

# ***Fiscal Note & Local Impact Statement***

*122<sup>nd</sup> General Assembly of Ohio*

**BILL:** Sub. S.B. 130 **DATE:** June 25, 1997

**STATUS:** In Senate State and Local Government and Veterans' Affairs **SPONSOR:** Sen. Watts

**LOCAL IMPACT STATEMENT REQUIRED:** No — No Local Cost

**CONTENTS:** Various changes to laws governing the Adjutant General and the Ohio National Guard

## ***State Fiscal Highlights***

STATE FUND	FY 1998	FY 1998	FUTURE YEARS
<b>General Revenue Fund</b>			
Revenues	Potential Gain	Potential Gain	Potential Gain
Expenditures	Potential Decrease	Potential Decrease	Potential Decrease
<b>Armory Improvement Fund</b>			
Revenues	Potential Gain	Potential Gain	Potential Gain
Expenditures	- 0 -	- 0 -	- 0 -

- By allowing liquor to be sold on National Guard property, the state may receive additional revenue from the issuance of temporary liquor permits.
- By allowing liquor to be sold on National Guard property, the Adjutant General may receive additional revenue for the Armory Improvement fund due to increases in armory rentals.
- By transferring jurisdiction for liquor sale violations at National Guard Armories, the Liquor Control Commission may incur increased costs associated with the investigation and review of violations.
- By providing that the state need not hold the deed to property acquired, designed, or constructed under a joint funding agreement with the United States, The Adjutant General may realize a reduction in the costs of maintaining some newly acquired facilities.

## ***Local Fiscal Highlights***

LOCAL GOVERNMENT	FY 1998	FY 1999	FUTURE YEARS
<b>Counties</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Minimal Decrease	Minimal Decrease	Minimal Decrease
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase

- By expressly exempting the active duty and training pay of National Guard members from the municipal income tax, municipalities may see a slight reduction in costs associated with contested income tax returns.



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## ***Detailed Fiscal Analysis***

This bill makes a variety of changes to the laws governing the Adjutant General and the Ohio National Guard. The majority of these changes will have no financial impact on the state or its political subdivisions. Those sections of the bill with financial implications are outlined below.

### ***Liquor Sales***

Under current law, the sale of intoxicating liquor at Ohio National Guard facilities is prohibited. The bill would allow the sale of liquor when a liquor permit has been issued and provides that violations will be subject to civil proceedings. Armories across the state are occasionally rented out for community programs and weddings. The bill will allow individuals renting the facilities to obtain temporary permits for the sale or serving of liquor during these functions. The state may realize a minimal increase in revenue from the issuance of these temporary permits. The Adjutant General may realize an increase in rental receipts if armories are rented more frequently due to the availability of liquor permits.

Under current law, guard members violating the prohibition of liquor sales on National Guard property are subject to court martial proceedings. The bill would cause any violations to be subject to the same regulations and civil or criminal proceedings under the jurisdiction of the Liquor Control Commission, whether or not the violator was a guard member.

### ***Municipal Income Taxes***

Under current law, training and activity duty military pay is exempt from municipal income taxes. Guard members participating in weekend or annual training exercises are on active duty at that time and their pay is exempt from municipal taxes. According to a spokesperson with the Adjutant General's office, a small number of municipalities have attempted to collect taxes on this pay; resulting in recurring expenditures of time and effort on the part of the Adjutant General's staff and the municipalities to resolve these issues. The bill tightens the exemption language by listing National Guard member's pay as exempt compensation.

### ***Acquisition of Guard Facilities***

Under current law, all facilities acquired by the Adjutant General, through gift or purchase, must be deeded to the state. The bill waives this requirement when the Adjutant General enters into an agreement with the United States, whereby the U.S. contributes to the cost of acquiring, designing, or constructing a facility for developing, training, or operating National Guard units. Since most armories are built under a federal/state cost sharing agreement, the state will no longer be required to hold the deed for these newly acquired or constructed guard facilities. If the federal government holds the deed to the property, the primary responsibility for the maintenance of the facility rests with the federal government. It is possible that the Adjutant General will realize a savings in the cost to maintain newly acquired or constructed armories.

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