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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**  **July 2019** |

In rare bipartisan fashion, the Ohio Senate passed its version of the state operating budget (HB 166) with a unanimous floor vote of 33-0, the first in over a decade. The Senate’s version of the two-year spending plan includes a host of changes including tighter state regulations on pharmacy benefit managers in Medicaid, changes to state graduation requirements, lower taxes for individuals and direct more money toward education wraparound services, water quality initiatives, local governments and libraries.

As expected, the House voted not to concur with Senate amendments to the bill, forcing a conference committee of both chambers to sort out differences and come to agreements on several provisions in the bill. One large difference centers on taxation, particularly the small-business tax deduction. The House slashed this incentive for businesses, lowering the non-taxable level to $100,000 and eliminating the 3% flat tax rate for income above that amount. The Senate restored the $250,000 threshold yet maintained the elimination of the 3% tax rate for incomes above that amount. Another tax-related difference in the two chambers’ proposals are with personal income tax rates. The Senate bill offered an 8 percent cut over two years, as opposed to the House’s 6.6 percent.

During the first meeting of the conference committee, the panel received positive news from both the Office of Budget and Management (OBM) and the Legislative Service Commission (LSC) on tax revenue for the current fiscal year as well as the two years of the upcoming biennium (FY 20-21) to be covered by HB 166 upon enactment. In her testimony, OBM Director Kimberly Murnieks said that OBM's revised FY 2019 total GRF tax revenue forecast is $359 million above the original budget forecasts. Despite the positive forecasts, the conference committee failed to come to a compromise before the end of the month.

With the House and Senate unable to reach an agreement and produce a conference report on the operating budget before the constitutionally required June 30th deadline, the legislature was forced to pass a 17-day interim budget. SB 171 will maintain current funding levels for state operations while negotiations continue between conferees of both chambers on the operating budget. The legislature also passed SB 172, which grants a 30-day extension of the Bureau of Workers’ Compensation budget. Ohio has not had an interim budget since 2009, which lasted 10 days under then-Governor Ted Strickland. There was also an interim state budget in 1991.

The state operating budget also includes an innovative 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 Ohio Senate then amended its own water quality measure (SB 2) into the budget. This proposal 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, and ultimately the state budget, 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. In addition to adding SB 2 to the budget, the Senate also funded the H2Ohio program for two years to allow lawmakers time to find a long-term funding solution.

In addition to the operating budget, lawmakers continue to debate HB 6, the controversial energy reform legislation. The Senate recently made sweeping revisions to the bill, which is a priority for Speaker Householder. Rather than the “Ohio Clean Air Program” put forth by the House, the Senate version would create an “Energy Generation Fund,” that could provide up to $160 million a year - $10 million of which would go to eligible renewable projects including wind and solar. The proposal would still provide aide to the state’s two nuclear plants to the tune of roughly $150 million. Monthly customer fees for the fund would also be lower than the House proposal. The bill would also reinstate Ohio’s renewable energy requirements, albeit at a lower level – 8.5% as opposed to 12.5%. Energy efficiency standards would also be set at 22.2% by 2029, adding two more years for companies to comply. The measure also requires utilities to put banked energy efficiency savings toward standards compliance beginning in 2021. “What we’re rolling out today I am convinced addresses a comprehensive energy approach for the state of Ohio,” Chair Senator Steve Wilson said. HB 6 is expected to be passed along a similar timeline as the operating budget.

House Republicans announced that Douglas Swearingen, an attorney from Huron, will succeed Rep. Steve Arndt in the 89th District upon his planned retirement at the end of July.

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 establish priorities for use of the Fund for water quality programs, and to authorize the Ohio Water Development Authority to invest the money in the Fund and 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:*** | 6/20/2019 - **PASSED BY HOUSE**; Vote 90-3, Bill Amended on Floor |
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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:*** | 6/27/2019 - **SIGNED BY GOVERNOR**; eff. 7/1/2019 |
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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:*** | 7/1/2019 - The Senate insists on its amendments. |
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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:*** | 6/19/2019 - House Public Utilities, (Fourth 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:*** | 6/25/2019 - , (First 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:*** | 6/26/2019 - Senate Agriculture and Natural Resources, (First 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:*** | 6/19/2019 - **SUBSTITUTE BILL ACCEPTED**, House State and Local Government, (Second 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:*** | 6/12/2019 - **REPORTED OUT AS AMENDED**, House Commerce and Labor, (Third Hearing) |
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| **HB238** | **WHISTLEBLOWER PROTECTIONS** (CERA J, SCHERER G) To revise Ohio's whistleblower protection laws. | |
|  | ***Current Status:*** | 6/25/2019 - House Civil Justice, (Third Hearing) |
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| **HB263** | **OCCUPATIONAL LICENSING-CRIMINAL CONVICTIONS** (KOEHLER K) To revise the initial occupational licensing restrictions applicable to individuals convicted of criminal offenses. | |
|  | ***Current Status:*** | 6/12/2019 - House Commerce and Labor, (First Hearing) |
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| **HB264** | **WATER DEVELOPMENT-LOAN REFINANCING** (WILKIN S, O'BRIEN M) To allow the Ohio Water Development Authority to provide for the refinancing of loans for certain public water and waste water infrastructure projects. | |
|  | ***Current Status:*** | 6/19/2019 - House State and Local Government, (First 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:*** | 6/12/2019 - House State and Local Government, (First Hearing) |
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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:*** | 6/19/2019 - Referred to Committee House Energy and Natural Resources |
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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:*** | 6/19/2019 - House Public Utilities, (Second 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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| **SB135** | **DEFERRED COMPENSATION-AUTOMATIC ENROLLMENT** (HOTTINGER J) To authorize automatic enrollment of new employees in the Ohio Public Employees Deferred Compensation Program. | |
|  | ***Current Status:*** | 5/15/2019 - Referred to Committee Senate General Government and Agency Review |
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| **SB171** | **17-DAY INTERIM BUDGET** (DOLAN M, O'BRIEN S) To enact a 17-day interim budget. | |
|  | ***Current Status:*** | 6/30/2019 - **SIGNED BY GOVERNOR**; Effective Immediately |
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| **SB172** | **30 DAY BWC BUDGET** (DOLAN M, O'BRIEN S) To make operating appropriations for the Bureau of Workers' Compensation for the period beginning July 1, 2019, and ending July 31, 2019. | |
|  | ***Current Status:*** | 6/30/2019 - **SIGNED BY GOVERNOR**; Effective Immediately |
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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 |