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DNRCD22 Alternative Public Notice Publication Procedures**R.C. 1501.011**

Allows the Director of Natural Resources to publish notices for Department-related contracts under currently required procedures, or under alternative publication procedures that allow the first publication to be made in its entirety in a newspaper of general circulation and the second publication to be made in abbreviated form in a newspaper of general circulation in Ohio or in the appropriate political subdivision and on the newspaper's web site.

Fiscal effect: The Department could experience some administrative savings from being permitted to make second advertisements in abbreviated form.

DNRCD28 Definition of "Gas" and "British Thermal Unit"**R.C. 1509.01**

Changes the definition of "gas" in the Oil and Gas Law to mean all hydrocarbons that are in a gaseous state at standard temperature and pressure rather than all natural gas and all other fluid hydrocarbons that are not oil, including condensate, as in current law.

Defines "British thermal unit" for purposes of the Oil and Gas Law as the measure of heat energy required to raise the temperature of one pound of water by one degree Fahrenheit at a specified temperature.

DNRCD31 Disposal of Technologically Enhanced Naturally Occurring Radioactive Material and Other Material from Horizontal Wells**R.C. 1509.074, 3734.01, 3734.02, 3734.125,
3748.01, 3748.04**

Does the following with regard to material that is used in the construction, operation, or plugging of a horizontal well:

- (1) Requires the owner or the owners' authorized agent (hereafter owner) to determine, with exceptions discussed in items
- (2), (4), (5), and (6) below, specified concentrations of radium in the material if the material is technologically enhanced naturally occurring radioactive material (TENORM) and provide for the collection and analysis of representative samples in

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accordance with requirements approved by the Director of Health. Prohibits, generally, the removal of the material from its location until the analysis is complete and the results are available.

(2) Specifies that determining the concentration of radium in TENORM is not required if the TENORM is reused in a horizontal well.

(3) Requires the transport and disposal of TENORM to follow all applicable laws.

(4) Requires that if the material is not TENORM and the material has come in contact with a refined oil-based substance, and is removed from the location associated with the production operation of the well, the owner must either dispose of the material at an authorized solid waste facility or beneficially use the material in accordance with rules adopted by the Director of Environmental Protection.

(5) Requires the owner that if the material is not TENORM and the material has come in contact with a refined oil-based substance, to take one of three specified actions regarding the material depending on whether the material is removed from the location associated with the well's production operation.

(6) Allows any non-TENORM material that has not come in contact with a refined oil-based substance to remain at the location associated with the production operation of the horizontal well, and authorizes the owner to utilize the material at the site of the horizontal well.

Does the following with regard to the owner or operator of a solid waste facility:

(1) Prohibits the acceptance for transfer or disposal of TENORM if that material contains or is contaminated with radium-226, radium-228, or both (hereafter contaminated TENORM) at specified concentrations above natural background. States that "natural background" is two picocuries per gram or the actual number of picocuries per gram as measured at an individual solid waste facility, subject to verification by the Director of Health.

(2) Authorizes the receipt and processing of contaminated TENORM at specified concentrations for purposes other than transfer or disposal, provided that the owner or operator has obtained and maintains all other necessary authorizations.

(3) Prohibits the receipt, acceptance, processing, handling, managing, or disposing of TENORM associated with drilling operations without first obtaining representative analytical results to determine compliance with the bill and rules adopted by the Director of Environmental Protection under it.

Provides for the following rules:

(1) Authorizes the Director of Environmental Protection to adopt rules regarding the receipt, acceptance, processing, handling, management, and disposal by solid waste facilities of material that contains or is contaminated with radioactive material including contaminated TENORM at specified concentrations.

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(2) Authorizes the above rules to include requirements in accordance with which a solid waste facility must monitor leachate and ground water for radionuclides, develop procedures to ensure that TENORM accepted at the facility is not contaminated at specified concentrations, and dispose of radioactive material, including contaminated TENORM at specified concentrations, only in a specially permitted monocell or monofill.

(3) Authorizes the Director of Environmental Protection to adopt rules establishing requirements governing the beneficial use of material from a horizontal well that has come in contact with a refined oil-based substance and that is not TENORM.

(4) Requires the Director of Health to adopt rules establishing requirements governing TENORM, and states that the rules must not apply to naturally occurring radioactive material (NORM).

Fiscal effect: Minimal annual increase to the Department of Natural Resources, the Ohio Environmental Protection Agency, and the Department of Health for administrative costs associated with rule-making and enforcement. The impact on the annual disposal fee revenues and expenditures of solid waste districts (SWDs) will vary considerably by district. For some of these SWDs, an additional unknown amount of fee revenue may be generated annually, but the degree to which it will offset any related operating costs is uncertain. For other SWDs, there may be no readily discernible ongoing annual effect on revenues and expenditures.

DNRCD27 Material Safety Data Sheets**R.C. 1509.10**

Requires the term "material safety data sheet," as used in the statute governing well completion records in the Oil and Gas Law, to conform to any revision of or change in the term by the Occupational Safety and Health Administration.

DNRCD29 Production Reports for Horizontal Wells**R.C. 1509.11, 1509.062**

(1) Requires the owner of a horizontal well that is producing or capable of producing oil or gas to file a production statement with the Chief of the Division of Oil and Gas Resources Management on a quarterly basis rather than annually as in current law, and consequently requires the owner of a horizontal well that has no reported production for eight consecutive reporting periods, rather than two consecutive reporting periods as under current law, to plug the well, obtain temporary inactive well status for the well, or perform another activity regarding the well that is approved by the Chief.

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(2) Requires the owner of a horizontal well to include in the production statement the American Petroleum Institute (API) gravity of the oil according to the standards for determining density of oil as established by the American Petroleum Institute and the British thermal unit measurement of the gas.

(3) Requires the owner of any well to retain all records substantiating a production report, regardless of whether the well is transferred to a new owner or plugged, for at least seven years after the date on which the report was filed with the Chief. Requires the records to include at least receipts, transfer vouchers, bills of lading, or other pertinent or similar records, and requires the owner of a well to provide the records to the Chief for inspection upon request of the Chief.

(4) Prohibits oil and gas severance tax information received from the Department of Taxation from being disclosed by the Chief of the Division of Oil and Gas Resources Management except for purposes of enforcement of the Oil and Gas Law, and consequently removes a provision that allows the Chief to disclose such information after the related production statement is filed with the Chief.

Fiscal effect: Potential minimal increase to the administrative costs of the Division of Oil and Gas Resources Management to handle more frequent submission of production reports.

DNRCD30**Brine Disposal Requirements**

R.C. 1509.22, 1509.226

(1) Prohibits a person from placing or causing to be placed, or discharging or causing to be discharged, brine, crude oil, natural gas, or other waste fluids associated with the exploration, development, production, or plugging of oil and gas resources in ground water, on the land, or in surface water except when acting in accordance with the statute governing the surface application of brine to roads or in accordance with an order issued by the Chief of the Division of Oil and Gas Resources Management regarding storage and disposal.

(2) Prohibits a person who treats mechanically, chemically, or by another process brine or other waste fluids or substances associated with the exploration, development, production, or plugging of oil and gas resources from transferring the treated brine, waste fluids, or waste substances to another person for disposal in ground or surface water or in or on the land unless the receiving person has been issued an order authorizing disposal, a permit for drilling or plugging, or a permit for secondary or additional recovery operations.

(3) Allows disposal of brine by any method not specified in the statute governing disposal of brine that is approved by an order of the Chief, rather than by other methods approved by the Chief for testing or implementing a new technology or method of disposal as in current law.

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- (4) Requires that pits and steel tanks for containing brine and other waste substances be liquid tight.
- (5) Changes references in current law to "earthen impoundments" used for temporary storage to simply "impoundments;" requires that impoundments must be constructed utilizing a synthetic liner; and permits impoundments to be used for the temporary storage of fluids used in the construction or plugging of a well in addition to the stimulation of a well as in current law.
- (6) Prohibits brine that is produced from a horizontal well from being allowed to be spread on a road.

DNRCD25**Assignment and Transfer of Oil and Gas Leases****R.C. 1509.31, 317.08**

- (1) Requires that whenever an interest in an oil and gas lease (rather than the entire interest as in current law) is assigned or transferred, the assignor or transferor must provide, within 30 days, written notification of the assignee's or transferee's name and address by certified mail to the lessor (in addition to the holders of the royalty interests and, if a well or wells exist on the lease, the Division of Oil and Gas Resources Management as in current law).
- (2) Requires an assignee or transferee of an interest in an oil and gas lease to record the assignment or transfer in the office of the county recorder of the county where the property that is subject to the lease is located.
- (3) Revises current law by authorizing the Chief of the Division of Oil and Gas Resources Management to approve an application for an assignment or transfer of the entire interest of a well to the landowner for use as an exempt domestic well only if the application is accompanied by a copy of each document used to release each oil and gas lease that is included in the applicable formation of the drilling unit and a copy of a document in which the owner transfers the well to the surface tract so that the well becomes a part of the title to the surface tract and runs with the land and if each document of release and transfer of the well to the surface tract is recorded.
- (4) Revises current law by requiring the owner of a proposed exempt domestic well to post a \$5,000 bond if the owner does not release each oil and gas lease associated with the well proposed to be assigned or transferred or if the surface tract to which the well is transferred is less than five acres rather than if the fee simple tract that results from the merger of the well ownership with the fee simple interest of the surface tract is less than five acres.
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DNRCD24 Changes to Watercraft Definitions**R.C. 1547.01, 1541.03**

- (1) States that sailboards, kiteboards, paddleboards, and belly boats or float tubes are not watercraft, and defines each.
- (2) States that a watercraft is a vessel that is required to be registered under the Watercraft and Waterways Law rather than a vessel that is used or capable of being used for transportation on the water, and applies the definition to the entire Watercraft and Waterways Law rather than certain provisions of that Law.
- (3) Includes as watercraft a recreational vessel that is dependent on the wind to propel it in the normal course of operation rather than only a sailboat as in current law.
- (4) Includes as watercraft a recreational vessel that is propelled by human muscular effort using one or more oars, paddles, or poles rather than only a canoe or rowboat as in existing law.
- (5) Includes as watercraft an inflatable, manually propelled recreational vessel, rather than a boat as in current law, that is required by federal law to have a hull identification number.
- (6) Excludes a paddleboard from the definition of "rowboat" and excludes a sailboard from the definition of "sailboat."
- (7) States that an inflatable watercraft that is propelled by human muscular effort using an oar, paddle, or pole must be classified as a rowboat and registered by length.
- (8) Applies the definition of "watercraft" in the Watercraft and Waterways Law to the Division of Parks and Recreation Law.
- (9) Defines "recreational vessel" for purposes of the Watercraft and Waterways Law as a vessel that is propelled or controlled by machinery, sails, other contrivance, or human muscular effort using an oar, paddle, or pole and that is manufactured or operated primarily for recreational purposes.

DNRCD23 Watercraft Owned by Liveries**R.C. 1547.542**

- (1) Requires a livery owner to be issued a tag for each watercraft that has been registered under current law governing liveries, requires the tag to be affixed to each such watercraft before the watercraft can be rented to the public, and requires the Chief of the Division of Watercraft to prescribe the content and form of the tag in rules.

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- (2) Revises the current requirement that a livery watercraft registration number be displayed on each watercraft in the fleet for which an annual livery registration certificate has been issued by requiring a livery owner, not later than March 15, 2015, to identify each watercraft in the owner's fleet in a uniform and consistent manner by either (a) displaying the livery watercraft registration number assigned to the livery owner on the forward half of both sides of the watercraft in block characters in such a manner that the number is visible under normal operating conditions, and placing the tag within a specified distance of the registration number on the port side of the watercraft; or (b) displaying the livery name on the rear half of the watercraft in such a manner that it is clearly visible under normal operating conditions or on the rear half of the watercraft's deck under specified circumstances, and placing the tag in one of four specified locations on the watercraft.
- (3) Specifies that rental agreements, rather than rental receipts as in current law, are subject to inspection at any time at the livery's place of business by any authorized representative of the Division of Watercraft or any law enforcement officer.
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DNRCD26

Elimination of Transfers from the Coal Workers Pneumoconiosis Fund to DNR**R.C. 4131.03**

Eliminates the authority for the Director of Natural Resources to request the Administrator of the Bureau of Workers' Compensation to transfer a portion of the investment earnings in the Coal Workers Pneumoconiosis Fund to the Mine Safety Fund (Fund 5CU0) and the Coal Mining Administration and Reclamation Reserve Fund (Fund 5260), and eliminates the requirement for the Administrator to adopt rules governing the transfer.

Fiscal effect: Ends payments of up to \$3 million annually to the Mine Safety Fund (Fund 5CU0) and up to \$1.5 million annually to the Coal Mining Administration and Reclamation Reserve Fund (Fund 5260) from the Coal Workers Pneumoconiosis Fund, allowing these moneys to stay in that fund for the payment of eligible coal workers' compensation claims. DNR's Mine Safety Program is funded out of GRF line item 725507, Coal and Mine Safety Program, under the executive proposal.

Executive**DNRCD3 Central Support Indirect****Section: 333.20**

Requires the Director of Natural Resources, with the approval of the Director of Budget and Management, to determine each DNR division's payments (with the exception of the Division of Wildlife) into the Central Support Fund (Fund 1570). Requires the methodology used to determine the payments to contain the characteristics of administrative ease and uniform application in compliance with federal grant requirements, and allows the methodology to include direct cost charges for specific services provided. Requires payments to Fund 1570 to be made using intrastate transfer voucher.

DNRCD4 Lease Rental Payments**Section: 333.30**

Requires GRF appropriation item 725413, Lease Rental Payments, to be used during the FY 2014-FY 2015 biennium to make payments on behalf of DNR pursuant to leases and agreements made under section 154.22 of the Revised Code.

DNRCD5 Canal Lands**Section: 333.30**

Requires GRF appropriation item 725456, Canal Lands, to be used to provide operating expenses for the State Canal Lands Program.

Executive**DNRCD6 Healthy Lake Erie Fund****Section: 333.30**

Requires up to \$350,000 in FY 2014 and up to \$200,000 in FY 2015 from GRF appropriation item 725505, Healthy Lake Erie Fund, to be used by the Director of Natural Resources, in consultation with the Director of Agriculture and the Director of Environmental Protection, to implement nonstatutory recommendations of the Agriculture Nutrients and Water Quality Working Group. Requires the Director to give priority to recommendations that encourage farmers to adopt agricultural production guidelines commonly known as 4R nutrient stewardship practices. Allows funds to be used for enhanced soil testing in the Western Lake Erie Basin, monitoring the quality of Lake Erie and its tributaries, and conducting research and establishing pilot projects that have the goal of reducing algae blooms in Lake Erie.

DNRCD7 Coal and Mine Safety Program**Section: 333.30**

Requires GRF appropriation item 725507, Coal and Mine Safety Program, to be used for the administration of the Mine Safety Program and the Coal Regulation Program.

DNRCD8 Oil and Gas Program**Section: 333.30**

Requires GRF appropriation item 725508, Oil and Gas Program, to be used for the Oil and Gas Program.

DNRCD9 Natural Resources General Obligation Debt Service**Section: 333.30**

Requires GRF appropriation item 725903, Natural Resources General Obligation Debt Service, to be used during the FY 2014-FY 2015 biennium to pay all debt service and related financing costs on obligations issued under sections 151.01 and 151.05 of the Revised Code.

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DNRCD10 Well Log Filing Fees**Section: 333.40**

Requires the Chief of the Division of Soil and Water Resources to deposit well log filing fees forwarded to the Division into the Departmental Services – Intrastate Fund (Fund 1550) for the purposes described in section 1521.05 of the Revised Code.

DNRCD11 Human Resources Direct Service**Section: 333.50**

Requires GSF Fund 2050 appropriation item 725696, Human Resources Direct Service, to be used to cover the cost of support, coordination, and oversight of the Department of Natural Resources' human resources functions. Requires the Human Resources Chargeback Fund (Fund 2050) to consist of cash transferred to it via intrastate transfer voucher from other funds as determined by the Director of Natural Resources and the Director of Budget and Management.

DNRCD12 Law Enforcement Administration**Section: 333.60**

Requires GSF Fund 2230 appropriation item 725665, Law Enforcement Administration, shall be used to cover the cost of support, coordination, and oversight of DNR's law enforcement functions. Requires the Law Enforcement Administration Fund (Fund 2230) to consist of cash transferred to it via intrastate transfer voucher from other funds as determined by the Directors of DNR and OBM.

Executive**DNRCD13 Fountain Square and ODNR Grounds at the Ohio Expo Center****Section: 333.70**

Requires GSF Fund 6350 appropriation item 725664, Fountain Square Facilities Management, to be used to pay for repairs, renovation, utilities, property management, and building maintenance expenses for the Fountain Square complex and the Department of Natural Resources grounds at the Ohio Expo Center. Requires the Fountain Square Facilities Management Fund (Fund 6350) to receive cash transferred by intrastate transfer vouchers from various departmental funds and rental income received by DNR.

DNRCD14 Soil and Water Districts**Section: 333.80**

Allows DNR to use SSR Fund 5BV0 appropriation item 725683, Soil and Water Districts, to pay any soil and water conservation district an annual amount not to exceed \$40,000, upon receipt of a request and justification from the district and approval by the Ohio Soil and Water Conservation Commission. Requires county auditors to credit the payments to the applicable local soil and water conservation district fund. Requires moneys received by each district to be expended for the purposes of the district.

DNRCD15 Oil and Gas Well Plugging**Section: 333.80**

Requires SSR Fund 5180 appropriation item 725677, Oil and Gas Well Plugging, to be used exclusively for plugging wells and properly restoring the land surface of idle and orphan oil and gas wells pursuant to section 1509.071 of the Revised Code. Prohibits funds from the appropriation item from being used for salaries, maintenance, equipment, or other administrative purposes, except for those costs directly attributed to the plugging of an idle or orphan well. Prohibits the appropriation item from being used to transfer cash to any other fund or appropriation item.

Executive**DNRCD16 Clean Ohio Operating Expenses****Section: 333.90**

Requires Clean Ohio Revitalization Fund 7061 appropriation item 725405, Clean Ohio Operating, to be used to administer Clean Ohio Trail Fund (Fund 7061) projects pursuant to section 1519.05 of the Revised Code.

DNRCD17 Watercraft Marine Patrol**Section: 333.100**

Requires up to \$200,000 in each fiscal year from Waterways Safety Fund Group Fund 7086 appropriation item 739401, Division of Watercraft, to be expended for the purchase of equipment for marine patrols qualifying for funding from DNR pursuant to section 1547.67 of the Revised Code, and requires proposals for equipment to accompany an application for a marine patrol subsidy loaned to eligible patrols pursuant to a cooperative agreement between the patrol and the Department of Natural Resources.

DNRCD18 Parks Capital Expenses Fund**Section: 333.110**

Requires the Director of Natural Resources to submit to the Director of Budget and Management the estimated design, engineering, and planning costs of capital-related work to be done by DNR staff for parks projects within the Ohio Parks and Recreation Improvement Fund (Fund 7035). Permits the Director of DNR, if OBM approves the estimated costs, to release appropriations from Fund 7035 appropriation item C725E6, Project Planning, for those purposes. Requires DNR to pay for these expenses from the Parks Capital Expenses Fund (Fund 2270), and requires expenses paid from Fund 2270 to be reimbursed by Fund 7035 using an intrastate transfer voucher.

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DNRCD19 NatureWorks Capital Expenses Fund**Section: 333.110**

Requires the Department of Natural Resources to submit to the Director of Budget and Management the estimated design, planning, and engineering costs of capital-related work to be done by DNR staff for each capital improvement project within the Ohio Parks and Natural Resources Fund (Fund 7031). Permits the Director of DNR, if OBM approves the estimated costs, to release appropriations from Fund 7031 appropriation item C725E5, Project Planning, for those purposes. Requires DNR to pay for these expenses from the Capital Expenses Fund (Fund 4S90), and requires expenses paid from Fund 4S90 to be reimbursed by Fund 7031 by using an intrastate transfer voucher.

DNRCD20 Elimination of Dormant Funds

Sections: 333.120, R.C. 1501.45, 1531.06, and 1531.99;
Repealed: R.C. 1513.371, 1531.34, 1547.721
to 1547.726, and 6101.451

(1) Abolishes the following dormant funds used by the Department of Natural Resources: Reprint and Replacement - Intrastate (Fund 1580), Parks and Recreation Depreciation Reserve (Fund 1610), Civilian Conservation Corps Earned Revenues (Fund 1620), General Services (Fund 2060), Natural Resources Publications and Promotions (Fund 5080), Burr Oak Water Plant (Fund 5190), Reclamation Forfeiture (Fund 5250), Surface Mining Reclamation (Fund 5300), Cooperative Boat Harbor Project (Fund 8800), Forestry Development (Fund 4B80), Flood Reimbursement (Fund 5F90), Wildlife Education (Fund 81A0), Reclamation Fee (Fund R029), Surface Mining Reclamation Fee (Fund R030), Wildlife Refunds (Fund R040), Federal Special Revenue (Fund 3280), Natural Areas and Preserves - Federal (Fund 3P00), Urban Forestry Grant (Fund 5K10), Conservancy District Organization (Fund 5150), Wild Animal (Fund 6300), and Mined Land Set Aside (Fund 3CH0).

(2) Abolishes the Watercraft Revolving Loan Fund (Fund 5AW0) and requires any balance remaining in the fund as of July 1, 2013, to be transferred into the Waterways Safety Fund (Fund 7086) and appropriated to appropriation item 739401, Division of Watercraft.

(3) Abolishes the Division of Forestry Law Enforcement Fund (Fund 5EJ0) and the Division of Natural Areas and Preserves Law Enforcement Fund (Fund 5EK0), and requires any balance remaining in these funds as of July 1, 2013, to be transferred into the Park Law Enforcement Fund (Fund 5EM0) and appropriated to appropriation item 725613, Park Law

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Enforcement. Requires proceeds from forfeited property resulting from investigations conducted by the Division of Forestry and Division of Natural Areas and Preserves to be deposited in the Division of Parks and Recreation Law Enforcement Fund, and requires money in the Division of Parks and Recreation Law Enforcement Fund to be used by the Division of Parks and Recreation for law enforcement purposes.

(4) Repeals various provisions of the Revised Code creating and providing for these funds, and programs formerly operated with moneys within these funds.

Fiscal effect: Some minimal administrative savings may be realized from the elimination of funds that are no longer used. The consolidation of the law enforcement funds will result in one central fund for the collection of forfeited property through law enforcement actions on properties of the divisions of Parks, Forestry, and Natural Areas and Preserves. This reflects the consolidation of these divisions' law enforcement functions under the Division of Parks and Recreation, which will provide law enforcement services to the other two divisions.

Executive**OBMCD20 FY 2013 GRF Ending Balance****Section: 512.30**

Requires the Director of OBM to make the following transfers of cash from the FY 2013 surplus GRF revenue that would otherwise be transferred to the Budget Stabilization Fund (Fund 7013) or the Income Tax Reduction Fund (Fund 4R80):

- (1) Up to \$15,000,000 to the Disaster Services Fund (Fund 5E20),
 - (2) Up to \$20,000,000 to the Controlling Board Emergency Purposes Fund (Fund 5KM0),
 - (3) Up to \$12,000,000 to the Natural Resources Special Purposes Fund (Fund 5WM0), which the bill creates,
 - (4) Up to \$120,000,000 to the Unemployment Compensation Interest Contingency Fund (Fund 5HC0) for payment to the U.S. Secretary of the Treasury of accrued interest costs related to federal unemployment account borrowing.
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EPACD2 Solid Waste Transfer and Disposal Fees

R.C. *3734.57*

Extends, from June 30, 2014 to June 30, 2016, the expiration date of the following fees on the transfer or disposal of solid wastes:

- (1) \$1.00 per ton the proceeds of which are credited to the Solid Waste Fund (Fund 4K30), which is used for the solid and infectious waste and construction and demolition debris management programs.
- (2) \$2.50 per ton the proceeds of which are credited to the Environmental Protection Fund (Fund 5BC0), which is used for administering and enforcing environmental protection programs.

Extends, from June 30, 2013 to June 30, 2016, the expiration of the \$0.25 per-ton fee on the transfer or disposal of solid wastes the proceeds of which are credited to the Soil and Water Conservation District Assistance Fund (Fund 5BV0), which is used to assist soil and water conservation districts.

Extends, from June 30, 2014 to June 30, 2016, the expiration of \$1 per-ton fee on the transfer or disposal of solid waste the proceeds of which are credited to two funds that are used for purposes of Ohio's hazardous waste management program, and revises the distribution to allocate 30% to the Hazardous Waste Facility Management Fund (Fund 5030) and 70% to the Hazardous Waste Clean-Up Fund (Fund 5050) rather than 50% to each fund as in current law.

Fiscal effect: The fee extensions preserve annual revenues totaling: \$14.0 million for the Solid Waste Fund (Fund 4K30), \$35.0 million for the Environmental Protection Fund (Fund 5BC0), and \$3.5 million for the Soil and Water Conservation District Assistance Fund (Fund 5BV0). Adjusting the distribution of revenue for the Hazardous Waste Facility Management Fund (Fund 5030) and the Hazardous Waste Cleanup Fund (Fund 5050) results in Fund 5030 collecting \$4.2 million and Fund 5050 collecting \$9.8 million annually (under current law, each fund would have collected \$7.0 million annually.)

EPACD1 Sale of Tires Fees

R.C. *3734.901*

Extends, from June 30, 2013, to June 30, 2016, the expiration of the following fees:

- (1) \$0.50 per-tire fee on the sale of tires the proceeds of which are deposited into the Scrap Tire Management Fund (Fund 4R50).

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(2) Additional \$0.50 per-tire fee on the sale of tires the proceeds of which are deposited into the Soil and Water Conservation District Assistance Fund (Fund 5BV0).

Fiscal effect: The fee extensions preserve annual revenues totaling \$3.5 million for the Scrap Tire Management Fund (Fund 4R50) and \$3.5 million for the Soil and Water Conservation District Assistance Fund (Fund 5BV0).

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FCCCD2 Transfer of Construction Authority from DNR to OFCC

R.C. *1501.011, Section 715.10*

Transfers from the Department of Natural Resources (DNR) to OFCC, with certain exceptions, the authority to administer DNR's capital facilities projects.

Authorizes DNR to administer improvements under an agreement with the supervisors of a soil and water conservation district.

Authorizes DNR to administer certain dam, waterway, wildlife, and roadway activities and projects, and requires OFCC and DNR to review this provision in two years.

Permits OFCC to allow DNR to administer any other project of which the estimated cost is less than or equal to \$1.5 million.

Fiscal effect: The transfer of authority for certain DNR capital projects to OFCC may result in additional administrative costs for OFCC. Conversely, DNR's administrative burden may decrease as a result of the transfer of those duties. The specified projects the provision authorizes DNR to administer are currently managed by DNR, so they do not represent an additional cost.

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Other Taxation Provisions

TAXCD11 Horizontal Well Impact Fee

R.C. *1509.06, 321.49, 5705.27, 5705.32, 5705.37,
5705.52, Section 803.130*

Requires, beginning January 1, 2014, a horizontal well owner, before beginning construction of a well pad as defined in the bill, to pay a \$25,000 fee to the county in which the well pad will be located.

Requires an additional \$25,000 fee to be payable for each subsequent well drilled on the same pad, due before drilling begins.

Requires county treasurers who receive fee payments to establish in the county treasury an Oil and Gas Escrow Fund, and to deposit into the fund such payments.

Establishes a process whereby the county budget commission distributes the fees to all or some taxing units that levy a property tax in the taxing district in which the well will be located to defray costs incurred from the presence of the well.

Requires taxing units that receive any portion of the fee to repay these amounts to the owners over subsequent fiscal years based on the amount of property tax the unit collects from the well.

Fiscal effect: The \$25,000 fee could offset some of the cost that taxing units might incur for horizontal wells within their jurisdiction. However, taxing units that receive any portion of the fee are required to repay those amounts by reducing the well owners' property tax liabilities.

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TAXCD9 Horizontal Well and Nonhorizontal Well Severance Taxes

R.C. *5749.02, 1502.02, 1509.34, 1509.50,
5703.052, 5703.21, 5749.01, 5749.03,
5749.031, 5749.06 - 5749.15, 5749.17,
Sections 803.120, 812.20, 815.10, Repealed:
1509.50*

Distinguishes between "horizontal" wells and "nonhorizontal" wells for the purpose of levying special tax rates on severances of oil, gas, and condensate from horizontal wells beginning on October 1, 2013. Credits revenue from the horizontal well severance tax to the newly created Severance Tax Receipts Fund, and requires the OBM Director to make quarterly transfers to the GRF for an amount equal to total receipts less refunds. Modifies tax rates on horizontal wells and nonhorizontal wells as follows:

- (1) For oil and condensate extracted from a horizontal well, the tax is 1.5% of the spot market value of the oil or condensate for the first five quarters in which a well produces, and 4% thereafter;
- (2) For gas extracted from a horizontal well, the tax varies based upon the British Thermal Unit (BTU) measurement. The tax on gas with a BTU measurement of 1,050 per cubic foot or less is 1% of the spot market value of gas times volume extracted. For gas with a BTU measurement above 1,050 per cubic foot, the tax varies depending on the spot prices of gas and natural gas liquids and the BTU measurement of the gas extracted, but the rates increase in the sixth quarter of production;
- (3) For oil extracted from a nonhorizontal well, the tax rate is raised from 10 cents per barrel to 20 cents per barrel;
- (4) For gas extracted from a nonhorizontal well, the tax rate is changed from 2.5 cents per thousand cubic feet (MCF) to the lesser of 3 cents per MCF or 1% of the spot market value of gas times volume; and
- (5) For gas extracted from a nonhorizontal well that produces fewer than 10 MCF of gas per day over a calendar quarter, the gas extracted from the well is exempt from the severance tax.

Repeals, beginning January 1, 2014, the regulatory cost recovery assessment currently levied on severance of oil and gas at a general rate of 10 cents per barrel or 0.5 cent per MCF, respectively.

Executive

Fiscal effect: According to estimates from the Executive Budget, the horizontal well severance tax will increase revenues to the GRF, the Local Government Fund, and the Public Library Fund by a total of \$45 million in FY 2014 and \$155 million in FY 2015; of these amounts, the GRF would retain an estimated \$44 million in FY 2014 and \$150 million in FY 2015. Revenues for two Department of Natural Resources funds, the Geological Mapping Fund (SSR Fund 5110) and the Oil and Gas Well Fund (SSR Fund 5180), will decrease based upon the repeal of the cost recovery assessment, but the losses will be partially offset by higher oil and gas severance receipts from nonhorizontal wells. The net effect of these changes for Fund 5110 and Fund 5180 will likely be a loss over the biennium of a million dollars or more.

TAXCD12 Administration of Severance Tax; Disclosure and Electronic Filing

R.C. 5749.06, 5749.17

(1) Requires, beginning January 1, 2014, severance tax payments to be remitted electronically and authorizes the Tax Commissioner to require severance tax returns to be filed electronically.

(2) Authorizes the Department of Natural Resources, beginning on October 1, 2013, to publicly disclose otherwise confidential tax information furnished by the Commissioner solely for enforcing oil and gas regulatory laws.

Fiscal effect: None
