the Tax Commissioner regarding appeals are final and not subject to appeal and that no changes in classifications or calculations will be made after June 30, 2013.

(7) Specifies that annual reimbursement payments for non-school taxing units be made twice per year, in May and on or before November 20, beginning in TY 2011. (Current law requires three payments per year, in May, August, and October.)

(8) Specifies that debt levies that have been imposed pursuant to a municipal charter, and that do not have to be approved by voters will, like other unvoted debt levies, continue to be reimbursed at 100% as long as the levy was still being used to pay debt in 2010 and as long as it continues to be levied to pay debt.

Fiscal effect: See LSC's Bill Analysis for H.B. 153 for a more extensive discussion of these proposed statutory changes. The appropriation for these payments from the Local Government Tangible Property Tax Replacement Fund (Fund 7081) is $291 million for FY 2012 and $181 million for FY 2013, down from an estimated $414 million in FY 2011. The reallocation of CAT receipts would increase revenue to the GRF by about $289 million in FY 2012 and $594 million in FY 2013. The reduction in receipts to Fund 7081 under the proposed formula would be about $32 million in FY 2012 and $66 million in FY 2013. The remainder of the increase in GRF revenue would come from the reduction in share to Fund 7047. The bill retains the current law provision that the GRF would make up any shortfall in amounts needed to provide school districts and local governments their required reimbursements, though the required reimbursements are phased out more quickly under the proposed changes. The provision that limits the speed with which TPP reimbursements are phased out for any individual jurisdiction to no more than 2% of its total resources in calendar year 2011 and 4% in 2012 makes a statewide calculation of the change in required reimbursement very data intensive. LSC has not yet determined whether GRF transfers will be needed in addition to the amounts appropriated in the bill.

Executive

Other Taxation Provisions

TAXCD3 **Adjustments to Local Government Distributions**

R.C. ***131.44, 131.51, 5705.031, 5705.32, 5705.321, 5707.03, 5725.01, 5725.151, 5725.18, 5725.24, 5747.46, 5747.47, 5747.48, 5747.50, 5747.51, 5751.011, and Sections 379.10 and 757.10***

(1) Reduces Local Government Fund (LGF or Fund 7069) distributions to 75% of FY 2011 levels for the period between August 2011 and June 2012, and reduces distributions to 50% of FY 2011 levels for all months in FY 2013. Provides that distributions after FY 2013 will depend on the total amount allocated to the fund as a percentage of total state tax revenue credited to the General Revenue Fund in FY 2013, instead of the current 3.68% of GRF tax revenue. Provides that allocations among county undivided LGFs and direct municipal payments from August 2011 through June 2013 will be on a pro rata basis based on their respective FY 2011 shares.

(2) Reduces distributions from the Public Library Fund (PLF or Fund 7065) for all months between August 2011 and June 2013 to 95% of FY 2011 levels. Provides that allocations among county undivided PLFs from July 2011 through December 2011 are on a pro rata basis based on their respective CY 2010 shares, and from January 2012 through June 2013, based on their respective CY 2011 shares. Provides that distributions after FY 2013 will depend on the total amount allocated to the fund as a percentage of total state tax revenue credited to the General Revenue Fund in FY 2013, instead of the current 2.22% of GRF tax revenue.

(3) Provides that, after December 31, 2011, counties would no longer receive 5/8ths of the revenue from the dealers in intangibles tax on unaffiliated dealers, and instead allocates all revenue from that tax to the General Revenue Fund.

(4) Excuses the Tax Commissioner from compliance with existing certification requirements (regarding estimates of revenue to each county undivided LGF and PLF) for the 2012 and 2013 distribution years. Requires instead that the Commissioner send to each county one estimate of the total amount to be received from the Local Government Fund and the Public Library Fund by July 20 of the preceding year.

Executive

Fiscal effect: Reduces transfers from the GRF to Fund 7069 in FY 2012 by about $172 million compared to current law, to $526 million. Reduces these transfers in FY 2013 by about $398 million compared to current law, to $339 million. Reduces transfers from the GRF to Fund 7065 by about $75 million in FY 2012 compared to current law, to $354 million. Reduces these transfers in FY 2013 by about $102 million compared to current law, to $345 million. Reduces transfers from the dealers in intangibles tax to counties, allocating these amounts instead to the GRF starting in CY 2012, that totaled about $13 million in CY 2009. Total gain to the GRF would be about $254 million in FY 2012 and $513 million in FY 2013.