Bills with Altered Impact

Bills with Altered Impact

This section describes bills passed in 1998 that became law and were altered during the legislative process, so that the “As Enacted” impact on local governments was different from the “As Introduced” local impact.

In 1998, five bills were introduced with a local impact, but the enacted version of the bill did not have a local impact. These bills include: HB 194, HB 697, SB 69, SB 83, and SB 112. Two bills were introduced with no local impact, but “As Enacted” the bills are estimated have a local impact. These bills are HB 507 and HB 694.

Overall, the number of bills with altered impact was similar to past years' experience. The numbers for 1998 continue the trend that more bills are changed so that they do not have a local impact “As Enacted” than are changed so that they do have a local impact. However, compared to the past few years the number of bills altered so that they did not have an impact “As Enacted” was the highest it has been since this report has been issued.

House Bill 194

Bill Contents:	Provides pension enhancements for surviving spouses, dependent children and dependent parents of Police and Fire Disability Pension Fund (PFDPF) members; increases pensions for current retirees to minimum of $550 per month; provides an annual COLA up to a maximum of 3%; requires the Ohio Retirement Study Council to prepare three reports.
"As Introduced" LIS Determination:	Yes
"As Enacted" local impact:	No, Minimal cost
Key changes affecting local impact:	The "As Introduced" version of the bill significantly increased the benefits that survivors of PFDPF members would receive. The "As Enacted" version reduced the increase in benefits and phased in the increase over a period of time.
Fiscal effects of changes:	The changes in the size and timing of the benefit increase eliminated direct costs to local governments.

Detailed Analysis of Changes with Fiscal Impact

The proposed increase in benefits would result in a $79.7 million increase in the unfunded actuarial accrued liabilities (UAAL) for PFDPF. According to an actuarial analysis conducted by Milliman and Robertson, Inc., the increased benefits could be financed without any increase in contribution rates and within the statutory limitations set by S.B. 82 in the 121st General Assembly. The increased benefits will be amortized over a period of time and will not result in an increase in either employee or employer contribution rates. However, increasing the amortization period, if combined with other factors affecting financial viability, could increase pressure on future contribution rates.

House Bill 507

Bill Contents:	Removes limitations that affect filings in small claims courts; authorizes additional activity by Municipal, County, Common Pleas and Appeals Courts; and changes the status of the Washington Court House Municipal Court Judge and the South Euclid Municipal Court Judge from part-time to full-time effective January 1, 2000.
"As Introduced" LIS Determination:	No, No local cost
"As Enacted" local impact:	Yes
Key changes affecting local impact:	"As Introduced" the bill eliminated a portion of the law that prohibited state universities and colleges from filing more than 24 complaints in small claims court. This change was estimated not to have a local impact because it would not significantly increase the caseload and would generate some additional revenues. The Senate amended the bill to generally eliminate restrictions on the number of small court complaints that can be filed in a year.
Fiscal effects of changes:	Generally eliminating the restriction on the number of small claims filings a person can make was estimated to significantly increase caseloads creating more costs than filing revenue and possibly reducing the filing revenue of other courts.

Detailed Analysis of Changes with Fiscal Impact

Before the passage of HB 507, Ohio law prohibited persons from filing more than 24 claims in a calendar year in a municipal or county court's small claims division. The bill initially only removed this limitation for state universities and colleges, but was amended to generally

eliminate this restriction for any person or entity. The removal of the limitation on the number of cases that an individual may file will probably have a significant impact on the county and municipal courts. This change would place not only a burden upon the small claims division, but would shift both work and revenues from the general division.

The removal of the limitation would not only allow for a rise in new claims, but would also allow claims that would otherwise be heard in the general division to be heard in small claims. The benefits not only include the ability for individuals and other entities to utilize the courts without an attorney, but also the potential to pay lower court costs in the small claims division as compared to the general division. As such, revenues derived from the general division fees may decline.

If the caseload of the courts' small claims divisions becomes too large to handle, then the courts could raise their filing fees to decrease the demand upon the courts. While raising the fee would help cover any increased costs and probably diminish the number of cases filed, it may counter the court's availability to be an easy and low-cost option for legal claims.

House Bill 694

Bill Contents:	Specifies who may file a complaint with a county board of revision and allows certain dismissed complaints from tax years 1996 and 1997 to be re-filed.
"As Introduced" LIS Determination:	No, minimal cost
"As Enacted" local impact:	Yes
Key changes affecting local impact:	The "As Introduced" version of the bill made changes to who could file complaints with boards of revision that only would have impacted future filings. The "As Enacted" version of the bill has remedial provisions that permit dismissed complaints to be re-filed.
Fiscal effects of changes:	Allowing complaints dismissed for unauthorized practice of law to be re-filed could result in certain property values being reduced or increased in future years, there property values otherwise would not have been changed. Such reductions or increases could result in revenue gains or losses to certain local governments. The overall impact is likely to be a revenue loss to local governments, particularly schools. There also could be increases in expenditures for counties to process and hear an increased number of complaints filed with county boards of revision in FY 1999 because of re-filings.

Detailed Analysis of Changes with Fiscal Impact

In an Ohio Supreme Court decision known as the Sharon Village case, the Court ruled that filing a complaint with a county board of revision (BOR) was the practice of law. As a result of the ruling, certain entities that had filed complaints without using an attorney had their complaints dismissed. The bill addressed issues raised in Sharon Village ruling and its subsequent results. The remedial aspect of the bill, added after introduction, allows certain individuals, affected businesses, and other entities to re-file their complaints and have them heard by the appropriate BOR. The result of the remedial aspect of the bill is that re-filed complaints could result in certain property values being reduced or increased in regard to tax years 1996 and/or 1997.

Any property value reductions would mean that certain local governments would have to refund to certain taxpayers any tax revenue received as a result of the higher valuation. Increases in taxable valuation that resulted from re-filed complaints would mean that certain taxpayers would have to make additional property tax payments for tax years 1996 and/or 1997.

While most of the complaints dismissed by BOR were likely on behalf of parties seeking reductions in taxable valuable on certain property, a significant portion of complaints dismissed could be from government entities, usually school districts, seeking that the taxable value on a given property or properties be increased.

A few actual examples are cited below to illustrate possible varying effects:

- A county dismissed a case in which a school district was seeking a property valuation increase of over $30 million. If this complaint is re-filed and the valuation is increased, the affected school district could gain a few million dollars, and certain affected local governments could gain as much as much as a few hundred thousand dollars in tax revenue.

- Another smaller county dismissed only one case for tax year 1996, suggesting that the overall effect in the county would be small. However, in that one case the property owner is seeking a valuation reduction of more than $4.5 million. Such a reduction could result in a significant loss of revenue to affected local governments if the complaint is re-filed.

- Many other counties dismissed no cases; therefore, the bill's remedial provisions would not impact local governments in those counties.

Biggest impact in populous counties and on schools. Which specific local government(s) would gain or lose revenue would vary depending upon where the property was located. Other local governments that receive property tax revenue that could lose or gain revenue under the bill include, but are not limited to: 1) counties 2) municipalities 3) libraries 4) townships 5) county parks 6) county boards of mental retardation 7) fire districts 8) police districts.

LBO can state with some certainty that the largest fiscal impacts would occur in counties with the largest populations and the smallest impact would likely be in counties with the smallest populations. For example, Cuyahoga and Franklin counties estimated they dismissed 700 and over 400 complaints, respectively, for tax year 1996 while Fulton and Scioto counties dismissed one case and no cases, respectively. Also, LBO estimates that any revenue losses or gains that arose because of the bill's provisions would fall largely on school districts, which receive 60 to 70 percent or more of all property tax revenue.

House Bill 697

Bill Contents:	The bill would have: 1) Increased the state sales tax by 0.5 cents and earmarked this revenue for schools; 2) Reduced the rollback on Class II real property from 10% to 5%; 3) Phased down the assessment percentage on inventory property; 4) Created a refundable income tax credit for residential real property taxes paid. These changes were subject to voter approval.
“As Introduced” LIS Determination:	Yes
“As Enacted” local impact:	No, no local cost
Key changes affecting local impact:	No changes were made to the bill that changed the bill’s local impact. Instead, the increase in the sales tax and reductions in property and income taxes in the bill “As Introduced” did not become effective because voters did not approve them in a statewide referendum.
Fiscal effects of changes:	If voters had approved the bill’s tax changes, local governments would have lost millions of dollars in sales, property, and income tax revenue. The voter approval requirement was in the bill “As Introduced.” The only major provision to become effective required the state to increase education funding going to public schools.

Detailed Analysis of Changes with Fiscal Impact

The table below shows the estimated losses that might have occurred from the following changes:

- Decreases in the assessment percentages on inventory property would have reduced property tax revenue to local governments that levy property taxes. School districts would have lost approximately 70 percent of the property tax revenue; however, a portion of those losses would have been replaced by increased basic aid payments and 4 years worth of bridge payments.

- Libraries, counties, municipalities, townships, and other local governments would have lost revenue due to the income tax credit for residential property taxes, because the income tax loss reduces payments to local governments through the LGF, LLGSF, and LGRAF.

- Increasing the sales and use tax by .5% would have increased overall sales tax collections, but the increase in the tax rate would act to decrease the amount spent on taxable purchases. The net result would be that after the amount of the tax earmarked for schools was taken out, the remaining revenue going to the local government funds would have been less than before the sales tax increase. Less revenue to the local government funds means a loss to other local governments, particularly counties, municipalities, and townships.

LOCAL GOVERNMENT	FY 1999	FY 2000	FUTURE YEARS
School Districts			
Revenues*	Loss of $3.6 million	Loss of $3.7 million	Losses increase from $8 million in FY 2001 to $88.7 million in FY 2004
Expenditures	- 0 -	- 0 -	- 0 -
All Other Political Subdivisions (other than school districts)			
Revenues	Loss of $7.7 million	Loss of $15.7 million	Losses increase from $24.6 million in 2001 to $56.1 million in CY 2004
Expenditures	-0-	-0-	-0-
Counties, Municipalities, and Townships (loss from LGF and LGRAF)			
Revenues	Loss of $5.9 million	Loss of $12.1 million	Losses increase from $12.4 million in FY 2001 to $13.4 million in FY 2004
Expenditures	- 0 -	- 0 -	- 0 -
Libraries and other local governments (loss from LLGSF)			
Revenues	Loss of $7.0 million	Loss of $14.4 million	Losses increase from $14.7 million in FY 2001 to $15.9 million in FY 2004
Expenditures	- 0 -	- 0 -	- 0 -

*School district revenue loss is net of basic aid and bridge payments

Senate Bill 69

Bill Contents:	Eliminates numerous exemptions for jury service and allows for an increase to the compensation of jurors and grand jurors.
“As Introduced” LIS Determination:	Yes
“As Enacted” local impact:	No, Permissive
Key changes affecting local impact:	Initially, the bill required that, after ten days of actual service, counties must pay jurors not less than $40 per day. The “As Enacted” bill required that after ten days the amount paid to a juror would become the greater of either fifteen dollars or 1.5 times the rate established for the first ten days.
Fiscal effects of changes:	The introduced bill mandated an increase in juror’s pay that could have created significant costs for counties. The final bill was permissive and did not require any county to spend more than what is currently expended.

Detailed Analysis of Changes with Fiscal Impact

The “As Introduced” version of the bill required counties to compensate jurors at a rate of at least $40 per day, after ten days of service. The “As Enacted” bill permits Commissioners to increase daily compensation up to forty dollars per day for the first ten days of service. After ten days the amount for a juror would become the greater of either fifteen dollars or 1.5 times the rate established for the first ten days. The enacted bill would not require any county to spend more than what is currently expended. A county could be required to spend more for service over ten days, but this could be negated if the county chose to lower it’s base pay for jurors. Ultimately, the bill allows counties to establish compensation for jurors in a range that is broader than currently available under the revised code without restrictions that impose higher costs upon localities.

Senate Bill 83

Bill Contents:	Authorizes certain municipalities to establish non-criminal land use infractions, and removes racially restrictive covenants in certain documents.
"As Introduced" LIS Determination:	Yes
"As Enacted" local impact:	No, Minimal cost
Key changes affecting local impact:	Initially, the bill authorized all municipalities to establish civil land use infractions. If a municipality chose to create such infractions it had to follow procedures set forth in the bill. The "As Enacted" version of the bill only permitted the bill's land use infraction provisions to be adopted by municipalities within the jurisdiction of the environmental division of a municipal court. This change limited the impact of these provisions to Franklin county.
Fiscal effects of changes:	Certain municipalities, for example Cincinnati, had already established a process for issuing civil citations for land use infractions. The "As Introduced" bill would have forced these municipalities to change their process and possibly to reduce fine levels to those required by the bill. Restricting the provisions effectively to Franklin county eliminated these potential effects as no community in Franklin county had a civil land use citation ordinance in place.

Detailed Analysis of Changes with Fiscal Impact

The "As Introduced" version of the bill could have forced cities such as Cincinnati and Cleveland Heights to abandon their current processes. For example, Cincinnati has an established citation and hearing procedure of its own for enforcing code violations as civil offenses. Therefore, under the "As Introduced" bill, Cincinnati could have had a significant increase in expenses in order to restructure its operations, so as to be in compliance with the provisions of the bill. Also, in Cincinnati, fines for code violations can be as high as $500. Delinquent penalties can cause a fine to be as high $2,500. Therefore, Cincinnati could have lost fine revenue since it would have had to reduce fines to no more than $100. Cincinnati officials reported that during a six-month period the city had collected about $30,000 in code violation fines via its non-criminal ticketing process. Cleveland Heights reported utilizing a non-criminal ticketing process for code violations, with fines up to $300 per day for a violation.

Because the bill was changed so that only municipalities within the jurisdiction of an environmental court could adopt the bill's land use infraction provisions, only municipalities in Franklin County could currently adopt the bill's land use infraction provisions. This change eliminated the negative fiscal impact of the bill on Cincinnati, Cleveland Heights, and other municipalities that had civil land use ordinances already in place. After the change, any costs of the implementing the bill's land use infraction provisions would have been permissive for local governments in Franklin county.

Senate Bill 112

Bill Contents:	Creates the Task Force on Family Law and Children
"As Introduced" LIS Determination:	Yes
"As Enacted" local impact:	No, No local cost
Key changes affecting local impact:	The bill initially made numerous changes to the law in regard to the authority, procedures, and requirements that courts must follow when deciding custody issues for children whose parents are divorcing or otherwise ending their marriage. The bill was changed so that it only created a taskforce to examine these issues and produce a report.
Fiscal effects of changes:	Changing the bill to require a task force to study how to create a more civilized and constructive process for divorce, dissolution, legal separation, and annulment eliminated costs for counties, leaving only costs for the state.

Detailed Analysis of Changes with Fiscal Impact

The bill initially made numerous changes to the law in regard to the authority, procedures, and requirements that courts must follow when deciding custody issues for children whose parents are ending their marriage. These changes could have created significant costs for county courts. The final bill requires the establishment of the twenty-four-member Task Force on Family Law and Children. Although the bill is silent on the cost associated with the creation of this task force, LBO assumes that the members of the task force will be compensated for the usual and customary expenses incurred by performing their assigned duties. However, the bill does not designate a single state agency to be responsible for such expenses. The "As Enacted" bill requires the Task Force to appoint and fix compensation of any technical, professional, and clerical employees and any services that are necessary to carry out its powers and duties. The level of expenditure necessary to support this requirement is unknown, as is the funding source.