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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  **June 2019** |

The Ohio House passed its version of the state’s $69 billion operating budget with broad, bipartisan support. In an expression of bipartisanship not usually seen with massive policy bills like the state budget, the House passed the bill (HB 166) by a vote of 85-9. Prior to the floor vote, the bill underwent some significant changes, including a massive tax overhaul. The bill eliminates the income tax on income below $22,250 and provides a 6.6% reduction in every other tax bracket. The tax cut is offset by changes to the business income tax deduction. The deduction is reduced from $250,000 to $100,000. The House also eliminated a 3% flat rate on business income over $250,000, which means that income will now be taxed at the top rate of 4.667%. “What we’re trying to do is we’re trying to reduce the income tax for all Ohioans. If you look at this tax plan that we’ve put forward, if you paid taxes last year and your income hasn’t changed dramatically, you’re going to get a tax cut,” Speaker Householder said of the House’s plan.

In addition to tax reforms, HB 166 also includes an innovated H2Ohio program aimed at tackling water quality issues in Ohio. The governor’s introduced version of the budget proposal included an initial investment of roughly $85 million in the first year of the program and up to $900 million over the next ten years. This funding would be divided among the Environmental Protection Agency, Department of Agriculture and Department of Natural Resources. While the House agreed to funding the first year of the program, they did pull future monies, claiming they would prefer to address it in a separate bill (HB 7). HB 7 creates an endowment to fund the H2Ohio program in the future. Jointly sponsored by Reps. Haraz Ghanbari and John Patterson, HB 7 builds off Gov. Mike DeWine's budget proposal to establish the H2Ohio fund. However, instead of using state dollars, the bill would create the H2Ohio Endowment Board, a permanent trust empowered to accept donations, land, title to land and federal dollars. The board would include 12 members, six of who would be appointed by the governor. The House speaker and Senate president would each appoint three of the remaining six members. The board could also receive General Revenue surplus monies and issue special obligation securities to fund projects approved by the H2Ohio Advisory Council – a panel that would be created both in HB 7 and in the House-passed operating budget. The 18-member advisory council, not to be confused with the endowment board, would include representatives of the administration, legislature and interested party groups and is charged with overseeing H2Ohio spending.

Republicans introduced their own plan to fund clean water improvements in the form of SJR 1. The resolution would grant authority to the state to issue bonds to finance the costs for clean water enhancements, like water treatment, the reduction of open lake disposal of dredged material and support for nutrient management best practices. The bonds would be issued over a 10-year period and capped at $100 million a year. The resolution would require voter approval after the General Assembly votes to submit it as a ballot issue. The resolution, which was introduced in May, has yet to receive a hearing.

The Ohio Senate also introduced SB 2, which would create a statewide watershed planning structure to be administered by the Department of Agriculture. According to the bill’s sponsors, Senators Bob Peterson and Matt Dolan, the bill will help coordinate efforts with a watershed planning and management coordinator who will be assigned to a watershed or a combination of watersheds based on their six digit hydrological unit code. While the bill is primarily designed to encourage efficient crop growth, soil conservation and water protection methods, amendments were added that would improve the operations of regional water and sewer districts. Currently, Ohio Revised Code (ORC) Chapter 6119 has arbitrary language that has the potential to limit a district’s ability to partner with private entities on projects. Additionally, language in ORC Chapter 6119 is confusing on whether districts are able to offer discount programs to customers under the age of 65. The amendments added to SB 2 clarify these sections to ensure that 6119 districts can partner with private entities and have the flexibility to offer discount programs that best benefit their customers.

The House had its first opportunity to hear from Senator Frank Hoagland on his bill (SB 33) that would protect critical infrastructure facilities from damage caused by protestors. CORD worked with lawmakers and stakeholders to ensure that water and wastewater infrastructure was protected under the bill. The measure received pushback in the Senate from opponents who said the bill could limit an individual’s right to free speech and ability to protest peacefully. Senator Hoagland responded that an individual must engage in criminal mischief and that he encourages citizens to, “exercise their right to free speech in the proper manner and to voice their opinion – I spent my entire military career defending the people’s right to do just that.”

Another bill CORD has been actively lobbying is HB 46, which would require the Ohio Treasurer of State to create and maintain the Ohio State Government Expenditure Database to improve government transparency and accessibility for Ohioans. The bill would require state agencies to report expenditures to the State Treasurer’s office, which will then be made available to the public in the form of a searchable database. The bill includes an exemption for local governments, allowing them to voluntarily submit this information. That exemption, however, did not specifically include 6119 districts, which could result in regional districts falling under the definition of “state agency.” To correct this oversight, we worked with the bill sponsor and the chairman of the House State and Local Government Committee to clarify that the reporting requirements did not apply to 6119 districts. HB 46 was reported from the House State and Local Government Committee in May and now awaits action by the full Ohio House.

The battle over municipal water rates for neighboring communities has returned to the Statehouse in the form of HB 163. The bill, sponsored by Rep. Tom Brinkman of Cincinnati, would allow townships and other political subdivisions to sue municipalities for charging inflated rates to outside communities. If municipalities are found in violation, they would lose state funding. The municipal water or sewer supplier would need to demonstrate that the higher rates are calculated based on generally accepted industry practices. As expected, the measure has been met with strong opposition from municipalities. HB 163 has received three hearings before the House Public Utilities Committee.

Senate Republicans unanimously voted to seat Senator Tim Schaffer of Lancaster to replace former Senator Brian Hill, who left the General Assembly to become CEO of the Guernsey-Muskingum Electric Cooperative. The move marks Schaffer’s second stint in the upper chamber. The House also seated Rep. Jeffrey LaRe (R-Violet Twp.) to the 77th District seat formerly held by now-Sen. Tim Schaffer. Rep. LaRe, executive vice president of The Whitestone Group, is a longtime professional in the security industry, a former deputy sheriff and private investigator. He was chosen out of five applicants for the seat.

The House also seated a new member to fill the 76th House District formerly occupied by Sarah LaTourette, who was appointed by Gov. Mike DeWine to be executive director of Ohio Family and Children First. House Republicans selected Diane Grendell, who had previously served in the House from 1992-2000. She also served at the 11th District Court of Appeals judge for 16 years and previously served as a JAG officer in the Ohio Military Reserve.

Below is a list of legislation we are currently tracking during the 133rd Ohio General Assembly:

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| **HB7** | **H2OHIO PROGRAM** (GHANBARI H, PATTERSON J) To create the H2Ohio Trust Fund for the protection and preservation of Ohio's water quality, to create the H2Ohio Advisory Council to disburse money from the Fund for water quality programs, and to create the H2Ohio Endowment Board to make recommendations to the Treasurer of State regarding the issuance of securities to pay for costs related to the purposes of the Fund. | |
|  | ***Current Status:*** | 5/29/2019 - House Finance, (Third Hearing) |
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| **HB27** | **PUBLIC MOTOR VEHICLE LIABILITY** (INGRAM C) To modify political subdivision liability for an employee's negligent operation of a motor vehicle. | |
|  | ***Current Status:*** | 3/19/2019 - House Civil Justice, (Third Hearing) |
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| **HB46** | **STATE GOVT EXPENDITURE DATABASE** (GREENSPAN D) To require the Treasurer of State to establish the Ohio State Government Expenditure Database. | |
|  | ***Current Status:*** | 5/15/2019 - **REPORTED OUT**, House State and Local Government, (Fifth Hearing) |
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| **HB62** | **TRANSPORTATION BUDGET** (OELSLAGER S) To increase the rate of and modify the distribution of revenue from motor fuel excise taxes, to make appropriations for programs related to transportation and public safety for the biennium beginning July 1, 2019, and ending June 30, 2021, and to provide authorization and conditions for the operation of those programs. | |
|  | ***Current Status:*** | 4/3/2019 - **SIGNED BY GOVERNOR**; eff. 90 days, Taxes eff. 7/1/19 |
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| **HB78** | **PREVAILING WAGE-PUBLIC IMPROVEMENTS** (RIEDEL C, MANCHESTER S) 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:*** | 2/20/2019 - Referred to Committee House Commerce and Labor |
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| **HB79** | **INDUSTRIAL COMMISSION BUDGET** (OELSLAGER S) To make appropriations for the Industrial Commission for the biennium beginning July 1, 2019, and ending June 30, 2021, and to provide authorization and conditions for the operation of Commission programs. | |
|  | ***Current Status:*** | 5/29/2019 - House Finance, (Second Hearing) |
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| **HB80** | **BWC BUDGET** (OELSLAGER S) To make appropriations for the Bureau of Workers' Compensation for the biennium beginning July 1, 2019, and ending June 30, 2021, and to provide authorization and conditions for the operation of the bureau's programs. | |
|  | ***Current Status:*** | 5/30/2019 - House Finance, (Third Hearing) |
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| **HB84** | **CAPITAL IMPROVEMENTS-SEWER LATERALS** (HOLMES G) To expressly include, as eligible projects under the State Capital Improvements Program, water and sewer laterals located on private property. | |
|  | ***Current Status:*** | 3/27/2019 - House State and Local Government, (First Hearing) |
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| **HB95** | **BRINE-CONVERSION OF WELLS** (SKINDELL M) To alter the Oil and Gas Law with respect to brine and the conversion of wells. | |
|  | ***Current Status:*** | 3/5/2019 - Referred to Committee House Energy and Natural Resources |
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| **HB115** | **REGULATOR RESTRICTION REDUCTION** (RIEDEL C, ROEMER B) To require certain agencies to reduce the number of regulator restrictions and to amend the versions of sections 106.021 and 106.03 of the Revised Code that are scheduled to take effect August 18, 2019, to continue the provision of this act on and after that effective date. | |
|  | ***Current Status:*** | 4/10/2019 - House State and Local Government, (Second Hearing) |
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| **HB163** | **WATER AND SEWER PRACTICES** (BRINKMAN T) To create a process for withholding local government funds and state water and sewer assistance from municipal corporations that engage in certain water and sewer practices with respect to extraterritorial service. | |
|  | ***Current Status:*** | 5/29/2019 - House Public Utilities, (Third Hearing) |
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| **HB166** | **OPERATING BUDGET** (OELSLAGER S) To make operating appropriations for the biennium beginning July 1, 2019, and ending June 30, 2021, and to provide authorization and conditions for the operation of state programs. | |
|  | ***Current Status:*** | 5/29/2019 - Senate Education, (Second Hearing) |
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| **HB168** | **AFFIRMATIVE DEFENSE-HAZARDOUS SUBSTANCES** (ARNDT S) To establish an affirmative defense to a release or threatened release of hazardous substances from a facility for certain bona fide prospective purchasers. | |
|  | ***Current Status:*** | 5/7/2019 - **REPORTED OUT**, House Civil Justice, (Third Hearing) |
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| **HB197** | **TAX CODE CORRECTIONS** (POWELL J, MERRIN D) To enact the "Tax Code Streamlining and Correction Act" to make technical and corrective changes to the laws governing taxation. | |
|  | ***Current Status:*** | 5/7/2019 - House Ways and Means, (First Hearing) |
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| **HB218** | **PUBLIC-PRIVATE PARTNERSHIPS** (PATTON T) To authorize certain public entities to enter into public-private initiatives with a private party through a public-private agreement regarding public facilities. | |
|  | ***Current Status:*** | 5/22/2019 - House State and Local Government, (First Hearing) |
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| **HB220** | **GOVERNMENT BLOCKCHAIN USE** (CARFAGNA R) To allow a governmental entity to utilize distributed ledger technology, including blockchain technology. | |
|  | ***Current Status:*** | 5/22/2019 - House Commerce and Labor, (First Hearing) |
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| **HB238** | **WHISTLEBLOWER PROTECTIONS** (CERA J, SCHERER G) To revise Ohio's whistleblower protection laws. | |
|  | ***Current Status:*** | 5/28/2019 - House Civil Justice, (Second Hearing) |
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| **SB1** | **REDUCE REGULATORY RESTRICTIONS** (MCCOLLEY R, ROEGNER K) To require certain agencies to reduce the number of regulatory restrictions and to continue the provision of this act on and after August 18, 2019. | |
|  | ***Current Status:*** | 5/14/2019 - Referred to Committee House State and Local Government |
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| **SB2** | **STATEWIDE WATERSHED PLANNING** (PETERSON B, DOLAN M) To create a statewide watershed planning structure for watershed programs to be implemented by local soil and water conservation districts. | |
|  | ***Current Status:*** | 5/29/2019 - Senate Agriculture and Natural Resources, (Third Hearing) |
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| **SB8** | **TAX CREDITS-OHIO OPPORTUNITY ZONE** (SCHURING K) To authorize tax credits for investments in an Ohio Opportunity Zone. | |
|  | ***Current Status:*** | 5/8/2019 - House Economic and Workforce Development, (Second Hearing) |
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| **SB10** | **THEFT IN OFFICE PENALTIES** (WILSON S) To expand the penalties for theft in office based on the amount stolen and to include as restitution audit costs of the entity that suffered the loss. | |
|  | ***Current Status:*** | 5/9/2019 - **REPORTED OUT**, House Criminal Justice, (Third Hearing) |
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| **SB33** | **CRITICAL INFRASTRUCTURE FACILITIES OFFENSES** (HOAGLAND F) To modify certain criminal offenses with respect to critical infrastructure facilities and to impose fines and civil liability for damage to a critical infrastructure facility. | |
|  | ***Current Status:*** | 5/29/2019 - House Public Utilities, (First Hearing) |
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| **SB38** | **WATER AND SEWER FUNDS-MUNICIPAL CORPORATIONS** (SCHURING K) To revise the law governing municipal corporation use of water and sewer funds. | |
|  | ***Current Status:*** | 3/26/2019 - Senate Local Government, Public Safety and Veterans Affairs, (First Hearing) |
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| **SB50** | **INCREASE SOLID WASTE DISPOSAL FEE** (EKLUND J) To increase state solid waste disposal fee that is deposited into the Soil and Water Conservation District Assistance Fund, and to make an appropriation. | |
|  | ***Current Status:*** | 4/2/2019 - Senate Finance, (Second Hearing) |
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| **SB86** | **UTILITY SERVICE RESELLERS** (MAHARATH T) To regulate certain resellers of utility service. | |
|  | ***Current Status:*** | 3/12/2019 - Referred to Committee Senate Energy and Public Utilities |
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| **SJR1** | **CLEAN WATER IMPROVEMENTS** (GAVARONE T, O'BRIEN S) 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 clean water improvements. | |
|  | ***Current Status:*** | 5/14/2019 - Referred to Committee Senate Finance |