Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
77 South High Street, 9th Floor, Columbus, OH 43215-6136 ✧ Phone: (614) 466-3615
✧ *Internet Web Site:* http://www.lsc.state.oh.us/

BILL:	**Am. Sub. H.B. 420**	DATE:	**December 17, 2008**
STATUS:	**As Enacted – Effective December 30, 2008 (certain provisions effective on other dates)**	SPONSOR:	**Rep. Brinkman**

LOCAL IMPACT STATEMENT REQUIRED: **No local cost in As Introduced version, but current version contains provisions that create significant local costs**

CONTENTS: **Promotes transparency with respect to state spending, state real property management, and state program effectiveness; makes other changes relative to the operation of certain state programs; and declares an emergency**

This bill makes a variety of statutory changes affecting the operation of state programs. Due to the number of changes in the bill and the different program areas affected, the fiscal note is divided into the following six sections:

Section 1: General Government
Section 2: Health and Human Services
Section 3: Education
Section 4: Judiciary
Section 5: Taxation
Section 6: Land Conveyances

Section 1: General Government

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010	FUTURE YEARS
General Revenue Fund and Various State Funds – Various Agencies			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase in personnel costs for real property management personnel	Potential increase in personnel costs for real property management personnel	Potential increase in personnel costs for real property management personnel
Accounting and Budgeting Fund (Fund 1050) – Office of Budget and Management			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase to perform agency assessments	Potential increase to perform agency assessments	Potential increase to perform agency assessments
General Revenue or Other State Fund – Department of Administrative Services			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Increase of $50,000 for DAS contract database	- 0 -
Statewide Consortium of County Law Library Resources Boards Fund			
Revenues	- 0 -		Gain in fine and fee revenue collected by county law library resource boards
Expenditures	- 0 -		Increase in State Consortium Board costs

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

Department of Administrative Services and other state agencies

- ***DAS contract database*.** DAS indicated that it would cost approximately $50,000 to create an interface with the Ohio Administrative Knowledge System (OAKS) and the searchable, public web site to display information on state contracts over $25,000. A funding source has not yet been identified.

- ***Real property management costs*.** Existing personnel in most large agencies may be able to provide the OGRIP Council the information it needs for the real property management plan and inventory. If not, agencies could incur new payroll, fringe benefit, and equipment costs. If a current employee could carry out these functions, there may still be some costs for reclassifying that employee to a higher paying position.

Office of the Attorney General

- ***Compliance monitoring*.** The bill requires the Office of the Attorney General to monitor compliance with state economic development grant awards and submit an annual report to the General Assembly regarding compliance. The Office of the Attorney General will likely experience some manner of costs associated with taking on these new duties (i.e., staff, equipment, or other resources) out of the GRF; however, the extent of those costs is currently unknown.

Office of Budget and Management

- ***State agency assessments*.** At the Governor's direction, the bill requires 19 executive agencies to establish goals and metrics that further the Governor's leadership agenda. The magnitude of the fiscal effect of this provision is unclear, but if the Governor were to tap the Office of Budget and Management (OBM) to oversee this program, there may be new personnel or consultants to hire and supplies and equipment to purchase, the amount of which would depend on program implementation. If so, the costs may be paid out of OBM's Accounting and Budgeting Fund (Fund 1050).

Statewide Consortium of County Law Library Resources Boards

- The bill creates a five-member Statewide Consortium of County Law Library Resources Boards and prescribes its duties, which are generally to serve as a clearing house and coordinating body for county law library resources boards.

- Beginning in calendar year 2011, counties are required to transfer 2% of the funds deposited in the County Law Library Resources Fund to the Statewide Consortium of County Law Library Resources Boards Fund. The bill allows for this rate to be adjusted with the approval of a majority of county law library resources boards. As well as paying for the operations of the Consortium, the fund may also be used to issue grants to individual county law library resources boards.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2009	FY 2010	FUTURE YEARS
Municipalities			
Revenues		- 0 -	
Expenditures	Potential increase in energy conservation project acquisition costs	Potential increase in energy conservation project acquisition costs, potentially offset by lower energy costs	
Counties			
Revenues		- 0 -	
Expenditures	Increase in county law library funding costs, as counties would bear full responsibility for law library operating costs	Potential increase in law library funding costs depending upon law library appropriations approved by county commissioners	

Note: For most local governments, the fiscal year is a calendar year. The school district fiscal year is July 1 through June 30.

County law libraries

- Counties would be required to pay 100% of the operating costs of county law libraries in calendar year 2009, in effect altering a four-year transitional funding mechanism established in H.B. 66, the main operating budget act for FY 2006-FY 2007, which would have reduced the counties' burden for paying for law libraries.

- For calendar year 2010 and thereafter, law libraries would be county entities with all expenses of these boards to be budgeted and appropriated as if they were public entities.

- The bill creates a county law library resources board in each county to provide legal research, reference, and library services, replacing the current county law library associations that provide these services. This could result in cost increases to counties which, outside of the statutorily required fines, do not contribute money from the county treasury to assist in county law library funding. In most cases, these appear to be the smaller counties.

- Because these boards would be public entities, the bill creates a County Law Library Resources Board Fund in each county treasury in order to receive the fines and penalties that pay for county law libraries currently.

- The bill permits adjacent counties to form Multi-County Law Library Resources Boards. This authority would allow counties to combine services, thereby reducing the costs of operating law libraries in those counties. Presumably, this would be a desirable option for smaller counties.

Municipal energy conservation measures

- The bill expands the types of energy conservation measures that a municipality may undertake to include new buildings and infrastructure and allows these projects to be financed over a period that is the lesser of 30 years or the average life expectancy of the proposed energy conservation project. Given the longer financing term, this could lead municipalities to pursue a greater number of energy conservation projects, or perhaps more expensive projects.

- While municipalities could incur greater bond financing costs, there would presumably be energy cost savings in the long term.

Local retirement incentive plan costs

- The bill specifies the circumstances under which federal funding may be used for paying retirement incentive plan costs by a county or a county's agency. The provision would have a permissive fiscal impact to a county or county's agency that established a retirement incentive plan.

Detailed Fiscal Analysis

Transparency initiatives

DAS contract database

The bill requires the Department of Administrative Services (DAS) to establish and maintain a publicly available, searchable web site that displays certain information on contracts awarded by the state costing over $25,000. These awards must be posted on the web site within 30 days after the award is made. The web site must be fully operational within a year of the bill's effective date and must include information for FY 2008 and thereafter.

DAS indicated that it would cost approximately $50,000 to create an interface with the Ohio Administrative Knowledge System (OAKS), which houses the information on state contracts, and the searchable, public web site. DAS has not identified a source of funding to pay those costs. DAS is also required to prepare and submit to the General Assembly an annual report regarding the implementation of the web site. Each report is to be posted online.

Compliance monitoring of state economic development awards

The bill requires the Office of the Attorney General to monitor compliance with state economic development grant awards and submit an annual report to the General Assembly regarding compliance. These awards are defined to be state financial assistance and expenditure in the forms of grants, subgrants, loans, awards, cooperative agreements, or other similar and related forms of financial assistance and contracts, subcontracts, purchase orders, task orders, delivery orders, and so forth. Any state financial assistance and expenditure received from the General Assembly or any legislative agency, any court or judicial agency, and the offices of the Secretary of State, Auditor of State, Treasurer of State, and Attorney General are exempt from this monitoring. The bill also grants the Attorney General authority to pursue recovery of those awards if certain conditions are not met.

The Office of the Attorney General will likely experience some manner of costs associated with taking on these new duties (i.e., staff, equipment, or other resources); however, the extent of those costs is currently unknown.

Agency performance measures

At the Governor's direction, the bill requires 19 executive agencies to establish goals and metrics that further the Governor's leadership agenda.[1] Each agency's performance against these goals and metrics is to be posted on a regular basis on the Governor's web site. The magnitude of the fiscal effect of this provision is unclear as the bill does not specify the entity responsible for implementing the program or the means by which these evaluations would be done.

---

[1] The agencies are the Office of Budget and Management, the Environmental Protection Agency, as well as the departments of Administrative Services, Aging, Agriculture, Alcohol and Drug Addiction Services, Commerce, Development, Health, Insurance, Job and Family Services, Mental Health, Mental Retardation and Development Disabilities, Natural Resources, Public Safety, Rehabilitation and Correction, Transportation, Veterans Services, and Youth Services.

If the Office of Budget and Management (OBM) were to oversee the program, it is likely to incur new costs for hiring personnel or consultants, and equipment. If so, a potential funding source would be the Accounting and Budgeting Fund (Fund 1050), which receives payroll chargebacks based on the gross pay of each employee to pay for OBM's accounting and budgeting services and OAKS Financials component costs.

Agency grant information

The bill requires each of the above 19 executive agencies that awarded a grant to an entity in FY 2008 and thereafter to establish and maintain a separate web site listing specified information about grant awards, such as the grant recipient, grant amount, and other information about the grant. Thirty days after an agency awards a new grant, it is to update that web site. To aid the public in accessing the agency grant listings, DAS is to establish an additional web site that links to each of those web sites.

Among those agencies that do award grants, there is wide variety in how grant recipient information is posted online, if any is posted at all. Some, like the Department of Development, may post reports online that already provide all the information required in one document or location and thus would likely not incur any meaningful costs. Other agencies may post some or all grant award information online but in a decentralized manner, such as through individual press releases, newsletters, or on the different pages of the department's web site. There would be some additional work involved to either consolidate the information onto one web page or to put grant recipient and grant award information online. The fiscal effect of this provision, if any, would depend on the circumstances of each agency, but would likely be absorbed within existing resources at minimal cost.

Governor's Policy Information Working Group

The bill creates the Governor's Policy Information Working Group to consider and recommend policies and procedures that may be adopted by state agencies regarding the identification and collection of program information and its dissemination to the public. The Working Group is comprised of at least 16 members, most of which are department directors or their designees. The Director of Budget and Management and the Director of Taxation or their designees will serve as co-chairpersons of the Working Group. Beginning in FY 2010, the Working Group must meet at least four times per year.

The Working Group is to deliver periodic reports to the leadership of the General Assembly concerning its activities, findings and recommendations. The Working Group ceases to exist after making its final report in August 2011. The bill provides no compensation or reimbursement of expenses for Working Group members, but there may be some negligible administrative costs out of the GRF or some other state fund to produce the Working Group's reports.

Real property management

OGRIP Council – real property plans and inventory

The bill codifies the Ohio Geographically Referenced Information Program (OGRIP) Council, which already exists under the Ohio Office of Information Technology (OIT). The OGRIP Council's task is to coordinate the property owned by the state. To carry this out, the OGRIP Council is required to develop and annually update a real property management plan, which is to be contributed to by every state agency authorized to own or acquire real property except for the General Assembly, any legislative agency, any court or judicial agency, or the offices of the Secretary of State, Auditor of State, Treasurer of State, and Attorney General.

The plan must include the total number of real property assets the state owns; information uniquely identifying each real property asset; life-cycle cost estimations; real property disposal costs; operating, maintenance, and security costs of state properties, including utility costs at unoccupied properties; environmental costs associated with ownership of property, including the cost of environmental restoration and compliance activities, and so forth. This information is to be used to develop and update a real property inventory.

Potential agency personnel costs**.** According to DAS, there are 29 agencies that have real property and would be required to provide information to the OGRIP Council. Under Ohio's current Asset Management Policies and Procedures document, the executive officer of each agency must designate "inventory control officers" for the stewardship of both state-owned personal property and state-owned real property. These inventory control officers maintain a perpetual inventory of state-owned property on the OAKS Asset Management system, or on the agency's in-house asset management system in accordance with the Revised Code and all related policies and procedures.

According to LSC's discussions with DAS, that agency is not familiar with any agency that has a specific real property management plan as outlined in this bill. Current policies and procedures focus primarily on accounting and financial information, address accountability of state-owned assets, and provide uniform standards of classifying, maintaining, and reporting inventory records and any associated activity such as inventory additions, retirements, transfers, and so forth. Therefore, the components of the real property management plan required by the bill would appear to differ from the Asset Management Policies and Procedures manual. As such, preparing the plan would expand the duties and responsibilities of the state agencies that own or control real property.

Most large agencies likely have existing personnel that could provide the OGRIP Council the information it needs for the real property management plan and inventory. However, if a new hire is required, DAS indicated that the responsibilities and pay would be similar to the existing Property Management Specialist position in the state's job classification plan. This is an AFSME/OCSEA bargaining unit classification at pay range 28, which equates to annual payroll and fringe benefit costs of approximately $42,000 to $52,000 in FY 2009, depending on pay step. There may also be some ancillary equipment costs if a computer and/or printer would need to be purchased for a new employee. If a current employee could carry out these functions, there may still be some new personnel costs created if an employee was reclassified to a higher paying position to correspond to the employee's new duties. However, this would be less expensive than adding an additional employee for this purpose. Costs of reclassification of existing employees will depend on the pay range of those employees, which may vary.

***OGRIP*.** Given the assistance provided by the agencies in developing the real property management plan and inventory and the group's prior work involving real property information, the Office of Information Technology believes that OGRIP can support the level of effort required to carry out its new coordination and oversight responsibilities with its existing budget and staff. OGRIP's budget for FY 2009 is $618,095, which comes mainly from the GRF.

Real property database

The bill tasks the Treasurer of State (TOS) with developing and maintaining a comprehensive and descriptive database of all real property under the custody and control of the state, except when otherwise required for reasons of homeland security.[2] The bill codifies TOS's existing, publicly accessible database of state-owned properties derived from the property tax lists compiled in each county of all taxable and tax-exempt properties. While this database contains information on approximately 53,000 parcels throughout the state, there is no central repository for information about those properties and how they are being used. Therefore, in addition to permitting public comment on the properties (which TOS already relies on), the bill requires the OGRIP Council to provide information that adequately describes, when known, the location, acreage, and use of the state's property.

As noted above, OGRIP has a history of working with real property information and the development of a state inventory. The group's primary efforts have focused on gathering real property information through local government partners and comparing it with such state agency information. Thus far, OGRIP has collected real property information from 63 counties and is providing this information to support the development of the TOS database. As the partnership between OGRIP and TOS has already been established, there appear to be only minimal new costs, if any, to continue the work on the database.

County law libraries

Background – County law library funding structure

County law libraries receive funding from three sources: (1) the county treasury, (2) fines, penalties, and forfeited bail, and (3) private funds such as grants. As part of the funds coming from the county treasury, the county board of commissioners was required to furnish space, utilities, and bookcases and pay the compensation of one librarian and up to two assistants. However, H.B. 66 of the 126th General Assembly, the main operating budget act for FY 2006-FY 2007, lessened the burden on counties by creating a graduated scale whereby the responsibility for payment of personnel and operating costs was to have shifted from boards of county commissioners to law library associations. The transition was to have taken place over a four-year period beginning in 2007 and ending in 2010.

[2] State property owned or controlled by the General Assembly or any legislative agency, any court or judicial agency, and the offices of the Secretary of State, Auditor of State, Treasurer of State, and Attorney General are exempt from inclusion in the database.

Changes in county law library governance and funding

***State consortium of law library resources boards*.** The bill creates a state consortium of law library resources boards, which is comprised of the county law library resources board of each county. Additionally, the bill creates the Statewide Consortium Board, consisting of five members. The Board is responsible for (1) negotiating contracts for counties for the purchase and obtaining of legal research materials, (2) cataloguing existing resources held by each county, (3) developing and recommending guidelines for the collection of and access to legal resources, (4) providing consultation and assistance to counties, and (5) issuing an annual report of its activities to every county.

The Board is funded through the transfer of 2% of funds deposited into the County Law Library Resources Fund of each county. The total amount deposited into the fund will vary every year largely because law libraries are primarily funded through fines and penalties imposed by courts. For example, the Franklin County Law Library would have deposited approximately $19,000 into this fund based upon its calendar year 2007 receipts from fines and penalties. The Board is also permitted to increase the percentage deposited into the Statewide Consortium of County Law Library Resources Boards Fund if a majority of county law library resources boards approve. The Board may also use this fund to issue grants to individual county law library resources boards.

***County law library resources boards*.** This bill replaces the current county law library associations with county law library resources boards, which would be public entities beginning in calendar year 2010. Currently, most county law library associations are set up as nonprofit agencies operated by independent boards. The bill changes the transitional funding arrangement outlined in H.B. 66 and summarized above by requiring counties to pay 100% of the operating costs of the library in calendar year 2009 instead of the 40% cost share counties were originally required to pay. The result will be an increase in costs for 2009, as well as 2010 and thereafter, when these boards become county entities. As noted above, law libraries receive funding from three primary sources: (1) the county treasury, (2) fines, penalties, and forfeited bail, and (3) private funds. For those counties which do not contribute money to assist in the funding of county law libraries, making the law library a county entity could result in increased costs.

Because the bill establishes county law library resources boards as county entities, it requires each county to establish a County Law Library Resources Fund. The funding that law libraries currently receive will be deposited into this fund beginning in calendar year 2010. As part of this new arrangement, county law library resources boards would be required to submit an annual estimate of revenues and expenditures in each calendar year, and submit this estimate to the county commissioners before any funds can be appropriated.

Additionally, in 2010, once law library boards become county entities, they will no longer have to return any unused sums appropriated by counties as under current law. This change will allow moneys to accrue in these newly created County Law Library Resources Funds. For example, the Franklin County Law Library received $955,544 in fine receipts plus $82,374 in salary and benefit support from Franklin County in 2007, $28,058 of which it was required to return to the Franklin County general fund at the end of the calendar year.

***Multi-county law library resources boards*.** The bill permits, upon the recommendation of the county law library resources boards of two or more adjacent counties, counties to form multi-county law library resources commissions. This provision could allow counties to collaborate for services, thereby reducing costs to all counties involved in the association. Presumably, the counties that form such associations would be those that could possibly experience cost increases as a result of making law libraries county entities. The provision would most likely appeal to smaller counties.

Elimination of Senate majority caucus leadership position

The bill states that for calendar years 2009 and 2010, the salaries paid to those elected to leadership positions in the Ohio Senate shall be equal to the salaries paid for the equal or corresponding leadership positions in the Ohio House of Representatives. The practical effect of this provision is to eliminate the current position of assistant majority floor leader in the Senate, thereby reducing the number of majority leadership positions in the Senate to four. This provision creates an annual GRF savings in the operating budget of the Senate amounting to approximately $15,000, which is the amount paid to the individual member-elected assistant majority floor leader in addition to their base salary.

Expanded definition of municipal "energy conservation measures"

The bill expands the definition of energy conservation measures that a municipality may undertake to include new buildings and infrastructure and allows these projects to be financed over a period that is the lesser of 30 years or the average life expectancy of the proposed energy conservation project. Under the bill, such projects could entail acquiring, constructing, furnishing, equipping, improving the site of, and making energy saving improvements to municipal water, gas, and electric utilities. Infrastructure improvements would include the installation of renewable energy systems, traffic signals, or any other asset owned or operated by a municipality.

Changes in project financing terms

The bill requires that the amount spent by a municipality on energy conservation measures be unlikely to exceed the amount saved in energy, operating, maintenance, and avoided capital costs over the measures' average system life. Concerning arrangements for financing such projects, the bill requires that the interest charges and financing terms for an energy conservation contract be (1) not less than a specified percentage of the contract costs, as determined by the municipality, and (2) be paid within two years from the purchase date, with the remaining balance paid within the lesser of 30 years or the average system life of the equipment installed. In all, these conditions would limit the scope and cost of energy conservation projects that a municipality might consider using these financing terms. Presumably, a municipality would determine that the percentage of contract costs due within a two-year period would be such that there would be sufficient revenue to make the payments.

The bill also requires that energy conservation reports used to substantiate the need for and evaluate the cost and benefits of proposed energy conservation projects include (1) the interest rates used to project costs, (2) the measure's average system life, (3) estimates of the likely savings, and (4) certification that the report uses reasonable analyses and estimation methods. These changes might add minimally to the administrative costs involved with producing these reports and contracting for these projects.

Local retirement incentive plan costs

The bill specifies the circumstances under which federal funding may be used for paying retirement incentive plan costs by a county or county's agency. Under current state law, a county or county's agency may establish a retirement incentive plan. If a retirement incentive plan is established, a county or county's agency is required to make full payment to the retirement system of all actuarial obligations that occur as a result of the plan.

The bill indicates that federal funding for any year would be treated as an allowable source of funding for costs associated with a retirement incentive plan if less than 15% of a county or county agency's employees participate in its plan in a particular year. However, if 15% or more of a county or county agency's employees participate in its plan in a particular year, it is not allowed to use federal funding to pay for the plan. In the latter circumstance, the costs would be treated as abnormal or mass severance pay for federal funding purposes.

The provision has no fiscal impact to the state. However, it would have a permissive impact to a county or county's agency that established a retirement incentive plan.

Section 2: Health and Human Services

State Fiscal Highlights

STATE FUND	FY 2009 and FUTURE YEARS
General Revenue Fund	
Revenues	Potential decrease in federal Medicaid reimbursement due to Assisted Living provision
Expenditures	Potential decrease in Medicaid costs due to Assisted Living provision; potential minimal increase for administrative costs relating to reporting requirements due to Assisted Living provision
Federal Special Revenue Fund 3C40 (ALI 490622, Assisted Living - Federal)	
Revenues	Potential increase in federal Medicaid reimbursement due to Assisted Living provision
Expenditures	Potential increase
Federal Special Revenue Fund 3G50 (ALI 600655, Interagency Reimbursement)	
Revenues	Potential increase in federal Medicaid reimbursement due to Assisted Living provision
Expenditures	Potential increase due to Assisted Living provision

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- ***GRF Medicaid expenditures and federal Medicaid reimbursement*.** Medicaid expenditures from the General Revenue Fund (GRF) as well as federal Medicaid reimbursement will likely decrease as persons who would otherwise be served in a nursing facility would be served in a less costly setting under the Assisted Living Program.

- ***Assisted Living expenditures - GRF, Fund 3C40, and Fund 3G50*.** Assisted Living expenditures from the General Revenue Fund and Federal Special Revenue Fund will likely increase as persons who would otherwise be served in a nursing facility would instead be served by the Assisted Living Program. The bill allows the Director of Budget and Management to transfer GRF appropriations from the Department of Job and Family Services to the Department of Aging and increase non-GRF appropriations.

- ***Administrative costs*.** The bill creates additional administrative duties for the departments of Aging and Job and Family Services. These additional administrative requirements are likely to increase GRF costs. Any increase is likely to be minimal.

Local Fiscal Highlights

- The area agencies on aging will likely experience an increase in administrative costs. Those increased costs would be paid using state and federal dollars.

Detailed Fiscal Analysis

Assisted Living Medicaid Waiver Program

The bill provides for an individual admitted to a nursing facility while on a waiting list for Assisted Living to be placed in the Assisted Living Program (as long as the enrollment does not cause the program to exceed program limitation numbers) if it is determined that the Assisted Living Program is appropriate for the individual and the individual would rather participate in the Assisted Living Program than reside in the nursing facility. Enrollment in the Assisted Living Program is capped at 1,800. According to the Ohio Department of Aging (ODA), there were 884 individuals in the Program at the end of September 2008. There are reportedly about 20 individuals on a waiting list as of October 2008. According to OBM, the average monthly cost for Assisted Living services was $1,800 per month in FY 2006. The Ohio Department of Job and Family Services (ODJFS) reports that per eligible per month expenditures for nursing facility services was $4,600 in FY 2003. Thus, there would be a savings of approximately $2,800 per month for each individual served through the Assisted Living Program rather than in a nursing facility. Please note that for every one dollar Ohio spends on Medicaid the federal government gives Ohio approximately 60 cents.

Funding

On a quarterly basis, on receipt of the certified costs, the Director of Budget and Management may do all of the following:

(1) Transfer the state share of the amount of the estimated costs from GRF appropriation item 600525, Health Care/Medicaid, to GRF appropriation item 490422, Assisted Living Waiver;

(2) Increase the appropriation in ODA Fund 3C40, appropriation item 490622, Assisted Living - Federal, by the federal share of the amount of the estimated costs;

(3) Increase the appropriation in ODJFS Fund 3G50, appropriation item 600655, Interagency Reimbursement, by the federal share of the amount of the estimated costs.

The funds transferred and increased under this division are appropriated.

Local costs

The area agencies on aging will likely experience an increase in administrative costs as a result of the bill. Those increased costs would be paid using state and federal dollars.

Additional requirements

The bill requires ODA to certify to the Director of Budget and Management the estimated increase in costs of the Assisted Living Program resulting from enrollment of individuals into the program. Additionally, not later than the last day of each calendar year, the Director of the Department of Job and Family Services must submit to the General Assembly a report regarding the number of individuals enrolled in the Assisted Living Program and the costs incurred and savings achieved as a result of the enrollments. The requirements listed above are likely to increase administrative costs for the ODA and ODJFS. Any increase is likely to be minimal.

Capital appropriation transfers for the FY 2009-FY 2010 biennium

North Olmstead Welcome House

The bill increases capital appropriation item C59004, Community Assistance, from the Mental Health Facilities Improvement Fund (Fund 7033) by $250,000 for the North Olmstead Welcome House under the Department of Mental Retardation and Developmental Disabilities. This appropriation is offset by the elimination of two existing capital appropriations from Fund 7033 specifically for the North Olmstead Welcome House. The bill specifies that this project is not subject to the laws governing public improvements (Chapter 153. of the Revised Code).

Section 3: Education

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010	FUTURE YEARS
Mental Health Facilities Improvement Fund (7033)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Decrease of $500,000 in FY 2009-FY 2010 biennium		- 0 -
Higher Education Improvement Fund (7034)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase of $800,000 in FY 2009-FY 2010 biennium		- 0 -
Cultural and Sports Facilities Building Fund (7030)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Decrease of $300,000 in FY 2009-FY 2010 biennium		- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

Capital appropriation transfers for the FY 2009-FY 2010 biennium

- The bill transfers a $500,000 capital appropriation for the Mayerson Center from the Mental Health Facilities Improvement Fund (Fund 7033) under the Department of Mental Health to the Higher Education Improvement Fund (Fund 7034) under Cincinnati State Community College. The bill also transfers a $200,000 capital appropriation for the same purpose (Mayerson Center) within Fund 7034 from the University of Cincinnati to Cincinnati State Community College.

- The bill transfers a $250,000 capital appropriation for the Magnolia Clubhouse within Fund 7033 from the Department of Mental Retardation and Developmental Disabilities to the Department of Mental Health.

- The bill transfers a $300,000 capital appropriation for the Mt. Vernon Nazarene University Arts Center from the Cultural Facilities Commission's Cultural and Sports Facilities Building Fund (Fund 7030) to the Higher Education Improvement Fund (Fund 7034) for the Central Ohio Technical College Expansion in Mt. Vernon. The appropriation for this project is therefore increased from $700,000 to $1,000,000.

OIG and OCOG funding

- The bill allows the Chancellor of the Board of Regents (BOR) to use money in two custodial funds for need-based financial aid under the Ohio Instructional Grant (OIG) and Ohio College Opportunity Grant (OCOG) programs. Currently, these programs are funded solely by the GRF. According to BOR, the combined balance of the two custodial funds is approximately $1.0 million.

Local shares for additional School Facilities Commission (SFC) projects

- The bill extends to qualified districts approved for funding in FY 2008 a provision of H.B. 562 that caps the local share of certain SFC projects. SFC anticipates that, under the bill, Crestview Local School District in Van Wert County will be able to lower its local share. The state share of the project cost will increase by approximately $1.1 million, from $8.2 million to $9.3 million.

Local Fiscal Highlights

Differentiated accountability system for schools and school districts

- Potentially, the bill could decrease the number of schools and districts subject to the more intense and costly corrective actions required under the state's school improvement system.

Local shares for additional School Facilities Commission (SFC) projects

- The bill extends to qualified districts approved for funding in FY 2008 a provision of H.B. 562 that caps the local share of certain SFC projects. SFC anticipates that, under the bill, Crestview Local School District in Van Wert County will be able to lower its local share from its original percentage of 31% ($3.6 million) to 21% ($2.5 million), a difference of $1.1 million.

Detailed Fiscal Analysis

Capital appropriation transfers for the FY 2009-FY 2010 biennium

Mayerson Center

The bill appropriates $700,000 in capital funding from the Higher Education Improvement Fund (Fund 7034) under Cincinnati State Community College for the Mayerson Center. This appropriation is offset by the elimination of two existing capital appropriations for the Mayerson Center. The first appropriation is for $500,000 from the Mental Health Facilities Improvement Fund (Fund 7033) under the Department of Mental Health. The second appropriation is for $200,000 from Fund 7034 under the University of Cincinnati.

Magnolia Clubhouse

The bill appropriates $250,000 in capital funding from Fund 7033 under the Department of Mental Health for the Magnolia Clubhouse. This appropriation is offset by the elimination of an existing $250,000 capital appropriation for the Magnolia Clubhouse, also from Fund 7033, but under the Department of Mental Retardation and Developmental Disabilities.

Central Ohio Technical College Expansion in Mt. Vernon

The bill increases the capital funding out of the Higher Education Improvement Fund (Fund 7034) for the Central Ohio Technical College Expansion in Mt. Vernon by $300,000, bringing the appropriation for this purpose to $1 million. This increase is offset by the elimination of an existing $300,000 capital appropriation for the Mt. Vernon Nazarene University Arts Center from the Cultural and Sports Facilities Building Fund (Fund 7030).

OIG and OCOG funding

The bill allows the Chancellor of the Board of Regents (BOR) to use money in the Ohio Outstanding Scholarship payment fund and the Ohio Priority Needs Fellowship payment fund to provide state need-based financial aid for higher education through the Ohio Instructional Grant (OIG) program and the Ohio College Opportunity Grant (OCOG) program. The Ohio Outstanding Scholarship and Ohio Priority Needs Fellowship payment funds are custodial funds that were created to receive principal and interest payments on loans made under a now-defunct state higher education loan program. The state loan program issued loans to students who could not meet the costs of higher education through grants and traditional student loans. The state no longer offers loans to students through the program, but many loans are outstanding and the funds will continue to receive money. According to the Board of Regents these two funds currently have a combined balance of approximately $1.0 million.

Under current law, the money in the funds can only be used for the Ohio Outstanding Scholarship and the Ohio Priority Needs Fellowship programs. The Ohio Outstanding

Scholarship program is intended to provide scholarships to undergraduate students to encourage the retention of Ohio's outstanding students. The Ohio Priority Needs Fellowship program is intended to provide fellowships to Ohio resident graduate students to encourage them to pursue fields of study that are determined to be state priorities.

Differentiated accountability system for schools and school districts

Ohio's current system of school improvement is spelled out in the Revised Code, although it is largely based on the requirements of the federal No Child Left Behind Act (NCLB). Under the bill, the current system no longer applies. Instead, the bill requires implementation of the system outlined in the model of differentiated accountability developed by the Ohio Department of Education (ODE) and approved by the U.S. Department of Education. ODE's current model was approved in July 2008.[3]

Under both systems, schools and districts identified for school improvement must submit to specified sanctions and choose from a number of corrective actions. Some of these sanctions and actions may result in significant costs, for example, providing supplemental educational services to students or extending the school day or school year. Others may not be as costly, for example, replacing the principal in a school. Schools and districts may receive both federal and state funding to assist in meeting the costs of the school improvement system. State funding is provided through two earmarks, one of GRF appropriation item 200431, School Improvement Initiatives, ($10.4 million in FY 2009) and one of GRF appropriation item 200550, Foundation Funding, ($3.3 million in FY 2009). This funding is not changed by the bill.

The bill affects which schools and districts are subject to the greater number and more intense corrective actions. Generally, under the current system, sanctions start after two consecutive years of failing to make "adequate yearly progress" (AYP) and an additional sanction or corrective action is added each consecutive year failure to make AYP continues. AYP is a measure used by NCLB to determine whether a school district or building is making satisfactory progress toward the goal of having all students performing at the proficient level on state assessments by the end of the 2013-2014 school year. AYP is measured for the students in a district and building as a whole and also for student groups based on race, economic status, limited-English proficiency, and disability. In order for a district or building to make AYP, all of its student groups must make AYP. So under the current system, schools and districts are subject to the same corrective actions whether they have one student group fail to make AYP or all student groups fail to make AYP.

In contrast, under ODE's model, schools and districts are differentiated by the percentage of student groups that fail to make AYP. ODE's model establishes a three-tier system (low support, medium support, and high support). Schools and districts in the low support tier have 20% or less of their student groups failing to make AYP, schools and districts in the medium support tier have from 20% to 30% of their student groups failing to make AYP, and schools and districts in the high support tier have more than 30% of their student groups failing to make

[3] The model is available on ODE's web site, www.ode.state.oh.us. Search for "differentiated accountability."

AYP. Schools and districts in the higher tiers are subject to additional and more intense corrective actions. Potentially, the bill could decrease the number of schools and districts subject to the more intense and costly corrective actions as ODE's model seems to limit this number to schools and districts with higher percentages of student groups failing to make AYP. The following table shows the number of school districts, community school sponsors, and schools that would fit into each tier in FY 2009.

FY 2009 District and Building Status on Percentage of AYP Conditions Not Met				
	School Districts		Community Schools	
Levels of Support	# of Districts	# of Schools	# of Sponsors	# of Schools
Low Support: **less than 20% not met**	218	391	4	6
Medium Support: **20% to 30% not met**	49	122	0	0
High Support: **more than 30% not met**	23	412	18	166
Total	290	925	22	172

Local shares for additional School Facilities Commission (SFC) projects

Am. Sub. H.B. 562, the capital appropriations act of the 127th General Assembly, capped the local shares of certain districts that had received state assistance for a facilities project previously and were receiving assistance for an additional project. This provision took effect in time for school districts offered funds by SFC in FY 2009. The bill extends the H.B. 562 provision to certain qualified districts approved by the Controlling Board for Classroom Facilities Assistance Program funding in FY 2008. SFC anticipates that, under the bill, Crestview Local School District in Van Wert County will be able to lower its local share from its original percentage of 31% ($3.6 million) to 21% ($2.5 million), a difference of $1.1 million. As a result of the local share decrease, the state share of the project cost will increase by $1.1 million, from $8.2 million to $9.3 million.

Section 4: Judiciary

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010	FUTURE YEARS
General Revenue Fund (GRF)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Estimated $13,543 increase related to state share of Hillsboro Municipal Court judgeship	Estimated $27,085 increase related to state share of Hillsboro Municipal Court judgeship	Estimated $27,085 increase related to state share of Hillsboro Municipal Court judgeship

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- ***Hillsboro Municipal Court judgeship.*** Starting in January 2009, the annual amount in GRF funding that the Supreme Court of Ohio will disburse in the form of state support for the judgeship in the Hillsboro Municipal Court will increase by an estimated $27,085 which consists of: (1) $22,200 in salary, (2) $3,057 in PERS contributions, and (3) $1,828 in miscellaneous other contributions. As the change in the status of the judgeship from part-time to full-time begins roughly halfway through the state's FY 2009 (January 2009), the amount of state financial support that will be disbursed in that fiscal year will be a portion of that annual amount, or approximately $13,543.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
City of Hillsboro (Highland County)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Estimated $30,975 increase related to local share of full-time judgeship	Estimated $30,975 increase related to local share of full-time judgeship	Estimated $30,975 increase related to local share of full-time judgeship

Note: For most local governments, the fiscal year is a calendar year. The school district fiscal year is July 1 through June 30.

- ***Hillsboro Municipal Court judgeship.*** Starting in January 2009, the annual salary and related payroll expenses for changing the judge of the Hillsboro Municipal Court from part-time to full-time status will cost the City of Hillsboro an estimated $30,975 per year.

Detailed Fiscal Analysis

<u>Hillsboro Municipal Court judgeship</u>

The bill changes the status of the judge of the Hillsboro Municipal Court from part-time to full-time. For the purpose of this analysis, LSC fiscal staff assumes that this status change will take effect on or about January 1, 2009. The Hillsboro Municipal Court is located within Highland County and operated by the City of Hillsboro.

<u>Judicial compensation-related costs</u>

<u>Base salary</u>. The annual salary of a municipal court judge consists of a local and state share determined by statute as follows:

- The ***local share*** is $35,500 per year for a part-time municipal court judge and $61,750 per year for a full-time municipal court judge.
- The ***state share*** is equal to the annual salary minus the local share.

According to the Supreme Court of Ohio's web site, in 2008, the annual salary of a full-time municipal court judge is $114,100 and the annual salary of a part-time municipal court judge is $65,650. Absent a statutory change providing annual salary increases after the year 2008, that annual amount will not increase thereafter. For the purposes of changing the status of the judge of the Hillsboro Municipal Court from part-time to full-time, this means that the annual local and state shares of that judge's salary will increase by $26,250 and $22,200, respectively. The increase in the local share will be paid by the City of Hillsboro.

<u>Retirement</u>. State and local elected officials are exempt from membership in PERS (Public Employees Retirement System), unless they choose to become members. Most do. Therefore, this analysis includes PERS payments, and the state and local PERS contributions would work as follows:

- The state and the City of Hillsboro contribute at the rate of 13.77% and 13.55% of their share amounts, respectively. Under that PERS contribution formula, the City of Hillsboro will pay $8,367 annually, while the state will contribute $7,209 in FY 2010, the first full state fiscal year of the full-time municipal court judgeship. This represents an annual increase in PERS expenses over a part-time judge of $3,557 for the City of Hillsboro and $3,057 for the state.

<u>Other state and local contributions</u>. In addition to PERS, the state and the City of Hillsboro also make contributions for other purposes as follows:

- The state contributions total approximately 8.235%, which includes 1.45% of gross salary for Medicare for all employees hired after April 1986, 0.07% for workers' compensation, 0.295% for the Department of Administrative Services' payroll administration services, and 6.42% for health insurance. These miscellaneous annual contributions will cost the state $4,311 in FY 2010, the first full state fiscal year of the full-time municipal court judgeship. This represents an annual increase over a part-time municipal court judgeship of $1,828 for the state.

- The City of Hillsboro's contributions total approximately 4.45%, which includes 1.45% of gross salary for Medicare and 3.0% for workers' compensation. These miscellaneous annual contributions will cost the City of Hillsboro $2,748. This represents an annual increase in expenses over a part-time judge of $1,168 for the City of Hillsboro.

Summary of payroll-related cost increases. The annual increases in the state and City of Hillsboro shares of various payroll costs directly related to the change in the Hillsboro Municipal Court judgeship are summarized in the table below.

Status Change in Hillsboro Municipal Court Judgeship from Part-Time to Full-Time
Estimated Increase in Annual State and Local Judgeship Payroll-Related Costs

State Share Increases	
Salary	$22,200
PERS	$3,057
Other Contributions	$1,828
Total Annual State Increase	**$27,085**
Local Share Increases	
Salary	$26,250
PERS	$3,557
Other Contributions	$1,168
Total Annual Local Increase	**$30,975**

Section 5: Taxation

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010	FUTURE YEARS
General Revenue Fund			
Revenues	Loss of up to $0.9 million, depending on effective date of the bill	Loss of up to $3.6 million	Loss of up to $3.6 million annually
Expenditures	- 0 -	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- ***Sales tax exemption*.** The sales tax exemption for sales of aircraft repair and maintenance services may reduce sales tax revenue by up to $3.9 million per year. The GRF would bear 94.1% of any revenue loss.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
Counties, Municipalities, and Transit Authorities			
Revenues	Loss of up to $0.6 million	Loss of up to $1.0 million	Loss of up to $1.0 million annually
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- ***Sales tax exemption*.** The sales tax exemption for aircraft repair and maintenance services reduces state sales tax revenue. State sales and use tax revenue is distributed to the Local Government Fund (3.68%) and the Public Library Fund (2.22%). Thus, distributions to the local government funds from the state sales tax would be reduced by $0.2 million per year.

- An exemption to the state sales and use tax also creates revenue losses to local governments from the county permissive and transit authorities' sales taxes. Revenue loss to local governments is estimated at up to $0.8 million per year.

- ***Tax increment financing for township public safety expenses*.** The bill may temporarily increase expenditures for current township public safety expenses, using tax increment financing funds. Any such outlays must be offset by reimbursement to the fund, no later than the day the exemption permitting service payments in lieu of tax payments under the tax increment financing agreement expires.

Detailed Fiscal Analysis

Sales tax exemption

The bill expands the sales tax exemption for sales of aircraft repair and maintenance services to those services performed at repair stations not certified by the Federal Aviation Administration (FAA). Under current law, the exemption applies only to services provided by FAA-certified businesses. This provision will decrease the state sales and use tax base and is estimated to reduce state sales tax revenues by up to $3.9 million per year. Revenue from the state sales and use tax is distributed to the General Revenue Fund (GRF, 94.1%), the Local Government Fund (LGF, 3.68%), and the Public Library Fund (PLF, 2.22%). Thus, the estimated revenue loss to the GRF would be up to $3.6 million per year. Revenue loss to the local government funds would be up to $0.2 million per year. The estimate of revenue loss for FY 2009 assumes an effective date of February 1, 2009, the effective date of the provision.

The state sales and use tax base is the same as the tax base of county permissive and transit authority sales taxes. Thus, an exemption to the state sales and use tax also creates an exemption and revenue losses from those local sales taxes. The revenue loss to local governments from county permissive and transit authorities' sales taxes is estimated at up to $0.8 million per year. The total revenue loss to local governments (reduced distributions from the state sales and use tax and lower revenue from county and transit authority taxes) is estimated at $1.0 million per year. The estimate of revenue loss to local governments assumes the fiscal year starts on January 1, 2009.

The estimates above are primarily based on sales of aircraft repair and maintenance services in the Economic Census of 2002.[4] Ohio sales were estimated based on the share of Ohio establishments providing the exempted services. The share of total sales of aircraft repair and maintenance services made by non-FAA certified repair stations is not known to LSC. To the extent Ohio FAA-certified repair stations receive the largest share of revenue from those sales, this fiscal note may overestimate the revenue loss from the change in the law.

Tax increment financing for township public safety expenses

The bill permits certain townships to use money in a tax increment financing fund to pay current public safety expenses. A township permitted to do so is one which adopted a resolution under R.C. 5709.73(B), pertaining to tax increment financing, prior to January 1, 1995, and that is party to a hold-harmless agreement related to property exempted under such a resolution, compensating a school district for tax revenues forgone because of the exemption granted by the resolution. Any funds expended for current public safety expenses must be reimbursed to the fund.

[4] Product line sales for other airport operations and other support activities for air transportations.

Section 6: Land Conveyances

State Fiscal Highlights

STATE FUND		FY 2009	FY 2010 and FUTURE YEARS
General Revenue Fund			
	Revenues	One-time gain in revenue of approximately $25,739 from the sale of various state-owned properties	- 0 -
	Expenditures	- 0 -	- 0 -
Department of Mental Health Trust Fund (Fund 4P90)			
	Revenues	One-time gain in revenue of $3.2 million from the sale of state-owned property	- 0 -
	Expenditures	- 0 -	- 0 -
Armory Improvements Fund (Fund 5340) – Adjutant General			
	Revenues	Potential one-time gain in revenue in excess of $55,000 from the sale of defunct armories	- 0 -
	Expenditures	- 0 -	- 0 -
Miscellaneous Revenue Fund (Fund 1520) – Dept. of Mental Retardation and Developmental Disabilities			
	Revenues	Potential one-time gain in revenue in excess of $112,096 from the sale of lands no longer needed by the Department of Mental Retardation and Developmental Disabilities	- 0 -
	Expenditures	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- The bill authorizes the Governor to convey several pieces of land to various entities including local governments and private organizations. The sale of the properties would result in one-time revenues to several state funds: the Department of Mental Health Trust Fund (Fund 4P90) would receive approximately $3.2 million; the Armory Improvements Fund (Fund 5340), under the Adjutant General, would receive an amount greater than $55,000; the General Revenue Fund would receive approximately $25,739, and the Miscellaneous Revenue Fund (Fund 1520), under the Department of Mental Retardation and Developmental Disabilities, would receive an amount equal to the final sale price of properties sold.

Detailed Fiscal Analysis

Land conveyances

The bill authorizes the conveyance of several pieces of state-owned real estate to private and public entities. The table below lists the current property holder, proposed purchaser, property location, and sale amount for these various transactions. The state fund that is to receive the sale proceeds is also listed. Except where noted, the proposed purchaser is to pay the conveyance fees.

Current Property Holder	Property Description	Purchaser	Sale Price	Fund Receiving Sale Proceeds
University of Toledo	Site of restaurant and bank buildings near University of Toledo	University of Toledo Foundation	Property exchange; estimated property value of $7 million	N/A
Department of Mental Health (DMH)	Portion of Appalachian Behavioral Healthcare Facility	Cambridge Real Estate Holdings, LLC	$3.2 million	Department of Mental Health Trust Fund (Fund 4P90)
Adjutant General (ADJ)	National Guard Armory	City of Norwalk	$55,000; $25,000 credited to City for property improvements	Armory Improvements Fund (Fund 5340)
	Various armories	Municipality or township where armories located (ADJ pays conveyance fees)	To be determined by independent appraiser	Armory Improvements Fund (Fund 5340)
Department of Administrative Services	MARCS tower site in Mercer County	Charles Knapke	$20,718.50	GRF
Department of Rehabilitation and Correction	Farmland near MARCS station	Scioto Township	$5,000	GRF
State of Ohio	Site of school building; parcel conveyed as collateral against school construction facility bonds	Preble Shawnee Local School District	$10	GRF

Current Property Holder	Property Description	Purchaser	Sale Price	Fund Receiving Sale Proceeds
	Site of school building; parcel conveyed as collateral against school construction facility bonds	Williamsburg Local School District	$10	GRF
Department of Mental Retardation & Developmental Disabilities (DMR)	Residential facility overseen by DMR but run by purchaser	Res-Care Ohio, Inc.	$112,096	Miscellaneous Revenue Fund (Fund 1520)
	Parcel near Gallipolis Developmental Center	Gallia County (DMR pays conveyance fees)	To be determined by independent appraiser	Miscellaneous Revenue Fund (Fund 1520)
	DMR excess parcel; rectifies property boundary issue	City of Gallipolis	To be determined by independent appraiser	Not specified
	Access roads to Appalachian Behavioral Healthcare System Facility	Cambridge Township	$0	N/A
Central State University	Two parcels in Greene County	Tawawa Community Development Corporation	$0	N/A

University of Toledo Foundation – Lucas County

The bill authorizes the conveyance of University of Toledo real estate to the University of Toledo Foundation. Currently, a Taco Bell and a bank building are located on the property. These buildings have been designated as having no value due to their age and lack of use. The fair market value of the site is $7 million. A parking complex is to be built on the property as part of a plan to economically develop an area adjacent to the University of Toledo. In exchange for the property, the University of Toledo is to be granted the use of 500 parking spaces for a period of 40 years. The Foundation is to pay all costs associated with the conveyance.

Cambridge Real Estate Holdings – Guernsey County

The bill authorizes the Governor to sell two pieces of state-owned real estate, located in Cambridge Township in Guernsey County, to Cambridge Real Estate Holdings, LLC. The property to be purchased is a portion of the former Appalachian Behavioral Healthcare Facility, run by the Department of Mental Health. The price for both parcels is to be $3.2 million, less any rent paid to the state by the purchaser through October 1, 2008 to the closing. The deed contains restrictions stating that the state shall be granted a permanent access easement on the property and that the use of the property shall not interfere with the use of the state's adjacent land. The purchaser is to pay all purchase and conveyance costs. After payment of the remaining capital debt of the property, the net proceeds of the sale are to be deposited into the Department of Mental Health Trust Fund (Fund 4P90).

City of Norwalk – Huron County

The bill authorizes the Governor to execute a deed in the name of the state conveying a piece of state-owned real estate, located in the City of Norwalk in Huron County, to the City of Norwalk. The parcel of land currently houses a National Guard Armory. The purchase price is to be $55,000 with $25,000 being credited to the City of Norwalk for improvements made to the property. The land was originally conveyed to the state in the deed of F.B. and Elsie Hume Case in 1910. A restriction in the original deed—stating that if, at any time, the premises were no longer used for an armory or other public building, then ownership of the premises reverts to F.B. Case or his heirs—remains intact. The City of Norwalk is to pay all costs associated with the conveyance. The net proceeds of the sale will be deposited in the Armory Improvements Fund (Fund 5340).

Adjutant General – sale of armories

The bill authorizes the Governor to sell, via a method prescribed in the bill, eight parcels of land, designated by the Adjutant General (ADJ) as no longer needed by the Ohio National Guard for armory or military purposes in: Ashland, Ashtabula, Champaign, Clark, Delaware, Franklin, Knox, and Mansfield counties. The properties all currently contain Ohio National Guard armories. The sale of these properties is to facilitate the relocation of active National Guard units to regional sites and will be completed after the current facilities are closed. Each piece of land is to be offered at a value arrived at by an independent appraiser to the respective municipality or township in which it is located. Should the municipality or township decline, the properties will then be offered to the counties in which they are located. Should the counties decline, the properties will be auctioned off to the public. All costs of the sale are to be paid for by ADJ. If any of these parcels is purchased by a local government entity and then resold within two years of the purchase, then the state shall receive half of the net profits of the sale. The net proceeds of the sales will be deposited into the Armory Improvements Fund (Fund 5340).

Charles Knapke – MARCS site – Mercer County

The bill authorizes the Governor to execute a deed in the name of the state conveying a piece of state-owned real estate, located in Liberty Township in Mercer County, to Mr. Charles Knapke. The property currently contains a Multi-Agency Radio Communication System (MARCS) tower that is scheduled to be replaced by a new tower being built in Celina Township. The purchase price of the land is to be $20,718.50. The conveyance of the land is not to occur until the MARCS Celina Tower in Mercer County is fully functioning. All costs associated with the conveyance shall be paid by Mr. Knapke. The net proceeds of the sale shall be deposited into the General Revenue Fund.

Scioto Township Board of Trustees – Pickaway County

The bill authorizes the conveyance of a piece of state-owned real estate, located in the Township of Scioto in Pickaway County, to the Scioto Township Board of Trustees. The piece of property is currently farmland under the jurisdiction of the Department of Rehabilitation and Correction and is adjacent to a MARCS station. The purchase price is to be $5,000. The property is intended to be the site for a new firefighter/EMS station. The deed contains a provision stating that the land is only to be used for: a fire station, emergency medical services and its employee training, law enforcement and other criminal justice purposes, or governmental functions and offices of the Village of Orient. None of these uses are to interfere with the operation of the MARCS station. The deed also stipulates that the grantee must begin construction within five years or ownership of the property may revert to the state. The Scioto Township Board of Trustees is to pay all costs associated with the conveyance. The net proceeds of the sale will be deposited into the General Revenue Fund.

Preble Shawnee Local School District – Preble County

The bill authorizes the conveyance of a piece of state-owned real estate, located in Gratis Township in Preble County, to the Preble Shawnee Local School District. The purchase price for the piece of land is to be $10. The total amount of land to be transferred is approximately 91.9 acres, which is the site of a school building. The parcel was originally conveyed to the state as collateral against issued school construction facility bonds. Once the construction project was completed, the state was to convey the land back to the Preble Shawnee Local School District. This conveyance fulfills that agreement. The Preble Shawnee Local School District is to pay all costs associated with the conveyance. The net proceeds of the sale will be deposited into the General Revenue Fund.

Williamsburg School District – Clermont County

The bill authorizes the Governor to execute a deed in the name of the state conveying a piece of state-owned real estate, located in Williamsburg Township in Clermont County, to the Williamsburg Local School District. The purchase price for the piece of land is to be $10. The total amount of land to be transferred is approximately 39.2 acres, which is the site of a school building. The parcel was originally conveyed to the state as collateral for issued school construction facility bonds. Once the construction project was completed, the state was to convey the land back to the Williamsburg Local School District. This conveyance fulfills that agreement. The Williamsburg Local School District is to pay all costs associated with the conveyance. The net proceeds of the sale will be deposited into the General Revenue Fund.

Res-Care Ohio, Inc. – Clinton Township (Franklin County)

The bill authorizes the Governor to execute a deed in the name of the state conveying a piece of state-owned real estate, located in Clinton Township in Franklin County, to Res-Care Ohio, Inc. of Ohio, excepting a 0.179 acre of land containing a portion of road. The property currently contains a residential facility overseen by the Department of Mental Retardation and Developmental Disabilities (DMR), but operated by Res-Care Ohio. The purchase price of the land is to be $112,096. The deed contains a provision that restricts Res-Care Ohio from using the building for any purpose other than housing individuals with a mental disability or from selling the land. If Res-Care Ohio, Inc. breaches this provision, it is required to pay DMR approximately $1 million. Res-Care Ohio is required to pay all costs associated with the conveyance. The net proceeds of this sale will be deposited into DMR's Miscellaneous Revenue Fund (Fund 1520).

DMR property – Gallia County

The bill authorizes the Governor to execute deeds in the name of the state conveying two pieces of state-owned real-estate located in Gallia County. The first, located in the City of Gallipolis, is a parcel of land designated by DMR as being in excess of the Department's needs and will be conveyed to the City of Gallipolis. This conveyance will rectify a title encroachment situation between property owned by the state of Ohio and the City of Gallipolis by redrawing boundary lines. The property will be exchanged for a parcel of land appropriate to remedying the encroachment issue. The City of Gallipolis must pay the costs of the conveyance of the real estate.

The second, located in the township of Addison, is also in excess of DMR's needs. This property is in the area surrounding the Gallipolis Developmental Center, but is not adjacent to any of the lands on which the center is located. The property is to be offered, at a value arrived at by an independent appraiser, to Gallia County. Should the county decline, the property will then be offered to Addison Township. Should the township decline, the property will be auctioned off to the public. All costs of the sale are to be paid for by DMR. The net proceeds from the sale of this property will be deposited into the Miscellaneous Revenue Fund (Fund 1520).

Cambridge Township – Guernsey County

The bill authorizes the Governor to execute a deed in the name of the state conveying a piece of state-owned real estate, located in the township of Cambridge in Guernsey County, to the Board of Trustees of Cambridge Township. The property currently contains the access roads leading to what was previously the Appalachian Behavioral Healthcare System facility, which has now been divided between DMR and Cambridge Real-Estate Holdings. The property will be conveyed at no cost. These roads are to be petitioned to be put in the public domain, thus keeping the DMR facility from becoming landlocked. This conveyance will also transfer the maintenance of these roads to the Cambridge township trustees. The Board of Trustees of Cambridge Township is to pay all costs associated with this conveyance.

Tawawa Community Development Corporation – Greene County

The bill authorizes the Governor to execute a deed in the name of the state conveying two pieces of state-owned real estate, located in Xenia Township in Greene County, to the Tawawa Community Development Corporation. The state is conveying this land at no cost. The property to be conveyed is 0.277 acres with a market value of approximately $2,000. The Tawawa Community Development Corporation is a nonprofit organization that plans on turning the property into a 24-hour convenience center that is expected to benefit both Central State University and Wilberforce University. The Tawawa Community Development Corporation is to pay all costs associated with the conveyance.

LSC fiscal staff: Jean J. Botomogno, Senior Economist

Phil Cummins, Economist
Jamie L. Doskocil, Senior Budget Analyst
Deauna Hale, Budget Analyst
Jeffrey R. Kasler, Budget Analyst
Edward Millane, Budget Analyst
Mary E. Morris, Budget Analyst
Jason Phillips, Budget Analyst
Maggie Priestas, Budget Analyst
Ruhaiza Ridzwan, Economist
Wendy Risner, Senior Budget Analyst
Joseph Rogers, Senior Budget Analyst
Terry Steele, Budget Analyst
Nick Thomas, Budget Analyst

HB0420EN.doc/cm