



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [Sub. H.B. 532 of the 129th G.A.](#)

**Date:** December 4, 2012

**Status:** As Passed by the House

**Sponsor:** Reps. Kozlowski and Gonzales

**Local Impact Statement Procedure Required:** No

**Contents:** Ohio Military Medal of Distinction, State Board of Emergency Medical Services and Ohio Medical Transportation Board merger, tax increment financing arrangement, use of sewer and water works funds, community college district housing and dining facilities

### State Fiscal Highlights

- One-time transfer of \$2,500 cash from the General Revenue Fund (GRF) to the Military Medal of Distinction Fund (Fund 5LY0) and appropriates it in FY 2013 for the purpose of producing medals.
- Based on the medal program's activity to date, the provision of duplicate medals at "no cost" could cost the Adjutant General up to between \$5,000 and \$10,000 annually.
- The bill merges the Ohio Medical Transportation Board (OMTB) into the State Board of Emergency Medical Services (EMS), which is housed in the Department of Public Safety. As a result, the Occupational Licensing and Regulatory Fund (Fund 4K90), used by OMTB and other independent professional licensing boards, will experience an annual revenue loss of approximately \$550,000 and related expenditure reduction. The Trauma and Emergency Medical Services Fund (Fund 83M0), used in part to finance EMS, will experience a corresponding annual revenue gain and expenditure increase.

### Local Fiscal Highlights

- A change in tax increment financing law may increase the value of some tax exemptions and result in loss of tax revenue to some units of local government. The amount of any such loss is uncertain.

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## Detailed Fiscal Analysis

### Ohio Military Medal of Distinction

The Ohio Military Medal of Distinction is currently awarded once a year by the Governor and General Assembly to certain deceased members of the military. To date, these medals have been produced by the Adjutant General using money appropriated from the GRF at a per medal cost, including engraving, of approximately \$17. Since the medal's establishment in 2009, approximately 260 have been awarded to the families of qualifying servicemembers.

The bill: (1) creates the Military Medal of Distinction Fund (Fund 5LY0) for the purpose of producing the medals, and (2) transfers and appropriates \$2,500 cash from the GRF to essentially seed Fund 5LY0. As codified, the fund will consist of fees collected from applicants for duplicate medals, any appropriations made by the General Assembly for the purposes of the Ohio Military Medal of Distinction program, and investment earnings of the fund.

**Duplicate medals.** The bill establishes a process by which certain family members of medal recipients may request a duplicate medal either at no cost or for a fee. The bill requires a duplicate medal be issued: (1) at "no cost" if the requestor is a parent or spouse who is not the primary next of kin and (2) for "a fee" for certain other qualifying family members. The Adjutant General is required to set that fee in an amount no greater than the cost of producing the duplicate medal.

Based on the medal program's activity to date, the provision of duplicate medals at "no cost" could cost the Adjutant General up to between \$5,000 and \$10,000 annually. Presumably, if sufficient cash is not available for this purpose in Fund 5LY0, this cost would be paid for with money appropriated from the GRF. To the extent that requests for duplicate medals are received and distributed to other qualifying family members, any costs incurred would be offset by the fee collected and deposited in Fund 5LY0.

**Administrative costs.** Any additional processing and verification tasks that result from the bill's provisions are expected to be minimal and absorbed within the Adjutant General's existing staffing and funding levels.

### Merger of EMS and the Medical Transportation Board

The bill merges the Ohio Medical Transportation Board (OMTB) into the State Board of Emergency Medical Services (EMS), which is housed in the Department of Public Safety. It provides that the fees collected by OMTB currently for deposit to the credit of the Occupational Licensing and Regulatory Fund (Fund 4K90) and related operating expenses be instead deposited to, and charged against, the Trauma and Emergency Medical Services Fund (Fund 83M0). Beginning in FY 2014, the change in the distribution of fees will result in an annual revenue loss of approximately \$550,000 to Fund 4K90 and a corresponding annual revenue gain to Fund 83M0. Related annual

OMTB operating expenses of a more or less similar magnitude will be charged against Fund 83M0 rather than Fund 4K90 as under current law. On the effective date of the bill's appropriation changes, there will be an increase in appropriation of \$123,464 to line item 765624, Operating Expense – Trauma and EMS, which draws from Fund 83M0, and a corresponding decrease in line item 915604, Operating Expenses, which draws from Fund 4K90.

### **Measurement of an "improvement" for TIF purposes**

The bill specifies that "improvement" for a municipal corporation or county, or "improvements" or "further improvements" for a township, means the increase in the assessed value of real property relative to that value on the most recent tax list and duplicate of real and public utility property compiled before the effective date of the ordinance or resolution establishing a tax increment financing (TIF) district. This change appears to be a clarification of current law, which instead references the increase in assessed value that would first appear on the tax list after the effective date of the ordinance or resolution. The wording in current law could refer to the increase shown by the tax list and duplicate of real and public utility property first compiled after the effective date of the ordinance or resolution. Alternatively, this wording might be understood to refer to the increase in taxable value for the tax year following the year of the effective date of the ordinance or resolution.

Because the tax list for a year, reflecting assessed value as of January 1 of that year, is required to be compiled by early August, the former interpretation would exempt from taxation property value above that for the prior tax year, for an effective date before early August, while the latter interpretation would exempt property value above that for the current year. Although that latter value might not be known on the effective date of the ordinance or resolution, it would be known before the exemption would go into effect since the exemption may apply only to tax years that begin after the effective date. The bill would codify the former interpretation, and could result in a larger tax exemption if property values are rising. Property values would tend to rise in a TIF district because of new construction.

The change may result in a loss of local property tax revenue, to the extent that some jurisdictions would otherwise apply current law under the latter interpretation above. In TIF districts, owners of exempt property generally provide service payments equal to taxes which otherwise would have been due on the exempted improvements. These service payments fund infrastructure and public improvements.

## **Municipal funds for sewage and water systems**

Current law permits, in FYs 2013 and 2014, municipal corporations in a county with a population between 375,000 and 400,000<sup>1</sup> to conduct a pilot program whereby the legislative authority may use up to 5% of the aggregate amount of money deposited in the municipal corporation's sewer fund and up to 5% of the aggregate amount of money deposited in a fund created by the municipal corporation for waterworks for the purpose of extending the municipal corporation's water or sewage system. The bill extends this authority to include joint economic development districts located within the county in which a municipal corporation is a contracting party.

## **Community college housing and dining facilities**

The bill allows community college districts located within one mile of a four-year private, nonprofit institution of higher education to acquire housing and dining facilities. Community college districts that choose to acquire housing and dining facilities will incur additional expenses. Presumably, however, these expenses may be offset by amounts charged by the districts for the use of the facilities.

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<sup>1</sup> According to the most recent decennial census, Stark is the only county that falls within this population bracket.