# Ohio Legislative Service Commission

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# Fiscal Note & Local Impact Statement

**Bill**: Sub. H.B. 509 of the 129th G.A. **Date**: May 23, 2012

**Status**: As Reported by Senate State and Local Government and Veterans Affairs **Sponsor**: Rep. Blair

**Local Impact Statement Procedure Required**: No

**Contents**: Makes changes to laws pertaining to the operations of local governments

## Local Fiscal Highlights

The bill contains various provisions that affect political subdivisions. Highlighted below are the provisions of the bill that appear to have the most significant fiscal effect on these units of government. Following the provisions highlighted below is a more detailed analysis of the fiscal effects of each of these items. Please consult the LSC bill analysis for a comprehensive list of the bill's contents.

- **Competitive bidding thresholds.** The bill increases competitive bid thresholds for various local government entities to $50,000. This may reduce administrative costs associated with the competitive bidding process.
- **Local boards of health as a body politic.** The bill specifies that a local board of health is, for the purpose of providing public health services, a "body politic and corporate." This will give boards the ability to acquire real property, which if conveyed to a board, would result in the upkeep, maintenance, and utility costs of this property becoming the responsibility of the board of health.
- **General health district appropriation measures.** The bill provides that the revenue estimate certified by a general health district for a fiscal year must include any surplus money in the district health fund that will be carried forward to that fiscal year from the current fiscal year to fund ongoing operations. This will allow a general health district to carryover funds at the end of a fiscal year before the district's first apportionment is received in April.
- **Vehicle Parks Law.** The bill exempts county agricultural societies, independent agricultural societies, and the Ohio Expositions Commission that hold licenses under the Vehicle Parks Law from campground occupancy restrictions that apply under some of these licenses when these entities are preparing, operating, and dismantling a fair. The exemption provided under the bill could reduce enforcement costs for agricultural societies and local health departments.

- **Testing for venereal disease.** The bill modifies a current law provision by accelerating the timeframe for which certain offenders must be tested for a venereal disease, including HIV testing. Since this testing is already a legal requirement, any additional local costs related to expediting the timeframe should be no more than minimal**.**
- **Allocation of Legal Aid Fund.** The bill specifies that the Ohio Legal Assistance Foundation must select the criteria for determining indigent persons in a county. This provision would not alter the total disbursements from the Ohio Legal Aid Fund (Fund 5740).
- **County auditors as fiscal officers.** The bill allows a county auditor to serve as the fiscal officer for any department, office, or agency of the county. This could result in cost savings if counties are able to eliminate or leave vacant fiscal officer positions unfilled.
- **Cost allocation of workers' compensation payments.** The bill permits the legislative body of any county, district, district activity, or institution to allocate workers' compensation payments to the Public Insurance Fund across various funds. The bill also allows certain county departments to charge indirect costs associated with operating their workers' compensation programs to these funds. Although this will give county departments some accounting flexibility, it will not alter the total workers' compensation payments they are required to pay.
- **Indigent Support Fund.** The bill modifies the distribution of and permissible uses of the Indigent Support Fund (Fund 5DY0). These provisions could result in a loss of reimbursement for counties which may be offset by an increase in funding available for administrative operations.
- **Local Government Fund allocation report.** The bill requires county auditors to submit a report to the Auditor of State detailing the formula used for and allocations from Local Government Fund distributions. There could be some administrative costs to counties to produce this report.
- **Other provisions.** The bill contains various other provisions relating to quarterly spending plans, financial distress shared service notices, property valuation complaint dates, county boards of revisions, dissolution hearings, and group insurance coverage that appear to have minimal or uncertain fiscal effects on local governments.

# Detailed Fiscal Analysis

The following is a list of items contained in the bill that will have fiscal effects on the operations of political subdivisions. The list is prioritized according to the degree of fiscal impact they will have on the affected political subdivisions. The provisions contained in the bill that have only a minimal fiscal impact or no apparent fiscal effect at all are briefly listed at the end of this analysis. A more detailed description of these items may be found in the LSC bill analysis.

## Competitive bidding thresholds

The bill increases competitive bidding thresholds for local governments in several different areas and makes these thresholds uniform for the affected political subdivisions. First, the bill increases the competitive bidding thresholds that apply to projects for the construction, reconstruction, widening, resurfacing, or repair of a street or other public way for counties, statutory villages, regional water and sewer districts, ($25,000) and cities ($30,000) to $50,000. Second, it increases the competitive bid threshold for a board of hospital trustees of a municipal hospital having donated property, and for a joint board having management control over a workhouse (that is, a jail) erected for the joint use of a city and a county or real estate for the purpose of erecting and maintaining a workhouse, from $10,000 to $50,000. Third, it increases from $25,000 to $50,000 the threshold for a board of park commissioners having control of parks and park facilities and changes the threshold from $10,000 to $50,000 for any contract for work or supplies. Fourth, it increases from $15,000 to $50,000 the competitive bidding threshold that applies to regional airport authorities. Finally, the bill increases the bidding thresholds for sanitary districts from $10,000 to $50,000. These provisions could reduce administrative burden for political subdivisions by reducing the number of projects subject to competitive bidding requirements. However, it is unclear what effect these adjustments will have on the overall cost of construction projects undertaken by these political subdivisions.

## Local boards of health ability to contract

The bill clarifies that local boards of health may contract with each other for the provision of some or all public health services, rather than only for all services as has been interpreted by some under current law. The provision is permissive, so any fiscal impact to a local board would be the result of that board choosing to enter into a contract with another board. The bill also specifies that the effectiveness of a contract in which one local board of health agrees to provide some, but not all, public health services on behalf of another local board is effective immediately and is not dependent on the Director of Health's approval. The provision could result in a negligible decrease in costs for the Ohio Department of Health (ODH) since the ODH Director would no longer have to approve these contracts.

### Local boards of health as bodies corporate and politic

The bill specifies that a local board of health is, for the purpose of providing public health services, a "body politic and corporate." As such, it is capable of suing and being sued; contracting and being contracted with; acquiring, holding, possessing, and disposing of real and personal property; and taking and holding in trust for the use and benefit of the relevant city or general health district or authority any grant or devise of land and any domain or bequest of money or other personal property. According to the Association of Ohio Health Commissioners (AOHC), this provision will give boards the ability to enter into contracts or acquire real property. Boards can currently enter into contracts, so this will be codifying current practice. However, AOHC states that if real property is conveyed to the board, then the upkeep, maintenance, and utility costs would become the responsibility of the board of health.

### General health district appropriation measures

The bill requires that a general health district comply with specific current law provisions requiring the adoption of an itemized appropriation measure and revenue estimate for a fiscal year only if the district will receive an appropriation from the municipal corporations and townships that comprise the district. For general health districts that do not receive such appropriations, the bill allows them to instead comply with general law provisions governing the adoption of an appropriation measure by a subdivision.

The bill provides that the revenue estimate certified by a general health district for a fiscal year must include any surplus money in the District Health Fund that will be carried forward to that fiscal year from the current fiscal year to fund ongoing operations in the upcoming year. According to AOHC, this will allow a general health district to carryover funds at the end of a fiscal year before the district's first apportionment is received in April. AOHC states that the majority of county auditors currently allow for these funds to be carried over.

### Vehicle Parks Law

The bill exempts county agricultural societies, independent agricultural societies, and the Ohio Expositions Commission that hold licenses under the Vehicle Parks Law from campground occupancy restrictions that apply under some of these licenses when these entities are preparing, operating, and dismantling a fair. Current law exempts fairgrounds that do not hold a year-round campground license from the need to obtain such a license at the time of their fairs. Nevertheless, many fairgrounds have obtained licenses to allow for camping at the fairgrounds during other times of the year. In some cases, these year-round licenses restrict the number of campers that are permitted to be on the grounds.

As a practical matter, during a fair when there are large numbers of vendors, fair participants, 4-H, and other agricultural groups occupying campsites on grounds, county fair boards and local health departments are unable to adequately enforce any

restrictions that exist in a year-round license. Under the bill, it is possible that local health departments and county fair boards could see a reduction in costs resulting from enforcing any restrictions on the number of campers during fairs. It is also conceivable that, without this exemption, any entity that currently has a year-round camping license could decide to forego renewal so as to not face any restrictions during the period of their fairs.

### Testing an accused for venereal disease

The bill modifies an existing criminal law provision to require that a person arrested for certain sexually oriented offenses, and required to submit to a test for a venereal disease, including HIV testing, do so within 48 hours after the date on which a complaint, information, or indictment is filed. This modification brings Ohio into compliance with federal guidelines to be eligible for money from the Violence Against Women Act (VAWA) grant program. The state currently receives around $4 million annually from this federal grant program. Absent this statutory modification, 5% of this annual amount could have been withheld. Since this testing is already a legal requirement, any additional local costs related to expediting the timeframe should be no more than minimal.

### Allocation of assistance from the Legal Aid Fund

The bill specifies that, for the purpose of allocating financial assistance to legal aid societies from the Ohio Legal Aid Fund (Fund 5740), the source of data for identifying the number of indigent persons residing in a county must be selected by the Ohio Legal Assistance Foundation from the best available figures maintained by the U.S. Census Bureau. This provision will have no fiscal effect on the money credited to or disbursed from the Ohio Legal Aid Fund or the Public Defender Commission, which provides administrative assistance.

### County auditors serving as fiscal officers

The bill allows a county auditor, if permitted by a board of county commissioners, and with a written agreement from the applicable department, office, or agency, to serve as the fiscal officer for any department, office, or agency of the county. This could result in cost savings if counties are able to eliminate or leave vacant fiscal officer positions unfilled as the county auditor would be performing these functions for that particular office or department.

### Cost allocation of workers' compensation payments

Current law allows counties to engage in cost allocation of Workers' Compensation premium payments. Specifically, the bill provides clarification on what specific costs may be allocated in this manner. Under the bill, in addition to workers' compensation premium payments, other costs that may be allocated include direct administrative costs incurred in the management of the county's workers' compensation program. With certain exceptions, including funds used by a county board of

developmental disabilities, a board of alcohol, drug addiction, and mental health services, a board of mental health services, and a board of alcohol and drug addiction services, the bill also allows county funds to be charged for indirect costs that are necessary and reasonable for the proper and efficient administration of the county's workers' compensation plan. The indirect costs, however, must be calculated using United States Office of Management and Budget Circular A-87 guidelines. Spreading these costs across more county funds could result in higher charges against some funds and lower charges against others, but will not have any net effect on the overall payments made under a county's workers' compensation plan.

### Distribution of the Indigent Support Fund

The bill modifies the distribution of the Indigent Defense Support Fund (Fund 5DY0) by providing that at least 88% (rather than 90%) of the fund must be used to reimburse county governments and that not more than 12% (rather than 10%) may be used by the State Public Defender to appoint assistant public defenders or for providing other necessary personnel, equipment, and facilities. The bill also expands the list of the State Public Defender's permissible uses of Fund 5DY0 to include providing training, developing and implementing electronic forms, or establishing and maintaining an information technology system. This provision may reduce the reimbursement of counties for expenses related to the provision of indigent defense services by approximately $1 million in FY 2013, and increase the funding available for administrative operations by a commensurate amount.

The bill also allows the State Public Defender to use some of the money in the Indigent Defense Support Fund (Fund 5DY0) for providing legal representation to indigent persons pursuant to a contract between a county public defender commission, joint county public defender commission, or board of county commissioners. This could result in a potential decrease in the amount of GRF that might otherwise have been appropriated to fund certain contractual relationships between the State Public Defender and boards of county commissioners.

### Statewide Emergency Services Internet Protocol Network Steering Committee

The bill creates the Statewide Emergency Services Internet Protocol Steering Committee, consisting of ten members. The purpose of the Committee is to advise the state on the implementation operation and maintenance of a statewide emergency services Internet protocol network that would support state and local government next generation 9-1-1 and emergency services. This will include a review of the current system of funding for 9-1-1 systems statewide. Members of the Committee are not to be compensated. The Committee is required to submit an initial report of its recommendations and findings to the General Assembly by November 15, 2012.

## Local Government Fund allocations

The bill requires county auditors to provide a report to the Auditor of State detailing whether or not that county used the statutory allocation of the Local Government Fund, or whether the county used an alternative formula. If an alternative formula was used, that formula must be detailed in the report. Additionally, in this report each county must illustrate the total distributions given to each political subdivision within the county that received a distribution of undivided Local Government Fund revenue. There would be some administrative costs to counties associated with producing this report; however, these costs would likely be minimal.

## Other provisions

The bill contains several other provisions that could have a minimal fiscal impact on local governments. First, the bill requires a municipal corporation, county, township, and school district under a fiscal watch or fiscal emergency to identify, in the financial plan required in these circumstances, the actions to be taken to enter into a shared service agreement with another political subdivision that agrees to carry out governmental functions or provide services for the entity under fiscal watch or emergency. Although there could be some increase in administrative costs for political subdivisions to provide this additional information in the required financial plans, any additional expense, if any, would be small.

Secondly, the bill eliminates a provision that prohibits boards of county commissioners and township trustees from contracting for or purchasing group insurance policies, or benefits once the Department of Administrative Services (DAS) implements health care plans that contain best practices for counties. Ultimately, the impact of this provision will depend on the terms of the health care contracts and how they compare to the best practices established by DAS.

Thirdly, the bill changes the filing date of property valuation complaints to the date postmarked on the complaint instead of the date received by the county auditor. The bill also specifies that if an individual files a complaint, then withdraws that complaint, they are free to file the complaint again in the following intermittent period.

Fourthly, the bill requires a court of common pleas to hold a hearing on the dissolution of certain political subdivisions within 90 days of the filing of dissolution. Finally, the bill limits the duration of quarterly spending plans that may be adopted by a board of county commissioners and that apply to certain county funds to two fiscal years. There is no apparent direct fiscal impact associated with this provision.

Finally, the bill provides regional water and sewer districts with explicit statutory authority to grant and acquire easements in the same manner as other political subdivisions. There appears to be no direct fiscal effect associated with extending this authority to regional water and sewer districts.