



2006 Local Impact Statement Report

SEPTEMBER 2006

Legislative Service Commission
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Introduction

Why is this report being issued?

The Legislative Service Commission publishes the Local Impact Statement Report in accordance with section 103.143 of the Ohio Revised Code, which requires the office to compile the final local impact statements completed for all laws passed by both houses of the General Assembly every calendar year. This report is the ninth in the series of such reports. It covers all legislation that was passed and enacted during calendar year 2005. Before its widespread distribution, LSC is required to circulate a draft of this report to the County Commissioners Association of Ohio, the Ohio School Boards Association, the Ohio Municipal League, and the Ohio Township Association for their review.

As specified in ORC section 103.143, the Local Impact Statement (LIS) Law, this report is a compilation of estimates produced by LSC *during* the legislative process. This report does *not* present the *actual costs* to local governments, since these costs will not occur until after each law is implemented.

What is in this report?

The 2005 report includes summary charts and an overview of bills that were introduced, passed, and enacted, and includes complete copies of fiscal notes prepared for bills that bore provisions triggering a "Yes" local impact determination. The criteria that LSC uses to evaluate the effect of proposed legislation on local governments are detailed below.

What process is followed for local impact review?

By law, local impact determinations are based on LSC's review of bills in their "As Introduced" form. The initial determination stays with the bill even if a bill is amended in such a way as to alter the initial local impact determination. There were no such bills in 2005. Occasionally an initial determination is wrong. If so, LSC corrects the LIS as soon as possible, and the correct determination is assigned to the bill from that point on.

The "Local Impact" determination is the first stage of LSC's fiscal analysis of pending legislation. The purpose is to alert legislators to the various fiscal effects that legislation may impose on four major specific types of political subdivisions: counties, municipalities, townships, and school districts. The bill sponsor, committee chair, and legislative leaders of the house to which the bill has been introduced all receive notification of LSC's local impact determination. Although bills often affect other more specialized units of government, such as park districts, transit authorities, and so forth, by law these entities are not included in the initial local impact review. These units of government, however, are taken into account in the fiscal notes that accompany bills as they proceed through the legislative process.

What changes have been made to the Local Impact Statement Law?

Since it was signed into law in 1994, the Local Impact Statement Law has been modified three times: first, in 1997 by H.B. 215 of the 122nd General Assembly; second, in 1999 by H.B. 283 of the 123rd General Assembly; and third, in 2001 by H.B. 94 of the 124th General Assembly. The combined effect has been to exempt the following bills from the local impact determination process:

1. The main biennial operating appropriations bill;
2. The biennial operating appropriations bill for state agencies supported by motor fuel tax revenue;
3. The biennial operating appropriations bill or bills for the Bureau of Workers' Compensation and the Industrial Commission;
4. Any other bill that makes the principal biennial operating appropriations for one or more state agencies;
5. The bill that primarily contains corrections and supplemental appropriations to the biennial operating appropriations bill;
6. The main biennial capital appropriations bill;
7. The bill that reauthorizes appropriations from previous capital appropriations bills.

In 2005, five enacted bills were exempt from the Local Impact Statement Law pursuant to the reasons stated above. They are Am. Sub. H.B. 16 (the capital appropriations bill), H.B. 65 (the Industrial Commission budget bill), Am. Sub. H.B. 66 (the main operating budget bill), Am. H.B. 67 (the Workers' Compensation budget bill), and Am. Sub. H.B. 68 (the transportation budget bill). Nevertheless, LSC continues to assess the impact that such bills have on local governments in the fiscal notes and analyses that accompany such bills.

What factors are considered in LSC's initial review for local impact?

The following guidelines are used to determine if a bill may affect local governments in such a way to trigger a "Yes" local impact determination:

1. The estimated aggregate annual cost of the bill is more than \$100,000 for all affected local governments; or
2. The estimated annual cost is more than \$1,000 for any affected village and township with a population of less than 5,000 or for any school district with an average daily membership (ADM) of less than 1,000; or

3. The estimated annual cost is more than \$5,000 for any affected county, municipal corporation, and township with a population of 5,000 or more or for any school district with an ADM of 1,000 or more.

A bill is excluded from a "Yes" determination if it is deemed permissive, appears to impose only minimal costs on political subdivisions, is below the dollar thresholds just described, or involves federal mandates.

Obtaining copies of this report

Copies are available upon request from the Ohio Legislative Service Commission at a cost of \$12.00 per copy. Call LSC at 614-995-9995 to receive a copy. The report may also be downloaded from the LSC web site at <http://www.LSC.state.oh.us/>.

**COMMENTS ON 2006
LOCAL IMPACT STATEMENT REPORT**



COUNTY COMMISSIONERS ASSOCIATION OF OHIO

The County Commissioners Association of Ohio (CCAO) would like to take this opportunity to raise serious objection to the unfunded mandates report entitled 2006 Local Impact Statement Report. While the report largely fulfills statutory requirements, our association views the report as a gross under-representation of the burden counties face due to unfunded or under-funded mandates placed upon county government by the General Assembly. CCAO would like to work with lawmakers to develop a comprehensive, collaborative process that will identify all unfunded mandates, metrics to measure them, and strategies to address them.

Our objection centers around the failure of the report to accurately reflect the impact upon county government contained within HB 66, the state biennial budget bill for fiscal years 2006 and 2007 that was enacted in 2005. HB 66 contained several items that drastically impacted the relationship between state and county government, specifically: the "freeze" on Local Government Funds; cost implications created by tax reform; cuts to the already woefully inadequate level of funding for indigent defense reimbursement to the counties; and the decreasing percentage of funding being contributed by the state in a host of programs that we provide to the residents of Ohio jointly, including but not limited to adult protective services, the Bureau of Medically Handicapped Children and TB treatment and detention costs.

Despite CCAO having grave concerns about the scope of this particular report, we would like to take this opportunity to express our appreciation for the professionalism and expertise of the LSC staff. We have always found the work of LSC to be fair and objective.

Moreover, we would like to take this opportunity to urge the General Assembly to work with local governments to develop an instrument, which both state and local government partners can use to identify unfunded & under-funded mandates and measure their costs. Then to subsequently have a forum to strategize how to address the mandates, whether it is to fund them, modify them, establish a funding source that can be levied, or simply to repeal them. Such identification and strategy used to be done by the State & Local Government Commission, and there seems to be a void in its absence. Therefore, we look forward to working with the General Assembly and Administration to enhance the collaboration and cooperation between state & local government leaders in this area.



Ohio Municipal League

Our Cities and Villages ★ Bringing Ohio to Life

OHIO MUNICIPAL LEAGUE

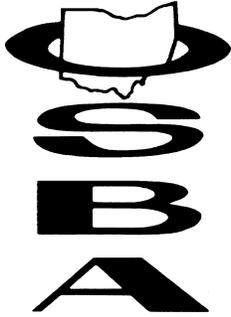
The Ohio Municipal League has reviewed the draft of the 2006 Local Impact Statement Report and would like to make the following comments.

The report has improved with each passing session. The same can be said for the actual fiscal notes and local impact statements.

The report provides helpful information to organization representing local governments, their respective members and the public: information that would otherwise be difficult to compile. It shows that numerous pieces of legislation have a potential negative impact on local governments whose officials are already faced with declining revenues.

We are always optimistic that this document will gain a larger recognition with state decision makers as they consider imposing additional programs or duties on local government or reducing limiting funding.

The Ohio Municipal League commends the staff of the Legislative Service Commission for the time and effort they put into the individual statements and to this report.



OHIO SCHOOL BOARDS ASSOCIATION

The Ohio School Boards Association would like to thank the Ohio Legislative Service Commission and the efforts that have gone into preparing the 2006 Local Impact Statement Report. As per Section 103.143 of the Ohio Revised Code division (D) it allows OSBA and other political subdivisions to comment on this annual local impact statement report.

OSBA believes the issue of unfunded and underfunded mandates will always be of concern and the work done by LSC to provide fiscal analysis of bills and resolutions is invaluable to local school districts and the whole legislative process. However, OSBA believes that local impact statements should be required at each phase of the legislative process.

One area that needs to be addressed in current law is Division (F) of Section 103.143 of the Ohio Revised Code. This section of law exempts LSC from having to create a local impact statement for any biennial budget, capital appropriation and any budget correction bill. OSBA supports the findings by the former State and Local Government Commission (Commission) that urged the General Assembly to amend current law to repeal the exemptions contained in Division (F) of Section 103.143.

The 2006 Local Impact Statement Report shows that 52 bills passed in 2005 and became law. LSC should have the authority to analyze the fiscal impact of bills throughout the whole legislative process. Legislation can change many times before a final version is reached and the potential for negative fiscal impact on local political subdivisions exists by amendments to any piece of legislation.

OSBA believes that the 2006 Local Impact Statement Report is a valuable tool provided by the Ohio Legislative Service Commission to the members of the Ohio General Assembly and to all Ohioans. The concerns expressed above if changed can only improve the process and give the full picture to the legislature as they make important decisions on legislation that has fiscal implications to the bottom line of all of the local government entities. OSBA looks forward to addressing these concerns with the Ohio General Assembly and we look forward to working with the Legislative Service Commission.



OHIO TOWNSHIP ASSOCIATION

On behalf of the Ohio Township Association (OTA), I would like to thank the Ohio Legislative Service Commission (LSC) for the opportunity to comment on the 2005 Local Impact Statement Report. The LSC Local Impact Report is an important educational resource for our members and the members of the General Assembly as it highlights the effect certain legislation will have on townships' budgets and keeps legislators and local officials aware of any unfunded mandates created in legislation.

The fiscal impact legislation may have on townships often is underestimated. Provisions established in legislation such as filing, notification and public hearing requirements could create significant costs for townships. Although the actual impact these new laws will have on townships will not be known until the laws are put into practice, the fiscal analyses provide a base for our townships to determine how a new law may affect their budgets.

As mentioned at the start of this report, a bill is determined to have fiscal impact if its estimated annual cost is more than \$1,000 for townships with a population of less than 5,000 or if its estimated annual cost is more than \$5,000 for townships with a population of more than 5,000. According to the 2005 report, there are two bills with a negative fiscal impact on townships and one bill with an indeterminate impact potentially resulting in increased expenditures or a gain of revenue.

The most concerning of these three bills is SB 190, which extends the job training tax credit for training expenses in TY 2006. This bill affects local governments because extending the tax credit by one year decreases revenues by up to one million dollars in state taxes that are used to fund the Local Government Fund, Library and Local Government Support Fund and the Local Government Revenue Assistance Fund. These three funds are critical to local governments as they are used to fund police, fire and emergency services, parks, libraries, and senior centers. Loss of LGF revenue will cripple township services, especially in small, rural townships that have low tax valuations and large, urban townships that have high growth.

While the 2006 Local Impact Statement Report offers an analysis of legislation passed in 2005, it is not comprehensive. State budget bills are exempted from local impact statement requirements and, therefore, are not included in this report. House Bill 66, the state's biennial budget which was passed in June 2005, had several provisions that will have severe negative fiscal impacts on townships including the continued freeze on Local Government Funds that was in place for the prior biennium. In addition the General Assembly froze the local distribution formulas unless the jurisdiction(s) which would receive fewer funds under the new formula agrees to take the lesser amount. House Bill 66 also included language that would phase-out the tangible personal property tax over 13 years but would only hold townships harmless from years 2006-2010 at a reimbursement rate equal to TY 2004 levels. Even though townships may be held "harmless", a large revenue source is still being eliminated in townships and will have severe negative impacts on township budgets and services. The OTA encourages the General Assembly to include budget bills in the LIS report in order to provide a more comprehensive look at how legislation passed affects local governments.

The Ohio Township Association appreciates the opportunity to provide our input and thanks the Legislative Service Commission for all of their hard work in compiling this data, as it is truly beneficial to legislators and local government groups.

Part I

Summary and Analysis

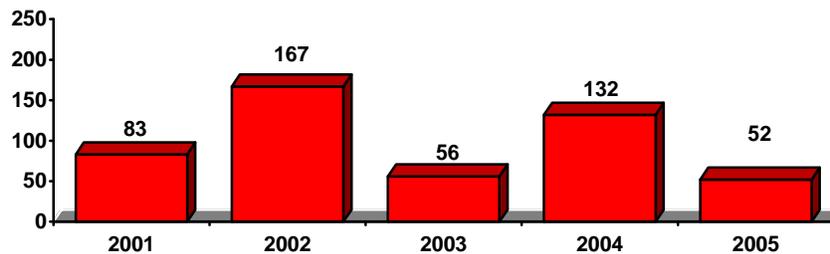
Introduction

In 1995, the Legislative Budget Office (now the Legislative Service Commission Fiscal Staff) produced the first local impact statement (LIS) as required by S.B. 33 of the 120th General Assembly. The purpose of local impact statements is to provide members of the General Assembly with more thorough and timely information on the potential impacts of proposed legislation on counties, municipalities, townships, and school districts. This section covers bills that were enacted in 2005, during the first year of the 126th General Assembly.

Bills Becoming Law

In calendar year 2005, the 126th General Assembly passed 29 House bills and 22 Senate bills, for a total of 52, the lowest number in a budget year since LSC began producing this report in 1995. Figure 1 below shows that, looking at the four preceding years the number of enacted bills has varied in odd-numbered years (the budget years) from a high of 83 in 2001 to a low of 51 in 2005.

Figure 1. Bills Passed and Becoming Law, 2001 - 2005



Of the 710 bills *introduced* in 2005, 131 were determined to have a local impact, and 579 bills were determined to have no local impact. Of the 52 bills that became law, LSC's initial determination was that 46 bore no local impact. The remaining six bills were initially determined to meet LSC thresholds for a "Yes" local impact determination.¹ None of these five bills were modified to remove the local costs that triggered the initial local impact determination; thus all six of the bills passed in 2005 had a local impact "As Enacted."

¹ Please see the introduction for an explanation of the criteria LSC uses when making local impact determinations.

Local Impact Determinations for 2005 and Prior Year Comparisons

Of the 710 bills introduced in 2005, 52 were enacted. This might appear to be a low number. However, 2005 was the first year of the 126th General Assembly. It is quite likely that many of the bills introduced in 2005 may be enacted in 2006. Thus, in order to make valid comparisons between 2005 and prior calendar years, this section of the report analyzes bill introduction and enactment rates in 2005 to figures from 2003 and 2001, the first years of the preceding two General Assemblies.

Table 1 below compares the number of enactments during 2005—the first year of the 126th General Assembly—to the first year of the two preceding General Assemblies. Twelve percent, or six of the bills enacted in 2005, were designated with a "Yes" local impact determination. This is a lower rate than 2003, when 19%, or 11 of the bills enacted in that year triggered LSC's criteria for a "Yes" local impact determination. For 2001, which encompasses the first year of the 124th General Assembly, the enactment rate for such bills was slightly higher than 2005, at 14%.

Table 1. Local Impact Determinations for Enacted Bills

G.A.	Year	# of Yes (%)	# of No (%)	Total (%)
126th	2005	6 (12%)	46 (88%)	52 (100%)
125th	2003	11 (19%)	45 (81%)	56 (100%)
124th	2001	12 (14%)	71 (86%)	83 (100%)

Table 2 shows that during the first year of the 126th General Assembly, 5% of all bills with an initial "Yes" local impact determination, or 6 of 131 such bills, were enacted. This compares with an enactment rate of 8% (46 of 579) for bills with a "No" local impact determination. Overall, about 7% of all the bills introduced in 2005 were enacted.

Table 2. Bills Passed by the 126th General Assembly in 2005 that Became Law

Initial Review	# of Introduced Bills	# of Enacted Bills	% Becoming Law
Yes	131	6	5%
No	579	46	8%
Total	709	51	7%

Table 3 presents figures for 2003, the first year of the 125th General Assembly. For that year, 9% or 11 of the 122 bills introduced with an initial "Yes" local impact determination were enacted. This compares with an enactment rate of 11% (57 of 533) for bills with a "No" local impact determination. Overall, about 11% of all the bills introduced in 2005 were enacted.

Table 3. Bills Passed by the 125th General Assembly in 2003 that Became Law

Initial Review	# of Introduced Bills	# of Enacted Bills	% Becoming Law
Yes	122	11	9%
No	411	46	11%
Total	533	57	11%

Table 4 presents figures for 2001, the first year of the 124th General Assembly. For that year, 8% of all bills with an initial "Yes" local impact determination, or 12 of 145 such bills, were enacted. The enactment rate was 14% (71 of 522) for bills with a "No" local impact determination. Overall, about 12% of all the bills introduced in 2005 were enacted.

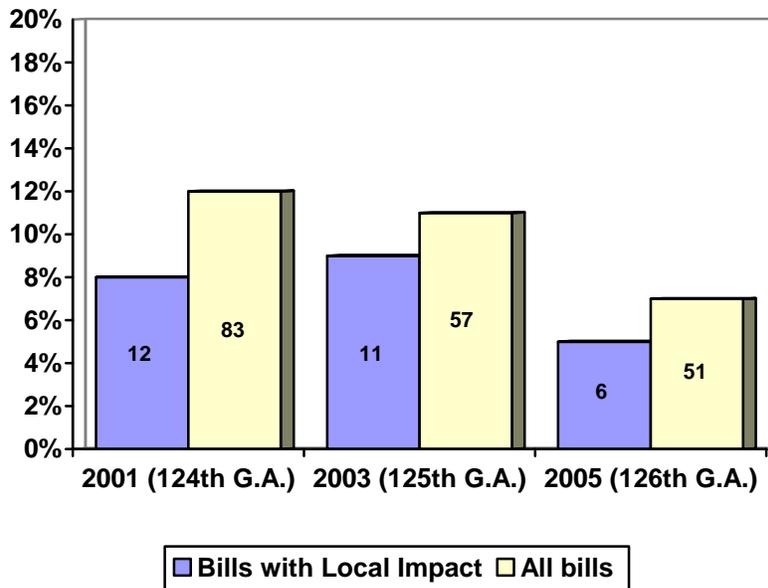
Table 4. Bills Passed by the 124th General Assembly in 2001 that Became Law

Initial Review	# of Introduced Bills	# of Enacted Bills	% Becoming Law
Yes	145	12	8%
No	522	71	14%
Total	668*	83	12%

* H.B. 246 was not assigned to a committee. A local impact determination was not completed.

Summarizing these data, the figure below shows enactment rates for bills with a "Yes" local impact compared to all bills enacted during the first years of the 124th, 125th, and 126th General Assemblies, covering calendar years 2001, 2003, and 2005. It confirms that the enactment rate for bills carrying a local impact is lower than the enactment rate for all bills, even though the difference is quite small. This has held true since this report was first published in 1996.

Figure 2. Enactment Rates for Bills with Local Impact vs. Enactment Rate for All Bills



Bills with Local Impact "As Introduced" or "As Enacted"

The following chart lists all six bills passed in 2005 that became law and were designated with "Yes" local impact determinations in their "As Introduced" form. The political subdivisions affected are also shown.

Bill	Subject	Political Subdivision Affected ²			
		C	M	T	SD
H.B. 29	Requires a person who is charged with an offense of violence involving a victim who is a family or household member and to whom any of a list of specified circumstances applies to appear before the court before the court sets bail for that person and requires the court to consider certain factors before setting bail for that person if the court is aware of certain specified information	✓	✓		
H.B. 203	Requires the Director of Health to establish the School Health and Safety Network to coordinate school inspections, and to include school safety and sanitary inspections within the practice of environmental health for registered sanitarians	✓	✓		✓
H.B. 397	Revises the statutes governing construction and demolition debris facilities and to declare an emergency	✓	✓	✓	
S.B. 128	Adds one additional judge for the general division of the Butler County Court of Common Pleas to be elected in 2006 for a term to begin January 3, 2007, gives the judges of the Domestic Relations Division of the Lorain County Court of Common Pleas jurisdiction over probate matters, designates the successors to the Lorain County probate judge as judges of the Domestic Relations Division of the Lorain County Court of Common Pleas, creates an additional General Division judgeship for the Lorain County Court of Common Pleas to be filled initially at the 2006 general election, and creates an additional judgeship for the Morrow County Court of Common Pleas to be filled initially at the 2006 general election	✓			
S.B. 190	Extends the job training tax credit for training expenses in TY 2006; changes the date of the Managed Care Franchise Fee	✓	✓	✓	
S.B. 236	Implements certain provisions of Article VIII, Section 2p of the Ohio Constitution regarding the issuance of obligations to support research and development projects and the development of certain sites and facilities	✓	✓	✓	

²C=counties; M=municipalities; T=townships; SD=school districts.

Local Impact by Political Subdivision

This section contains summary charts of the fiscal effects identified in the final Local Impact Statements for bills enacted in 2005 that were determined to have a local impact. There are four charts, one each for counties, municipalities, townships, and school districts. Wherever possible, an estimate is included as to the net effect on the political subdivision of each piece of enacted legislation. All of the six bills impacted counties, five affected municipalities, one affected school districts, and three affected townships.

Counties

Bill	Time Frame	Revenues	Expenditures	Net Effect
H.B. 29	Annual	Potential minimal gain	Potential minimal increase	Indeterminate
H.B. 203	Annual	- 0 -	Potential increase	Negative
H.B. 397	Annual	Gain from \$2,000 application fees; potential gain from civil penalties	Potential increase to bring forward civil actions	Indeterminate
S.B. 128	Annual	- 0 -	Increase in judicial salaries for specified counties	Negative
S.B. 190	Annual	- 0 -	Up to \$1.0 million loss from the tax credit	Negative
S.B. 236	Annual	Potential gain in grant funding that may offset costs associated with the acquisition of land and buildings, building construction, and improvements to land and buildings; potential gain from awards of support for research and development projects	- 0 -	Indeterminate

Municipalities

Bill	Time Frame	Revenues	Expenditures	Net Effect
H.B. 29	Annual	Potential minimal gain	Potential minimal increase	Indeterminate
H.B. 203	Annual	- 0 -	Potential increase	Negative
H.B. 397	Annual	- 0 -	Potential increase to bring forward civil actions	Negative
S.B. 190	Annual	- 0 -	Up to \$1.0 million loss from the tax credit	Negative
S.B. 236	Annual	Potential gain in grant funding that may offset costs associated with the acquisition of land and buildings, building construction, and improvements to land and buildings; potential gain from awards of support for research and development projects	- 0 -	Indeterminate

School Districts

Bill	Time Frame	Revenues	Expenditures	Net Effect
H.B. 203	Annual	- 0 -	Potential increase	Negative

Townships

Bill	Time Frame	Revenues	Expenditures	Net Effect
H.B. 397	Annual	- 0 -	Minimal increase in costs to fire departments to review permitting plans; minimal increase to hold public meetings	Negative
S.B. 190	Annual	-0-	Up to \$1.0 million loss from the tax credit	Negative
S.B. 236	Annual	Potential gain in grant funding that may offset costs associated with the acquisition of land and buildings, building construction, and improvements to land and buildings; potential gain from awards of support for research and development projects	-0-	Indeterminate

Part II

Local Impact Statements

Fiscal Notes & Local Impact Statements for Bills Enacted in 2005

Bill	Local Impact As Introduced	Local Impact As Enacted	Page Number
H.B. 29	Yes	Yes	18
H.B. 203	Yes	Yes	23
H.B. 397	Yes	Yes	28
S.B. 128	Yes	Yes	42
S.B. 190	Yes	Yes	51
S.B. 236	Yes	Yes	54

or household member before the setting of bail. These expenditures will largely fall into the categories of: (1) incarceration costs incurred as certain persons remain confined for longer periods of time, and (2) transportation and staff costs incurred in moving certain persons between the jail and the courthouse. As of this writing, it appears that the potential magnitude of those costs in any affected local jurisdiction would be minimal at most.

- ***Bond revenues.*** If the bill results in an increase in the amount certain persons must pay to secure their release from jail from what that amount might otherwise have been under current law and practice, then, theoretically at least, counties and municipalities could potentially gain revenue. Unless, as a result of the bill, bail amounts noticeably increase, it seems unlikely that the gain in local revenues will be more than minimal. For the purposes of this fiscal analysis, a minimal gain would be an increase in revenue estimated at no more than \$5,000 per year.

Detailed Fiscal Analysis

Fiscally notable provisions

For the purposes of this fiscal analysis, the bill contains the following notable provisions related to the setting of bail:

- Requires, to the extent that certain information is available, the court to consider certain factors before setting bail for a person charged with an offense of violence against a family or household member.
- Requires the person to appear before the court before the court sets bail for that person when certain factors apply.

State fiscal effects

The bill is not expected to have any direct fiscal impact on the state.

Local fiscal effects: expenditures

Setting bail

Under current law, a set of risk factors is considered when setting bail for a person charged with a domestic violence offense only when that person: (1) is already the subject of a domestic violence protection order, or (2) has a previous conviction for certain domestic violence offenses or the violation of a domestic violence protection order. Under the bill, this set of risk factors will be considered before setting bail for "any person" charged with an offense of violence against a family or household member.

Ascertaining the possible local effects of this bail setting provision can perhaps best be posed in the form of the following questions:

- (1) How much will the consideration of these factors affect the amount of bail an arrestee is required to post?
- (2) If, as a result of the bill, the amount of bail that certain arrestees must post in order to obtain pre-trial release increases, how many of these arrestees will be unable to pay that amount and remain locally incarcerated for a longer period of time than might otherwise have been the case under current law and practice?

If a large number of arrestees are unable to make the necessary bail, or it takes longer to arrange their bail, and, as a result, these arrestees remain locally incarcerated for a longer period of time than might otherwise have been the case under current law and practice, local incarceration expenditures would in all likelihood increase.

Misdemeanor domestic violence charges are relatively common. As noted in Table 1 immediately below, in calendar year 2003, the Franklin County Municipal Court reported 5,335 misdemeanor domestic violence charges filed. If, for the purposes of this fiscal analysis, one does a simple population-based extrapolation from the Franklin County Municipal Court's experience, this would mean that roughly 55,290 misdemeanor domestic violence charges were filed annually statewide in calendar year 2003.

Table 1
Domestic Violence Charges Filed in Franklin County
Municipal Court in 2003

Type of Offense	Number of Charges Filed
Domestic violence, misdemeanor	5,335
Domestic violence, felony	392
Violation of protection order	580

For charges related to felony domestic violence or violation of a protection order, the considerations for establishing bail being modified by the bill would already be considered. This is because, under current law, these considerations are already being used for arrestees who: (1) are the subject of a domestic violence protection order, or (2) have a previous conviction for certain domestic violence offenses or the violation of a domestic violence protection order.

At this time, LSC fiscal staff has uncovered no information to indicate that the bill will radically modify the bail requirements for a large number of cases in such a way as to create a significant increase in annual local incarceration expenditures.

Court appearance

The bill creates the requirement that arrestees must appear before a court to have their bail set for an offense of violence against a family or household member if the arresting officer documents one or more of the following factors with regard to the case: (1) there is evidence of physical harm to the victim, (2) there is evidence of the offender being in possession of a deadly weapon or dangerous ordnance, or (3) the offender presents a credible threat of serious physical harm to the victim or any other person if the offender is released on bail before trial. The bill also permits the court to: (1) hold the bail hearing via video conferencing equipment, and

(2) waive the bail hearing for a person charged with a misdemeanor if the court believes the appearance before the court to be impracticable.

For jurisdictions not currently requiring court appearances for bail determinations in cases of domestic violence, there are several potential costs associated with the bill. The first of these costs would involve potentially longer stays in jail for the arrestee. This increase in expenditures would impact the county sheriffs who are almost exclusively responsible for the running of full-service jails (i.e., those that can hold offenders for 120 hours). The second cost area also affecting county sheriffs involves transportation and staff costs incurred in moving certain persons between the jail and the courthouse. The third area of cost for these jurisdictions is the costs to the courts. Such costs would be a function of increased backlogs and reduced administrative efficiency, possibly requiring more involvement by judges, bailiffs, court reporters, prosecutors, and public defenders (if the defendant is indigent).

At this time, it is the view of the Judicial Conference of Ohio and the Association of Municipal/County Judges of Ohio that the bill allows enough flexibility that it should not create significant local costs. Thus, from LSC fiscal staff's perspective, those viewpoints would suggest that the magnitude of the potential costs for any affected local jurisdiction would be minimal at most.

Also of note is that the bill contains provisions that provide the court with more discretion or flexibility than would have been permitted under the As Introduced version, which for some local jurisdictions, in all likelihood noticeably lessens the magnitude of the potential impact on the operations and expenditures of certain courts than might otherwise have occurred subsequent to the bill's enactment.

Local fiscal effects: revenues

There are a number of different types of bonds that may be used, but only in the case of appearance bonds do local jurisdictions always retain some portion of collected revenue. In any situation where the person to be bailed is posting an appearance bond, counties and municipalities collect revenue. Appearance bonds require that the person pay 10% of their total bond. If the person makes all of their scheduled court appearances, 90% of that total is refunded.

Table 2 immediately below presents an example of how appearance bonds work. If the bill results in an increase in the amount a person must pay to secure their release from jail from what that amount might otherwise have been under current law and practice, then, theoretically at least, counties and municipalities could gain revenue. Unless, as a result of the bill, bail amounts noticeably increase, it seems unlikely that the gain in local revenues will be more than minimal. For the purposes of this fiscal analysis, a minimal gain would be an increase in revenue estimated at no more than \$5,000 per year.

Table 2
Appearance Bonds: An Example

Bond Component	Amount
Total amount of bond	\$20,000
10% required to obtain release	\$2,000
Amount refunded if all court appearances are made	\$1,800
Amount retained by court	\$200

LSC fiscal staff: Laura A. Potts, Budget Analyst

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- There could be increased costs for school districts and boards of mental retardation and developmental disabilities, associated with the requirement for a written abatement plan. There could also be increased costs to school districts and boards of mental retardation and developmental disabilities, dependent upon the complexity of the minimum standards established for school inspections. If the school inspection guidelines change from what they currently are, then the school may have to address more complex issues that arise during the inspection process. Currently, there are no penalties for school districts for noncompliance. The bill does not change this. However, it is possible that as a result of the abatement plan and the fact that the minimum standards regarding school inspections are in rules, school districts would have to correct deficiencies identified in inspections. It is uncertain how school liability would be affected by these provisions. Also, the Ohio School Boards Association and the Ohio Education Association will be involved in the process of establishing minimum standards for inspection procedures, so they can relay areas of concern or cost to ODH.
- The bill requires ODH to develop school inspection minimum standards in rules. Local health departments (LHDs) may realize increased costs if additional procedures are to be completed during school inspections or if additional schools are inspected as a result of the bill. This would raise costs proportional to the complexity of the procedures added to the minimum standards versus what each local health department currently checks during an inspection. However, any increase in costs due to additional procedures could be partially or fully offset by the fact that the frequency of inspections is reduced from twice a year to once a year. Also, the Association of Ohio Health Commissioners will be involved in the process of establishing minimum standards for inspection procedures, so they can relay areas of concern or cost to ODH.

For fiscal analyses, a "yes" local impact determination results in an annual cost of more than \$1,000 for any affected county, city, or township with a population of less than 5,000 or a school district with an average daily membership (ADM) of less than 1,000 or an annual cost of more than \$5,000 for any affected county, city, or township with a population of 5,000 or more, or a school district with ADM of 1,000 or more. The costs for this bill cannot be fully estimated without knowing what the minimum standards for school inspections will be.

Detailed Fiscal Analysis

The bill would require the Director of Health to establish the School Health and Safety Network to coordinate school inspections, and to include school safety and sanitary inspections within the practice of environmental health for registered sanitarians.

Current School Inspections

Currently, local health districts (LHDs) are required to conduct two school inspections per year. According to the Association of Ohio Health Commissioners (AOHC), the estimate for a three-hour inspection of each school building in Ohio is \$557,550 (total of approximately \$1,115,100 for the required two inspections) or \$150 per inspection. School inspections tend to vary by district and the guidance offered to LHDs on school inspections is outdated. In fact, the guidance used for school inspections was last revised in 1977. Also, the guidance does not provide a standardized, comprehensive protocol for inspections. As a result, there is little consistency among LHDs statewide. Many LHDs have added or edited procedures to their

inspection process to reflect current factors. According to the AOHC, there is a multi-disciplinary workgroup consisting of the Department of Health (ODH), LHDs, and the Bureau of Workers' Compensation, as well as others, actively involved in updating the guidelines for school inspections. The goal of this group is to have these new guidelines in place by the fall of 2005.

Examples of Criteria Currently Inspected

Since school inspections vary from district to district, LSC provides a few examples of what LHDs look for. The City of Newark Health Department maintains that the Board of Health "has a responsibility to assure that schools are operated in such a way as to prevent health, sanitation, and safety problems." Newark inspects public and parochial schools semi-annually. Inspectors look at the building structure, heating and ventilation systems, lighting, water supply, waste disposal, playground equipment, accident prevention program, and inspect for rodent control. Toilet and locker room facilities are checked for cleanliness, modesty equipment, and hand washing facilities. Accident prevention measures, including a properly equipped emergency room, traffic safety, fire exits, fire fighting equipment, and hazard free rooms, halls, and stairways, are also checked.³

The Warren City Board of Health inspects schools for the following: classroom conditions, lighting standards, water supply, toilet and locker room facilities, ventilation systems, kitchen areas, playground equipment, swimming pool, insect and rodent control, accident prevention, condition and operation of windows and doors, traffic safety, stairwells and halls, and fire exits and equipment, etc.⁴

According to ODH, most LHDs do not inspect safety items during their routine school inspections. Also, as mentioned previously, there is no consistency in regards to inspections from district to district. As a result, there are differences in the things inspected and the complexity of the inspections.

Requirements Regarding Inspections

The bill requires ODH to establish the School Health and Safety Network under which LHDs are required to inspect each public and nonpublic school building and grounds within its jurisdiction at least once each year. The bill specifies that each inspector shall conduct inspections during regular school hours using forms, templates, and checklists developed by ODH or other forms approved by ODH. ODH, with the cooperation of each board of health, is to coordinate inspections, to avoid duplication of authority over a school by multiple LHDs and to ensure that each school is inspected. ODH may determine the appropriate manner to coordinate inspections.

LHDs are to report inspection findings of each public and nonpublic school building and grounds to: the principal or chief administrator of the building; the administrator responsible for facility operations and maintenance of the school district, etc., controlling the inspected building

³ www.newarkhealthdept.org/programs/school_inspection.html.

⁴ www.warren.org/healthenvironmental.htm.

and grounds; the superintendent and board of education of the school district if the school is operated by a school district; in the case of a school operated by an educational service center or board of mental retardation and developmental disabilities, the center or board; and the Auditor of State. The report is to include recommendations for changes that the LHD determines may be necessary to abate conditions that are hazardous to occupants. The board of education of each school district, the board of mental retardation and developmental disabilities, the governing board of each education service center, and the chief administrator of each nonpublic school for which an inspection report is submitted are to develop a plan of abatement of conditions that are hazardous to occupants. The plan must be in written form and submitted by a deadline and in a manner established by ODH. The plan must also include a schedule for completion of the abatement. The LHD shall determine compliance with the written plan for abatement. On completion of any plan for abatement, the LHD shall submit a supplemental report to the same persons receiving the inspection findings reports.

ODH is to establish minimum standards and procedures for school health and safety network inspections in rule. ODH is to establish these standards in consultation with the Association of Ohio Health Commissioners, the Ohio Environmental Health Association, the Ohio School Boards Association, and the Ohio Education Association. The bill also requires the ODH to develop information specifying dangerous conditions and products that may be present in school building and grounds and distribute this data, on a quarterly basis, to boards of health through electronic mail and also make this information available on its web site. ODH may use information developed by other sources, including other state and federal agencies. The bill specifies that each LHD and the ODH, to the greatest extent possible, shall use existing staff to establish and operate the Network.

Fiscal Impact

The Department is currently working with LHDs, as well as others, in establishing guidelines for inspections. AOHC believes that current inspections could cover many of the minimum standards established. However, the new standards have yet to be established, so there is a possibility that standards could be established that would require additional procedures for school inspections. The Department maintains that most LHDs do not inspect safety items during their routine school inspections, so it is likely that some increased costs for additional procedures are possible. This would raise costs proportional to the complexity of the additional procedures and the number of LHDs that would have to implement these procedures. However, any increase in costs due to additional procedures could be partially or fully offset by the fact that the frequency of inspections is reduced from twice a year to once a year. However, it is important to note that the Association of Ohio Health Commissioners will be involved in the establishment of the minimum standards. As such, they would have a voice in the process and could alert ODH to any areas of concern or cost. Also, it is possible that some LHDs may have additional schools to inspect as a result of the bill – it is unclear how many LHDs currently inspect schools maintained by boards of mental retardation and developmental disabilities. LSC contacted the Massillon Health Department and they do inspect schools maintained by the boards of mental retardation and developmental disabilities.

Currently, schools that do not pass inspection are not required to submit a written correction plan. LHD school inspectors can issue orders for correction, but at the present time there is no provision outlining how schools are to respond to the correction order and there are no penalties or sanctions for noncompliance. The bill requires the board of education and others to submit a written plan for abatement of the conditions determined during inspection as hazardous to occupants, as well as requiring a schedule for completion of the abatement. The requirement for a written plan could increase expenditures for school districts or boards of mental retardation and developmental disabilities. School inspection standards have yet to be established. If these guidelines become more complex in nature than what local health departments currently inspect for, then the school may have to address more complex issues that arise during the inspection process, which would result in increased expenditures. Current guidelines are not in rules. The bill requires the minimum standards to be in rules. As such, it is possible that compliance with the standards in rules will be necessary. However, there are still no penalties associated with noncompliance. While there are no penalties, school districts may have to correct for any deficiencies as a result of the written abatement plan. It is uncertain how school liability will be affected. However, it is important to note that the Ohio School Boards Association and the Ohio Education Association will be involved in the establishment of the minimum standards. As such, they would have a voice in the process and could alert ODH to any areas of concern or cost.

ODH is to establish the school health and safety network. ODH will be responsible for coordinating inspections, with the cooperation of each board of health. ODH will also be responsible for establishing minimum standards for health and safety network inspection procedures. ODH would still provide some level of technical support, when needed, to local health districts. However, ODH has estimated these costs to be minimal.

The proposed legislation addresses the filing of reports and other procedures that the inspection process must follow. The legislation states that the Auditor of State shall review reports of each school health and safety inspection of a public school building. This could potentially increase costs to the Auditor's Office. According to the Auditor's Office, any increase would be minimal.

The LHDs may also realize a minimal increase in expenditures as a result of the requirements regarding inspection reporting. LHDs would have to report findings from each inspection to the principal or chief administrator, the administrator responsible for facility operations, etc., the superintendent in certain instances, and the Auditor of State. It is possible that some findings would need to be sent through the use of certified mail. Certified mail provides the sender a mailing receipt and online access to the delivery status. This service is available with first-class and priority mail. The cost of certified mail is \$2.30 plus postage. If the findings were submitted by standard U.S. mail or through email or fax, the costs would be negligible at best.

LSC fiscal staff: Wendy Risner, Budget Analyst

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Solid Waste (Fund 4K3) - Environmental Protection Agency			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase to cover operating expenses for the establishment and enforcement of new rules related to C&DD facilities	Potential increase to cover operating expenses for the establishment and enforcement of new rules related to C&DD facilities	Potential increase to cover operating expenses for the establishment and enforcement of new rules related to C&DD facilities
Construction and Demolition Debris Facility Oversight Fund (New Fund) - Environmental Protection Agency			
Revenues	Temporary gain from \$2,000 permit-to-install application fees	Temporary gain from \$2,000 permit-to-install application fees	Temporary gain from \$2,000 permit-to-install application fees
Expenditures	- 0 -	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2006 is July 1, 2005 – June 30, 2006.

- The Attorney General's office may experience an increase in expenditures to bring actions for civil penalties for violations of the Construction and Demolition Debris Law and to conduct investigative reports of applicants. The Attorney General's costs may be offset from civil penalty payments or from other funds of the Ohio EPA or local health districts as well as investigative fees charged to applicants. Currently, an estimate of the number of cases that may be brought forth by the Attorney General is unknown.
- The Environmental Review Appeals Commission may experience additional administrative costs to hear appeals regarding the denial of exemptions from the Construction and Demolition Debris Law. Currently, the number of appeals that may be brought forth is unknown.
- Two funds administered by the Ohio EPA, the Construction and Demolition and Debris Fund (Fund 4U7) and the Solid Waste Fund (Fund 4K3), may experience a potential increase in operating expenses for the establishment and enforcement of new rules related to construction and demolition debris facilities (C&DD) and the implementation of the new permitting program. Additional operating expenses are likely to include additional staffing, development of various forms, development of a certification training program, maintenance of a new database, reviewing grandfathered applications, conducting background investigations, and related travel costs. Currently, the amount of these additional expenses is unknown and will depend on the number of C&DD facilities that apply for a permit to install or an operator's license.
- The Construction and Demolition Debris Facility Oversight Fund (New Fund) may experience a temporary revenue gain of \$2,000 each time an application is submitted to install a new C&DD facility. However, the bill requires the Ohio EPA, or local health district, to refund the application fee no later than six months after the facility that is issued the permit to install begins accepting construction and demolition debris for disposal. Therefore, this revenue is only a temporary gain, unless the application is denied, in which case the Ohio EPA may keep the \$2,000.
- The Environmental Protection Remediation Fund (Fund 541) may experience a gain in revenue from the payment of civil penalties from violators of the Construction and Demolition Debris Law. The maximum amount of payment for each day of violation is \$10,000. Currently, it is unknown how much penalty revenue may accrue to the fund. Fund 541 may also experience a draw on current revenues since the bill

requires money in the fund also to be used for remediation activities at C&DD facilities. The number of remediation activities and associated costs is currently unknown.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2006	FY 2007	FUTURE YEARS
Counties			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase to bring forth civil actions against C&DD facilities; potential increase for County Recorder filings	Potential increase to bring forth civil actions against C&DD facilities; potential increase for County Recorder filings	Potential increase to bring forth civil actions against C&DD facilities; potential increase for County Recorder filings
Local Health Districts			
Revenues	Gain from \$2,000 application fees; potential gain from civil penalties	Gain from \$2,000 application fees; potential gain from civil penalties	Gain from \$2,000 application fees; potential gain from civil penalties
Expenditures	Potential increase to cover operating expenses for the establishment and enforcement of new rules related to C&DD facilities	Potential increase to cover operating expenses for the establishment and enforcement of new rules related to C&DD facilities	Potential increase to cover operating expenses for the establishment and enforcement of new rules related to C&DD facilities
Municipalities			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Minimal increase in costs to fire departments to review permitting plans; potential increase to bring forth civil actions against C&DD facilities; minimal increase to hold public meetings	Minimal increase in costs to fire departments to review permitting plans; potential increase to bring forth civil actions against C&DD facilities; minimal increase to hold public meetings	Minimal increase in costs to fire departments to review permitting plans; potential increase to bring forth civil actions against C&DD facilities; minimal increase to hold public meetings
Townships			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Minimal increase in costs to fire departments to review permitting plans; minimal increase to hold public meetings	Minimal increase in costs to fire departments to review permitting plans; minimal increase to hold public meetings	Minimal increase in costs to fire departments to review permitting plans; minimal increase to hold public meetings
Courts			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase to order extension of post-closure period	Potential increase to order extension of post-closure period	Potential increase to order extension of post-closure period

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

- Local health districts may experience a potential increase in operating expenses for the establishment and enforcement of new rules related to construction and demolition debris facilities (C&DD) and assistance in the implementation of the new permitting program. Additional operating expenses may include additional staffing, permitting assistance, reviewing permit applications, collection of application fees, requesting assistance from Ohio EPA, mailing costs, assistance with the development of a certification training program, reviewing grandfathered applications, conducting background investigations, and related travel costs. Currently, the amount of these additional expenses is unknown and will depend on the number of C&DD facilities that apply for a permit to install or an operator's license.
- Local health districts may also experience a temporary revenue gain of \$2,000 each time an application is submitted to install a new C&DD facility or modify an existing one. However, the bill requires the local health district, or Ohio EPA, to refund the application fee back to the applicant no later than six months after the facility that is issued the permit to install begins accepting construction and demolition debris for disposal. Therefore, this revenue is only a temporary gain, unless the application is denied, in which case the Ohio EPA may keep the \$2,000.
- County prosecutors and municipal law directors may experience an increase in expenditures to bring actions for civil penalties for violations of the Construction and Demolition Debris Law. Costs to counties and municipalities may be offset from civil penalty payments or from other funds of the Ohio EPA or local health districts. Currently, an estimate of the number of cases that may be brought forth by county prosecutors or municipal law directors is unknown.
- Municipalities and townships may experience minimal expenditure increases to have their fire departments review and file an application's plan for effective action in response to a fire, an explosion at the facility, or the release of noxious gases. Furthermore, municipalities and townships may experience minimal expenditure increases to provide a building for a public hearing to occur regarding where the proposed C&DD facility is to be located. Such additional costs are likely to be for utilities.
- County and/or municipal court systems may experience additional administrative costs to order the extension of a post-closure period of a C&DD facility if it is found that conditions at a facility are impacting public health or safety or the environment or if ground water assessment and corrective measures are required. Currently, it is unknown what costs would be involved in issuing such an order. Presumably, some, if not all, of the associated costs would be offset by court fees.
- Upon closure of a C&DD facility, county recorders may experience a minimal increase in administrative expenses to file a notice by an owner or operator of a C&DD facility that the property was used as a C&DD facility. Any additional expenses are likely to be offset by fees.

Detailed Fiscal Analysis

Introduction

The bill makes several changes in the construction and demolition debris management program. The bill requires the issuance of a permit to install for a new construction and demolition debris facility in lieu of an initial license and requires an applicant for a permit to

install to submit background information about past violations of environmental laws and ownership of other waste disposal facilities together with the application for the permit. The bill establishes additional siting criteria, adds requirements for public hearings on permit applications, requires rules to be adopted governing ground water and leachate monitoring, adds requirements for closure and the post-closure care of facilities, adds requirements governing pulverized debris, reporting of rejected waste loads, certification of materials from transfer facilities, and adds several other requirements to the Construction and Demolition Debris Law. The provisions that result in a fiscal impact to the state and local governments are discussed below. Please refer to the *LSC Bill Analysis* for additional information on all of the bill's provisions.

Background on Construction and Demolition Debris Facilities and the State Program

The Construction and Demolition Debris (C&DD) program is governed by Chapter 3714. of the Revised Code and regulates the disposal of debris from construction and demolition activities into licensed C&DD landfills. Approved local boards of health perform the licensing, inspection, and enforcement of the majority of C&DD facilities. These boards receive a portion of C&DD disposal fees to fund their activities. Ohio EPA provides ongoing technical assistance to approved local health districts and performs annual surveys to ensure programs are in compliance. In cases where no approved local board of health has jurisdiction, Ohio EPA performs all licensing, inspection, and enforcement activities associated with the C&DD program.

There are currently 72 licensed C&DD facilities in Ohio. These facilities receive approximately 14 million cubic yards of debris annually. Of these 72 facilities, local boards of health regulate 68 of them and the Ohio EPA regulates 4 of them. Over the FY 2006-2007 biennium approximately \$730,000 in FY 2006 and \$781,000 in FY 2007 will be allocated to the Ohio EPA to administer this program.

The funding sources for the program include a \$1.00 per ton solid waste tipping fee and C&DD disposal fees. The tipping fee was increased in FY 2004 by \$0.25 per ton to the current \$1.00 per ton fee. With the fee increase, EPA saw revenues rise approximately 33%. As for the C&DD disposal fee, until recently C&DD license fees were \$3,000 annually for each C&DD landfill in Ohio; however, Am. Sub. H.B. 432, effective April 15, 2005, replaced the license fee with a 30-cent per cubic foot or 60-cent per ton disposal fee.

The disposal fee is collected by owners/operators of C&DD facilities or solid waste facilities and transmitted to local health districts or to the Ohio EPA, where appropriate, in order to fund oversight of C&DD facilities. If local boards of health relinquish regulatory and enforcement activities of C&DD facilities, the moneys paid to the local health districts remain in the Construction and Demolition Debris Fund (Fund 4U7), ultimately increasing the fund's balance, though minimally. The two line items that fund this C&DD program are 715-649, Solid Waste (Fund 4K3), and 715-660, Construction and Demolition Debris (Fund 4U7). Based on the LSC fiscal analysis of Am. Sub. H.B. 432, local boards of health receive approximately \$2,500,000 (assuming 65 health districts) in annual revenue from the disposal of construction and demolition debris, the Ohio EPA receives approximately \$541,000 in annual revenue, and

counties, municipalities, and townships each receive \$390,000, \$520,000, and \$520,000 in annual revenue, respectively.⁵

Construction and Demolition Debris Facility Study Committee

Also, in Am. Sub. H.B. 66 (the main appropriations bill) a six-month moratorium on the licensing of new C&DD facilities was established. The bill authorized boards of county commissioners to request that pending applications for licenses be processed and specified that the moratorium does not apply to new facilities that are contiguous or adjacent to existing facilities or to expansions of or modifications to existing facilities. Furthermore, the bill created the Construction and Demolition Debris Facility Study Committee to study certain topics related to C&DD facilities and make recommendations⁶ to the General Assembly by September 30, 2005 for changes regarding the laws governing those facilities. Finally, the bill required the General Assembly to enact legislation based on the Committee's recommendations as soon as is practicable. H.B. 397 is a product of the Study Committee's recommendations.

New Construction and Demolition Debris Program

Under the bill, not later than 180 days from the bill's effective date and in accordance with rules adopted under section 3714.02 of the Revised Code, the Ohio EPA is required to establish a new program for the issuance of permits to install new construction and demolition debris facilities. The new rules that the Ohio EPA is required to adopt include the following:

- Procedures for the issuance of permits to install;
- Rules that establish standards and procedures governing the modification of C&DD operators' licenses;
- Rules that require that ground water monitoring be capable of determining impacts resulting from the operation of construction and demolition debris facilities, including ground water assessments;
- Requirements for the monitoring and sampling of leachate;
- Requirements that the owner or operator of a facility use best management practices;
- Financial assurance requirements for post-closure care of facilities;
- Requirements for the post-closure care of facilities for a minimum period of five years after the closure of a facility;
- Rules to extend the post-closure period for one or more additional five-year periods if conditions at a facility constitute a threat to the public health or safety or to the environment;
- Procedures and requirements governing the certification of construction and demolition debris by transfer facilities;
- Requirements governing the provision of notification by owners and operators of C&DD facilities of rejected shipments and by transporters of the final disposition of rejected shipments;

⁵ Access to the LSC Fiscal Analysis of Am. H.B. 432 of the 125th General Assembly may be found at the following link: <http://www.lbo.state.oh.us/fiscal/fiscalnotes/125ga/HB0432EN.HTM>.

⁶ A copy of the final report of the Construction and Demolition Debris Facility Study Committee may be found at the following link: http://www.theoec.org/pdfs/hottopics/hottopics_pr_cddfinal.pdf.

- Requirements regarding contingency plans related to fire, explosion, or the release of noxious gases at facilities; and
- Requirements governing the certification and training of operators of C&DD facilities.

The EPA may experience additional costs to establish this program and adopted rules establishing standards and procedures for the issuance of permits to install some of these costs are likely to include hiring additional staff and acquiring additional resources given the timeframe for program implementation. Depending on when, and if, the bill becomes effective, it is uncertain when the actual program may begin. Prior to implementation of the program, administrative rules will have to be promulgated. Some of these specific costs are discussed in more detail below.

Obtaining a permit to establish a C&DD facility. As part of the new program, the bill requires that on or after the bill's effective date, no person shall establish a new C&DD facility without first obtaining a permit. The permits may be obtained from the nearest local health district, or from the Ohio EPA if the health district is not on the EPA Director's approved list pursuant to R.C. section 3714.08(A) or (B). There are currently 82 out of 137 local health districts (county and city) who are on the Director's approved list to administer the Solid and Infectious Waste Program and/or the Construction and Demolition Debris Program within their jurisdictions. A local health district that is approved to administer the C&DD program within its jurisdiction is responsible for assessing compliance with appropriate actions to resolve outstanding violations, including enforcement actions when necessary. An approved health district also has licensing authority for all operating facilities within its jurisdiction. If the local health district is not on the Director's approved list, the Ohio EPA performs all regulatory oversight within that jurisdiction.

The bill provides permissive authority for the EPA or a local health district to assist the applicant for a permit by providing guidance and technical assistance. Currently it is unknown if either the EPA or a local health district will actually provide such assistance, and to what extent.

The bill also lists several requirements that must be on an applicant's application for a permit to install a new C&DD facility. All applications must be developed by the EPA and submitted to a local board of health. The EPA may experience costs to develop the application and local health districts may experience costs to review them. These costs are likely to be minimal for both entities.

Construction and Demolition Debris Facility Oversight Fund (New Fund)

When an application is submitted to install a new C&DD facility or modify an existing one, the bill requires the applicant to pay a \$2,000 application fee. The bill requires the \$2,000 to be deposited into a special fund of the local health district then transmitted to the Construction and Demolition Debris Facility Oversight Fund, a new fund created in the bill. However, no later than six months after the facility that is issued the permit to install begins accepting construction and demolition debris for disposal, either the local health district or the EPA shall refund the \$2,000 application fee back to the applicant. This will result in merely a transfer of

funds with no revenue gain to either the local health districts or the EPA, unless the application is denied, in which case the local health districts or EPA would be able to keep the money.

The bill provides that throughout the whole permitting process the EPA Director or a board of health may issue, deny, modify, suspend, or revoke a permit to install in accordance with rules. In denying the application a local health district or the EPA shall consider whether the applicant has had a history of noncompliance with state and federal laws that indicates that the applicant lacks sufficient reliability, expertise, and competence to operate the new or modified C&DD facility. Verifying this type of information may require additional staff time and resources of both the Ohio EPA and local health districts.

New Permitting Costs – Local Health Districts and Ohio EPA

Also, as part of this program local health districts may incur additional minimal costs for extending the expiration date of a permit; notifying the EPA of receipt of an application; requesting the EPA to review the application for a permit and issue or deny the application when the board determines additional expertise is required for such a review; and once the permit is issued, the local health district may experience minimal costs to mail a copy of a permit and additional information to the EPA, as well as copies of the plans or plan updates for operation of the facility. In the end, if a local health district is unable or unwilling to administer the new permitting program, the health district may be removed from the Director's approved list. If this happens, the Ohio EPA staff assumes the responsibilities for that jurisdiction. If, as a result of the bill, more local health districts return their responsibilities back to the Ohio EPA, the Ohio EPA may not have sufficient staff to take on the increased workload.

The bill includes several requirements that must be accompanied with an application (see section 3714.052). The bill requires that not later than 60 days after the EPA or a board of health receives an application, the applicant must hold a public hearing in the township or municipal corporation in which the facility or proposed facility is to be located. If a public hearing is held in a public building in the township or municipal corporation, these entities may experience minimal utility expenditures to provide a facility for the hearings to occur.

Licensure Requirements

Once permitted, the bill requires a person that wants to operate, continue to operate, or maintain a C&DD facility to obtain an annual C&DD facility operation license. The bill requires a permit to install and operators license be obtained prior to the operation of a new C&DD facility. Similar to the permitting process, the license must be obtained from a local board of health or the EPA. All licenses shall expire annually at the end of December. The application for a license shall be submitted to the board of health or the EPA, on or before the last day of September of the year preceding that for which the license is sought.

Submission of Background Information. The bill requires that at the same time that an application for an annual operators license is submitted, an owner or operator of a C&DD facility that previously submitted background information, must submit to the EPA or a board of health all background information required to be submitted under the bill that has changed or been

added since the issuance of the most recent annual operators license for the facility. This same requirement applies to "key" employees of the C&DD facility, or those in a supervisory capacity. However, if there have been no changes during that license period the owner or operator or key employee must submit to the EPA or board of health an affidavit to that effect. If the EPA or a board of health finds that the updated information indicates any of the reasons specified in the bill for the denial of an initial application for a permit to install, a license may be revoked.

Also, if a person decides to transfer the permit to install or license for a C&DD facility to another person, the EPA or board of health may deny the transfer if it is found that the background information regarding the transferee or a transferee's key employee(s) indicates any of the reasons specified in the bill for the denial of an application for a permit to install.

Also, in lieu of these requirements, the bill allows an applicant for a permit to install or transfer of a permit to install, or a license for a C&DD facility to comply with Revised Code sections 3734.41 to 3734.47. Primarily, these requirements include filing a disclosure statement for a permit to install with the EPA and the Attorney General. After 180 days the Attorney General shall prepare an investigative report of the applicant and submit it to the EPA. To offset the Attorney General's costs for this investigation, current law allows applicants to be charged a fee for this investigation.

Overall, the EPA or a board of health may experience additional administrative costs to verify background information, review affidavits, and revoke licenses. Furthermore, the Attorney General may experience costs to prepare investigative reports of an applicant. Currently, the amount of such costs is unknown and will depend on the number of applicants.

Action plan for response to a fire, explosion, or noxious gas release. The bill requires that for the person submitting an application for a license, he or she shall submit plans with the application for operation of the facility, or any plan updates. Local boards of health must provide copies of the plans or plan updates for operation of the facility to the EPA. Providing copies and updates of these plans may result in minimal administrative costs to local boards of health.

One part of the plans must include a plan for effective action in response to a fire, an explosion at the facility, or a release of hydrogen sulfide or other gases created by the facility that pose a nuisance, cause an offensive odor, or pose a threat to public health or safety or to the environment. The person shall also submit a copy of the plan, and any plan updates, to the local fire department that would respond to a fire, an explosion, or noxious gas release at the facility. Local fire departments may experience costs to review initial plans and plan updates and keep a copy of the plans on file. Any additional administrative costs to township or municipal fire departments are likely to be minimal.

Program for the certification of C&DD operators – new state and local expenses

The bill requires the Ohio EPA, in consultation with local health districts and a statewide association representing construction and demolition debris facilities to establish a program for the certification of C&DD operators. In addition, these entities shall also establish a continuing

education program for those operators as part of the certification program. The EPA is also required to approve persons to provide the continuing education. Each operator is required to complete a minimum of ten hours of continuing education training. Currently, it is unknown what costs may be incurred by the aforementioned entities involved in establishing the certification program. All training costs will likely come from the Construction and Demolition Debris Fund (Fund 4U7) and the Solid Waste Fund (Fund 4K3) and possibly funds from local health districts. An estimate of potential training costs is currently unknown.

Ground water and leachate monitoring

Current law requires the Director of Ohio EPA to adopt rules establishing requirements for the installation of ground monitoring wells and the monitoring of ground water quality at any facility where the operation of the facility threatens to contaminate ground water. The bill adds additional requirements that must be included in the rules governing ground water monitoring. Specifically, the bill provides that the rules must require that ground water monitoring be capable of determining impacts resulting from the operation of construction and demolition debris facilities. The rules also must include provisions for ground water assessment and corrective actions for impacts to ground water. Further, the rules must require that the owner or operator of a construction and demolition debris facility submit a monitoring report to the Director, or a local board of health, that has been prepared by a qualified ground water scientist. Finally, the bill requires the Director to adopt rules governing the monitoring and sampling of leachate. The Ohio EPA may experience additional administrative costs to establish and enforce these rules. Also, both the Ohio EPA and local boards of health may experience additional administrative costs to review the monitoring report submitted by the C&DD facility.

Acceptance of construction and demolition debris from a transfer facility

The bill allows C&DD facilities to request a transfer facility to certify that material that is transferred from a transfer facility to the C&DD facility is not off-specification material, industrial waste, hazardous waste, solid wastes, infectious wastes, or low-level radioactive wastes. Furthermore, with respect to material that is transferred to a C&DD facility by a railroad under Title 49 of the United States Code, the C&DD facility may request the railroad provide a bill of lading, or a copy of a bill of lading, from the shipper of the material or may request the railroad to provide written information indicating that the railroad did not process or add to the material. These provisions will not have a fiscal impact on local health districts or the EPA.

Furthermore, if the owner or operator of C&DD facility rejects a shipment of debris because the shipment is not eligible for disposal at the facility, the owner or operator of the C&DD shall notify the EPA or a board of health of the rejected shipment. Also, after rejecting the shipment, the owner or operator shall give the transporter or shipper of the shipment, as applicable, instructions from a form prescribed by the EPA, regarding the ultimate disposition of the debris. The form will serve as notice to the EPA or board of health, of the shipment's ultimate disposition, and include the date and time the shipment was ultimately disposed of, the disposal location, and the name of the owner or operator of the C&DD facility that accepted the shipment for disposal. The review and filing of these notifications will result in minimal, if any, costs to the Ohio EPA or local boards of health.

Facility Closure Rules

Current law requires the Director of Environmental Protection to adopt rules establishing requirements for the closure of C&DD facilities and requirements governing financial assurance for their closure.

Rules related to closure

The bill specifies that the rules must require that the post-closure care period may be extended by order of the applicable board of health, the EPA, or a court of competent jurisdiction. The extension may be ordered if conditions at a facility are impacting public health or safety or the environment or if ground water assessment and corrective measures are required under rules adopted under the bill. Extending the post-closure care period would likely be the result of evidence indicating an impact to the public health or safety or the environment. This evidence may be the result of findings of either the facility itself, the local board of health, or the EPA. Currently, it is unknown what methods will be used or the costs involved in arriving at these findings. Also it is unknown what costs, if any, will be involved in courts extending the post-closure care period. It is uncertain whether court costs would offset any costs involved.

Also, upon closure, the bill requires the owner or operator of a C&DD facility to file with the applicable county recorder's office a notice that the property was previously used as a C&DD facility. The notice shall include an engineering drawing attachment showing the physical locations of debris placement, an indication of the volume of debris, and an indication of the depth of the final cover material. A county recorder may experience minimal administrative costs to file the notices. Any additional expenses will likely be offset by filing fees.

Rules related to financial assistance

The bill requires the EPA to adopt rules that require the owner or operator of a facility, before being issued an initial license, to submit a surety bond, a letter of credit, or other acceptable financial assurance in an amount determined by the EPA or a board of health and which is no less than \$13,000 per acre. The EPA or board of health may adjust the amount of financial assurance in conjunction with the issuance of an annual license. The EPA or board of health must justify any financial assurance amounts exceeding \$13,000 per acre.

However, for a facility that no longer accepts C&DD debris in calendar year 2006, the financial assistance requirements do not apply, provided that the owner or operator of a facility gives written notice of the closure to the applicable board of health or the EPA. Also, the requirements do not apply if the owner or operator does not submit a subsequent application for a license renewal for the facility after that closure, and no order was issued by the applicable board of health, the EPA, or a court of competent jurisdiction governing the post-closure care of and post-closure financial assistance for that facility. The same provisions apply for closure of a facility in calendar year 2007; however, the required period of time for post-closure care and post-closure care financial assurance must be one after the closure of the facility. The EPA or local board of health may experience minimal costs to review and file the written notice submitted by the owner or operator of the closing facility.

Administrative remedies

Under current law if a local board of health, where the C&DD violation has occurred or is occurring, or the Ohio EPA, determines any person has violated or is violating the provisions in Chapter 3714., the local health district or the Ohio EPA may request in writing that the Attorney General, county prosecuting attorney, or city law director bring action for civil penalties in any court of competent jurisdiction. The court may impose upon the person no more than \$10,000 for each day of violation of the provisions in Chapter 3714., or rule related to C&DD, or a term or condition of a C&DD license. Moneys resulting from these civil penalties imposed by an action brought at the request of the local health district is required to be credited to a special fund in the local health district. Moneys resulting from civil penalties imposed by an action brought at the request of the EPA shall be credited to the Hazardous Waste Clean-Up Fund (Fund 505). This same process applies to the new permitting provisions in the bill.

Databases

The bill requires the Ohio EPA to establish and maintain a database or databases composed of public information of the record made of the annual inspection of each construction and demolition debris facility, information from the annual survey of each health district, and ground water and leachate data collected. The bill requires the information and data to be stored in such a manner that they are easily available for sharing with a local health district and other interested persons. Requiring the establishment and maintenance of this database may result in the need to hire an additional staff person to perform this task; however, since the bill does not require the databases be computerized, current staff may be able to perform this function. If this is not the case, additional computer equipment as well as the need to hire consultants to assist with the work may be necessary. Currently, an estimate of such additional personnel and or equipment costs, if any, is unknown.

Environmental Protection Remediation Fund

The bill expands the use of the money in the Environmental Protection Remediation Fund (Fund 541) to include remediation activities at construction and demolition debris facilities. Currently, money in the fund comes from moneys set aside by the state for the clean-up and remediation of the Ashtabula River; any moneys collected from settlements; and moneys received under the "Comprehensive Environmental Response, Compensation, and Liability Act of 1980." The moneys are specifically designated for cleaning up a particular site, in many cases, as the result of an enforcement order.

Am. Sub. H.B. 66 (the main appropriations bill) appropriated \$33,000 in FY 2006 and \$34,650 in FY 2007 to this fund.

Requiring the EPA to use a portion of the proceeds of the Environmental Protection Remediation Fund (Fund 541) without additional appropriation authority will result in a decrease in current services provided with moneys from the fund. As the number of C&DD remediation projects is not known, so is an estimate of the additional appropriation needed to conduct these activities.

Appeals

Under current law and under certain conditions, the EPA or a local board of health, as applicable, may exempt any person disposing of or proposing to dispose of construction and demolition debris under the Construction and Demolition Debris Law. Under the bill, prior to issuing an exemption, a board of health is required to provide written notice to the EPA of the board's intention to grant the exemption. The notice shall contain a description of the facts surrounding the proposed exemption and any additional information requested by the EPA. No later than 30 days after the receipt of the notice, the EPA shall provide written comment to the board regarding the proposed exemption. The written comment shall be considered by the board of health prior to the board's issuance of an order granting an exemption. The EPA's determination to deny an exemption is appealable to the Environmental Review Appeals Commission.

Local boards of health may experience minimal administrative costs to provide notice to the EPA regarding the proposed exemption. In turn, the EPA may experience similar costs to review exemption requests and provide notice of the determination.

Also, the Environmental Review Appeal Commission may experience additional administrative costs to hear appeals. Any costs will likely be absorbed within the Commission's current budget since the Commission is supported only by the General Revenue Fund. Currently, an estimate of the number of appeals that may be heard is unknown.

Grandfather Provisions

License applications submitted prior to July 1, 2005. The bill specifies that an application for a license to establish or modify a C&DD facility submitted to a board of health or the EPA prior to July 1, 2005, must be reviewed and the license must be issued or denied in accordance with the provisions of the Construction and Demolition Debris law as they existed on July 1, 2005. However, no review is necessary unless the applicant has: (1) acquired an interest in the property on or before May 1, 2005, (2) began hydrogeologic investigation of the property, and (3) began the engineering plans for the facility. Also, the bill requires the EPA to determine whether the above provisions apply to an applicant within 45 days after receiving an applicant's request for determination.

License applications submitted between July 1, 2005 and December 31, 2005. The bill specifies that an application for a license to establish or modify a C&DD facility submitted to a board of health or the EPA on or after July 1, 2005, but prior to or on December 31, 2005, must be reviewed and the license must be issued or denied in accordance with the provisions of the Construction and Demolition Debris Law as they existed on July 1, 2005. Furthermore, the bill provides that unless the application involves certain expansions to areas within previously defined property boundaries, a board of health or the EPA may apply any of the bill's new siting criteria to such an application and may deny the application if the facility that is subject of the application will not comply with that siting criteria.

License application submitted after January 1, 2006. For applications that are submitted after January 1, 2006 and until the effective date of the rules adopted under the bill, a

board of health or the EPA shall review and issue or deny the license in accordance with the provisions of the Construction and Demolition Debris Law as they existed on July 1, 2005. However, unless the application involves certain expansions to areas within previously defined property boundaries, a board of health or the EPA is required to apply all of the bill's new siting criteria to the application and shall require the applicant to submit background information required by the bill.

Overall, these grandfather provisions may result in additional staff needed to verify applicants have met the hydrogeologic investigation and engineering plan requirements for specific applications, review applications and verify compliance with the bill's siting requirements, and review background information. Currently, it is unknown how much additional staff time and resources, if any, will be needed for this review. The level of workload will depend on the number of applications submitted. Any additional costs are likely to be covered with current budgetary resources.

LSC fiscal staff: Jonathan Lee, Senior Analyst

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the Lorain County Court of Common Pleas is estimated at \$128,771, which consists of: (1) \$105,550 in salary, (2) \$14,534 in PERS contributions, and (3) \$8,687 in miscellaneous other contributions. As the term of the new judge does not begin until halfway through the state's FY 2007, the amount of state financial support that will be disbursed in that fiscal year is expected to be half the estimated annual cost, or \$64,386. Currently, the state has statutorily prescribed annual pay increases in the state share of the salary of common pleas court judges through calendar year 2008.

- Morrow County Court of Common Pleas judgeship.** Starting with FY 2008, the annual amount in GRF funding that the Supreme Court of Ohio will disburse in the form of state support for the new judge added to the Morrow County Court of Common Pleas is estimated at \$138,905, which consists of: (1) \$113,857 in salary, (2) \$15,678 in PERS contributions, and (3) \$9,370 in miscellaneous other contributions. As the term of the new judge does not begin until halfway through the state's FY 2007, the amount of state financial support that will be disbursed in that fiscal year is expected to be half the estimated annual cost, or \$69,453. Currently, the state has statutorily prescribed annual pay increases in the state share of the salary of common pleas court judges through calendar year 2008.

Local Fiscal Highlights

LOCAL GOVERNMENT	FYs 2005-2006	FY 2007*	FUTURE YEARS
Butler County			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Magnitude of one-time capital improvements and furnishings costs uncertain	(1) Up to \$103,878 estimated increase in salaries, benefits, and additional operating costs; (2) likely savings due to reduced need for retired and visiting judges	(1) Up to \$103,878 estimated increase in salaries, benefits, and additional operating costs; (2) likely savings due to reduced need for retired and visiting judges
Lorain County			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	(1) Increase estimated at \$15,897 for judicial salary and benefits; (2) additional personnel expenses estimated at \$269,650 plus the cost of benefits; (3) no additional capital improvements costs	(1) Increase estimated at \$15,897 for judicial salary and benefits; (2) additional personnel expenses estimated at \$269,650 plus the cost of benefits; (3) increase estimated at \$315,160 per year starting in FY 2009 for additional operating expenses related to consolidation of Probate Division within Domestic Relations Division

Morrow County

Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	(1) Increase estimated at \$6,464 for judicial salary and benefits; (2) no additional staffing or capital improvements costs	(1) Increase estimated at \$6,464 for judicial salary and benefits; (2) no additional staffing costs

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

* The three new judges will be elected in 2006 for terms to begin January 2007.

- Butler County Court of Common Pleas judgeship.** Starting with FY 2007, the annual salary and benefits for the new judge to be added to the Butler County Court of Common Pleas will cost Butler County \$15,897, which is comprised of \$14,000 in annual base salary plus fringe benefits. Butler County expects to incur additional one-time capital improvements and furnishing costs in order to add courtroom and office space for the General Division in its Government Services Center. The magnitude of those costs is uncertain. Legislative Service Commission fiscal staff estimates the additional annual local costs for staff and related expenses at roughly \$90,000, most of which represents the salary and fringe benefits for two staff positions: a judicial assistant and a bailiff. As the seating of an additional judge will likely reduce the need to reimburse the state for the services of retired and visiting judges, the court will realize some savings, but the amount of that annual savings is, as of this writing, uncertain.
- Lorain County Court of Common Pleas: Domestic Relations Division and Probate Division.** It appears that the primary local fiscal effects associated with the bill's provisions related to the Court's Domestic Relations and Probate divisions would not be experienced until roughly February 2009. That is the timeframe in which the existing Probate Division of the Court, the successors to the current Probate Judge, and the jurisdiction over probate matters will be consolidated within the Domestic Relations Division. It is the view of Lorain County Court personnel that the nature of the cases heard in the Domestic Relations Division are both time and labor intensive. As a result of consolidating the current Probate Judge within the Domestic Relations Division, Lorain County Court personnel expect to incur additional operating costs in support of that judge starting in 2009 estimated at \$315,160 per year in current year dollars. This estimated annual amount includes the salary and fringe benefits of three additional staff (one court reporter and two staff attorneys).
- Lorain County Court of Common Pleas judgeship.** Starting with FY 2007, the annual salary and benefits for the new judge to be added to the Lorain County Court of Common Pleas will cost Lorain County \$15,897, which is comprised of \$14,000 in annual base salary plus fringe benefits. According to the court's administrative staff, the new judge will require additional support staff, including a bailiff, two secretaries, one staff attorney, and one court reporter. Salary costs associated with these five staff positions are estimated at \$269,650 per year plus the cost of benefits. Courtroom space already exists and no further capital expenditures are anticipated.
- Morrow County Court of Common Pleas judgeship.** Starting with FY 2007, the annual salary and benefits for the new judge to be added to the Morrow County Court of Common Pleas will cost Morrow County \$6,464, which is comprised of \$5,693 in annual base salary plus fringe benefits. According to the court's administrative staff, no additional staff or courtroom space will be required to support the new judgeship, as the additional judge is expected to utilize existing space and staff.

Detailed Fiscal Analysis

Fiscally notable provisions

For the purposes of this fiscal analysis, the bill most notably:

- Adds one additional judge for the General Division of the Butler County Court of Common Pleas to be elected in 2006 and to take office on January 3, 2007.
- Provides the judges of the Domestic Relations Division of the Lorain County Court of Common Pleas with concurrent jurisdiction over probate matters with the Probate Judge of Lorain County, from January 1, 2006 through February 8, 2009.
- Designates the successors (effective February 9, 2009) to the current Lorain County Probate Judge as judges of the Domestic Relations Division of the Lorain County Court of Common Pleas.
- Adds one additional judge for the Lorain County Court of Common Pleas General Division to be elected in 2006, term to begin January 6, 2007.
- Adds one additional judge for the Morrow County Court of Common Pleas to be elected in 2006, term to begin January 1, 2007.

Butler County Court of Common Pleas judgeship

The bill adds one additional judge for the general division of the Butler County Court of Common Pleas to be elected in 2006 and to take office on January 3, 2007.

Judicial compensation costs

Base salary

The annual salary of a judge of a court of common pleas consists of a state-paid share and a local share paid by the county as follows:

- The *local share* varies slightly depending on a county's population as determined by the decennial census. The local amount is based on 18 cents per capita in the county, but may not be less than \$3,500 or more than \$14,000.
- The *state share* is equal to the annual salary minus the local share. Substitute House Bill 712 of the 123rd General Assembly provided annual salary increases each year from 2002 through 2008. The annual salaries of the judges and justices of the court will increase by the lesser of 3% or the percentage increase in the Consumer Price Index (CPI) over the 12-month period ending on September 30 of the previous year. In the case of judges for whom a portion of the salary is paid locally, the entire amount of the increase is added to the state share.

The Supreme Court of Ohio estimates that, when the new judge is added to the Butler County Court of Common Pleas for a term to begin January 3, 2007, the annual salary of a judge of a court of common pleas will be \$119,550. Of that amount, based on the 2000 Census, Butler County will have to pay the maximum of \$14,000 as required under current law (Butler County population totals 332,807). The state will cover the balance of the annual salary, which for the remainder of state FY 2007 (January 3, 2007 through June 30, 2007), amounts to \$52,775. Starting with FY 2008, the first full state fiscal year of the judgeship, and annually thereafter, the state will expend \$105,550 plus whatever cost of living increase that is approved for that year by the Supreme Court.

Retirement

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, which assumes that the new judge added to the Butler County Court of Common Pleas joins PERS. The state and local PERS contributions would work as follows:

- The state contributes at the rate of 13.77% of its supplemental salary amount, while the county pays 13.55% on its base share amount.
- Under that PERS contribution formula, Butler County will pay \$1,897 annually, while the state will contribute \$14,534 in FY 2008, the first full state fiscal year of the new common pleas court judgeship.

Other state costs

In addition to PERS, the state also makes contributions for other purposes, totaling approximately 8.23%, which includes 1.45% of gross salary for Medicare for all employees hired after April 1986, 0.1371% for workers' compensation, 0.28% for the administration of the Central Accounting System, and approximately 6.36% in health insurance contributions. It should be noted that the state's share in health insurance contributions has been increasing and is expected to continue increasing in the future. These miscellaneous annual contributions will cost the state \$8,687 ($\$105,550 \times 8.23\%$) in FY 2008, the first full state fiscal year of the new common pleas court judgeship.

Other Butler County costs

One-time expenses. Butler County expects to incur additional one-time capital improvements and furnishing costs in order to add courtroom and office space for the General Division in its Government Services Center. The magnitude of those costs is uncertain.

Ongoing operating expenses. Based on information provided by the Butler County Court of Common Pleas, LSC fiscal staff estimates the additional annual local costs for staff and related ongoing operating expenses at roughly \$90,000, most of which represents the salary and fringe benefits for two staff positions: a judicial assistant and a bailiff. Apparently, a third position for a staff attorney position is already being paid from a special project fund.

As the seating of an additional judge will likely reduce the need to reimburse the state for the services of retired and visiting judges, the court will realize some savings, but the amount of that annual savings is, as of this writing, uncertain.

Lorain County Court of Common Pleas: Domestic Relations Division and Probate Division

Based on information provided by a judge of the Domestic Relations Division of the Lorain County Court of Common Pleas, it appears that the primary local fiscal effects associated with the bill's provisions related to the Court's Domestic Relations and Probate divisions would not be experienced until roughly February 2009. That is the timeframe in which the existing Probate Division of the Court, the successors to the current Probate Judge, and the jurisdiction over probate matters will be consolidated within the Domestic Relations Division. It is the view of Lorain County Court personnel that the nature of the cases heard in the Domestic Relations Division are both time and labor intensive. As a result of consolidating the current Probate Judge within the Domestic Relations Division, Lorain County Court personnel expect to incur additional operating costs in support of that judge starting in 2009 estimated at \$315,160 per year in current year dollars. This estimated annual amount includes the salary and fringe benefits of three additional staff (one court reporter and two staff attorneys).

Lorain County Court of Common Pleas: General Division

The bill adds one additional judge for the Lorain County Court of Common Pleas General Division to be elected in 2006, term to begin January 6, 2007.

Judicial compensation costs

Base salary. The annual salary of a judge of a court of common pleas consists of a state-paid share and a local share paid by the county as follows:

- The ***local share*** varies slightly depending on a county's population as determined by the decennial census. The local amount is based on 18 cents per capita in the county, but may not be less than \$3,500 or more than \$14,000.
- The ***state share*** is equal to the annual salary minus the local share. Sub. H.B. 712 of the 123rd General Assembly provided annual salary increases each year from 2002 through 2008. The annual salaries of the judges and justices of the court will increase by the lesser of 3% or the percentage increase in the Consumer Price Index (CPI) over the 12-month period ending on September 30 of the previous year. In the case of judges for whom a portion of the salary is paid locally, the entire amount of the increase is added to the state share.

The Supreme Court of Ohio estimates that, when the new judge is added to the Lorain County Court of Common Pleas for a term to begin January 6, 2007, the annual salary of a judge of a court of common pleas will be \$119,550. Of that amount, based on the 2000 Census, Lorain County will have to pay the maximum of \$14,000 as required under current law (Lorain County population totals 284,664). The state will cover the balance of the annual salary, which for the remainder of state FY 2007 (January 6, 2007 through June 30, 2007), amounts to \$52,775. For

FY 2008, the first full state fiscal year of the judgeship, the state will expend \$105,550 plus whatever cost-of-living increase that is approved for that year by the Supreme Court.

Retirement

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, which assumes that the new judge added to the Lorain County Court of Common Pleas joins PERS. The state and local PERS contributions would work as follows:

- The state contributes at the rate of 13.77% of its supplemental salary amount, while the county pays 13.55% on its base share amount.
- Under that PERS contribution formula, Lorain County will pay \$1,897 annually, while the state will contribute \$14,534 in FY 2008, the first full state fiscal year of the new common pleas court judgeship.

Other state costs

In addition to PERS, the state also makes contributions for other purposes, totaling approximately 8.23%, which includes 1.45% of gross salary for Medicare for all employees hired after April 1986, 0.1371% for workers' compensation, 0.28% for the administration of the Central Accounting System, and approximately 6.36% in health insurance contributions. It should be noted that the state's share in health insurance contributions has been increasing and is expected to continue increasing in the future. These miscellaneous annual contributions will cost the state \$8,687 ($\$105,550 \times 8.23\%$) in FY 2008, the first full state fiscal year of the new common pleas court judgeship.

Other Lorain County costs

According to the court's administrative staff, the new judge will require additional support staff, including a bailiff, two secretaries, one staff attorney, and one court reporter. Salary costs associated with these five staff positions are estimated at \$269,650 per year plus the cost of benefits. Courtroom space already exists and no further capital expenditures are anticipated.

Morrow County Court of Common Pleas judgeship

The bill adds one additional judge for the Morrow County Court of Common Pleas to be elected in 2006, for a term to begin January 1, 2007.

Judicial compensation costs

Base salary. The annual salary of a judge of a court of common pleas consists of a state-paid share and a local share paid by the county as follows:

- The *local share* varies slightly depending on a county's population as determined by the decennial census. The local amount is based on 18 cents per capita in the county, but may not be less than \$3,500 or more than \$14,000.
- The *state share* is equal to the annual salary minus the local share. Sub. H.B. 712 of the 123rd General Assembly provided annual salary increases each year from 2002 through 2008. The annual salaries of the judges and justices of the court will increase by the lesser of 3% or the percentage increase in the Consumer Price Index (CPI) over the 12-month period ending on September 30 of the previous year. In the case of judges for whom a portion of the salary is paid locally, the entire amount of the increase is added to the state share.

The Supreme Court of Ohio estimates that, when the new judge is added to the Morrow County Court of Common Pleas for a term to begin January 1, 2007, the annual salary of a judge of a court of common pleas will be \$119,550. Of that amount, based on the 2000 Census, Morrow County will have to pay \$5,693 (31,628 county population x 18 cents per capita). The state will cover the balance of the annual salary, which for the remainder of state FY 2007 (January 1, 2007 through June 30, 2007), amounts to \$56,929. For FY 2008, the first full state fiscal year of the judgeship, the state will expend \$113,857 plus whatever cost-of-living increase that is approved for that year by the Supreme Court.

Retirement

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, which assumes that the new judge added to the Morrow County Court of Common Pleas joins PERS. The state and local PERS contributions would work as follows:

- The state contributes at the rate of 13.77% of its supplemental salary amount, while the county pays 13.55% on its base share amount.
- Under that PERS contribution formula, Morrow County will pay \$771 annually, while the state will contribute \$15,678 in FY 2008, the first full state fiscal year of the new common pleas court judgeship.

Other state costs

In addition to PERS, the state also makes contributions for other purposes, totaling approximately 8.23%, which includes 1.45% of gross salary for Medicare for all employees hired after April 1986, 0.1371% for workers' compensation, 0.28% for the administration of the Central Accounting System, and approximately 6.36% in health insurance contributions. It should be noted that the state's share in health insurance contributions has been increasing and is expected to continue increasing in the future. These miscellaneous annual contributions will cost the state \$9,370 (\$113,857 x 8.23%) in FY 2008, the first full state fiscal year of the new common pleas court judgeship.

Other Morrow County costs

According to the court's administrative staff, no additional staff or courtroom space will be required to support the new judgeship, as the additional judge is expected to utilize existing space and staff.

LSC fiscal staff: Jamie L. Doskocil, Budget Analyst

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Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2006	FY 2007	FUTURE YEARS
Counties and other local governments			
Revenues	- 0 -	Up to \$1.0 million loss from the tax credit	- 0 -
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.

- Extending the job training tax credit by one year decreases revenues from state taxes that are distributed to several local government funds. The bill potentially decreases distributions to the Library and Local Government Support Fund (LLGSF), the Local Government Fund (LGF), and the Local Government Revenue Assistance Fund (LGRAF).

Detailed Fiscal Analysis

Job Training Tax Credit

Under current law, corporations, financial institutions, dealers in intangibles, income tax taxpayers who invest in pass-through entities (sole proprietorships, partnerships, S corporations, or limited liability companies), domestic insurance companies, and foreign insurance companies may claim a nonrefundable tax credit against their tax liability for certain job training costs they incur for their employees. The credit equals one-half of the average of the taxpayer's training costs paid or incurred over a three-year period, but the credit amount claimed cannot exceed \$100,000 per year. If the credit amount exceeds the taxpayer's tax liability, the excess may be carried forward for three years following the year in which the credit was first claimed. The job training tax credit may be taken for training costs paid or incurred on or before December 31, 2005. The aggregate amount of tax credits available is \$20 million per year. The bill extends the tax credit for training costs paid or incurred on or before December 31, 2006. S.B. 190 also requires a taxpayer to repay the credits awarded if the employees trained are permanently transferred or relocated within two years of receiving the tax credit certificate.

Revenue loss from the extension of the job training tax credit

Taxpayers described above pay the following state taxes: the corporation franchise tax, the individual income tax, the dealers in intangibles tax, the domestic insurance tax, and the foreign insurance tax. Revenues from those taxes are distributed to the General Revenue Fund (GRF) and several local government funds.

Revenues from the insurance taxes are deposited in the General Revenue Fund (GRF). Receipts from the individual income tax are deposited in the GRF (89.5%), the Library and Local Government Support Fund (LLGSF, 5.7%), the Local Government Fund (LGF, 4.2%), and the Local Government Revenue Assistance Fund (LGRAF, 0.6%). Revenues from the dealers in intangibles tax are distributed to the GRF if the dealer in intangibles is a "qualified" dealer, *i.e.* a dealer that is a member of a controlled group of which a financial institution or insurance

company is also a member. If the dealer in tangibles is "unqualified," revenues from the tax are distributed to the GRF (37.5%) and to the County Undivided Local Government Fund (CULGF, 62.5%). LSC assumes that "qualified" dealers will obtain most of the credits available to dealers in intangibles, so there may be no decrease in distributions to the CULGF. Corporate franchise tax receipts are deposited in the GRF (95.2%), the LGF (4.2%), and the LGRAF (0.6%). The statutory distribution formulas were suspended for the current biennium by the budget bill to freeze the deposits to the various local government funds.

The tax credits will be claimed in tax returns generally filed during FY 2007 for the various taxes. Assuming that 95% of the credits will be claimed for the year for which they are allowed, state revenue loss from credits claimed in FY 2007 would be up to \$19.0 million, with the remainder of the credits, \$1.0 million, claimed in FY 2008. Assuming that distributions to the GRF would be at least 95.2% of all receipts from the various taxes, GRF revenue loss may be \$18.0 million of the credits claimed in FY 2007. Potential revenue loss to local government funds, up to \$1.0 million, will occur primarily in CY 2007 (FY 2007 for most local governments). Potential revenue loss to the GRF in FY 2008, up to \$1.0 million, would be from carryover credits claimed in FY 2008. Revenue loss from the job training tax credit in that fiscal year may be higher due to the carryover of credits awarded for previous tax years.

Fiscal Impact of the Managed Care Franchise Fee Date Change

House Bill 66 of the 126th General Assembly authorized the Ohio Department of Job and Family Services (ODJFS) to begin the collection of a franchise fee on managed care plans effective January 1, 2006 through the end of the biennium. According to ODJFS, the net revenues collected through this provider assessment are projected to be \$8.0 million in FY 2006 and \$127.5 million in FY 2007 (all funds), and will be dedicated towards the statewide Covered Families and Children and Aged, Blind, and Disabled managed care expansions mandated in the budget bill. Presently, the federal government is engaged in a federal budget reconciliation process that threatens Ohio's ability to implement the managed care franchise fee. According to ODJFS, the January 1, 2006 start date in the Ohio Revised Code will preclude Ohio from implementing the fee. The bill would change the effective date of the managed care plan assessment to December 1, 2005 to potentially preserve the revenue source. If the state imposes the fee beginning December 1, 2005, the state would gain an additional \$437,000 in net revenue, assuming approval from the Centers for Medicare and Medicaid.

LSC fiscal staff: Jean J. Botomogno, Senior Economist

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Third Frontier Research & Development Projects Bond Service Fund (Fund 070)			
Revenues	- 0 -	\$13,910,000 gain	\$19 million gain
Expenditures	\$0	\$13,910,000 increase	\$19 million increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2006 is July 1, 2005 – June 30, 2006.

- GRF appropriations totaling \$18,034,400 are in place to pay all debt service and related financing costs during the period July 1, 2005 to June 30, 2007 on obligations issued for both the Job Ready Site program and for research and development projects. The Office of the Sinking Fund or the Director of Budget and Management will effectuate the required payments.
- For the Job Ready Site program, a total of \$30 million in general obligation bonds may be issued. For research and development projects, a total of \$200 million in general obligation bonds may be issued.
- The Department of Development will administer both the Job Ready Site program (via District Public Works Integrating Committees) and awards of support for research and development projects under the Third Frontier program (via the Third Frontier Commission). Two appropriation items have been established to pay for operating costs incurred by the agency for these purposes; line item 195-688, Job Ready Site Operating, and line item 195-686, Third Frontier Operating.

Local Fiscal Highlights

- Under the Job Ready Site program, any political subdivision or nonprofit economic development organization is eligible to receive funding for costs associated with the acquisition of land and buildings, building construction, and improvements to land and buildings. Individual grant awards are capped at \$5 million.
- Awards of support for research and development projects will be awarded competitively to individuals, public and private entities, agencies, and institutions, private companies or organizations, research organizations, or combinations of consortiums thereof. Support may be in such manner as the Third Frontier Commission determines, and may include grants, loans, subsidies, contributions, advances, or guarantees, or by payment or reimbursement from available money, or by providing staffing or other support including computer or other technology capacity, or equipment or facilities, including interest in real property.

Detailed Fiscal Analysis

Job Ready Site Program

The bill establishes the Job Ready Site program, which will be administered by the Department of Development. The program will provide grants to any political subdivision or nonprofit economic development organization (and, with the approval of the Director of Development, to private, for-profit entities) for costs associated with the acquisition of land and buildings, building construction, improvements to land and buildings, planning or determining feasibility studies, indemnity or surety bonds and premiums on insurance, remediation, and infrastructure improvements. Projects eligible for funding include projects that, upon

completion, will be sites and facilities primarily intended for commercial, industrial, or manufacturing use. Projects intended primarily for residential, retail, or government use are not eligible for funding. Individual grant awards are capped at \$5 million. Additionally, grants may not be used to support more than 75% of a project's total cost, and not more than 10% of a grant may be used to pay the costs of professional services.

Grants may be awarded either through an annual competitive process (applicable to at least two-thirds of grants awarded each year), or at the discretion of the Director of Development. Competitive grant applications will be reviewed, both for completeness and project eligibility, by a District Public Works Integrating Committee. Committees will prioritize eligible projects after considering both local priorities, and: (a) the potential economic impact of the project, (b) the potential impact of the project on economic distress, (c) the amount of local, federal, and private funding available to the project, (d) the demonstrated need for the project, (e) the strength of the project's marketing plan, and (f) the level of financial need. Committees will then select and forward up to three eligible project applications to the Director of Development, who has ultimate approval authority over competitively selected projects. The Director must take into consideration geographic diversity of awards when making the selection of eligible projects to receive grants. All grants, both competitive and discretionary, must be approved by the Controlling Board.

Job Ready Site Development Fund

The bill establishes the Job Ready Site Development Fund, which will consist of proceeds of obligations issued and sold pursuant to sections 151.01 and 151.11 of the Revised Code and under the authority of Article VIII, Section 2p of the Ohio Constitution. The Ohio Public Facilities Commission is authorized to issue general obligations of the state to pay the costs of sites and facilities, the total principal amount of which is not to exceed \$30 million.⁷ Additionally, the bill creates the Job Ready Site Development Bond Service Fund, which will be used to support debt service payments on obligations issued under the Job Ready Site program.

In temporary law, included as amendments to Am. Sub. H.B. 66 of the 126th General Assembly (the budget act for the 2005-2007 biennium), the following new line items are established and appropriated under the Department of Development:

			FY 2006	FY 2007
GRF	195-912	Job Ready Site Development General Obligation Debt Service	\$0	\$4,124,400
012	195-688	Job Ready Site Operating	\$622,200	\$746,155

⁷ Article VIII, Section 2p of the Ohio Constitution authorizes the issuance of \$150 million in general obligation bonds to pay the costs of sites and facilities. Bond issuance is limited up to \$30 million in the first three fiscal years, and up to \$15 million in the last four fiscal years.

Under the Commissioners of the Sinking Fund:

090	155-912	Job Ready Site Development Bond Service Fund	\$0	\$4,124,400
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Additionally, the following capital line item is established as if it were created under Am. Sub. H.B. 16 of the 126th General Assembly (the capital appropriations act for the 2004-2006 biennium):

CAP-003	Job Ready Site Development	\$30,000,000
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Grants under the Job Ready Site program will be issued as capital awards, and will be drawn from CAP-003. GRF 195-912 and Fund 090 will be used to pay all debt service and related financing costs on obligations issued under the Job Ready Site program (the Office of the Sinking Fund or the Director of Budget and Management will effectuate the required payments by intrastate transfer voucher). Fund 012 is to be used for operating costs incurred by the Department of Development in administering the Job Ready Site program. Operating costs may include certain expenses of the District Public Works Integrating Committees, audit and accountability activities, and costs associated with formal certifications verifying that site infrastructure is in place and is functional.

Research and Development Projects

The bill authorizes the Third Frontier Commission to award "support"⁸ for research and development projects. Research and development projects are defined as projects or activities in support of Ohio industry, commerce, and business that include, without limitation, research and product innovation, development, and commercialization. Projects may also support any and all matters relating to research and development purposes, including: attracting researchers and research teams; developing and commercializing products and processes; and promoting, developing, and securing intellectual property and rights and matters, property interests, and financial rights and matters.

Support is to be awarded competitively to individuals, public and private entities, agencies, and institutions, private companies or organizations, partnerships, business trusts or other business entities or ventures, research organizations, or combinations of consortiums thereof. Generally, support may only be awarded to an in-state entity. If awarded to an individual or private entity, agency, institution, company, partnership, business trust or other business entity or venture, or organization, the research and development project must primarily benefit the state, and if the recipient is not an in-state entity, it must relocate and become an in-state entity not later than six months after entering into agreement with the Commission for the support. All awards of support must be approved by the Controlling Board.

⁸ Support may be in such manner as the Commission determines, and may include grants, loans (including loans to lenders or the purchase of loans), subsidies, contributions, advances, or guarantees, or by payment or reimbursement from available money, or by providing staffing or other support including computer or other technology capacity, or equipment or facilities, including interest in real property.

Third Frontier Research and Development Fund

The bill establishes the Third Frontier Research and Development Fund, which will consist of proceeds of obligations issued and sold pursuant to sections 151.01 and 151.10 of the Revised Code and under the authority of Article VIII, Section 2p of the Ohio Constitution. The Ohio Public Facilities Commission is authorized to issue and sell general obligations of the state to pay costs of research and development projects, in an aggregate amount not to exceed \$200 million.⁹

In temporary law, included as amendments to Am. Sub. H.B. 66 of the 126th General Assembly (the budget act for the 2005-2007 biennium), the following new line items are established and appropriated under the Department of Development:

			FY 2006	FY 2007
011	195-686	Third Frontier Operating	\$713,028	\$1,932,056
011	195-687	Third Frontier Research &	\$100,000,000	\$100,000,000

Under the Commissioners of the Sinking Fund:

070	155-905	Third Frontier Research & Development Projects Bond Service Fund	\$0	\$13,910,000
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Awards of support under the Third Frontier Research and Development Fund will be issued from line item 195-687, Third Frontier Research & Development Projects. Newly established Fund 070 will be used to pay all debt service and related financing costs on obligations issued for research and development projects (the Office of the Sinking Fund or the Director of Budget and Management will effectuate the required payments by intrastate transfer voucher from an existing line item under the Department of Development's budget: GRF 195-905, Third Frontier Research & Development General Obligation Debt Service). Line item 195-686, Third Frontier Operating, is to be used for operating expenses incurred by the Department of Development in administering awards for research and development projects.

Costs Associated with Bond Issuances

The cost of bond issuance will depend primarily on the interest rates that will be paid on the bonds and the number of years over which they are paid off. For the Job Ready Site program, a total of \$30 million in general obligation bonds with a maximum of 30 years' maturity period may be issued. For research and development projects, a total of \$200 million in general obligation bonds with a maximum of 20 years' maturity period may be issued.

Assuming a maturity of 20 years and an interest rate of 4.5%, the combined principal and interest payments will equal slightly less than \$0.08 per year for each dollar of bonds issued.

⁹ Article VIII, Section 2p of the Ohio Constitution authorizes the issuance of \$500 million in general obligation bonds to pay costs of research and development projects. Bond issuance is limited up to \$100 million in the first three fiscal years, and up to \$50 million in the last four fiscal years.

The total cost of a borrowed dollar will be \$1.54 (20 years x \$0.077 per year); \$1.00 for the dollar borrowed and \$0.54 for the interest. These debt service payments will be spread over the entire lifetime of the bonds.

Even though the cost is spread out over many years, the cost to pay the debt will be added to the state's existing debt service schedule and will limit the availability of state revenue for other state programs. The bonds issued for the Job Ready Site program and for research and development projects are general obligations of the state. In other words, the bonds are backed by the state's full faith, revenue, credit, and taxing power for the payment of the debt service. However, the debt service on these bonds is not included in the calculation of total debt service subject to the state's 5% limit on debt service.

Table 1 shows the estimated debt service payments for the Job Ready Site program bonds and the research and development project bonds. The estimates in Table 1 assume that \$30 million in bonds are issued in FY 2006 for the Job Ready Site program with debt service payments starting in FY 2007, and that \$100 million in bonds are issued in both FY 2006 and FY 2007 with debt service payments starting one year after issuance. The estimates assume 15-year bonds with a 4.75% interest rate.

Fiscal Year	R&D Bonds	Job Ready Site Program Bonds
2007	\$9	\$3
2008	\$19	\$3
2009	\$19	\$3
2010	\$19	\$3
2011	\$19	\$3
2012	\$19	\$3
2013	\$19	\$3
2014	\$19	\$3
2015	\$19	\$3
2016	\$19	\$3
2017	\$19	\$3
2018	\$19	\$3
2019	\$19	\$3
2020	\$19	\$3
2021	\$19	\$3
2022	\$9	\$0
2023	\$0	\$0

Third Frontier Commission

The Third Frontier Commission is responsible for the allocation of funds appropriated by the General Assembly to support programs and activities associated with the Third Frontier Project. The membership of the Commission consists of the Director of the Ohio Department of Development, the Chancellor of the Ohio Board of Regents, and the Science and Technology Advisor to the Governor. Under S.B. 236, an additional six members are added to the

Commission. These members are to be appointed by the Governor, and of the six, one must represent the central region of Ohio, one the west central, one the northeast, one the northwest, one the southeast, and one the southwest. Each person must have a background in business or research in order to be eligible for appointment to the Commission. Additionally, each member of the Commission is required to file financial disclosure statements, as provided under division (B) of section 102.02 of the Revised Code.

Support and Financial Gain Restrictions

Members of the Third Frontier Commission and members of the Third Frontier Advisory Board are prohibited from receiving awards of support for Third Frontier research and development projects. Additionally, members are prohibited from receiving any financial gain from an entity that is awarded support, if that financial gain is directly related to, or is the direct result of that support.

Outreach Activities – EDGE Program

The Third Frontier Commission is required to conduct outreach activities that seek to include minorities in the various projects and initiatives sponsored, funded, encouraged, or otherwise promoted by the Commission. These activities are intended to be conducted in coordination with the EDGE (Encouraging Diversity, Growth, and Equity) program (see below) and must include the following:

- identifying and partnering with historically black colleges and universities to implement a minority technology demonstration project funded by the National Science Foundation;
- working with all institutions of higher education to support minority faculty and students involved in science and engineering;
- developing a plan to contact by telephone minority-owned businesses and entrepreneurs regarding participation in Third Frontier projects and initiatives;
- identifying minority professional and technical trade associations and economic development assistance organizations regarding Third Frontier projects and initiatives;
- partnering with regional technology councils to foster local efforts to support minority-owned technology businesses or otherwise identify networks of minority-owned technology businesses, entrepreneurs, and individuals operating locally; and
- identifying minority technology firms and marketing them to the investment community.

The EDGE program was launched by Executive Order in December 2002. The program is designed to facilitate access to state government contracts and business services for EDGE-certified businesses. The program establishes goals for state agencies in awarding contracts to certified EDGE businesses. EDGE procurement contracts apply to goods and services, professional services, information technology services, construction, architecture, and

engineering. The program also includes a mentor-protégé component that pairs larger companies as mentors to EDGE program participants to benefit both companies commercially.

According to information provided by the Department of Development, the requirements established under S.B. 236 with respect to Third Frontier Commission outreach activities mirror departmental requirements already in place for the EDGE program. Therefore, it is not anticipated that the requirements outlined above will impose any additional costs or administrative burden on the agency.

Outreach Activities – Rural Areas

Additionally, the Third Frontier Commission is required to conduct similar outreach activities that seek to include rural areas in the various projects and initiatives sponsored, funded, encouraged, or otherwise promoted by the Commission. Rural areas are defined as any area in the state not located within a metropolitan statistical area.

Annual Reports

The Department of Development is required to produce and post on its web site, the following reports: (a) annual reports on the progress and status of agreements entered into under the Job Ready Site program for both competitively awarded and discretionary grants, (b) annual reports under the Job Ready Site program that include details on each grant awarded, the status of projects funded in the past, and the amount and impact of grants awarded for projects in economically distressed areas, and (c) semiannual reports detailing all support awarded for research and development projects, including the amount or type of support and the progress and performance metrics for the projects.

It is assumed that the Department of Development will incur some small amount of administrative cost in compiling the information necessary to produce the reports described above. Printing costs are expected to be minimal, as only the semiannual reports for research and development projects are required to be copied and delivered to the Governor, Speaker and Minority Leader of the House, and President and Minority Leader of the Senate (Section 184.15 of the bill). It seems likely that publishing the other reports to the agency's web site alone will meet the reporting requirements of the bill. Further, the Department of Development's web site normally contains links to various annual reports and information related to other grant and subsidy programs. In light of this, the reporting requirements of S.B. 236 are not likely to present much of a challenge or administrative burden to the agency.

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Appendix

All House Bills Passed in 2005 that Became Law

House Bill	LIS	Subject
1	No	Revises the Campaign Finance Law ¹⁰
2	No	Grants an extension of time in which to file income tax returns and pay income taxes to all members of the National Guard and reserve components of the United States armed forces who have been called to active duty, increases the number of Ohio National Guard Scholarships available for the Summer 2005 term
4	No	Creates the Ohio Incident-Based Reporting System (OIBRS) in the Office of Criminal Justice Services and requires that law enforcement agencies that receive certain types of funding participate in the system, in the FBI's Uniform Crime Reporting Program, or in the Ohio Local Law Enforcement Information Sharing Network
10	No	Makes changes to the law regarding an election by a retirant of one of the state retirement systems that has married or remarried to change the plan under which a retirement benefit is paid
11	No	Grants high school diplomas to certain veterans of the Vietnam Conflict, provides certain flexibility in using state funds allocated for purchasing school buses, and provides a refund of the six-cent motor fuel tax paid by county MR/DD boards
13	No	Allows counties to use revenues from the county permissive sales tax for emergency medical services; repeals 9-1-1 emergency services direct payment requirements for insurance policies; and declares an emergency
15	No	Requires the Department of Rehabilitation and Correction to establish and operate an Internet database that contains specified offense, sentence, and release information for each inmate in the custody of the Department, grants any person a right to submit a written statement regarding certain possible releases or transfers of any such inmates, requires the Adult Parole Authority to consider any such statement prior to granting or recommending the release or transfer for any such inmate, specifies that these provisions are to be known as "Laura's Law," and requires that victim or community notification under the SORN Law include a photograph of the registrant offender
25	No	Allows a state officer or employee who in a civil action is alleged to lack immunity from personal liability to participate in proceedings to determine whether the officer or employee is entitled to personal immunity and revises the law governing the filling of a vacancy on a state retirement system board
29	Yes	Requires a person who is charged with an offense of violence involving a victim who is a family or household member and to whom any of a list of specified circumstances applies to appear before the court before the court sets bail for that person and requires the court to consider certain factors before setting bail for that person if the court is aware of certain specified information

¹⁰ H.B. 1 was of the Special Session of the 125th General Assembly, however it was passed in calendar year 2005. As such, it is included in the totals for the first year of the 126th General Assembly.

House Bill	LIS	Subject
33	No	Permits the prosecuting attorney of a county, with the approval of the board of county commissioners, to be the legal adviser to a joint fire district, to a joint ambulance district, to a fire and ambulance district, and to a joint emergency medical services district either at no cost or under a contract with the district, and allows an assistant prosecuting attorney to be a member of a school board in a county other than the county in which the assistant is employed
34	No	Specifies that a search warrant must be returned promptly
36	No	Designates September as "Leukemia, Lymphoma, and Myeloma Awareness Month"
42	No	Permits the use of certain electronic or telephonic transmissions in certain meetings and voting of nonprofit corporations
48	No	Increases the penalty for identity fraud in certain circumstances, including when it is committed against an elderly person or disabled adult, modifies the affirmative defenses available for that offense, and creates the Identity Fraud Passport
50	No	Expands and modifies the penalty for the offense of public indecency
58	No	Provides for the appointment and commissioning of amusement park police officers and the training of those officers and declares an emergency
76	No	Permits electors of a statutory village to vote on a question to authorizing the mayor to appoint the village solicitor with the advice and consent of the village's legislative authority
100	No	Authorizes a solid waste management district to exempt automotive shredder residue from the district's generation fee and extends the moratorium on the issuance of licenses to open a new construction demolition debris facility
104	No	Requires a state agency, an agency of a political subdivision, person, or business entity to contact Ohio residents if unencrypted or unredacted personal information about those individuals that is included in computerized data owned or licensed by the agency, person, or business entity is accessed and acquired by unauthorized persons and causes or reasonably believed will create a material risk of the commission of the offense of identity fraud or other fraud to the individual, and to authorize the Attorney General to investigate and enforce compliance with the requirements
140	No	Provides for review of a child support order at the request of a member of the uniformed services called to active military service
185	No	Requires a depository institution maintaining an interest-bearing trust account (IOLTA) for a lawyer, law firm, or legal professional association to notify the Ohio Supreme Court when a properly payable item is presented for payment from an IOLTA having insufficient funds
193	No	Makes changes to the definition and regulation of group life insurance and permits health insuring corporations to offer high-deductible plans linked to health savings accounts
203	Yes	Requires the Director of Health to establish the School Health and Safety Network to coordinate school inspections, and to include school safety and sanitary inspections within the practice of environmental health for registered sanitarians

House Bill	LIS	Subject
209	No	Qualifies the owner or operator of a community arts center or a community theater meeting specified qualifications to apply for a D-5h liquor permit, modifies the population requirements for the issuance of a D-5i liquor permit, excludes wine sales from the total gross receipts requirement governing the issuance of a D-5i liquor permit, and creates an additional qualification under which a D-5j liquor permit may be issued within a community entertainment district
218	No	Authorizes the PUCO to allow alternative regulation of basic local exchange telephone service and specifies the scope of PUCO authority over wholesale telecommunications services, advanced services, and Internet protocol-enabled services
226	No	Authorizes the legislative authority of a municipal corporation to establish a schedule of fees to be taxed as costs in a civil, criminal, or traffic proceeding in a municipal court for services performed by officers or employees of the municipal corporation's police department or marshal's office and revises the law regarding the Workers' Compensation Oversight Commission's reporting requirements concerning investments
234	No	Permits a board of elections, in conjunction with a board of education, to establish a program permitting certain high school seniors to serve as precinct officers on the day of an election and to allow no-fault absentee balloting
246	No	Permits a surviving spouse to take a motorcycle as one of the two automobiles the surviving spouse may receive outside of probate, creates a statutory form for the creation of a power of attorney, sets forth the general powers of an attorney in fact under a power of attorney, and provides for the construction of the powers of an attorney in fact under a power of attorney created by use of the statutory form
397	Yes	Revises the statutes governing construction and demolition debris facilities and to declare an emergency

Yes means a local impact for both the introduced and enacted versions of the bill.

No means no local impact for both the introduced and enacted versions of the bill.

All Senate Bills Passed in 2005 that Became Law

Senate Bill	LIS	Subject
6	No	Establishes the Partnership for Continued Learning
10	No	Revises the law governing county boards of mental retardation and developmental disabilities
18	No	Makes changes regarding the compounding of drugs by pharmacists
19	No	Makes the testimonial privilege against disclosure of certain communications applicable to critical incident stress management (CISM) team members, creates a testimonial privilege between employee-assistance program personnel and program clients, and reenacts the provision of law designating the Controlling Board as the legislative body authorized to reject recommendations of a fact-finding panel
20	No	Clarifies and makes other related changes to the state's criminal jurisdiction and venue statutes
26	No	Phases in destination-based sourcing of sales for small business
41	No	Requires any place of public accommodation to allow a mother to breast-feed within the place of public accommodation
55	No	Creates "One Nation Under God" license plates
56	No	Exempts the employees of the Ohio School Facilities Commission from the Collective Bargaining Law and amends the Department of Education's FY 2005 budget
61	No	Modifies the duties and liabilities of ski operators and skiers, including duties and liabilities relating to the use of freestyle terrain and tubing parks in ski areas
71	No	Permits certain school districts and nonpublic schools affected by hazardous weather conditions during the 2004-2005 school year to make up "calamity days" by counting the time schools are in session beyond the required minimum number of hours
81	No	Changes to the Unemployment Compensation Law
99	No	Excludes persons who sell their own real or personal property by means of the Internet from having to obtain a license under the Auctioneers Law, and declares an emergency
107	No	Changes the name of the office of township clerk to the office of township fiscal officer
115	No	Establishes political contributing entities for the purpose of Campaign Finance Law, and to declare an emergency
124	No	Exempts ten state governmental entities from the operation of the Sunset Review Law, changes the membership of the Ohio Subrogation Rights Commission and accelerates its commencement date, confirms the sunset review and related amendments, enactments, and repeals of Am. Sub. H.B. 516 of the 125th General Assembly

Senate Bill	LIS	Subject
128	Yes	Adds one additional judge for the general division of the Butler County Court of Common Pleas to be elected in 2006 for a term to begin January 3, 2007, gives the judges of the Domestic Relations Division of the Lorain County Court of Common Pleas jurisdiction over probate matters, designates the successors to the Lorain County probate judge as judges of the Domestic Relations Division of the Lorain County Court of Common Pleas, creates an additional General Division judgeship for the Lorain County Court of Common Pleas to be filled initially at the 2006 general election, and creates an additional judgeship for the Morrow County Court of Common Pleas to be filled initially at the 2006 general election
144	No	Modifies the Ohio Real Estate Appraisers Law with respect to the temporary registration of appraisers licensed or certified in another state
147	No	Authorizes the conveyance of state-owned real estate in Stark County to the City of Massillon, in Warren County to Cincinnati Gas and Electric Company, in Brown County to a purchaser to be determined, in Franklin County to the Columbus Board of Education, and in Clark County to a purchaser to be determined; authorizes the Greene County prosecuting attorney to prosecute state law violation cases arising in specified townships within the jurisdiction of the Fairborn and Xenia Municipal Courts; and permits at polling places marking devices, in addition to direct recording electronic voting machines, that are accessible for individuals with disabilities
167	No	Establishes until December 31, 2006, a moratorium on the use of eminent domain in certain circumstances by any entity of the state government or any political subdivision; creates the Legislative Task Force to Study Eminent Domain; and declares an emergency
190	Yes	Extends the job training tax credit for training expenses in TY 2006; changes the date of the Managed Care Franchise Fee
236	Yes	Implements certain provisions of Article VIII, Section 2p of the Ohio Constitution regarding the issuance of obligations to support research and development projects and the development of certain sites and facilities

Yes means a local impact for both introduced and enacted versions of the bill.

No means no local impact for both introduced and enacted versions of the bill.

Questions regarding this report can be directed to:

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