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Cheryl Subler, Executive Director

The County Commissioners Association of Ohio (CCAO) thanks the staff of the Ohio Legislative Service Commission (LSC) for the opportunity to provide comments regarding the 2025 Local Impact Statement Report. This report is a valuable tool for state lawmakers and local government officials to track the impact of enacted legislation on local communities.

As noted in the report, not all bills are subject to the LIS requirement, thus the Local Impact Statement Report does not entirely capture the impact of state policy decisions on local governments. Primary among those exceptions is the state's biennial budget bill which, in addition to serving as an appropriation vehicle for state operations, also contains tax and other policy changes that significantly impact county revenues and expenditures. Since the 2025 LIS Report covers bills passed in 2024 and thus does not include an operating budget bill, CCAO will refer readers to our comments on the 2024 LIS Report on how the reporting of local impacts of the operating budgets can be improved.

CCAO would like to focus this year's LIS Report comments on suggestions for general improvements on the local impact determination process.

Local Impact Determination Process

CCAO believes that LSC should publicize the rationale behind the local impact determination for individual bills.

When a bill is introduced, it is assigned to a fiscal group in LSC based on its subject matter. A fiscal staffer then reviews the bill, contacts any relevant executive departments and subject matter organizations they deem fit, and then makes a "Yes" or "No" local impact determination. The division chief in charge of the fiscal group then reviews the determination. The rationale for why the determination was made is not specifically publicized, although it may be referenced in the initial fiscal note.

For example, one of the "No" determinations is "No – Minimal Cost." However, there is no explanation provided for when the impact amounts to the "minimal cost" threshold. Counties are very different in terms of size, population, and geography. What may be a minimal cost for Franklin County (with a general fund more than \$600 million) could be cost prohibitive for Morgan County (with a general fund of about \$5 million). This scenario would also apply to municipalities, and townships. We would like to work with LSC to improve this process collaboratively with all of the local government stakeholders.

We would like to provide an example to illustrate this point. House Bill 139 requires certain testing and inspections of fire hydrants to be conducted at specified intervals. One of the bill's requirements is that a flow test and general maintenance inspection must be conducted annually. The Local Impact Determination for the bill is "No – Minimal Cost."

The bill's As Introduced fiscal note shows that LSC discussed the potential impact with fire department officials with five municipalities: Oakwood (Montgomery County), Cambridge (Guernsey County), Akron (Summit County), Canton (Stark County), and Cleveland (Cuyahoga County) and states that "it is



possible that smaller communities served by volunteer fire departments may face a bigger burden.” The wording of this final comment suggests that LSC had not yet spoken with representatives of smaller communities, and we would like to be a partner in helping with that outreach.

For example, the County Sanitary Engineers Association of Ohio (CSEAO) is an affiliate of CCAO and represents county sanitary engineers. Sanitary engineers often maintain hydrant systems, be it through contracts with other local governments or through sewer districts. As CCAO staff began analyzing HB 139, discussions with CSEAO showed that the bill will cost many sanitary engineers hundreds of thousands of dollars. Figures obtained from six sanitary engineers estimate an aggregate cost of \$3.3 million annually to comply with the flow testing requirement, with one water and sewer district in Northwest Ohio estimating it will cost nearly \$886,000 per year. We raise the concerns around HB 139 to illustrate how the current process could be improved and provide additional information to LSC staff and the General Assembly.

Local Impact Determination Changes

The statute that governs the Local Impact Determination (LID) process could be revised to provide additional information as bills are amended during the legislative process. R.C. 103.143 outlines the statutory authority for the local impact procedure, and R.C. 103.143(C) requires that “[a]ny time a bill is amended, the legislative service commission shall, as soon as reasonably possible, revise the local impact statement to reflect changes made by amendment.”

In the introduction to the LIS Report, LSC states that this “requirement is met through the detailed analysis of local fiscal effects included in [LSC]’s fiscal notes. Regardless of whether a bill requires an LIS, the fiscal note analyzes the bill’s fiscal effects on both the state and local government.”

CCAO believes that the fiscal note should include a local impact section that outlines the fiscal effect on local governments. The additional information will allow legislators and the general public to quickly identify the local impact of the legislation instead of requiring them to scan through the fiscal analysis for certain key words.

We believe that this change could be accomplished through the expansion of an existing LSC practice. For example, when a bill is amended in a House of Representatives Committee, the updated Fiscal Note must include a “Synopsis of Fiscal Effect Changes” at the end of the document if any fiscal effect changed (not just local effects). The “As Pending in House Committee” Fiscal Note for House Bill 7 of the 135th General Assembly provides an example of this practice.

However, this procedure is not required in the same circumstances for bills in Senate committees and does not enable LSC to change the Local Impact Determination from ‘No’ to ‘Yes.’ Making this practice universal across both chambers and enabling the LID to change to properly reflect the bill’s provisions would increase transparency and provide members, the media, and the public with a succinct analysis of the fiscal changes that have been made in the committee process.

An illustrative example of this issue can be found in Senate Bill 158 of the 135th General Assembly. SB 158 is not included in the 2025 LIS Report because, as noted in the table on page 31, it had a LID of “No.” However, the subject of the bill in the adjacent table cell reads, “Creates a new judgeship in Adams County”. The creation of a new judgeship would likely have a local impact, but due to the issues outlined above, it did not receive that determination. This determination conflicts with the bill’s As Enacted fiscal note on the General Assembly’s website. The second bullet point in that document

states that Adams County will see an increased cost of about \$255,000, which we believe rises to the threshold of a local impact.

The reason why SB 158 has a “No” LID despite the clear local fiscal impact is that the LID is made when a bill is introduced and the LID only considers the As Introduced version of the bill. The LID does not change as the bill moves through the legislative process.

Senate Bill 158 was introduced as a bill to generally prohibit a process called “participatory budgeting,” where a portion of a government’s operating budget is set aside for direct citizen participation in allocating dollars. As introduced, SB 158 would indeed have not had a fiscal impact, since it simply would have prohibited a procedural mechanism. When the bill reached the House, however, the House Government Oversight Committee removed all the As Introduced text and replaced it with the final language, which created a new judgeship in the Adams County Court of Common Pleas.

CCAO has no philosophical issues with how the legislative process for SB 158 played out. However, it highlights an oversight with the Local Impact Determination process. As a House Representative has recently said, rare are the enacted bills that experience no changes between their introduction and the governor’s signature. We believe that updating the LID as changes are made to various bills would aide legislators during their deliberations and provide useful information to advocates, media, and members of the public. We look forward to working collaboratively with LSC to improve this process and any other processes that impact county governments.

Local Impact Statement Report Composition

Finally, the Local Impact Statement Report itself can be improved. CCAO believes that the annual report provides an opportunity for LSC to expand upon and potentially update the local impact component of its fiscal analysis for the given bills. This can be accomplished through annotation of the As Enacted fiscal note, an entirely new analysis, or another method.

The Local Impact Statement Report is typically structured with a brief introduction, followed by comments from local government associations, then copies of the fiscal notes for enacted bills that required local impact statements. The Report usually concludes with an appendix containing all of the bills from the previous reporting year. A simple aggregation of fiscal notes in the appendix, while helpful, could be modified to provide an additional level of detail to identify the true level of local impact.

Since the Local Impact Statement Report is prepared for legislation enacted in the prior year, it is likely that many provisions of the bills in question have taken effect. As is common with policy making at all levels of government, the effects that a law has when actually put in place may outstrip initial estimates, or vice versa. We would suggest that LSC to follow up with affected local governments and enquire about the actual fiscal effects the bills on local governments and their operation.

The Legislative Service Commission is one of the most important agencies in the state and CCAO would like to make clear that the comments and suggestions above are in no way meant to denigrate the professionalism and expertise of LSC’s staff of public servants. CCAO believes that the LID process is important but can be improved and appreciates the opportunity to provide comments to that effect.

Respectfully,

A handwritten signature in blue ink, appearing to read "Kyle Petty". The signature is fluid and cursive, with the first name "Kyle" and last name "Petty" clearly distinguishable.

Kyle Petty
Managing Director of Policy
County Commissioners Association of Ohio