
Executive

DNRCD11 **Sale, transfer, or use of Department of Natural Resources property and water**

R.C. 1501.01

Requires the Director of Natural Resources to obtain the Governor's approval only for specified types of property transactions in an amount of \$50,000 or more rather than generally requiring both the Governor's and Attorney General's approval of any such transaction in any amount as in current law.

Generally requires any such transaction, regardless of the amount, to be executed in accordance with a provision of the Conveyances and Encumbrances Law that requires specific actions to be taken regarding conveyances of state real estate, including drafting by the Auditor of State and signature by the Governor.

Fiscal effect: Potential reduction in administrative costs for DNR's Office of Real Estate for smaller, more routine property transactions.

DNRCD4 **Public notice regarding construction projects overseen by DNR**

R.C. 1501.011

Requires the Department of Natural Resources to use the general newspaper publication procedures outlined in current law (R.C. 7.16) for notices regarding its supervision of the design and construction of, and entering into contracts for the construction, reconstruction, improvement, enlargement, alteration, repair, or decoration of, certain projects such as dam repairs, waterway safety improvement, and Division of Wildlife improvements.

Fiscal effect: There would likely be a negligible decrease in publication costs incurred by the Division of Engineering under GRF appropriation item 736321, Division of Engineering as R.C. 7.16 allows for an abbreviated second notice.

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DNRCD3 **Responsibility for producing mining operation annual reports****R.C.** **1505.10, 1561.04**

Transfers the responsibility to prepare and publish certain mining operation annual reports from the Chief of the Division of Geological Survey or the Chief of the Division of Mineral Resources Management, as applicable, to the Director of Natural Resources or the Director's designee.

Authorizes the Director or the Director's designee to require the Division of Mineral Resources Management to perform certain duties currently performed by the Division of Geological Survey.

Fiscal effect: Some costs paid currently paid from Geologic Mapping Fund (Fund 5110), used by the Division of Geological Survey, would be shifted to the Surface Mining Fund (Fund 5270), used by the Division of Mineral Resource Management.

DNRCD5 **Application of Oil and Gas Law provisions to public land****R.C.** **1509.01**

Applies to public land provisions in the Oil and Gas Law governing minimum distances of wells from the boundaries of tracts, voluntary and mandatory pooling, special drilling units, establishment of exception tracts to which minimum acreage and distance requirements do not apply, unit operation of a pool, and revision of an existing tract by a person holding a permit under that Law by revising the definition of "tract" to mean a single, individual parcel or land or a portion of a single, individual parcel of land rather than a single, individually taxed parcel of land appearing on the tax list.

Fiscal effect: This may result in property owned by the state or political subdivision becoming subject to a voluntary pooling arrangement or mandatory pooling order. As a member of a resource pool public entities would be subject to the costs, and enjoy the benefits, including royalties, or participation in the pool.

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DNRCD6 **Application of Oil and Gas Law to business entities****R.C.** **1509.01**

Applies the Oil and Gas Law to a limited liability company, a joint venture, and any other forms of business organization or entity by including them in the definition or "person" in that Law.

Fiscal effect: None apparent. Modification to the definition clarifies that all business entities are subject to the Oil and Gas Law.

DNRCD9 **Registration of persons engaged in activities regulated under the Oil and Gas Law****R.C.** **1509.051**

Requires a person who intends to engage in an activity regulated under the Oil and Gas Law to register with the Division of Oil and Gas Resources Management and disclose all felony convictions or felony guilty pleas of or by the person and officers of the person to specified water pollution control laws that have occurred within the previous 25 years from the date of registration.

Authorizes the Chief of the Division to request additional information regarding such a felony conviction or felony guilty plea, except for information extending to the person's corporate parent entities.

Authorizes the Chief to request the Superintendent of the Bureau of Criminal Identification and Investigation to review federal and state criminal records with respect to any person that submitted a form for registration.

Authorizes the Chief to deny a person's registration by issuance of an order after reviewing the information submitted, any additional information requested, and any information received from a criminal records review requested by the Chief.

Prohibits the Chief from issuing a permit, registration certificate, or order authorizing an activity under the Oil and Gas Law to a person whose registration was denied.

Excludes from the requirement to register a person that prior to the effective date of the provision is (1) already registered with the Division, (2) already issued a permit, registration certificate, or order authorizing an activity under the Oil and Gas Law, or (3) lawfully engaged in the storage, treatment, processing or disposing of brine or other waste substances associated with oil and gas resources.

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Allows a person denied a registration to reapply for a registration beginning three months from the date on which the Chief's order denying the registration becomes final and nonappealable.

Fiscal effect: There would likely be an increase in administrative costs paid from the Oil and Gas Well Fund (Fund 5180), depending upon the number of registrants, denials, and appeals.

DNRCD7 Application fee for permit to plug back existing oil or gas wells

R.C. *1509.06*

Removes a fee exemption in current law for permit applications to plug back existing oil or gas wells, thus requiring such applications to include a nonrefundable fee as follows: (1) \$500 for a permit to conduct activities in a township with a population of fewer than 10,000, (2) \$750 for a permit to conduct activities in a township with a population of 10,000 to 14,999, or (3) \$1,000 for a permit to conduct activities in either a township with a population of 15,000 or more or a municipal corporation regardless of population.

Fiscal effect: Potential increase in fee revenue deposited to the credit of the Oil and Gas Well Fund (Fund 5180).

DNRCD35 Disclosure of chemical records and information under the Oil and Gas Law

R.C. *1509.10*

Does all of the following pertaining to the disclosure of chemical records:

(1) Requires that an owner or person who is required under current law to maintain records for a product, fluid, or substance or chemical component in a product, fluid, or substance designated by the owner or person as a trade secret must maintain the records for a period of at least two years from the date the product, fluid, substance, or chemical component was brought to a location regulated under or subject to the Oil and Gas Law rather than from the date it was placed in a well.

(2) Adds that an owner or person who is required under current law, upon request of the Chief of the Division of Oil and Gas Resources Management, to disclose to the Chief records necessary to respond to a spill, release, or investigation must disclose the records or information without undue delay.

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- (3) Requires an owner or person that received a request for records or information to label and clearly identify all records or information that has been designated as a trade secret.
- (4) Authorizes the Chief to provide such records or information to any state agency or emergency responder that is responding to a spill or release or that is participating in an investigation of a spill or release.
- (5) Requires the Chief, if the Chief provides the records or information to a state agency or emergency responder, to notify, as soon as practicable, the owner or person that disclosed the records or information that the Chief has provided the records or information to a state agency or emergency responder, as applicable.
- (6) Prohibits the state agency or emergency responder receiving the information, in addition to the Chief, from disclosing the records or information designated as a trade secret unless otherwise authorized by state law.
- (7) Specifies that: (A) the provision of records or information by the Chief to a state agency or emergency responder does not affect the designation of a trade secret under the Oil and Gas Law; (B) the Chief's provision of records or information to a state agency or emergency responder does not subject the record or information to public disclosure; and (C) that nothing precludes an owner or person that has designated a trade secret under the Oil and Gas Law and has disclosed records or information to the Chief from requesting a confidentiality agreement with a recipient of the information.

Fiscal effect: The Division of Oil and Gas Resources Management may incur a negligible increase in administrative costs to notify the owner or person that disclosed records to the Chief of the Division of Oil and Gas Resources Management that the Chief has provided the records or information to a state agency or emergency responder. Administrative costs of the Division are paid from the Oil and Gas Well Fund (Fund 5180).

DNRCD16 Mandatory pooling

R.C. 1509.27

Authorizes the owner who has the right to drill to request a mandatory pooling order under the Oil and Gas Law rather than the owner of the tract of land who is also the owner of the mineral interest as in current law.

Revises that Law regarding mandatory pooling to distinguish between mineral rights owners and surface rights owners.

Fiscal effect: None apparent.

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DNRCD36 Application procedures for compulsory unitization order

R.C. 1509.28

- (1) Authorizes a person who has obtained the mineral rights to 65% or more of tracts overlying a pool to submit a compulsory unitization order. (Current law allows the owners of 65% of the land area overlying a pool to apply for such an order; it also allows the Chief of the Division of Oil and Gas Resources Management to consider the need for the unit operation.)
- (2) In addition to requiring a \$10,000 nonrefundable fee as under current law, requires an applicant for a compulsory unitization order to also submit specified information to the Chief of the Division of Oil and Gas Resources Management, including maps of the proposed unit and an affidavit attesting that the applicant has obtained the mineral rights to at least 65% of the tracts overlying a pool.
- (3) Requires the Chief to review the application to determine if it is complete and to notify the applicant if the application is incomplete, and allows the applicant to submit missing information.
- (4) Requires the Chief to schedule a hearing upon determining that the application is complete and to notify the applicant of the scheduled hearing date.
- (5) Requires the applicant to notify by certified mail all unleased mineral rights owners proposed to be included in the unit and all working interest owners in the unit at least 30 days before the scheduled hearing date and to publish notice in local newspapers.
- (6) Requires the Chief to do both of the following: (A) determine whether the hearing should proceed and, if it should not because of incomplete or improper notification, notify the applicant, all unleased mineral rights owners, all working interest owners, and any other person the Chief determines is necessary; and (B) post on the Division of Oil and Gas Resources Management's web site all changes to scheduled hearings.
- (7) Authorizes the Chief to establish procedures and requirements governing hearings on compulsory unitization orders.

Fiscal effect: None. The provisions do not substantially alter the duties or activities dealing with unitization that are required of the Chief of the Division of Oil and Gas under current law.

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DNRCD37 Issuance of compulsory unitization order and requirements governing compulsory unitization

R.C. 1509.28

- (1) Similar to current law, authorizes the Chief to issue a compulsory unitization order if the Chief finds that operation as a unit is reasonably necessary to increase substantially the ultimate recovery of oil and gas, and the value of the estimated additional recovery exceeds the estimated additional costs to conduct the operation.
- (2) Similar to current law, authorizes the Chief, in a compulsory unitization order, to include in the unit any tract that is not subject to a voluntary agreement if an applicant is unable to enter into a voluntary agreement creating a unit and the Chief determines that a compulsory unitization order will prevent or assist in preventing waste, avoid drilling of unnecessary wells, or protect correlative rights, and specifies that a mineral rights owner of a tract included in such a unit is considered an unleased mineral rights owner.
- (3) Retains the requirement that the Chief's order include terms and conditions that are just and reasonable and prescribe a plan for unit operation that includes specified items, but revises and expands the list of items as follows: (A) requires an allocation to the separately owned tracts in the unit area of all oil, gas, condensate, and natural gas liquids produced rather than only oil and gas; (B) requires a provision for credits and charges to be made in adjustments among owners to instead be made in adjustments among the person to whom the order is issued and working interest owners in the area; © adds a requirement that the plan include a provision requiring an accounting of the actual costs of unit creation and operation, including costs of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, pipeline construction and maintenance, and marketing and taxes; and (D) adds a requirement that the plan include a provision requiring an accounting that demonstrates net proceeds for unit creation and operation.
- (4) Revises the stipulation that a compulsory unitization order does not become effective unless and until the plan for unit operations prescribed by the Chief in the order has been approved in writing by owners who will be required to pay at least 65% of the unit operation's costs to instead require such approval by a majority of the mineral rights owners of the unit, including the person to whom the order is issued and the working interest owners who will be required to pay those costs.
- (5) Requires the person to whom a compulsory unitization order is issued to record the order in the office of the county recorder in each county in which the unit is to be located within ten days of the effective date of the order, and specifies that if the person fails to so record, the order ceases to be of force and must be revoked by the Chief.

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(6) Generally retains the Chief's authority to amend a compulsory unitization order by an order, but requires the Chief to determine if additional information, a hearing, or a new application for a compulsory unitization order are required for the amendment.

(7) Allows the Chief to amend a compulsory unitization order after commencement of operations on a unit.

(8) States all of the following: (A) the Chief retains continuing jurisdiction over any unit created by a compulsory unitization order consistent with the Chief's authority under the Oil and Gas Law; (B) a compulsory unitization order takes precedence over any terms included in any agreement between the person to whom the order is issued and any voluntary participants in the unit, including working interest owners; and © a compulsory unitization order terminates if drilling operations in the unit are not begun by the date required by the order

Fiscal effect: These provisions could increase administrative costs for the Division of Oil and Gas Resources by a minimal amount. Administrative costs of the Division of Oil and Gas are paid from the Oil and Gas Well Fund (Fund 5180). County recorders might bear some additional workload for recording unitization orders, but those costs would be offset by recordation fees collected.

DNRCD38 Payment of royalties under a compulsory unitization order

R.C. 1509.28

(1) Requires the person to whom a compulsory unitization order is issued to pay each unleased mineral rights owner included in the unit a monthly cash payment equal to a one-eighth landowner royalty interest calculated on gross proceeds at the same time that a royalty payment is made to a voluntary participant in the unit that is owed a royalty payment.

(2) Requires that after the person to whom an order is issued recovers not more than 200% of the actual cost of well site construction, drilling, testing, completing, and producing for a well, the person must pay an unleased mineral rights owner a monthly cash payment equal to a seven-eighths share of the net proceeds of production in addition to the royalties discussed above, and states that when a cost is charged to a well, the same cost cannot be charged to subsequent wells in the unit or in another unit.

(3) Specifies that allocation of royalties must be based on the unit participation of an unleased mineral rights owner's tract, as determined on a surface acreage basis unless otherwise specified by the Chief in the compulsory unitization order.

Fiscal effect: None.

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DNRCD39 Prohibitions, liability, and enforcement under compulsory unitization orders

R.C. 1509.28

- (1) Prohibits the person to whom a compulsory unitization order is issued from conducting surface operations on or causing disturbances to the surface of the land on a tract belonging to an unleased mineral rights owner included in the unit by a compulsory unitization order without the written consent of the owner of the surface tract approving the operation or disturbance and without providing a copy of that written consent to the Chief.
- (2) States that an unleased mineral rights owner of any tract included in a compulsory unitization order does not incur liability for any personal or property damage associated with any drilling, testing, completing, producing, operating, or plugging activities of any well within a unit subject to an order.
- (3) Generally retains existing law stating that operations conducted pursuant to a compulsory unitization order constitute a fulfillment of all the express or implied obligations of each lease or contract covering tracts in the unit to the extent that compliance with those obligations cannot be had because of the Chief's order.
- (4) Establishes that violations of the prohibitions against failing to comply with all of the following provisions are strict liability offenses: (A) the requirement that an applicant send by certified mail notice of a hearing; (B) the requirement that a person to whom a compulsory unitization order is issued pay specified royalties; © the requirement that a person to whom a compulsory unitization order is issued obtain written consent of the owner of the surface tract and provide that written consent to the Chief before conducting surface operations or causing surface disturbances; and (D) the requirement that a person to whom a compulsory unitization order is issued record the order in the office of each applicable county recorder and provide proof of the recording to the Chief.

Fiscal effect: Establishing that violations of the prohibitions listed above are strict liability offenses could increase the likelihood that these violations are prosecuted and, if so, create additional workload for county common pleas courts. Any subsequent costs incurred by the courts could be at least partially offset by fine revenue collected following a conviction.

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DNRCD40 **Other provisions pertaining to compulsory unitization under the Oil and Gas Law****R.C.** **1509.28, Section 803.10**

(1) Generally retains through reenactment several provisions of law, including allocation of oil, gas, condensate, and natural gas liquids (oil and gas in existing law) to separately owned tracts, contracts relating to the sale or purchase of production from a separately owned tract, and ownership of property, and modifies them to apply in the context of compulsory unitization.

(2) Defines "working interest owner," "gross proceeds," and "net proceeds" for purposes of compulsory unitization.

(3) Stipulates that orders issued under existing law governing unitization continue in effect notwithstanding all of the above revisions.

Fiscal effect: None.

DNRCD13 **Penalties under the Oil and Gas Law****R.C.** **1509.33, 1509.99**

Increases the maximum civil penalty for violations of certain sections of the Oil and Gas Law or any term or condition of a permit or order issued under the Oil and Gas Law, from not more than \$4,000 to not more than \$10,000 per offense.

Increases the maximum civil penalty for certain drilling and mineral extraction activities or the terms or conditions of a permit to conduct those activities from not more than \$2,500 to not more than \$10,000 per violation.

Increases criminal penalties for certain violations of the Oil and Gas Law, and specifies that a violation of the statutes governing the management, transportation, and disposal of brine is a misdemeanor for a first offense and a felony for each subsequent offense.

States that a person who violates the general permit requirements of the Oil and Gas Law and provisions of that Law governing a permit for recovery operations, or any term or condition of a permit or order, is liable for damage or injury caused by the violation and for the actual cost of rectifying the violation and conditions caused by it.

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Establishes that a person may be subject to both a civil penalty and a term of imprisonment under the Oil and Gas Law for the same offense. (Under current law, a person cannot be subject to both a civil penalty and a criminal penalty for the same offense.)

Provides that if a person is convicted of or pleads guilty to a violation or any provision of the Oil and Gas Law, the sentencing court may order the person to reimburse the state agency or a political subdivision for any actual response costs.

Fiscal effect: The Oil and Gas Well Fund (Fund 5180) could receive some new revenue as a result of increased civil penalties and criminal fines. Counties could also gain revenue if prosecution of violations results in a conviction in county common pleas court. Most likely, very few violators would be sent to jail or prison.

DNRCD14 Financial assurance for brine and other waste treatment

R.C. 1509.211, Section 715.10

Requires an applicant for a permit or order to store, recycle, treat, or process brine or other waste substances to file with the Director of Natural Resources or the Director's designee a surety bond in an amount established in rules, not to exceed \$2 million, and conditioned on compliance with the Oil and Gas Law and rules adopted under it, and establishes requirements and procedures governing the issuance and deposit of such bonds.

Authorizes a brine storage permit applicant to deposit cash or negotiable certificates of deposit in lieu of a surety bond, and establishes requirements and procedures governing their issuance and deposit.

Requires such a person to maintain the surety bond or other financial assurance until the person complies with rules governing the closure of the location for which a brine storage permit or order was issued or, if no such rules are adopted, until the Director or the Director's designee inspects the location and issues a written approval of closure.

Authorizes the Director or the Director's designee to issue a bond forfeiture order to a person who has been issued a brine storage permit if the Director or the Director's designee finds that the person has failed to comply with a final nonappealable enforcement order or a compliance agreement, and requires all money collected from such forfeitures to be deposited in the existing Oil and Gas Well Fund.

Requires an applicant for a brine storage permit to obtain liability insurance coverage in an amount established in rules, not to exceed \$12 million, and requires the insurance to provide coverage to pay damages for injury to persons or damage to property caused by the location for which the permit was issued.

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Fiscal effect: If the Director or Director's designee issues a bond forfeiture order, there would be an increase in revenue deposited in the Oil and Gas Well Fund (Fund 5180).

DNRCD10 Brine transportation

R.C. *1509.222, 1509.223*

Prohibits anyone from transporting brine in any manner, rather than just by vehicle, without being registered by the Chief of the Division of Oil and Gas Resources Management.

Requires an applicant for a registration certificate to transport brine to list each pipeline that will be used to transport brine. Prohibits a registered transporter from allowing any other person to use the transporter's registration certificate to transport brine.

Prohibits a permit holder or owner of a well for which a permit has been issued under the Oil and Gas Law from entering into an agreement with a person who is not registered to transport brine to dispose of brine at the well.

Requires a registered transporter to keep on each vessel, railcar, and container used to transport brine, in addition to each vehicle, a daily log and keep a daily log for each pipeline used to transport brine. Requires all logs to be made available upon request of the Chief, the Chief's authorized representative, or a peace officer.

Requires registered transporters to legibly identify vessels, railcars, and containers used to transport brine, in addition to just vehicles as required under current law.

Requires registered transporters to legibly identify pipelines so used in a manner similar to the identification of underground gas lines by marking the identification number issued by the Chief, including the word "Brine", and indicating the name and telephone number of the transporter.

Fiscal effect: Under current law, anyone who wishes to transport brine by vehicle must register with the Division and pay a fee of \$500, deposited into the Oil and Gas Well Fund (Fund 5180). The bill would extend this requirement to anyone who wishes to transport brine by pipelines, resulting in some additional fees deposited into Fund 5180.

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DNRCD8 Emergency planning and community right to know requirements applicable to oil and gas facilities

**R.C. 1509.231, 1509.11, 1509.23, 3750.081, and
 3750.13**

Requires all persons that are regulated under the Oil and Gas Law and rules adopted under it, rather than only owners or operators of facilities that are regulated under the Law, to submit specified information to the Chief of the Division of Oil and Gas Resources Management for inclusion in a database.

Modifies provisions to be included in the rules governing the database by requiring the rules to ensure both: (A) that the Emergency Response Commission, the local emergency planning committee of the emergency planning district in which a facility is located, and the fire department that has jurisdiction over a facility have access to the database (rather than the Commission and every local emergency planning committee and fire department in Ohio as in current law); and (B) that the information submitted for the database be made immediately available (rather than available via the Internet or a system of computer disks as in current law) to the above entities.

Revises current law by stipulating that an owner or operator is deemed to have satisfied all of the inventory requirements established under the Emergency Planning Law by complying with the bill's database submission requirements rather than by filing a log and production statement with the Chief as in current law.

Fiscal effect: The Division of Oil and Gas Resources Management will incur cost for developing and managing the database.

DNRCD12 Notification of emergencies under Oil and Gas Law

R.C. 1509.232

Requires a person engaging in an activity regulated under the Oil and Gas Law and rules adopted under it to notify the Director of Natural Resources or the Director's designee of specified emergency occurrences, such as an uncontrolled release of gas or oil that may jeopardize worker safety or public safety, within 30 minutes of such an occurrence.

Requires a person who performs services on behalf of an owner of a well to notify the well owner within 30 minutes if one of the specified emergency occurrences occurs at the well or associated production operation.

Authorizes the Director to adopt rules necessary for the administration of these provisions.

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Establishes that failure to comply with the above requirements is a strict liability offense.

Fiscal effect: The Division of Oil and Gas Resources Management might incur some additional expense for overseeing these requirements, but those costs are uncertain.

DNRCD15 Streams and wetlands restoration by coal mining and reclamation operators

R.C. 1513.16

Requires a coal mining and reclamation operator to restore on the permit area streams and wetlands affected by mining operations unless the Chief of the Division of Mineral Resources Management approves mitigation activities off the permit area without a coal mining and reclamation permit instead, provided that the Chief first makes all of the following written determinations:

- (1) A hydrologic and engineering assessment demonstrates that restoration on the permit area is not possible;
- (2) The proposed mitigation plan under which mitigation activities described in item (3) will be conducted is limited to a stream or wetland, or a portion of a stream or wetland, for which restoration on the permit area is not possible;
- (3) Mitigation activities off the permit area, including mitigation banking and payment of in-lieu mitigation fees, will be performed pursuant to a permit issued under the Federal Water Pollution Control Act or a state isolated wetland permit or pursuant to a no-cost reclamation contract for the restoration of water resources affected by past mining activities; and
- (4) The proposed mitigation plan and mitigation activities comply with the performance standards applicable to operators.

Requires the operator, if the Chief approves restoration off the permit area, to complete all mitigation construction or other activities required by the mitigation plan.

Specifies that performance security for reclamation activities on the permit area must be released pursuant to current law, except that any release of the remaining portion of performance security must not be approved prior to the construction of required mitigation activities off the permit area.

Fiscal effect: Uncertain impact on the Coal Mining Administration and Reclamation Reserve Fund (Fund 5260) used by the Division of Mineral Resources Management.

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DNRCD1 **Permissible uses of the Wildlife Boater Angler Fund****R.C. 1531.35**

Adds to the permissible uses of the Wildlife Boater Angler Fund, which is limited to funding boating access construction, improvements, maintenance and certain equipment and personnel costs under current law, by also including the repair of dams and impoundments, and acquisitions, including lands and facilities for boating access.

Specifies that the activities described above must occur on waters, rather than only on lakes, on which the operation of gasoline-powered watercraft is permissible.

Increases from \$200,000 to \$500,000 the amount of annual expenditures from the Fund that may be used to pay for equipment and personnel costs.

Fiscal effect: Expanding the permissible uses of the fund, together with increasing the maximum allowable expenditures for equipment and personnel costs, may result in increased spending from the Wildlife Boater Angler Fund (Fund 5P20). Fund 5P20 receives 0.125% of revenues from the motor vehicle fuel tax.

DNRCD2 **Nonresident deer permits and hunting licenses****R.C. 1533.10, 1533.11, and 1533.12**

Increases the nonresident hunting license fee and the apprentice nonresident hunting license fee from \$124 to \$149.

Revises existing law requiring procurement of a \$23 deer permit to hunt deer by establishing a nonresident deer permit (\$99), and a resident deer permit (\$23).

Revises existing law requiring a person on active duty in the U.S. Armed Forces who is either stationed in Ohio or on leave or furlough to obtain a deer permit by requiring such a person to obtain a resident deer permit and specifying that the person is eligible to obtain a resident deer permit regardless of whether the person is a resident of Ohio.

Specifies that the fee for a youth deer permit is ½ the price of a regular resident deer permit regardless of residency.

Fiscal effect: DNR estimates the number of nonresident hunting licenses and deer permits to be approximately 38,000 and 41,000 respectively. If the same number are sold under the increased fees, there would be a gain in license and permit revenue deposited into the Wildlife Fund (Fund 7015) of a few million dollars annually.

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DNRCD17 Central Support Indirect**Section: 337.20**

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.

Specifies that GRF appropriation item 725401, Division of Wildlife - Operating Subsidy, be used to cover the indirect costs of the Division of Wildlife.

DNRCD18 Parks and Recreational Facilities Lease Rental Bond Payments**Section: 337.30**

Requires GRF appropriation item 725413, Parks and Recreational Facilities Lease Rental Bond Payments, to be used during the FY 2016- FY 2017 biennium to make payments on behalf of DNR pursuant to leases and agreements made under section 154.22 of the Revised Code. Specifies that these appropriations are the source of funds pledged for bond service charges on related obligations issued under Chapter 154 or the Revised Code.

DNRCD19 Canal Lands**Section: 337.30**

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

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DNRCD20 Healthy Lake Erie Program**Section: 337.30**

Requires 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.

DNRCD21 Coal and Mine Safety Program**Section: 337.30**

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.

DNRCD22 Transfer of funds for mineral resource management**Section: 337.30**

Allows, during the FY 2016 - FY 2017 biennium, the Director of Budget and Management, at the request of the Director of Natural Resources, following the identification of available balances in the Unreclaimed Land Fund (Fund 5290), to transfer up to \$500,000 per year from Fund 5290 to the Coal Mining Administration and Reclamation Reserve Fund (Fund 5260). Specifies that the cash transfer to Fund 5260 be used to operate the Coal Regulatory Program.

Allows, during the FY 2016 - FY 2017 biennium, the Director of Budget and Management, at the request of the Director of Natural Resources, following the identification of available balances in Fund 5290, to transfer up to \$800,000 per year from Fund 5290 to the Surface Mining Fund (Fund 5270). Specifies that the cash transfer to Fund 5270 be used to operate the

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Industrial Minerals and Ohio Mine Safety and Training programs.

DNRCD23 Natural Resource General Obligation Bond Debt Service**Section: 337.30**

Requires GRF appropriation item 725903, Natural Resources General Obligation Bond Debt Service, to be used during the FY 2016-FY 2017 biennium to pay all debt service and related financing costs on obligations issued under sections 151.01 and 151.05 of the Revised Code.

DNRCD24 Soil and Water Districts**Section: 337.40**

Allows DNR to use 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 the county auditor to credit payments to the special fund established under Section 1515.10 of the Revised Code for the local soil and water conservation district. Specifies that moneys received by each district be expended for the purposes of the district.

DNRCD25 Oil and Gas Well Plugging**Section: 337.40**

Requires 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.

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DNRCD26 Transfer of funds for Oil and Gas Division and Geological Mapping Operations**Section: 337.40**

Allows the Director of Budget and Management, in consultation with the Director of Natural Resources, to transfer cash as necessary from the GRF to the Oil and Gas Well Fund (Fund 5180) and the Geological Mapping Fund (Fund 5110) during the FY 2016-FY 2017 biennium. Requires that the cash transfer to Fund 5180 be used for handling the increased regulatory work related to the expansion of the Oil and Gas Program that will occur before receipts from this activity are deposited into Fund 5180. Requires the cash transferred to Fund 5110 be used for handling the increased field and laboratory research efforts related to the expansion of the Oil and Gas Program that will occur before receipts from this activity are deposited into Fund 5110. Requires the Directors of OBM and DNR to establish a schedule for repaying the transferred cash from Fund 5180 and Fund 5110 to the GRF once receipts from severance taxes, application and permitting fees, and other sources have accrued to Funds 5180 and 5110 in such amounts as are considered sufficient to sustain expanded operations.

DNRCD27 Watercraft Marine Patrol**Section: 337.50**

Requires up to \$200,000 in each fiscal year from 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 R.C.1547.67. Requires proposals for equipment to accompany an application for a marine patrol subsidy loaned to eligible patrols pursuant to a cooperative agreement between the patrols and the Department of Natural Resources.

Executive

DNRCD28 Well log filing fees**Section: 337.60**

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.

DNRCD29 Human Resources Direct Service**Section: 337.70**

Requires Fund 2050 appropriation item 725696, Human Resources Direct Service, to be used to cover the cost of support, coordination, and oversight of DNR's 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.

DNRCD30 Law Enforcement Administration**Section: 337.80**

Requires Fund 2230 appropriation item 725665, Law Enforcement Administration, to 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

DNRCD31 Fountain Square and ODNR grounds at the Ohio Expo Center**Section: 337.90**

Requires 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 DNR 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.

DNRCD32 Clean Ohio Trail Operating**Section: 337.100**

Requires appropriation item 725405, Clean Ohio Trail Operating, to be used to administer Clean Ohio Trail Fund (Fund 7061) projects pursuant to R.C. 1519.05.

DNRCD33 Parks Capital Expenses Fund**Section: 337.110**

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.

Executive**DNRCD34 NatureWorks Capital Expenses Fund****Section: 337.110**

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.

DNRCD41 Legislative review of statutes regarding the application of fertilizer and manure to agricultural fields**Section: 709.10**

Requires, within four years of the effective date of Section 709.10 of H.B. 64 of the 131st General Assembly, the committees of the House of Representatives and the Senate that are primarily responsible for agriculture and natural resource matters to jointly review the effectiveness of Sections 905.326, 905.327, 1511.10, and 1511.11 or the Revised Code regarding the application of fertilizer and manure to agricultural fields in order to determine whether to recommend legislation repealing those sections. Requires the committees to jointly issue a report to the Governor containing their findings and recommendation. Permits the committees, if they do not recommend repealing those sections, to include in the report additional recommendations for revisions to those sections.

Executive

AGRC4 Application of fertilizer and manure

R.C. *905.326, 905.327, 1511.10, 1511.11, 1511.99,*
Section 709.10

Does all of the following regarding the application of fertilizer and manure in the western basin of Lake Erie:

- (1) Prohibits, with certain exceptions, the application of fertilizer or manure on frozen ground, on saturated soil, and during certain weather conditions;
- (2) Requires the Director of Agriculture or the Director's designee to administer the fertilizer provisions and the Director of Natural Resources or the Director's designee to administer the manure provisions;
- (3) States that the prohibition does not affect any restrictions established in the Concentrated Animal Feeding Facilities Law or otherwise apply to those entities or facilities that are permitted as concentrated animal feeding facilities under that Law;
- (4) Exempts a person from the prohibition if the person applies the fertilizer or manure, as applicable, under specified circumstances, including injecting the fertilizer or manure into the ground and incorporating the fertilizer or manure within 24 hours of surface application;
- (5) Authorizes the Director of Agriculture or the Director's designee or the Director of Natural Resources or the Director's designee to investigate complaints filed against a person that violates the above prohibition, including applying for a search warrant;
- (6) Authorizes the applicable Director to assess a civil penalty against a person that violates the prohibition against the application of fertilizer or manure, as applicable, only if the person is afforded an opportunity for an adjudication hearing;
- (7) Requires a violator of the prohibition against the application of fertilizer or manure, as applicable, to pay a civil penalty in an amount determined in rules, not to exceed \$10,000;
- (8) Specifies that a violator of the prohibition against the application of manure is guilty of a first degree misdemeanor and also may be assessed damages for repairing any damage to property caused by the violation; and
- (9) Requires a legislative review of the above provisions four years after their effective date to determine if they should be repealed.

Executive

Fiscal effect: May increase costs for the Department of Agriculture and the Department of Natural Resources to investigate and pursue complaints regarding improper manure and fertilizer application. Some of these enforcement costs would be offset by civil penalties that could be imposed.

Executive

AIRCD1 Energy Strategy Development Program

Section: 213.20

Requires OAQDA to establish the Energy Strategy Development Program to develop energy initiatives, projects, and policy that align with the energy policy for the state. Creates the Energy Strategy Development Fund (Fund 5EG0) consisting of money credited to it and money obtained for advanced energy projects from federal or private grants, loans, or other sources. Specifies that interest earned on money in Fund 5EG0 be credited to the GRF.

Permits the Director of Budget and Management to make the following cash transfers up to the amounts specified to Fund 5EG0 on July 1 or as soon as possible thereafter each fiscal year:

- (1) Up to \$27,405 in FY 2016 and up to \$27,439 in FY 2017 from the State Agency Construction Project Service Fund (Fund 1310) used by the Ohio Facilities Construction Commission;
- (2) Up to \$27,405 in FY 2016 and up to \$27,439 in FY 2017 from the Central Support Indirect Cost Fund (Fund 5GH0) used by the Department of Agriculture;
- (3) Up to \$27,405 in FY 2016 and up to \$27,439 in FY 2017 from the Supportive Services Fund (Fund 1350) used by the Development Services Agency;
- (4) Up to \$27,405 in FY 2016 and up to \$27,439 in FY 2017 from the Central Support Indirect Cost Fund (Fund 2190) used by the Environmental Protection Agency;
- (5) Up to \$27,405 in FY 2016 and up to \$27,439 in FY 2017 from the Central Support Chargeback Fund (Fund 1570) used by the Department of Natural Resources; and
- (6) Up to \$39,150 in FY 2016 and up to \$39,199 in FY 2017 from the Highway Operating Fund (Fund 7002) used by the Department of Transportation.

Allows the Director of Budget and Management to transfer any remaining cash in Fund 5EG0 at the end of FY 2017 to the GRF. Abolishes Fund 5EG0 upon completion of the transfer.

Fiscal effect: Generates up to \$176,175 in FY 2016 and up to \$176,394 in FY 2017 for oversight of energy initiatives, projects, and strategies that align with the state's energy policy.

Executive

OBMCD20 FY 2015 GRF ending balance

Section: 512.30

Requires the Director of OBM to allocate cash from the FY 2015 surplus GRF revenue that would otherwise be transferred to the Budget Stabilization Fund (Fund 7013) or the Income Tax Reduction Fund (Fund 4R80) as follows:

- (1) Reserve up to \$200,000,000 cash in the GRF to support personal income tax reductions;
 - (2) Transfer up to \$375,000,000 cash to the Budget Stabilization Fund to increase the balance of that fund to an amount equal to 5% of estimated FY 2017 GRF revenue;
 - (3) Transfer up to \$120,000,000 cash to the Student Debt Reduction Fund (Fund 5QF0);
 - (4) Transfer up to \$40,000,000 cash 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;
 - (5) Transfer up to \$20,000,000 cash to the Disaster Services Fund (Fund 5E20);
 - (6) Transfer up to \$25,000,000 cash to the Systems Transformation Support Fund (Fund 5QM0);
 - (7) Transfer up to \$12,000,000 cash to the Natural Resources Special Purposes Fund (Fund 5MW0), which the bill creates;
 - (8) Transfer up to \$10,000,000 cash to the Local Government Innovation Fund (Fund 5KN0).
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Executive**LECCD1 Cash transfers to the Lake Erie Resources Fund****Section: 313.10**

Permits the Director of Budget and Management, on July 1 of each fiscal year, or as soon as possible thereafter, to transfer up to \$44,000 from each of the following funds to the Lake Erie Resources Fund (Fund 5D80):

- (1) Environmental Protection Fund (Fund 5BC0) used by the Ohio Environmental Protection Agency.
- (2) Pesticide, Fertilizer and Lime Fund (Fund 6690) used by the Department of Agriculture.
- (3) General Operations Fund (Fund 4700) used by the Department of Health.
- (4) Central Support Indirect Fund (Fund 1570) used by the Department of Natural Resources.

Permits the Director of Budget and Management, on July 1 of each fiscal year, or as soon as possible thereafter, to transfer \$44,000 from a fund used by the Development Services Agency, as specified by the Director of Development Services, to Fund 5D80.

Permits Fund 5D80 to accept contributions and transfers made to the fund.

Executive

Other Taxation Provisions

TAXCD20 Hydrocarbon severance taxes

R.C. *5749.02, 190.01 - 190.04, 321.50, 1509.01,
1509.02, 1509.11, 1509.34, 5703.052,
5703.19, 5749.01 - 5749.04, 5749.06 -
5749.08, 5749.10, 5749.12 - 5749.15,
5749.17, Sections 512.80, 812.20, Repealed:
1509.50*

Distinguishes "horizontal" wells from all other wells for the purpose of levying special tax rates on severances of oil, gas, natural gas liquids, and condensate from horizontal wells beginning on July 1, 2015. Repeals a cost recovery assessment imposed on all wells from which oil and gas is severed. Credits revenue from the horizontal well severance tax to the Severance Tax Receipts Fund, and requires the OBM Director to make quarterly transfers to distribute the proceeds to various funds, including the GRF.

(1) Adjusts the severance tax rate applicable to nonhorizontal wells to equal the combined rate of the current law's cost recovery assessment and the current law's severance tax rate on oil and gas. Exempts from continuing law's volume-based severance tax any gas severed from an exempt domestic well or a nonhorizontal well producing less than a particular volume of gas in a calendar year, but imposes a \$60 annual fee on the owner of each such well, payable to the Oil and Gas Well Fund.

(2) Levies a new 6.5% severance tax on oil, unprocessed gas, and condensate separated from oil or gas, severed from a horizontal well based on the volume of the resource severed or collected and multiplied by the resource's applicable spot price.

(3) Levies a new 4.5% severance tax on processed gas and natural gas liquids (NGLs) separated from oil or gas, severed from a horizontal well based on the volume of the resource collected or processed multiplied by the resource's applicable spot price.

(4) Requires the Director of Budget and Management to credit to the Oil and Gas Well Fund and Geological Mapping Fund revenue from the new horizontal well severance tax in accordance with a monthly schedule of disbursements that considers the resources of the oil and gas regulatory resources of the Department of Natural Resources (DNR).

Executive

(5) Credits 80% of the remaining revenue (after the transfers to DNR) to the GRF and credits the other 20% to provide funding for local governments.

(6) Distributes one-half of the revenue earmarked for local governments to counties in which drilled wells are located, and requires the county budget commission to determine the amounts allocated to subdivisions in each county. Distributes the other one-half of the local government revenue equally between two custodial funds administered by the new Ohio Shale Products Regional Commission to provide grants for local governments in areas with active shale well development. Prohibits money in one of the custodial funds, the Severance Tax Endowment Fund, from being used until after July 1, 2025.

(7) Requires the Governor's Office of Appalachian Ohio to provide staff and administrative assistance to the Ohio Shale Products Regional Commission upon request.

Fiscal effect: According to executive estimates, the new severance tax will increase GRF receipts by \$76.5 million in FY 2016 and \$183.4 million in FY 2017. Revenues available to local governments via the newly established County Severance Tax Fund will be \$9.6 million in FY 2016 and \$22.9 million in FY 2017. As for the two newly created custodial funds, the Severance Tax Infrastructure Fund and the Severance Tax Endowment Fund, each will receive \$4.8 million in FY 2016 and \$11.5 million in FY 2017. 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 increase in the coming biennium as compared to their existing levels.
