



# Ohio Legislative Service Commission

## Final Analysis

Bethany Boyd

### Sub. H.B. 347

129th General Assembly  
(As Passed by the General Assembly)

**Reps.** Anielski, Hall, Huffman, Stebelton, Baker, Barnes, Beck, Blair, Blessing, Buchy, Combs, Grossman, Hackett, Matheney, Newbold, Roegner, Rose, Ruhl, Sears, Slaby

**Sens.** Eklund, Hughes, Jones, Manning, Patton, Seitz, Wagoner

**Effective date:** March 22, 2013

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## ACT SUMMARY

- Authorizes the legislative authority of a nonchartered village to be composed of five rather than six members.
- Authorizes the terms of office of all members of the legislative authority of a nonchartered village to be concurrent rather than staggered.
- Restricts the types of sports events eligible for state grants based on projected incremental increases in sales tax receipts to national or international competitions of football, auto racing, rugby, cricket, horse racing, mixed martial arts, or any sport included in the Olympic, Pan American, or Commonwealth Games.
- Revises the process by which the Director of Development Services estimates the projected increase in sales tax revenue resulting from a major sporting event.
- Requires that sports event grants equal at least 50% of the estimated increase in sales tax revenue resulting from the event.
- Decreases the time a grant recipient has to file a report on the economic impact of the sporting event from 60 days after the game to 30 days after the game.
- Permits local organizing committees to apply for a sports event grant on behalf of a county or municipal corporation.

- Authorizes townships to reimburse their officers and employees for insurance premiums attributable to coverage for the officers and employees' immediate dependents when an officer or employee is denied coverage under the township plan or elects not to participate in such a plan.

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## **CONTENT AND OPERATION**

### **Reducing the number of members of a nonchartered village's legislative authority**

The act authorizes the legislative authority of a nonchartered village, with voter approval, or the electors of a nonchartered village, by initiative petition, to reduce from six to five the number of members of the village's legislative authority. Under prior law, the legislative authority of a nonchartered village was composed of six members elected for four-year, staggered terms of office.<sup>1</sup>

Under the act, the legislative authority of a nonchartered village may adopt an ordinance or resolution that would reduce the number of members of the legislative authority from six to five, if the reduction is approved by a majority of the electors voting on the issue. The legislative authority must file a certified copy of the ordinance or resolution with the board of elections no later than 4 p.m. of the 90th day before the day of the next election at which members of the legislative authority are to be elected.<sup>2</sup>

In addition, the electors of a nonchartered village may propose a reduction in the number of members of the legislative authority, from six to five, by filing an initiative petition.<sup>3</sup> The petition procedure in existing law requires that an initiative petition contain the signatures of not less than 10% of the number of electors who voted for Governor at the most recent general election in the village for the office of Governor. The petition is filed with the village clerk, who, after ten days, must transmit the petition and a certified copy of the text of the proposed ordinance or measure to the board of elections. The board must examine all signatures on the petition to determine the number of electors of the village who signed the petition, and must return the petition to the clerk within ten days after receiving it, together with a statement attesting to the number of electors who signed the petition. The board of elections must submit the proposed ordinance or measure for the approval or rejection of the electors

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<sup>1</sup> R.C. 731.09(A).

<sup>2</sup> R.C. 731.09(B).

<sup>3</sup> R.C. 731.09(C).

of the village at the next general election occurring subsequent to 90 days after the clerk certifies the sufficiency and validity of the initiative petition to the board of elections.<sup>4</sup>

If a majority of the votes cast on the question, proposed either by the legislative authority or by initiative, of reducing the number of members of the legislative authority is in the affirmative, the legislative authority must be composed of five members, who are to be elected at large for terms of four years. If members of the legislative authority have staggered terms of office as required by continuing law, the decrease in number of members must be implemented as necessary over the next two municipal elections at which members of the legislative authority would be elected. If, under the act, the legislative authority has adopted an ordinance or resolution to eliminate staggered terms of office, the members are to be elected as discussed immediately below.<sup>5</sup>

### **Creating concurrent terms of office**

The legislative authority of a nonchartered village, by the adoption of an ordinance or resolution to eliminate staggered terms of office, may determine that all members of the legislative authority are to be elected at the same municipal election. At the regular municipal election occurring not less than 90 days after the certification of this ordinance or resolution to the board of elections, the following apply:

◆ If there are six members of the legislative authority, three members must be elected at the next regular municipal election for two-year nonstaggered terms and all members of the legislative authority must be elected to four-year nonstaggered terms at all following municipal elections.

◆ If there are five members of the legislative authority, three members must be elected at the next municipal election for two-year terms and all members must be elected to four-year nonstaggered terms at all following municipal elections.<sup>6</sup>

### **Township reimbursement for out-of-pocket insurance premiums for dependents' coverage**

Townships are authorized to provide health care coverage for their officers, employees, and the immediate dependents of those officers and employees. The township may pay all or part of the cost of insurance policies.<sup>7</sup> Any officer or employee

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<sup>4</sup> R.C. 731.28, not in the act.

<sup>5</sup> R.C. 731.09(D).

<sup>6</sup> R.C. 731.091.

<sup>7</sup> R.C. 505.60(A).

may refuse to accept the township coverage without affecting the availability of the coverage to other employees.<sup>8</sup> If an officer or employee is denied coverage under a township-procured health care plan or elects not to participate in that plan, the township may reimburse the officer or employee for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that are the same as those the township is authorized to provide. The reimbursement cannot exceed an amount equal to the average premium paid by the township for its officers and employees under any health care plan it procures.<sup>9</sup>

The act allows a township to similarly reimburse the officer or employee for out-of-pocket premiums attributable to the coverage provided for the immediate dependents of the officer or employee when coverage is otherwise denied for the officer or employee or the officer or employee elects not to participate in the township plan.<sup>10</sup>

### **State subsidy for hosting sports events**

Continuing law authorizes the Director of Development Services to make grants of General Revenue Fund money to counties or municipal corporations hosting major sporting events, beginning July 1, 2013. The grant amount is "based on" the increased state sales tax revenue directly attributable to the preparation for and presentation of the event. Grants are available only if the increased state sales tax revenue is estimated to be greater than \$250,000. No individual grant may exceed \$500,000, and the total of all grants in any fiscal year may not exceed \$1 million.

#### **Qualifying games**

The act restricts the types of games that qualify for state grants to national or international competitions of football, auto racing, rugby, cricket, horse racing, mixed martial arts, or any sport governed by an international federation and included in the Olympic, Pan American, or Commonwealth Games. Under prior law, the games that qualified for grants were the following: the Olympic Games, the National Football League "Super Bowl," World Cup soccer matches, NCAA championship games, NCAA football Bowl Championship Series games, all-star games of the National Basketball Association, National Hockey League, or Major League Baseball, the National Senior Games, National Association for Stock Car Auto Racing (NASCAR) races, the Air New Zealand Golden Oldies World Rugby Festival, the Golden Gloves of America, Inc., National Gold Gloves Tournament, the USA Boxing Association National

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<sup>8</sup> R.C. 505.60(C).

<sup>9</sup> R.C. 505.60(D).

<sup>10</sup> R.C. 505.60(D).

Championships, and the International Boxing Association World Cup or World Championships.<sup>11</sup>

### **Site selection organizations**

To obtain a grant, a county or municipal corporation must contain a site that may be selected as a site for an eligible sports event by the corresponding "site selection organization" and must have entered into a "joinder undertaking" with the site selection organization. A joinder undertaking is a preliminary agreement that the parties will enter into a subsequent "joinder agreement" if the site selection organization selects the county or municipal corporation for the game site. The joinder agreement sets forth representations and assurances in connection with the site selection.

Under prior law, only the following qualified as site selection organizations: the National Football League (NFL), the National Collegiate Athletic Association (NCAA), the National Basketball Association (NBA), the National Hockey League (NHL), Major League Baseball (MLB), the Federation Internationale de Football Association, the International World Games Association, the United States Olympic Committee, the National Association for Stock Car Auto Racing (NASCAR), the National Senior Games Association, the Air New Zealand Golden Oldies World Rugby Secretariat, Golden Gloves of America, Inc., the USA Boxing Association, the International Boxing Association, and the national governing body of a sport that is recognized as such by the United States Olympic Committee.

The act revises the definition of "site selection organization" so that any national or international governing body of a sport that is recognized as such by the municipality, county, or local organizing committee applying for the grant qualifies as a site selection organization.<sup>12</sup>

### **Determining the "market area"**

Before approving an application for a grant, continuing law requires the Director of Development Services to estimate the increased state sales tax revenue attributable to the event. The estimated increase is determined based on the "market area" during a two-week period ending on the day after the game is held. Under prior law, the market area was the geographic area designated by the Director, in consultation with the Tax Commissioner, where there was "a reasonable likelihood of measurable economic impact directly attributable to the preparation for and presentation of the game and related events, including areas likely to provide venues, accommodations, and services

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<sup>11</sup> R.C. 122.12(D).

<sup>12</sup> R.C. 122.12(H).

in connection with the game." The Director's basis for this determination was limited to the information submitted by the party applying for the grant.

The act eliminates discretion of the Director in determining the market area. Instead, the market area consists of the combined statistical area, as defined by the United States Office of Management and Budget, in which an endorsing municipality or endorsing county is located.<sup>13</sup>

### **Estimating increased sales tax revenue**

Former law required the Director of Development Services to estimate increased sales tax revenue based on information certified by the party applying for the grant. The information could have included historical attendance and ticket sales for the game, income statements showing revenue and expenditures for the game in prior years, attendance capacity at the proposed venues, event budget at the proposed venues, projected lodging room nights based on historical attendance, and duration of the game and related activities.

Instead of allowing the Director to develop an independent methodology to estimate increased sales tax revenue, the act requires the Director to use a formula approved by the Destination Marketing Association International (DMAI)<sup>14</sup> for event impact or some other formula of similar purpose.<sup>15</sup>

### **Amount of the grant**

Continuing law limits the amount of individual grants to \$500,000, and the total value of all grants issued in a fiscal year to \$1 million. The act maintains these limits, but adds that the amount of a grant must be at least 50% of the estimated increase in sales tax revenue.<sup>16</sup> Prior law permitted the Director of Development Services to approve grants for less than 50% of the estimated increase in sales tax revenue.

### **Report on the economic impact of the game**

Continuing law requires the recipient of a grant to report to the Director of Development Services on the economic impact of the game. The report must include any information the Director requires, including at least a final income statement

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<sup>13</sup> R.C. 122.121(C).

<sup>14</sup> DMAI currently does not appear to offer an event impact calculator for sporting events. All available models are functional for only meetings and conventions.

<sup>15</sup> R.C. 122.121(A).

<sup>16</sup> R.C. 122.121(A).

showing total revenue and expenditures and revenue and expenditures in the market area, and ticket sales, for the game. On the basis of the report and the "exercise of reasonable judgment," the Director must determine the incremental increase in state sales tax directly attributable to the game. If the actual incremental increase is less than the estimated increase, the Director is authorized to require the recipient of the grant to refund all or a portion of the grant.

Prior law required this report to be filed within 60 days after the game. The act amends the filing date to 30 days after the game.<sup>17</sup>

### **Local organizing committees**

The act permits local organizing committees to enter into joinder agreements and joinder undertakings with site selection committees and apply for sports event grants on behalf of counties and municipal corporations with the Development Services Agency. Continuing law defines "local organizing committee" as a nonprofit corporation that has executed an agreement on behalf of an endorsing municipality or endorsing county with a site selection organization regarding a bid to host one or more games or that is authorized to pursue an application and bid on the applicant's behalf to a site selection organization for selection as the site of one or more games. Under former law, only endorsing municipal corporations and endorsing counties could apply for sports events grants.<sup>18</sup>

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## **HISTORY**

<b>ACTION</b>	<b>DATE</b>
Introduced	10-18-11
Reported, H. Local Gov't	02-15-12
Passed House (97-0)	03-14-12
Reported, S. State & Local Gov't & Veterans Affairs	12-06-12
Passed Senate (33-0)	12-11-12
House concurred in Senate amendments (92-0)	12-12-12

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<sup>17</sup> R.C. 122.121(E).

<sup>18</sup> R.C. 122.12 and 122.121.

