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| **GOVERNMENTAL POLICY GROUP, INC.**  17 SOUTH HIGH STREET – SUITE 245  COLUMBUS, OHIO 43215-3413  PHONE: 614-461-9335  FAX: 614-461-9336  **Coalition of Ohio Regional Districts**  **Legislative Activities Report**  **April 2017** |

The House of Representatives is prepared to put its first mark on the state operating budget (HB 49) as the first round of amendments are due in early April. The House Finance Committee and its various subcommittees have held nearly two months’ worth of hearings and are now ready to make their first round of changes to the massive 3,500-page bill. The House will continue debating the budget measure until the end of April, at which point they will pass the bill and send it to the Senate for further deliberation. HB 49 will remain in the Senate until the middle of June at which point it will be sent to a conference committee, where members of both chambers will work on a compromise. The operating budget must be passed by both chambers and signed into law by the end of June.

Hundreds of witnesses have flocked to the Statehouse to testify on the state operating budget. One of the more controversial provisions in HB 49 is the governor’s tax proposal. Governor Kasich is proposing a $3.1 billion income tax reduction. To pay for this tax cut the executive budget proposal would increase the state’s sales tax to 6.25% and broaden it to apply to previously exempt services. HB 49 also increases taxes on tobacco, alcohol, and oil and gas extraction. The governor’s plan to increase the sales tax in exchange for an income tax cut has met opposition in the past and has received pushback this time as well. In addition to the governor’s tax proposals, stakeholders representing all sorts of interests like healthcare, libraries, and education weighed in on Governor Kasich’s two-year spending proposal.

The House and Senate also put their finishing touches on the state’s two-year transportation budget. While not as immense as the main operating budget, the nearly $8 billion transportation funding bill (HB 26) provides money for the Ohio Department of Transportation, Ohio Department of Public Safety, Public Works Commission, and the Development Services Agency. CORD became heavily involved in this legislation when an amendment was added by the Senate that would have exempted railroad land, upon which railroad track is situated, from assessments for sewer and drainage improvements. This language was drafted to directly effect ORC Chapter 6119, which would have impacted many of our members. This amendment was added so late in the process, that developing an effective strategy to defeat the measure proved difficult. Nevertheless, in less than a week we were able to contact every member of the HB 26 conference committee as well as key members of House and Senate leadership teams. We were also able to organize and coordinate with other stakeholders to oppose the amendment. Through these efforts, we were able to come to an agreement with the railroad industry and settled on a compromise that limited the impact on 6119 districts. Prior to signing the bill, Governor Kasich exercised his veto authority to remove four provisions. The vetoed language would have: created a Smart Transportation Action Advisory Team, changed the frequency of local bridge inspections; required the Ohio Department of Transportation to install interchanges on limited access highways every four miles in certain urban areas; and eliminated a requirement for a second observer on ski boats.

Also of interest to CORD are two bills that have the potential to negatively impact the process by which districts select piping material for projects. HB 121, introduced by Rep. Jay Edwards (R-Nelsonville), and SB 95, introduced by Senator Lou Terhar (R-Cincinnati), would require a public authority to “consider” all piping materials for the construction, development, maintenance, rebuilding, or repair of a state-funded water or waste water project. Advocates suggest that this legislation is designed to ensure that all suitable piping materials are being included in bids for utility service improvement projects. Nevertheless, similar bills that were introduced in previous legislative sessions were met with strong opposition. As in years past, CORD has been tracking this legislation extremely closely and, while the bills were just recently introduced, we are prepared to defend the interests of our members.

Also of note, the Ohio House passed legislation (HB 114) that would make Ohio’s renewable energy standards optional. The proposal, which reflects many recommendations made in a report issued by the Energy Mandates Study Committee in 2015, was passed by the House with 65 votes – five more than the 60 votes needed to override a veto that Governor Kasich has all but guaranteed. All eyes now turn to the Senate, where the bill may face more difficulty in earning the support of 20 senators needed to override a veto. "We just sent a very clear message we're very serious about this," Speaker Rosenberger said of the House's vote. "We feel very strongly this is the right pathway for the state and we're always open to sit down and work with the administration."

In other news, for the third time in four years, the Ohio Bureau of Workers’ Compensation (BWC) is proposing a premium rebate to Ohio’s employers. If approved, the rebate will return $1.1 billion to both private and public employers. Once passed, most rebates would equal 66 percent of the employer’s premium for the policy year ending June 20, 2016. BWC is able to issue the proposed rebate due to strong investment returns, prudent fiscal management and declining claims.

The 2018 gubernatorial race is heating up, as numerous candidates are hoping to replace Governor Kasich. Republicans Mary Taylor, the current Lt. Governor, and current Congressman Jim Renacci have both announced that they are running. They will likely be joined by other Republican hopefuls, including Attorney General Mike DeWine and Secretary of State Jon Husted. On the Democratic side, Senate Minority Leader Joe Schiavoni has announced his candidacy for governor as have former State Rep. Connie Pillich and former U.S. Rep. Betty Sutton. Former Democratic Attorney General Richard Cordray is also rumored to be interested in entering the race.

Lt. Gov. Mary Taylor recently announced she will be stepping down as director of the Ohio Department of Insurance. Deputy Director Jillian Froment was named as her replacement. Taylor plans to continue to serve as lieutenant governor. While an official reason for Taylor resigning was not given, her departure will allow her for focus more attention on her gubernatorial campaign. “Mary has capably led the department through some historic times and has been a source of steady, knowledgeable leadership,” Gov. John Kasich said in a release. “I am grateful for her work and will continue to rely on her advice and counsel as lieutenant governor. Jillian has worked closely with Mary since the beginning of the administration and has a deep knowledge of the insurance industry and the department and I am confident that she will be able to continue Mary’s record of steady, professional management.”

We have been tracking the following legislation during the 132nd General Assembly:

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| **HB3** | **DATAOHIO BOARD CREATION** (DUFFEY M, HAGAN C) To create the DataOhio Board, to specify requirements for posting public records online, to require the Auditor of State to adopt rules regarding a uniform accounting system for public offices, to establish an online catalog of public data at data.Ohio.gov, to establish the Local Government Information Exchange Grant Program, and to make appropriations. | |
|  | ***Current Status:*** | 2/8/2017 - Referred to Committee House Finance |
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| **HB26** | **TRANSPORTATION-PUBLIC SAFETY BUDGET** (MCCOLLEY R) To make appropriations for programs related to transportation and public safety for the biennium beginning July 1, 2017, and ending June 30, 2019, and to provide authorization and conditions for the operation of those programs. | |
|  | ***Current Status:*** | 3/31/2017 - Sent to Governor for Signature |
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| **HB29** | **MUNICIPAL WATER RESERVOIR BUFFERS** (LELAND D, BOGGS K) To eliminate law authorizing the maintenance of buffers around municipal water reservoirs by contiguous property owners. | |
|  | ***Current Status:*** | 2/8/2017 - Referred to Committee House Energy and Natural Resources |
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| **HB31** | **CONTRACTING ADVISORY COUNCIL-ABOLITION** (CUPP B) To abolish the Government Contracting Advisory Council. | |
|  | ***Current Status:*** | 3/15/2017 - Referred to Committee Senate Government Oversight and Reform |
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| **HB40** | **GOVERNMENT EXPENDITURE DATABASE** (DEVER J, GREENSPAN D) To require the Treasurer of State to establish the Ohio State Government Expenditure Database. | |
|  | ***Current Status:*** | 2/28/2017 - House State and Local Government, (Third Hearing) |
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| **HB49** | **OPERATING BUDGET** (SMITH R) Creates FY 2018-2019 main operating budget. | |
|  | ***Current Status:*** | 4/6/2017 - Senate Finance Health and Medicaid Subcommittee, (First Hearing) |
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| **HB51** | **DEPARTMENT REVIEW SCHEDULE** (FABER K) To require standing committees of the General Assembly to establish a schedule for the periodic review and sunset of state departments that are currently in the Governor's cabinet, and to require that Auditor of State performance audits be scheduled to coincide with the periodic review. | |
|  | ***Current Status:*** | 2/28/2017 - House State and Local Government, (Third Hearing) |
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| **HB54** | **STATE REVENUE OBLIGATIONS** (BLESSING III L) To authorize the Treasurer of State to issue revenue obligations of the state for the purpose of making loans to qualifying public entities for their acquisition of permanent improvements through the Treasurer of State's purchase of public obligations of those qualifying entities. | |
|  | ***Current Status:*** | 3/15/2017 - Referred to Committee Senate Finance |
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| **HB69** | **LEVY REVENUE REIMBURSEMENT** (CUPP B) To require reimbursement of certain township fire and emergency medical service levy revenue forgone because of the creation of a municipal tax increment financing district. | |
|  | ***Current Status:*** | 3/28/2017 - House State and Local Government, (Fourth Hearing) |
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| **HB103** | **FISCAL EMERGENCY PROVISIONS** (REINEKE W) To modify the composition and powers of the financial planning and supervision commission of a political subdivision that is in a state of fiscal emergency and to clarify the duties of that political subdivision. | |
|  | ***Current Status:*** | 3/29/2017 - **PASSED BY HOUSE**; Vote 96-1 |
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| **HB114** | **RENEWABLE ENERGY STANDARDS** (BLESSING III L) To revise the provisions governing renewable energy, energy efficiency, and peak demand reduction and to alter funding allocations under the Home Energy Assistance Program. | |
|  | ***Current Status:*** | 3/30/2017 - **PASSED BY HOUSE**; Vote 65-31 |
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| **HB121** | **PIPE MATERIAL SPECIFICATIONS** (EDWARDS J) To require a public authority to consider all piping materials that meet the engineering specifications for a state-funded water or waste water project. | |
|  | ***Current Status:*** | 3/21/2017 - House State and Local Government, (First Hearing) |
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| **HB122** | **ESTABLISH ECONOMIC STUDY COMMITTEE** (HAMBLEY S, ROGERS J) To establish a Regional Economic Development Alliance Study Committee to study the benefits and challenges involved in creating regional economic development alliances. | |
|  | ***Current Status:*** | 3/28/2017 - House State and Local Government, (First Hearing) |
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| **HB163** | **PREVAILING WAGE PUBLIC IMPROVEMENT PROJECTS** (ROEGNER K, RIEDEL C) To allow political subdivisions, special districts, and state institutions of higher education to elect to apply the Prevailing Wage Law to public improvement projects. | |
|  | ***Current Status:*** | 3/28/2017 - Introduced |
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| **SB2** | **ENVIRONMENTAL PROTECTIONS LAWS** (HITE C) To revise specified laws relating to environmental protection. | |
|  | ***Current Status:*** | 3/29/2017 - Referred to Committee House Energy and Natural Resources |
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| **SB3** | **WORKFORCE DEVELOPMENT** (BEAGLE B, BALDERSON T) To revise the laws governing the state's workforce development system, programs that may be offered by primary and secondary schools, certificates of qualification for employment, and the Opportunities for Ohioans with Disabilities Agency, and to designate the first week of May as In-Demand Jobs Week. | |
|  | ***Current Status:*** | 4/5/2017 - Senate Transportation, Commerce and Workforce, (Third Hearing) |
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| **SB31** | **HEALTH RULE WITHDRAW PROCESS** (EKLUND J) To authorize a board of county commissioners or municipal legislative authority to elect to withdraw the county or municipal corporation from the application of any rule adopted by the Department of Health after January 1, 2014, that governs the design of household sewage treatment systems. | |
|  | ***Current Status:*** | 3/1/2017 - Senate Energy and Natural Resources, (First Hearing) |
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| **SB51** | **LAKE ERIE IMPROVEMENT DISTRICT** (SKINDELL M, EKLUND J) To authorize the creation of a special improvement district to facilitate Lake Erie shoreline improvement. | |
|  | ***Current Status:*** | 3/29/2017 - Senate Energy and Natural Resources, (Second Hearing) |
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| **SB72** | **PREVAILING WAGE LAW** (HUFFMAN M) To allow political subdivisions, special districts, and state institutions of higher education to elect to apply the Prevailing Wage Law to public improvement projects. | |
|  | ***Current Status:*** | 3/7/2017 - Referred to Committee Senate Finance |
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| **SB79** | **STATE DEPARTMENTAL REVIEW SCHEDULE** (JORDAN K) To require standing committees of the General Assembly to establish a schedule for the periodic review and sunset of state departments that are currently in the Governor's cabinet, and to require that Auditor of State performance audits be scheduled to coincide with the periodic review. | |
|  | ***Current Status:*** | 3/29/2017 - Senate Government Oversight and Reform, (Second Hearing) |
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| **SB88** | **SUBDIVISION COMMISSIONS-FISCAL EMERGENCY** (TERHAR L) To modify the composition and powers of the financial planning and supervision commission of a political subdivision that is in a state of fiscal emergency and to clarify the duties of that political subdivision. | |
|  | ***Current Status:*** | 3/29/2017 - **REPORTED OUT**, Senate Government Oversight and Reform, (Third Hearing) |
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| **SB95** | **STATE PROJECTS-PIPING MATERIALS** (TERHAR L) To require a public authority to consider all piping materials that meet the engineering specifications for a state-funded water or waste water project. | |
|  | ***Current Status:*** | 4/5/2017 - Senate Energy and Natural Resources, (First Hearing) |
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| **SJR4** | **CAPITAL IMPROVEMENTS FUNDING** (SCHIAVONI J) Proposing to enact Section 2t of Article VIII of the Constitution of the State of Ohio to permit the issuance of general obligation bonds to fund sewer and water capital improvements. | |
|  | ***Current Status:*** | 3/7/2017 - Referred to Committee Senate Finance |