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# Final Analysis

Click here for LBO's fiscal analysis

**Primary Sponsor:** Rep. Stewart

**Effective Date**: Operating appropriations and certain other items effective June 30, 2025; most items effective September 30, 2025; some items effective on other dates; contains item vetoes.

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## SUMMARY

This analysis is arranged by state agency in alphabetical order. Items that do not directly involve an agency are located under the agency that has regulatory authority over the item or otherwise deals with the subject matter of the item. After the last agency (the Department of Youth Services), separate chapters address the following:

1. Election Law, addressing the replacement of the Ohio Elections Commission and other elections matters;

2. Sports facilities and unclaimed funds;

3. Boards and commissions;

4. Local government;

5. Low-income utility assistance and block grants;

6. Public records and open meetings; and

7. Miscellaneous items.

The analysis concludes with a note on effective dates, expiration, and other administrative matters.

Within each agency and category, a summary of the items appears first (in the form of dot points) followed by a more detailed discussion.

# TABLE OF CONTENTS

**ACCOUNTANCY BOARD ..... 35**
Public accounting firm ownership interests and registration ..... 35
**DEPARTMENT OF ADMINISTRATIVE SERVICES ..... 36**
Exempt employee salary schedules ..... 39
State employee work location (PARTIALLY VETOED) ..... 40
DAS personnel ..... 40
DAS services ..... 41
Disability leave ..... 41
State employee pay for jury service or court attendance ..... 42
Paid leave for emergency medical or firefighting service ..... 42
Procurement law and semiconductors ..... 43
Prohibited applications on state systems ..... 43
State surplus supplies and nonprofit organizations ..... 44
Software purchases ..... 44
Sharing legal documents ..... 44
9-1-1 public safety answering points ..... 45
Next Generation 9-1-1 access fee ..... 45
Entrepreneur in residence pilot program ..... 46
State printing ..... 46
State civil service ..... 47
Flag display on state buildings and grounds (PARTIALLY VETOED) ..... 47
State real property study (PARTIALLY VETOED) ..... 47
Madison County land conveyance ..... 48
**DEPARTMENT OF AGING ..... 49**
Provider certification ..... 50
Community-based long-term care services providers – criminal records checks ..... 51
Electronic visit verification ..... 52
PASSPORT – home health and personal care aides ..... 52
Program for All-Inclusive Care for the Elderly (PACE) ..... 52
BELTSS license fee increases ..... 53
**DEPARTMENT OF AGRICULTURE ..... 54**
Pesticide Law changes ..... 58
General changes to the law ..... 58
Pesticide registration fee ..... 59
Pesticide applicator examination fee ..... 59

Hemp Cultivation and Processing Program ..... 59
Auctioneer client trust accounts ..... 59
Apiaries ..... 60
Apiary registration ..... 60
Sale or gift of queen bees ..... 60
Deputy apiarist ..... 61
Enforcement authority ..... 61
County appropriations for inspections ..... 62
Pork Marketing Program ..... 62
Election of Operating Committee ..... 62
Food processing establishment exemption ..... 64
Commercial Feed Law changes ..... 64
Fertilizer license fee ..... 64
Commercial seed labeler permit ..... 65
Bakery registration fee ..... 65
Soda water syrup or extract and soft drink syrup manufacturer ..... 65
Cold storage locker license fee ..... 66
Nurseryperson inspection fee ..... 66
Annual liming material tonnage report ..... 66
Certificate of free sale ..... 66
Ohio Grape Industries Committee ..... 67
Commercial dog breeding and pet store funds ..... 67
Livestock dealers ..... 67
Fees ..... 67
Civil penalties ..... 68
Animal and Consumer Protection Fund ..... 69
Food Safety Fund ..... 69
ODA laboratory services information not a public record ..... 69
**AIR QUALITY DEVELOPMENT AUTHORITY ..... 70**
OAQDA definitions ..... 70
**OHIO ARTS COUNCIL ..... 71**
Per Cent for Arts Program (VETOED) ..... 71
**ATTORNEY GENERAL ..... 72**
Age verification – obscenity or matter harmful to juveniles ..... 73
Exemptions ..... 74
Attorney General enforcement action ..... 75

Peace officer refresher training ..... 75
Findings for recovery ..... 76
Notice for debts payable to the state (VETOED) ..... 76
Correctional facility inspection services ..... 76
State law enforcement and training reimbursement (VETOED) ..... 77
**AUDITOR OF STATE ..... 78**
Performance and financial audits ..... 78
Audit costs for medical assistance programs and recipients ..... 78
Access during audit ..... 79
Remove AOS from various processes ..... 79
Audit state institutions of higher education safeguards ..... 83
**DEPARTMENT OF BEHAVIORAL HEALTH ..... 84**
Renaming the Department and Director ..... 86
Summary suspension of residential facilities licensed by DBH ..... 87
Grounds for disciplinary action ..... 88
Notice of adverse actions taken by other regulators ..... 88
Subsidiaries of opioid treatment programs ..... 89
Certified community behavioral health clinics ..... 89
Statewide mobile crisis system ..... 89
Behavioral health block grants ..... 90
Community innovations ..... 92
Recovery housing – confidentiality of investigative materials ..... 93
Patient billing in state-operated psychiatric hospitals ..... 93
Calculation of base charge ..... 93
Coordination with health benefits ..... 94
Behavioral Health Drug Reimbursement Program ..... 94
VOIP service immunity ..... 94
DBH Trust Fund ..... 95
High-THC cannabis impact research study ..... 95
Ibogaine Treatment Study Committee ..... 96
Residential facilities directory ..... 96
**OFFICE OF BUDGET AND MANAGEMENT ..... 97**
State appropriation limitations (VETOED) ..... 98
SAL calculation ..... 98
Non-GRF appropriations to be included in SAL calculation ..... 98
SAL growth factor ..... 99

Elimination of SAL exception for emergency proclamation ..... 99
List of non-GRF appropriation items subject to SAL ..... 99
Impact of federal grant suspension ..... 99
OBM support services ..... 99
Targeted Addiction Assistance Fund ..... 100
Fund interest to GRF (PARTIALLY VETOED) ..... 100
State Land Royalty Fund ..... 101
Centralized reporting system for state grants (VETOED) ..... 101
Computer data center tax exemption application ..... 102
**BUREAU OF WORKERS' COMPENSATION ..... 103**
Personnel providing intrastate mutual assistance or aid (VETOED) ..... 103
**CHEMICAL DEPENDENCY PROFESSIONALS BOARD ..... 104**
Terminology change ..... 105
Applications ..... 105
Discipline ..... 105
Internships, practicums, and work experience ..... 105
Alternative pathways to licensure ..... 106
Codes of ethics ..... 106
Board membership ..... 106
Chemical dependency counselor I license ..... 106
Eliminated requirements ..... 107
**DEPARTMENT OF CHILDREN AND YOUTH ..... 108**
I. Child Care ..... 114
Publicly funded child care (PFCC) ..... 114
Eligibility ..... 114
Eligibility period for homeless child care ..... 115
Provider payments ..... 115
Prospective payment ..... 115
Payment categories ..... 116
Payment rates ..... 116
Family child care home payment rates ..... 116
Payments based on enrollment not attendance ..... 116
Child care prices ..... 117
Provider licensure ..... 117
Family child care home ratios ..... 117
In-home aide continuous certification ..... 117

Child Care Choice Voucher Program ..... 117
Early Childhood Education Grant Program ..... 118
Eligibility ..... 118
Distribution of funds ..... 118
Rulemaking ..... 118
Child Care Cred Program ..... 119
Child Care Provider Recruitment and Mentorship Grants ..... 119
Transfer preschool reporting to DCY ..... 120
Ohio professional registry ..... 121
II. Child Welfare ..... 121
Summary suspension of the certificate of an institution or association ..... 121
Requirements for group homes ..... 123
Regional wellness campuses ..... 123
Prevention services ..... 124
Mandatory reporter of child abuse and neglect ..... 124
Request for proposals to establish rate cards ..... 125
Benefits to children under the custody of a Title IV-E agency ..... 125
Foster care adoption waiting period removal ..... 126
Ohio Adoption Grant Program changes ..... 126
Diagnostic ultrasound machine grant program ..... 127
Responsible Fatherhood Initiative ..... 128
Multi-system youth ..... 130
Removal of Kinship Support Program state hearing rights ..... 130
Ohio Children's Trust Fund ..... 131
Child abuse and child neglect regional prevention councils ..... 131
Start-up costs for children's advocacy centers ..... 132
III. Councils ..... 132
County family and children first councils ..... 132
Advisory council consolidation ..... 133
IV. DCY duties ..... 134
Autism services contracts ..... 134
Biennial summit on home visiting ..... 135
DCY transfers, conforming changes, and recodification ..... 135
Transfer of additional responsibilities to DCY ..... 140
**OHIO CIVIL RIGHTS COMMISSION ..... 142**
Housing discrimination ..... 142

**DEPARTMENT OF COMMERCE ..... 144**
Division of Financial Institutions ..... 149
Financial Literacy Education Fund ..... 149
State Fire Marshal ..... 149
Online consumer fireworks sales ..... 149
Background ..... 149
Online sales of consumer fireworks ..... 149
Curbside pickup of consumer fireworks ..... 150
Prohibitions ..... 151
Alternative purchase and delivery systems ..... 151
Rulemaking authority ..... 151
Fire suppression systems in agricultural structures ..... 152
Division of Real Estate and Professional Licensing ..... 152
Real estate salesperson and broker applications ..... 152
Written agency agreements ..... 153
Replace "marketing" with "advertising" ..... 153
Add references to "tenants" ..... 153
Nonexclusive agency agreements ..... 153
Burial permit fee ..... 154
Division of Securities ..... 154
Ohio Investor Recovery Fund ..... 154
Security dealer exemption ..... 154
Division of Industrial Compliance ..... 155
Specialty contractor license application ..... 155
Elevator mechanics ..... 155
Board of Building Standards ..... 156
Divide Residential Building Code enforcement ..... 156
Third-party plan examiners and building inspections ..... 156
Division of Cannabis Control ..... 157
Cannabis misuse prevention ..... 157
Division of Liquor Control ..... 157
Spirituous liquor sales ..... 157
D-5j liquor permit criteria ..... 157
Liquor permit fees ..... 158
D-7 liquor permit fee ..... 158
F-4 liquor permit fee ..... 158

F-11 liquor permit fee ..... 158
H liquor permit fee ..... 158
S-2 liquor permit renewal fee ..... 159
Background ..... 159
Financial products involving motor vehicles ..... 160
Overview ..... 160
Excess wear and use waivers ..... 160
Debt cancellation or debt suspension products ..... 161
Protection against lease-end charges ..... 161
Vehicle value protection agreements ..... 162
Characteristics ..... 162
Cancellation by contract holder ..... 162
Cancellation by contract provider ..... 162
Under-speed vehicles ..... 163
Commercial transactions ..... 163
Mechanic's liens ..... 163
**CONSUMERS' COUNSEL ..... 165**
Exemption from OCC assessment ..... 165
**CONTROLLING BOARD ..... 166**
Expenditure of excess revenue (VETOED) ..... 166
Controlling Board agenda ..... 166
Procurement of online subscriptions ..... 166
**OHIO DEAF AND BLIND EDUCATION SERVICES ..... 167**
High school diploma requirements ..... 167
Expense funds investment earnings ..... 167
**STATE BOARD OF DEPOSIT ..... 168**
Public depositories ..... 170
Financial transaction devices (FTDs) ..... 171
Definitions ..... 171
Resolution ..... 171
Administrative agent ..... 172
Surcharges and convenience fees ..... 172
Limitation of liability ..... 173
Warrant clearance accounts ..... 173
**DEPARTMENT OF DEVELOPMENT ..... 174**
Residential economic development district grants ..... 177

Overview ..... 177
Application ..... 177
Pro-housing development policies ..... 178
Review ..... 178
Award ..... 179
Public records ..... 179
Residential Development Revolving Loan Program ..... 179
Eligible borrowers ..... 179
Use of proceeds ..... 180
Residential development project ..... 180
Loan amount ..... 180
Application requirements ..... 180
Administration ..... 180
Conditions for borrowers ..... 181
Scoring metrics ..... 181
Payments in lieu of taxes ..... 181
RDRLP Fund ..... 181
Building demolition and site revitalization grants ..... 182
Brownfield Remediation Program ..... 182
Background ..... 182
Alterations to the program ..... 182
State private activity bond ceiling and fund ..... 183
DEV funds ..... 184
Individual Microcredential Assistance Programs ..... 184
Institutional Platinum Provider Program ..... 184
Institutional duties ..... 185
Institutional platinum providers ..... 185
Initial advance payments ..... 185
Subsequent advance payments ..... 185
IMAP reimbursements ..... 186
Platinum Provider Program ..... 186
Application ..... 186
Initial advance payment ..... 186
Subsequent advance payments ..... 187
IMAP reimbursements and refunds ..... 187
Revocation of platinum provider status ..... 187

Surety bond ..... 188
IMAP application period ..... 188
Affirmative action programs in public contracting ..... 188
Welcome Home Ohio Program ..... 189
Qualifying residential property ..... 189
Tax credit ..... 190
Qualified nonprofit developers ..... 190
Maximum grant amount ..... 190
Price and income thresholds ..... 191
Agreement to occupy the home ..... 191
Deed restriction ..... 191
Financial literacy counseling ..... 191
Reinvestment of profits ..... 192
**DEPARTMENT OF DEVELOPMENTAL DISABILITIES ..... 193**
Supported living ..... 195
Guardianship and supported living ..... 195
Notarized statement of residency ..... 195
Termination of supported living certificate ..... 195
Health-related activities ..... 196
Developmental disabilities personnel – medication administration and other health-related activities ..... 196
Family member authority to administer medications and perform health-related activities ..... 196
In-home care workers and health care tasks ..... 197
Service and support administrator training requirements ..... 197
ICF/IID professional workforce development payment ..... 198
County share of nonfederal Medicaid expenditures ..... 198
Withholding of funds owed to the Department ..... 198
Innovative pilot projects ..... 198
Medicaid rates for homemaker/personal care services ..... 199
Community developmental disabilities trust fund ..... 199
**STATE BOARD OF EDUCATION ..... 200**
State Board of Education membership ..... 201
Funding ..... 201
Ohio Teacher Residency Program ..... 202
Alternative resident educator license ..... 202
School district territory transfers ..... 202

Ohio Professional Licensing System ..... 202
**DEPARTMENT OF EDUCATION AND WORKFORCE ..... 203**
I. School finance ..... 214
Funding for FY 2026 and FY 2027 ..... 214
Overview ..... 214
School financing system calculation revisions ..... 215
Enrollment growth supplement ..... 216
Per-pupil performance supplement ..... 216
Base funding supplement ..... 217
DPIA and economically disadvantaged student count ..... 217
DPIA plan partners ..... 218
Career-technical education associated services funds ..... 218
Career awareness and exploration funds ..... 219
Quality Community and Independent STEM School Support Programs ..... 219
"Community School of Quality" designation ..... 219
Merged community schools ..... 221
Independent STEM schools ..... 222
Facilities funding for community and STEM schools ..... 222
Community and STEM school special education threshold cost pool ..... 222
Auxiliary services funding ..... 223
Payment for districts with decreases in utility TPP value ..... 223
Eligibility determination ..... 223
Payment amount ..... 223
Payment deadline ..... 224
Codified law payment ..... 224
II. State scholarships ..... 224
Autism Scholarship maximum amount ..... 224
Jon Peterson Special Needs Scholarship amount ..... 224
Autism and Jon Peterson Special Needs scholarship programs ..... 225
Autism Scholarship Program ..... 226
Qualified special education child ..... 226
Jon Peterson Special Needs scholarship program ..... 226
List of registered private providers ..... 226
Nonchartered educational savings account program (VETOED) ..... 226
III. Career-technical education ..... 227
Waivers for middle school career-technical education ..... 227

Approval deadlines for career-technical education programs ..... 227
Career-Technical Assurance Guides ..... 227
Industry-recognized credentials ..... 228
IV. Assessments, instruction, and tutoring ..... 228
Diagnostic assessment ..... 228
Kindergarten readiness assessment ..... 229
State assessments as public records ..... 229
College-Level Examination Program (CLEP) ..... 229
Core curriculum and evidence-based reading programs ..... 230
Advanced math learning opportunities ..... 230
High-dosage tutoring ..... 231
High-quality tutoring program list ..... 231
Financial literacy instruction exemptions ..... 231
V. Educators ..... 231
Use of seniority in teacher assignments ..... 231
Science of Reading professional development ..... 232
Development of training course ..... 232
Training requirement ..... 232
Professional development ..... 232
Educator in-service training ..... 233
Youth suicide awareness and prevention training ..... 233
Child sexual abuse training ..... 233
Computer science teacher licensure ..... 233
Cap on school district administrative expenses ..... 234
VI. Community schools ..... 234
High-performing community school definition ..... 234
Dropout prevention and recovery community schools ..... 235
Sponsor evaluations ..... 236
Academic performance component calculation ..... 236
Peer review ..... 236
Sponsor evaluation cycles ..... 236
Office of Ohio School Sponsorship evaluation ..... 236
Community school opening assurances ..... 237
Multiple facilities ..... 237
Contracts and comprehensive plans ..... 237
Classical schools and assessment administration ..... 238

Community school FTE reporting ..... 238
VII. School policies ..... 238
Absence intervention, truancy, and chronic absenteeism ..... 238
District and school responsibilities for student absences ..... 238
Chronic absenteeism definition ..... 239
Grade level promotion ..... 239
Filing truancy complaint in juvenile court ..... 239
Student absences for driver education ..... 240
Student cellphone use ..... 240
Emergency management plan protocol ..... 240
Artificial intelligence policies ..... 241
Religious instruction released time policy ..... 241
Interdistrict open enrollment policies ..... 241
Enrollment of military students ..... 241
Objection to students enrolling in other districts ..... 241
VIII. Transportation ..... 241
Community school transportation consortium ..... 241
Student transportation via mass transit system ..... 242
Multifunction school activity buses ..... 242
Student transportation workgroup ..... 243
Pupil Transportation Pilot Program ..... 243
Rural Transportation Grant Program ..... 244
Bus purchasing grants ..... 244
IX. Other ..... 244
State report card – Early Literacy component ..... 244
Demand side educator employment data ..... 244
Collection of data ..... 244
Report aggregate data ..... 245
Statewide data on educators ..... 245
Publish collected data ..... 246
Competency-based adult education programs ..... 246
Eliminate existing programs ..... 246
Competency-based educational programs ..... 246
Definition ..... 246
Providers ..... 246
High school diploma requirements ..... 247

Department responsibilities ..... 248
Aim Higher Pilot Program ..... 248
Ohio Code-Scholar Program ..... 248
Use of program funds ..... 249
Annual report ..... 249
Departmental oversight ..... 249
Payment of tuition for students in residential treatment facilities ..... 249
Notice of admission and collaborative reentry plan ..... 250
Payment structure ..... 250
Change in parent's residence ..... 250
Discharge procedures ..... 250
Diploma requirements ..... 250
State scholarship recipients ..... 250
School district operational revenue and expenditure report ..... 251
Contracts for school district construction projects ..... 251
Participation in interscholastic athletics at a different school ..... 251
Participating in ice hockey at other schools ..... 252
Online learning schools ..... 252
Public entities and preschool children with disabilities ..... 253
Aspire Program transfer ..... 253
Transfer of employees ..... 254
OBM Director ..... 254
**ENVIRONMENTAL PROTECTION AGENCY ..... 256**
Community air monitoring ..... 257
Environmental fees ..... 257
Additional air pollution control fee increases ..... 261
Infectious waste generator fee ..... 261
Industrial water pollution control facility certificate ..... 261
Waste facility permit notification ..... 261
E-Check ..... 261
E-Check extension ..... 261
E-Check review and report ..... 262
Air nuisance rule ..... 262
Community air monitoring ..... 263
**FACILITIES CONSTRUCTION COMMISSION ..... 265**
School facilities programs ..... 266

Classroom Facilities Assistance Program ..... 266
Vocational school facilities assistance program ..... 267
Public improvements contracts ..... 267
Electronic notices, advertisements, and filings ..... 267
Competitive bidding notices ..... 267
Public improvements notices and advertisements ..... 267
Notices of commencement ..... 268
Bid guaranties ..... 268
Declaration of exigency ..... 268
Building information modeling systems ..... 268
Public improvements contracts retainage and escrow ..... 269
Expedited processes for design-build firms and managers at risk ..... 269
GOVERNOR ..... 271
Governor's budget proposal – cash balance (VETOED) ..... 271
Governor solemnizing marriages ..... 271
**DEPARTMENT OF HEALTH ..... 272**
Nurse aide eligibility ..... 275
Health care facilities ..... 275
Residential care facility license – continued operation during application period ..... 275
Facility fees – hospital-owned primary care medical practices ..... 275
Radiation-generating equipment inspection fees ..... 276
School-based health center funds ..... 276
Youth homelessness funds (PARTIALLY VETOED) ..... 276
Abortion ..... 277
Reporting changes ..... 277
Genetics Services funds ..... 278
Deposit of vital statistics fees by ODH ..... 278
Program for Children and Youth with Special Health Care Needs ..... 278
OhioSEE Program ..... 279
Type 1 diabetes informational materials ..... 279
ODH requirements ..... 279
School requirements ..... 280
Medical certificates of death ..... 280
340B covered entity reporting requirements (PARTIALLY VETOED) ..... 281
Report contents (PARTIALLY VETOED) ..... 281
Form and manner of reports ..... 282

Lead abatement tax credit ..... 282
Household sewage treatment systems (PARTIALLY VETOED) ..... 283
Evaluating sewage treatment system compliance (PARTIALLY VETOED) ..... 283
Household sewage treatment system – soil and slope inspection (VETOED) ..... 284
**DEPARTMENT OF HIGHER EDUCATION ..... 285**
I. IN-STATE UNDERGRADUATE TUITION AND FEES ..... 292
State universities ..... 292
Community colleges ..... 292
II. STUDENT FINANCIAL AID PROGRAMS ..... 292
Ohio College Opportunity Grant Program ..... 292
Governor's Merit Scholarship ..... 293
Ohio Work Ready Grant Program ..... 293
Rural Practice Incentive Program ..... 294
Expand attorney eligibility ..... 294
Loans eligible for repayment ..... 294
Underserved community designation ..... 294
Approval of an application ..... 294
Repayment under a promissory note ..... 295
III. CONTINGENT SSI FUNDING (PARTIALLY VETOED) ..... 295
IV. STATE INSTITUTIONS OF HIGHER EDUCATION ..... 296
Credential and work experience ..... 296
General education requirements ..... 296
American civic literacy course exemptions ..... 297
Guaranteed admission ..... 297
Co-Op Internship Program ..... 298
Co-Op/Internship annual report ..... 298
Curricular approval process ..... 298
Fiscal caution status ..... 299
Use of financial indicators to evaluate institutions ..... 301
Governance authorities ..... 302
V. HIGHER EDUCATION PROGRAM REVIEW ..... 302
Annual reporting ..... 302
Notice requirements ..... 303
VI. EASTERN GATEWAY COMMUNITY COLLEGE ..... 304
VII. CENTERS FOR CIVICS, CULTURE, AND SOCIETY ..... 304
Curriculum ..... 305

Civics Centers location ..... 305
Ohio Civics Board ..... 305
VIII. OTHER ..... 306
Student record preservation plans ..... 306
Contracts with online program managers ..... 306
College credit for military training, experience, and coursework ..... 307
Strategic Square Footage Reduction Fund ..... 307
Application ..... 308
Loan requirements ..... 308
Transfer of funds from the Ohio Tuition Trust Reserve Fund ..... 308
Direct Admissions Pilot Program ..... 309
Purpose ..... 309
Operation ..... 309
Participating schools and institutions ..... 309
Report ..... 309
Higher Education Public Policy Research Consortium (PARTIALLY VETOED) ..... 310
Accelerated College and Career Pathways Program ..... 310
Model College Credit Plus pathways ..... 311
Program criteria and technical support ..... 311
Credit transfer ..... 311
AI Integration in Community Colleges Pilot Grant Program ..... 312
Funding for Ohio Veterans Education Council members ..... 312
Campus Community Grant Program ..... 313
Statewide FAFSA support system ..... 313
"Teach CS" Grant Program ..... 313
Reports and data reporting ..... 314
Annual College Credit Plus Program outcomes report ..... 314
Attainment level report ..... 314
Campus security and safety programs reports ..... 314
Higher education data reporting ..... 315
**OHIO HISTORY CONNECTION ..... 316**
Burial sites ..... 316
**DEPARTMENT OF INSURANCE ..... 317**
Licensing ..... 319
Pharmacy benefit managers (VETOED) ..... 319
Reimbursement ..... 319

Violations ..... 319
Retaliation ..... 320
Health care provider payment requirements ..... 320
Reimbursement for certified registered nurse anesthetists ..... 321
Ohio Assigned Risk Insurance Plan ..... 321
Uninsured drivers ..... 322
Private insurance outreach program ..... 322
Assisting end-stage renal disease patients ..... 322
**DEPARTMENT OF JOB AND FAMILY SERVICES ..... 324**
Public assistance ..... 327
Supplemental Nutrition Assistance Program (SNAP) ..... 327
Able-bodied adults without dependents work requirements ..... 327
EBT card hotline ..... 328
High balance accounts ..... 328
Exclusion of sugar-sweetened beverages (PARTIALLY VETOED) ..... 328
Ohio Benefits Program transfer ..... 329
Transfer of employees ..... 329
Staff training and development ..... 330
Public assistance benefits eligibility systems ..... 330
Vocational rehabilitation assessment and support services ..... 330
Notice of waiver or state plan amendment ..... 331
Adult Protective Services funding formula ..... 331
Youth and Family Ombudsmen Office ..... 332
Unemployment ..... 332
Technology and customer service fee ..... 332
Temporary employees ..... 333
Deadline for unemployment compensation reports ..... 334
Interest on late unemployment employer payments ..... 334
Covered public employers ..... 334
Seasonal employment determinations ..... 335
Income and Eligibility Verification System ..... 335
Unemployment Compensation Review Commission ..... 336
Access to digital photographic records ..... 336
UCRC hearings ..... 336
Unemployment Compensation Integrity Board ..... 336
Worker Adjustment and Retraining Notification (WARN) Act ..... 337

**JOINT COMMITTEE ON AGENCY RULE REVIEW ..... 339**
Restatement of principle of law or policy in rule (VETOED) ..... 340
Regulatory restrictions in administrative rules (VETOED) ..... 341
Proposed rules and revised proposed rules (VETOED) ..... 342
Rule review and recission (VETOED) ..... 344
**JOINT MEDICAID OVERSIGHT COMMITTEE ..... 345**
**JUDICIARY/SUPREME COURT ..... 346**
Dissemination of fabricated and private sexual images ..... 347
Criminal prohibition and penalty ..... 347
Exceptions ..... 348
Civil action for nonconsensual dissemination of fabricated sexual images ..... 348
Forfeiture ..... 349
Criminal general docket – online availability ..... 349
Definitions ..... 349
Probate general docket – online availability ..... 350
Reduction of fees for computerization of court ..... 350
Online availability of general dockets ..... 350
Computerization of the common pleas court ..... 350
Computerization of the clerk of the common pleas court ..... 351
Effective date ..... 351
Clerk of the court of common pleas ..... 351
Special projects funds ..... 351
Payment for acting judges ..... 352
Sealing and expungement ..... 352
Sealing juvenile records ..... 352
**LEGISLATIVE SERVICE COMMISSION ..... 354**
Transfer of Medicaid oversight to Medicaid committees and LSC ..... 354
LSC presentations to standing committees ..... 355
Actuary contract – medical inflation rate ..... 355
Conforming changes ..... 356
Ohio Administrative Code duties ..... 356
Publishing the O.A.C. ..... 356
Format for bills and resolutions ..... 357
Abolishment of LSC funds ..... 357
**LOTTERY COMMISSION ..... 358**
Cashing out lottery prize annuities ..... 358

Background on lottery prize annuities ..... 358
Annuity transfer changes under the act ..... 359
Number of transfers ..... 359
Independent professional advice ..... 359
Withholding from gambling winnings ..... 360
Background on gambling winnings withholding ..... 360
Responsibility for withholding under the act ..... 361
Copies of Form W-2G filed with TAX ..... 361
**DEPARTMENT OF MEDICAID ..... 362**
Medicaid eligibility ..... 369
Federal medical assistance percentage for expansion eligibility group ..... 369
Group VIII eligibility redeterminations ..... 370
Medicaid coverage of aged, blind, and disabled individuals ..... 370
Change in circumstances eligibility verification ..... 370
Medicaid waiver for reentry services ..... 371
Continuous Medicaid enrollment for children (VETOED) ..... 371
Medicaid eligibility fraud restitution ..... 372
Medicaid workforce development study ..... 372
Nursing facilities ..... 372
Case-mix score grouper methodology for nursing facilities ..... 372
Gradual implementation to patient driven payment model ..... 373
PDPM transition report ..... 373
Nursing facility quality incentive payment ..... 374
Personal needs allowance (VETOED) ..... 374
Waiver of ineligibility period ..... 374
Nursing facility dialysis services (VETOED) ..... 375
Medicaid providers ..... 375
Home and community-based services (HCBS) direct care worker wages ..... 375
Freestanding birthing centers (VETOED) ..... 375
Medicaid services ..... 375
Social gender transition ..... 375
Rapid whole genome sequencing ..... 375
Care management system ..... 377
Medicaid MCO data cross checks ..... 377
Automatic enrollment in Medicaid MCO plan (VETOED) ..... 377
Managed care financial dashboard ..... 377

Special programs ..... 378
Medicaid buy-in for workers with disabilities program premiums ..... 378
Hospital Additional Payments Program ..... 378
Rural Ohio Hospital Tax Pilot Program and assessment ..... 378
Pilot program ..... 378
Local assessment ..... 379
Medicaid state directed payment programs ..... 380
340B grantees ..... 381
General ..... 382
Diversity, equity, and inclusion ..... 382
Medicaid separate health care services line items ..... 382
Right of recovery for cost of medical assistance ..... 383
MyCare Ohio expansion ..... 383
MyCare Ohio successor program ..... 384
Hospital Care Assurance Program; franchise permit fee ..... 384
Appeal of hospital assessment or audit ..... 384
Hospital assessments ..... 384
HCAP ..... 384
Hospital franchise permit fee ..... 385
Hospital audit ..... 385
Medicaid visit verification system (VETOED) ..... 385
Reports, notifications, and audits ..... 386
Audit and corrective action plan for Medicaid ABD group ..... 386
Quarterly Medicaid statement of expenditures form ..... 387
Medicaid reports regarding fraud, waste, and abuse ..... 387
Presumptive eligibility error rate quarterly report ..... 388
Legislative notice of amendments and waivers ..... 388
Audit of Next Generation ..... 388
**STATE MEDICAL BOARD ..... 389**
Summary suspensions ..... 389
Certified mental health assistants ..... 390
Medical Quality Assurance Fund ..... 390
Annual disbursement plan ..... 391
**DEPARTMENT OF NATURAL RESOURCES ..... 392**
Division of Wildlife ..... 395
Nonresident deer permit and fishing license fees ..... 395

Gift certificates ..... 395
Hunting on family land ..... 396
Hunting license ..... 396
Deer and wild turkey permit ..... 396
Fur taker permit ..... 396
Spouse of Ohio landowner ..... 396
Wild boar or feral swine ..... 397
Division of Oil and Gas Resources Management ..... 397
Permit to plug and abandon fee ..... 397
Oil and Gas Resolution and Remediation Fund (VETOED) ..... 397
Investments (VETOED) ..... 397
Deposits (VETOED) ..... 398
Interest earned (VETOED) ..... 398
Fund transfers (VETOED) ..... 398
Oil and gas orders – appeals ..... 398
Division of Water Resources ..... 398
H2Ohio (VETOED) ..... 398
Division of Parks and Watercraft ..... 399
New funds ..... 399
Watercraft registration certificate inspection ..... 399
Rules governing preventing ice on state park's water ..... 400
Division of Natural Areas and Preserves: merchandise sales ..... 400
Division of Mineral Resources Management ..... 400
Long-term Abandoned Mine Reclamation Fund ..... 400
Qualifications/exams for certain mining industry positions ..... 401
Program Support Fund ..... 401
Dredging operations (VETOED) ..... 401
ODNR contracts with local government for services (VETOED) ..... 402
Local consent prior to ODNR altering a historical site ..... 402
BOARD OF NURSING ..... 403
Disciplinary grounds – failure to cooperate ..... 403
**OIL AND GAS LAND MANAGEMENT COMMISSION ..... 404**
Oil and gas leases (PARTIALLY VETOED) ..... 404
Standard leases (VETOED) ..... 404
Bids and leases for exploration on state-owned land (PARTIALLY VETOED) ..... 405
**STATE BOARD OF PHARMACY ..... 406**

Instruments to reduce drug poisoning ..... 406
Regulation of retail and wholesale drug distributors ..... 407
Nonresident operations – licensure and fees ..... 407
In-state terminal distributor fees ..... 407
Responsible person ..... 408
Pharmacy technicians ..... 408
**OFFICE OF PUBLIC DEFENDER ..... 409**
Outside counsel in revocation hearings ..... 409
Northwest Regional Hub pilot program ..... 409
Opting in ..... 409
OPD case load ..... 409
Transferring employees ..... 410
Withdrawing from the pilot ..... 410
Indigent defense cost projection report ..... 410
**DEPARTMENT OF PUBLIC SAFETY ..... 411**
Motor vehicle registration and title ..... 416
Additional motor vehicle registration and renewal fees ..... 416
Disabled veterans: registration transfer fee exemption ..... 416
Registration fees for veterans with unemployability status ..... 416
Deputy registrar/BMV service fee ..... 416
BMV electronic and online transactions ..... 417
Online initial and transfer of motor vehicle registration ..... 417
Vehicle registration by phone ..... 418
Ohio Natural Energy Foundation license plate ..... 418
National Council of Negro Women license plate ..... 418
Motor vehicle certificate of title application ..... 418
Certificate of title fee increases ..... 418
Commercial motor vehicles ..... 419
Drug and Alcohol Clearinghouse notifications ..... 419
Limited term commercial driver's license ..... 420
Hazardous materials endorsement ..... 421
Driver's licenses ..... 421
Medically restricted driver's license ..... 421
Ohio credential reprints ..... 421
Driver training ..... 422
Proof of financial responsibility ..... 422

Request for administrative hearing ..... 422
Uninsured driver report ..... 422
Motor vehicle sales ..... 423
Retail installment contracts ..... 423
Trailers ..... 423
Warranty/recall compensation and indemnity for franchisees ..... 424
Stop-sale/do-not-drive order repairs ..... 424
Indemnity ..... 425
Classic motor vehicle auction exemption ..... 425
Emergency service provider "retired" designation ..... 426
Nuclear power plant security ..... 426
Emergency management assistance compact immunity ..... 427
OSHP jurisdiction ..... 427
**PUBLIC UTILITIES COMMISSION ..... 428**
Broadband internet access service exemption from regulation ..... 429
PSB written report ..... 430
EDU behind the meter electric generation service ..... 430
Heat maps ..... 430
Bypassable cost recovery mechanism (VETOED) ..... 431
Rural electric company and energy company TPP tax ..... 431
PUCO final order ..... 431
Motor vehicle exemption for trailers ..... 431
CRES variable rate conversion rules exemption ..... 431
**PUBLIC WORKS COMMISSION ..... 433**
State Capital Improvement Program ..... 433
**DEPARTMENT OF REHABILITATION AND CORRECTION ..... 434**
Illegal conveyance of communications device ..... 436
Electronic commitment to DRC ..... 436
Food service at Ross Correctional Institution ..... 436
Mandatory drug screens at correctional facilities ..... 436
Body cavity and strip searches ..... 437
Reentry housing near schools ..... 437
Intervention in lieu of conviction – placement in CBCF ..... 437
Background – intervention in lieu of conviction ..... 438
Population and cost impact statement for legislative bills ..... 438
Inmate records ..... 438

Local jail funding ..... 439
**RETIREMENT SYSTEMS ..... 440**
State Teachers Retirement Board ..... 441
Board membership ..... 441
Elected members ..... 441
Ex officio and appointed members ..... 442
Chairperson and vice-chairperson ..... 442
Compensation and health benefits ..... 442
Reemployment penalty exemption ..... 443
Employer pick-up of STRS and SERS employee contributions (VETOED) ..... 443
Ohio Public Employees Deferred Compensation Program ..... 444
Precinct election officials excluded from PERS ..... 444
Alternative retirement plan election or provider change ..... 444
**DEPARTMENT OF TAXATION ..... 446**
Income tax ..... 456
Rate reduction ..... 456
Inflation indexing adjustments ..... 457
Joint filer credit and personal exemption ..... 457
Withholding rate adjustments ..... 457
Small business investment credit ..... 457
Educator expenses tax deduction ..... 457
Pregnancy resource center donation deduction ..... 458
Military pay deduction ..... 458
Campaign contribution credit ..... 458
Nonchartered nonpublic school tuition credit (VETOED) ..... 458
Homeschool expense credit ..... 459
Add-back for homeownership savings accounts ..... 459
Withholding from gambling winnings ..... 459
Withholding from retirement benefits ..... 460
Resident and nonresident credit computation ..... 460
Withholding tax bulk file program ..... 461
Pass-through entity investor taxation ..... 461
Electing pass-through entity taxation ..... 462
Pass-through entity tax estimated payment dates ..... 462
Refund garnishment for private judgment debts (VETOED) ..... 463
School district income tax ..... 463

Repeal of school district income tax on estates ..... 463
Notices to TAX ..... 463
Municipal income tax ..... 464
Military pay exemption ..... 464
Discretionary interest penalty ..... 464
Extension request ..... 464
Refund and assessment periods ..... 464
Extended due date ..... 465
Electric and telephone company municipal income tax ..... 465
Electronic payments ..... 465
Underpayment penalty ..... 465
Filing extensions ..... 465
Required documentation ..... 466
Sales and use tax ..... 466
Exemption and reduction repeals (PARTIALLY VETOED) ..... 466
Data center exemption repeal (VETOED) ..... 467
Vendor discount cap ..... 467
Watercraft and outboard motors tax remittance ..... 467
Casual sale definition ..... 467
Interest on direct pay refunds ..... 467
County sales tax refunds ..... 468
Vendor's license suspensions ..... 468
Resort area gross receipts tax ..... 468
Rate increase ..... 468
Lodging taxes ..... 469
County lodging taxes for resort area public safety ..... 469
Ashtabula County convention facility (VETOED) ..... 469
Convention and visitors' bureau ..... 469
Special lodging tax extension ..... 469
Commercial activity tax ..... 469
Net operating loss tax credit ..... 469
Elimination of TPP replacement payment funds ..... 470
Petroleum activity tax ..... 470
Collection of licensing fees ..... 470
County sin taxes ..... 470
Cuyahoga County sin taxes for sports facilities ..... 470

Cigarette taxes for arts and cultural districts ..... 471
Marijuana excise tax ..... 472
Levy and distribution (PARTIALLY VETOED) ..... 472
Tax information exchange ..... 472
Public utility excise tax ..... 473
Refunds applied to tax debt ..... 473
Financial institution tax ..... 473
Online forms ..... 473
Insurance premium tax ..... 473
Certification of nonpayment ..... 473
Severance tax ..... 473
Coal tax rate ..... 473
Corporation franchise tax ..... 474
Statutory agent ..... 474
Replacement tire fee ..... 474
Eliminate discount ..... 474
Tax credits ..... 474
Historic building rehabilitation tax credit (PARTIALLY VETOED) ..... 474
Film and theater capital improvement tax credit ..... 475
Film and theater production tax credit sunset and administration (PARTIALLY VETOED) ..... 475
Housing tax credits reporting ..... 476
Transformational mixed-use development credits (PARTIALLY VETOED) ..... 476
Opportunity zone investment tax credit ..... 479
Tax administration ..... 480
State recovery of refunded local taxes ..... 480
Disclosure of tax information ..... 480
Electronic records inspection ..... 480
Undeliverable tax notices ..... 481
Petitions for reassessment ..... 481
Tax refund adjustment notices ..... 481
Public utility taxes: service of notices ..... 481
Public utility taxes: extension request ..... 482
Dealers in intangibles rule requirement ..... 482
Energy-efficient building federal tax deduction ..... 482
Technical corrections ..... 482
Property tax ..... 482

School district limits related to carry-over balances (VETOED) ..... 482
Reductions for excess carry-over ..... 483
Notice on tax bill ..... 483
20-mill minimum levy requirement ..... 483
Levy restrictions due to excess carry-over ..... 484
Additional limitations on school district levies (VETOED) ..... 484
Emergency and substitute levies ..... 484
Renewal and increase levies ..... 484
Replacement property tax levies (VETOED) ..... 485
Tax levy ballot language (VETOED) ..... 485
20-mill floor limits (VETOED) ..... 486
20-mill floor: overview ..... 486
Effect of additional floor-eligible current expense millage ..... 486
Fixed-sum levies included in 20-mill floor calculation ..... 487
Tax relief screening system ..... 488
County budget commissions (PARTIALLY VETOED) ..... 488
Tax budgets ..... 489
Levy adjustment authority (PARTIALLY VETOED) ..... 489
Other CBC changes (PARTIALLY VETOED) ..... 490
Limitations on property tax challenges ..... 490
Filing of property tax complaints ..... 491
Sale requirement ..... 491
Resolution ..... 491
Application ..... 491
Countercomplaints ..... 491
Appeals of BOR decisions ..... 491
Private payment agreements ..... 492
State community college tax operating levy ..... 492
Constitutional consideration ..... 492
Local option property tax reductions ..... 493
Homestead exemption ..... 493
Homestead exemption: overview ..... 493
Local option homestead exemption ..... 493
Homeowner application ..... 494
Rollback for owner-occupied homes ..... 494
State reimbursement and application year ..... 494

Sports facility exemption ..... 494
Parking garage tax exemption ..... 495
Community reinvestment area agreements and exemptions ..... 495
Manufactured home tax waivers or refunds ..... 496
Temporary abatements ..... 496
Local Government Fund ..... 497
Allocation amount ..... 497
Reductions for traffic camera fines ..... 497
Public Library Fund ..... 497
Allocations ..... 497
**DEPARTMENT OF TRANSPORTATION ..... 499**
Airport funding ..... 499
Regional transportation improvement projects (RTIP) ..... 500
Ohio Maritime Assistance Program ..... 500
Rail infrastructure funding ..... 500
U.S. Route 23 and I-71 connector ..... 501
Drones for First Responders Pilot Program ..... 501
**TREASURER OF STATE ..... 503**
Prohibit ideological investment decisions ..... 504
Investment of interim funds ..... 504
Homeownership Savings Linked Deposit Program ..... 505
Ohio ABLE accounts ..... 505
Payment by check ..... 506
Investment in certificates of deposit (CDs) ..... 506
Satellite offices ..... 507
Crime Victims Recovery Fund ..... 507
Assurance fund ..... 507
Technical correction ..... 507
**DEPARTMENT OF VETERANS SERVICES ..... 508**
Clinician Recruitment Program ..... 508
Eligibility ..... 508
Contract ..... 509
Scope of program ..... 509
Allocation of funds ..... 509
Resident benefit funds ..... 509
Veteran peer counseling network ..... 509

Claims register ..... 509
Veterans' home site survey ..... 510
**OHIO VETERINARY MEDICAL LICENSING BOARD ..... 511**
Veterinary telehealth services ..... 511
Telehealth for livestock ..... 512
Telehealth drug prescriptions ..... 513
Veterinary-client-patient relationship ..... 513
High-volume dog breeders and pet stores ..... 513
**VISION PROFESSIONALS BOARD ..... 514**
Ocularist licensure – obsolete statutory requirement ..... 514
**DEPARTMENT OF YOUTH SERVICES ..... 515**
Youth felons in DYS facilities (VETOED) ..... 515
**ELECTION LAW ..... 516**
Election Integrity Unit (PARTIALLY VETOED) ..... 518
Ohio Election Integrity Commission ..... 519
Commission structure and organization ..... 520
Membership ..... 520
Qualifications ..... 520
Terms of office ..... 521
Compensation ..... 521
Removal ..... 522
Commission staff ..... 522
Commission jurisdiction ..... 523
False campaign statements ..... 523
Advisory opinions ..... 524
Complaint and hearing process ..... 524
Filing complaints ..... 524
Initial determination by SOS ..... 524
Conflict of interest ..... 525
Appeal to OEIC ..... 525
Timeline ..... 526
Investigative powers ..... 527
Procedural requirements ..... 527
Standard of proof ..... 528
Frivolous complaints ..... 528
Penalties for violations ..... 528

Appeal of decision ..... 530
Appropriate prosecutor ..... 530
Records of proceedings ..... 531
Commission funding ..... 531
Other transitional provisions ..... 531
Technical changes ..... 532
School district board members nominated by primary election (VETOED) ..... 533
Board of Elections Fund ..... 533
**SPORTS FACILITIES AND UNCLAIMED FUNDS ..... 534**
Major sports facilities funding ..... 537
Sports facilities definitions ..... 538
Major sports facility tax revenue definitions ..... 539
State funding of major sports facilities ..... 539
Tax revenues and target amounts ..... 540
Escrow and supplemental reserve ..... 541
Transformational major sports facility districts ..... 542
Tax reporting requirements ..... 542
County sales tax levies and bond issuances ..... 543
Performance grants for sports and cultural facilities (PARTIALLY VETOED) ..... 543
OBM application and agreement ..... 544
Performance grants – escrow account ..... 546
Controlling Board approval ..... 546
Tax reporting requirements ..... 546
Professional sports franchise – moving facilities ..... 546
Tourism attractions and professional sports facilities funding ..... 547
Roadwork Development Fund ..... 547
Facilities Establishment Fund ..... 548
Division of Unclaimed Funds ..... 548
Background ..... 548
Escheatment ..... 548
Grace period ..... 549
Holder-invested funds ..... 549
Guidelines ..... 549
**BOARDS AND COMMISSIONS ..... 550**
Abolition of special commissions, committees, and task forces ..... 551
Correctional Institution Inspection Committee ..... 551

Joint Committee on Property Tax Review and Reform ..... 551
Joint Legislative Committee on Adoption Promotion and Support ..... 551
Legacy Pain Management Study Committee ..... 551
Nursing Facility Payment Commission ..... 552
Ohio Cystic Fibrosis Legislative Task Force ..... 552
Rare Disease Advisory Council; biennial report ..... 552
Scholarship Rules Advisory Committee ..... 552
Task Force to Study Ohio's Indigent Defense System ..... 552
Task Force on Bail ..... 552
Turnpike Legislative Review Committee ..... 552
Center for Community Health Worker Excellence ..... 553
State Information Technology Investment Board ..... 553
Prescription Drug Affordability Advisory Council ..... 553
Governor's Office of Faith-based and Community Initiatives, Advisory Board ..... 553
Multi-Agency Radio Communication System (MARCS) Steering Committee ..... 554
Automated Title Processing Board ..... 554
Rail Development Commission ..... 555
Student Tuition Recovery Authority ..... 555
Transportation Improvement Districts ..... 555
Ohio Turnpike and Infrastructure Commission ..... 555
Sunset Review Committee ..... 556
Emergency Response Commission ..... 556
Ohio Environmental Education Fund Advisory Council ..... 556
Ohio Lead Advisory Council ..... 556
**LOCAL GOVERNMENT ..... 557**
County officials present in office ..... 559
County employee cash awards ..... 560
County engineer ..... 560
County sheriff ..... 560
County budget commission membership ..... 560
County nonemergency patient transport services ..... 560
Village dissolution ..... 561
Local referenda ..... 561
Local zoning ..... 561
Local fiscal emergency receivership (PARTIALLY VETOED) ..... 562
Local option election for alcohol sales ..... 564

Political subdivision communications ..... 564
Cybersecurity program ..... 565
Ransomware incident ..... 566
Notification of cybersecurity incident or ransomware incident ..... 567
Public records ..... 567
New community districts ..... 567
Eminent domain and recreational trails (VETOED) ..... 568
Battery-charged fences ..... 568
Port authority common bond fund program ..... 569
Port authority construction agreements ..... 570
Conservancy district maintenance assessments ..... 570
**LOW-INCOME UTILITY ASSISTANCE AND BLOCK GRANTS ..... 572**
Federal block grant funds ..... 574
Community Services Block Grant ..... 574
Weatherization services ..... 574
Low-income customer assistance program administration ..... 574
Electric Partnership Plan Fund ..... 575
Percentage of Income Payment Plan (PIPP) Rider ..... 576
Revenues collected under the PIPP rider ..... 576
PUCO determined allocation for each EDU ..... 576
EDU remittances for deposit in the EPP Fund ..... 576
Customer aggregation for electric service procurement process ..... 576
DEV to JFS program transfer implementation ..... 577
Organizational plan and memorandum of understanding ..... 577
Staff training and development ..... 577
Employee transfer ..... 577
Records transfer ..... 578
Rule continuation or modification ..... 578
OBM budget and accounting changes ..... 578
Public Benefits Advisory Board ..... 579
Expired revenue sources for Advanced Energy Fund ..... 579
Repeal of obsolete reports and requirements ..... 580
Report on effectiveness of competition in electric supply ..... 580
Low-income customer assistance/advanced energy program report ..... 580
Report on revenue for low-income customer assistance programs ..... 580
**PUBLIC RECORD AND OPEN MEETING PROVISIONS ..... 581**

Automated license plate recognition systems ..... 582
Specific investigatory work product ..... 582
Attorney work product record ..... 583
Trial preparation records ..... 583
Personal notes and assistive devices or applications ..... 583
Elected officials' public calendars ..... 584
Legislative documents ..... 584
Video public records ..... 585
ABLE account records not public records ..... 586
Procurement law and public records ..... 586
**MISCELLANEOUS ..... 587**
Public official compensation ..... 588
State security employees ..... 589
General Assembly and Executive Department officer security ..... 589
Supreme Court security ..... 589
Agency notices ..... 590
Occupational licensing board composition ..... 590
Terms of public library boards of trustees ..... 590
Materials in a public library (VETOED) ..... 590
Sex recognition ..... 591
Menstrual products in public buildings ..... 591
Unlawfully extracting or exploiting minerals of another ..... 592
**NOTES ..... 594**
Effective dates ..... 594
Expiration ..... 594

# ACCOUNTANCY BOARD

- Reduces the percentage of owners who must hold an Ohio permit or foreign certificate for a public accounting firm to register in Ohio.
- Changes references to ownership interests in a public accounting firm from "equity interest" to "equity interest or shares."

## Public accounting firm ownership interests and registration

(R.C. 4701.01, 4701.04, and 4701.16)

The act requires a public accounting firm, as a condition to register and practice public accounting in Ohio, to have more than 50% of the firm's total equity interest or shares owned by individuals who hold a permit to practice public accounting issued under Ohio law (referred to as an "Ohio permit") or a license, permit, certificate, or registration issued under laws of another state authorizing the holder to practice public accounting in that state (referred to as a "foreign certificate").

Formerly, as a condition of registration, every owner of an equity interest in an Ohio public accounting firm was required to (1) hold an Ohio permit or a foreign certificate or (2) satisfy specific requirements, including meeting continuing education and ethics standards established in rules adopted by the Accountancy Board. The act maintains the requirements for any owner of an equity interest or shares in a firm who does not have an Ohio permit or foreign certificate.

The act adds a requirement that, if a public accounting firm has a board of directors, more than 50% of the directors must hold an Ohio permit or a foreign certificate. Additionally, if the firm has an employee stock ownership plan (ESOP), more than 50% of the plan's trustees must hold an Ohio permit or a foreign certificate.

Continuing law lists additional requirements a public accounting firm must satisfy to register.

The act also changes references to "equity interest" in the Accountancy Law to "equity interest or shares." It is unclear whether the change makes a substantive difference because the law defines "equity interest" as "any capital interest or profit interest," which appears to include shares in a corporation.[1]

[1] See Internal Revenue Service, Capital gains and losses, which is available by conducting a keyword "topic no. 409" search on the Internal Revenue Service website: irs.gov.

# DEPARTMENT OF ADMINISTRATIVE SERVICES

## Exempt employee salary schedules

- Increases pay for an exempt state employee paid in accordance with Schedule E-1 by approximately 4.5% in FY 2026 and 3% in FY 2027, and raises the maximums in the pay ranges of Schedule E-2 by similar amounts.
- Codifies modifications to exempt state employee pay scales made by the DAS Director pursuant to H.B. 2 of the 135th General Assembly.

## State employee work location (PARTIALLY VETOED)

- Would have required each state agency to develop, by October 15, 2025, a plan for its state employees to report to the agency's worksite or another location designated by the agency during the time the employees are performing their duties for the agency (VETOED).
- Would have required each state agency, beginning January 1, 2026, to require its state employees to report to the agency's worksite or another location in accordance with that plan (VETOED).
- Would have prohibited any state employee, beginning January 1, 2026, from working from the employee's place of residence unless an exception applied (VETOED).
- Would have allowed a state agency to adopt a policy allowing an appointing authority or the appointing authority's designee to approve a state employee to work from the employee's residence or other off-site location under certain circumstances (VETOED).
- Makes state employees' ability to work at a designated worksite not an appropriate subject of collective bargaining for future collective bargaining agreements, and has policies regarding state employee work location prevail over a conflicting provision in a future collective bargaining agreement (PARTIALLY VETOED).
- Would have required state agencies, by December 31, 2026, to develop a plan described above to submit an implementation report to the DAS Director that describes compliance with that plan (VETOED).

## DAS personnel

- Eliminates the DAS Director's authority to designate individuals in or out of the service of the state to serve as examiners or assistants under the Director's direction, while retaining the Director's authority to appoint examiners, inspectors, clerks, and other assistants as necessary to carry out the law.
- Eliminates a requirement that the DAS Director, examiners, inspectors, clerks, and assistants must receive reimbursement for necessary traveling and other expenses incurred in the actual discharge of their official duties.

## DAS services

- Eliminates the ability of a state-supported college or university or a municipality to use services and facilities furnished by DAS to provide and maintain payroll services and state merit standards.
- Eliminates the DAS Director's ability to enter into an agreement with any county, municipality, or other political subdivision to furnish DAS services and facilities in the administration of a merit program or other functions related to human resources, including providing competitive examinations for positions in the classified service.
- Eliminates the DAS Director's ability to designate the municipal civil service commission of the largest city within a county as the Director's agent to carry out designated provisions of law administered by the Director within that county.
- Eliminates the ability of the DAS Director to incur necessary expenses for stationery, printing, and other supplies incident to DAS business.

## Disability leave

- Modifies the disability leave program for eligible state employees, including regarding rule adoption requirements, eligibility, approval, and appeals.

## State employee pay for jury service or court attendance

- Prohibits requiring a state employee to surrender compensation or reimbursement paid to the employee for serving on a jury or appearing before a court, commission, board, or other legally constituted body when compelled to do so.

## Paid leave for emergency medical or firefighting service

- Increases, from 40 to 120 hours, the amount of paid leave a state employee may use each calendar year to provide emergency medical or firefighting services.
- Expands the reasons for which a state employee may use the leave to include attending a training or continuing education program that relates to providing emergency medical or firefighting services.

## Procurement processes

- Expands the definition of "Buy Ohio products" in procurement law to include any product that includes semiconductors produced by a company with a significant Ohio economic presence.
- Requires that a state consortium, established by the Chancellor of Higher Education, follow rules adopted by DAS for giving preference to Buy Ohio products, when making a purchase with appropriated funds of any product that includes semiconductors.
- Eliminates the Division of State Printing within DAS, and subjects state printing contracts to DAS procurement law generally.

## Prohibited applications on state systems

- Expands the types of social media applications that are prohibited on state agency computers, networks, and devices.

## State surplus supplies and nonprofit organizations

- Revises the authority of the DAS Director to dispose of surplus or excess supplies to a nonprofit corporation.

## Software purchases

- Specifies prohibited provisions with respect to a contract for purchasing software.

## Sharing legal documents

- Requires the Attorney General to share certain privileged and confidential documents with the DAS Office of Risk Management.

### 9-1-1

- Requires all public safety answering points (PSAPs) that answer 9-1-1 calls for service in Ohio to be subject to the PSAP operations rules.
- Repeals the law that would have reduced the Next Generation 9-1-1 access fee applied to certain communication services in Ohio from 40¢ to 25¢ beginning October 1, 2025.
- Raises the Next Generation 9-1-1 access fee from 40¢ to 60¢.
- Revises the allocation of the collected Next Generation 9-1-1 access fee amounts.

## Entrepreneur in residence pilot program

- Eliminates the entrepreneur in residence pilot program.

## State civil service

- Replaces the requirement that the DAS Director and the State Personnel Board of Review (SPBR) exercise former functions, powers, and duties given to the State Civil Service Commission with a requirement that the DAS Director and SPBR exercise functions, powers, and duties actually given to the Commission on or before January 1, 1959.
- Eliminates the requirement that any reference to the Commission in law or rule be considered to refer to DAS, the DAS Director, or SPBR.

## Flag display on state buildings and grounds (PARTIALLY VETOED)

- Generally prohibits a state agency or any entity that manages the grounds or buildings under the control of a state agency (except for the Ohio Statehouse and its grounds) from displaying on the grounds or building any flag except for any of the following:
  - The official state flag;

- The U.S. flag;
- The POW/MIA flag; or
- Any flag approved by the Governor or the Governor's designee, as stipulated in the Governor's veto message.

- Would have limited such a state agency or entity from displaying any other flag to one containing its official logo, so long as the flag was approved by the Governor or the Governor's designee (PARTIALLY VETOED).

## State real property study (PARTIALLY VETOED)

- Requires DAS to issue a biennial report on all real property owned or leased by the state or a state.
- Would have required DAS to conduct a comprehensive survey of each property (VETOED).

## Exempt employee salary schedules

(R.C. 124.152; Section 503.15)

The act codifies modifications to exempt state employee pay schedules made by the DAS Director pursuant to H.B. 2 of the 135th General Assembly (enacted in 2024) and includes raises for FY 2026 and FY 2027. An exempt employee generally is an employee subject to the state job classification plan but exempt from collective bargaining.

The act increases pay for exempt state employees paid in accordance with salary schedule E-1 by approximately 4.5% as of the pay period that includes July 1, 2025, and an additional 3% (approximate) as of the pay period that includes July 1, 2026. For exempt state employees paid in accordance with salary Schedule E-2, the act increases the maximum pay range amount by similar amounts.

H.B. 2 allowed the DAS Director, in consultation with the OBM Director, to modify exempt state employee pay schedules to the extent necessary to achieve pay parity between exempt state employees and state employees who are paid in accordance with collective bargaining agreements entered into in accordance with Ohio's Public Employee Collective Bargaining Law[2] that were effective on or after March 1, 2024. The modification authorized by H.B. 2 applied only to the period beginning with the pay period that included July 1, 2024, and ending with the pay period that included June 30, 2025.[3]

The act authorizes each state appointing authority to make expenditures from current state operating appropriations to provide for compensation increases pursuant to approved

[2] R.C. Chapter 4117.

[3] Section 701.10 of H.B. 2.

collective bargaining agreements between employee organizations and the state and pursuant to the act for employees exempt from collective bargaining.

## State employee work location (PARTIALLY VETOED)

(R.C. 124.184, 4117.08, and 4117.10; Section 701.130)

The Governor vetoed a provision that would have required each state agency to develop, by October 15, 2025, a plan for its state employees to report to the agency's worksite or another location designated by the agency during the time the employees are performing their duties for the agency. It would have prohibited state employees, beginning January 1, 2026, from working from their place of residence unless an exception applied. The act also would have required a state agency to submit an implementation report to the DAS Director that describes the agency's compliance with the plan by December 31, 2026. A detailed description of the vetoed provisions is available in the Department of Administrative Services chapter of LSC's analysis of H.B. 96, As Passed by the Senate (PDF), which is available on the General Assembly's website at legislature.ohio.gov.

The Governor also partially vetoed two provisions regarding collective bargaining and state employee work location. As enacted by the General Assembly, the act would have made state employee work location as designated by a state agency under the enacted law not an appropriate subject for collective bargaining for public employee collective bargaining agreements entered into on or after September 30, 2025. As a result of the Governor's veto, "the ability of state employees to perform their duties at a location designated as a worksite" is not an appropriate subject of collective bargaining. Additionally, the act's provisions regarding state employee work location, as enacted by the General Assembly, prevail over a conflicting provision in a collective bargaining agreement entered into on or after September 30, 2025. As a result of the Governor's veto, any state employee work location policy prevails over a conflicting provision in a collective bargaining agreement.

Because the Governor's vetoes removed the act's references to a state employee's ability to work at the employee's place of residence and elevated state agency policies to be similar to continuing laws that prevail over conflicting collective bargaining agreement provisions, it is not clear how these changes will be implemented.

## DAS personnel

(R.C. 124.07)

The act eliminates the DAS Director's authority to designate individuals in or out of the service of the state to serve as examiners or assistants under the Director's direction, while retaining the Director's authority to appoint examiners, inspectors, clerks, and other assistants as necessary to carry out the law. Per the Office of Budget and Management, DAS did not employ examiners or assistants. Thus, this provision appears to have no substantive effect.

The act also eliminates the following matters related to DAS personnel:

- A requirement that an examiner or assistant be paid compensation for each day in the discharge of duties as an examiner or assistant;

- A provision specifying that rendering services in connection with an examination without extra compensation is part of an examiner's or assistant's official duties;
- A requirement that the DAS Director, examiners, inspectors, clerks, and assistants must receive reimbursement for necessary traveling and other expenses incurred in the actual discharge of their official duties.

Under continuing law, if an examiner or assistant is included in the state job classification plan, they would be paid in accordance with the appropriate salary schedule.[4]

## DAS services

(R.C. 124.07)

The act eliminates the ability of a state-supported college or university or a municipality to use services and facilities furnished by DAS to provide and maintain payroll services and state merit standards. The act also eliminates the DAS Director's ability to do the following:

- Enter into an agreement with any county, municipality, or other political subdivision to furnish DAS services and facilities in the administration of a merit program or other functions related to human resources, including providing competitive examinations for positions in the classified service;
- Designate the municipal civil service commission of the largest city within a county as the DAS Director's agent to carry out designated provisions of law administered by the DAS Director within that county; and
- Incur necessary expenses for stationery, printing, and other supplies incident to DAS business.

## Disability leave

(R.C. 124.385)

The act modifies the Disability Leave Program for eligible state employees. It makes a full-time permanent state employee with at least one year of continuous state service eligible for disability leave benefits if the employee is entitled to disability benefits under a collective bargaining agreement.

The act eliminates the requirement that DAS Director's rule regarding the program be adopted under the Administrative Procedure Act.[5] Thus, the act subjects the required rule adoption to the abbreviated rulemaking procedure (R.C. 111.15). The act eliminates the requirement that the Director include in the rule the following:

- Timing requirements regarding the procedure for appealing denial of payment of a claim;

[4] R.C. 124.14, not in the act.

[5] R.C. Chapter 119.

- Provisions for approving leave for medical reasons where an employee is in no pay status after using all other leave time;
- Provisions precluding benefit payments so they are provided in a consistent manner.

The act also eliminates the following:

- The prohibition against charging time off for an employee granted disability leave to any other leave granted by law;
- The requirement that the DAS Director approve disability leave on an appointing authority's recommendation;
- The DAS Director's ability to delegate to an appointing authority the authority to approve disability benefits for a standard recovery period.

Under the act, the adjudication hearing requirements of the Administrative Procedure Act do not apply to the procedures for appealing denial of payment of a claim.

## State employee pay for jury service or court attendance

(R.C. 124.135)

The act prohibits requiring a state employee to surrender compensation or reimbursement paid to the employee for either:

- Serving on a jury; or
- Appearing before a court, commission, board, or other legally constituted body when compelled to appear by the court, commission, board, or other body.

Under continuing law, a state employee is entitled to paid leave when summoned for jury duty or subpoenaed to appear before a court, commission, board, or other body authorized by law to compel the attendance of witnesses. Paid leave is not available, however, when the state employee is a party to the action or proceeding or is subpoenaed in relation to secondary employment outside the employee's service of the state.

Formerly, a state employee who served on a jury or attended a court hearing based on a subpoena during normal working hours was required to remit to the Treasurer of State any compensation or reimbursement for the service or attendance above $15 a day.[6]

## Paid leave for emergency medical or firefighting service

(R.C. 124.1310)

The act increases, from 40 to 120 hours, the amount of paid leave a state employee may use each calendar year to provide emergency medical or firefighting services. It also expands the reasons for which a state employee may use the paid leave to include attending a training or continuing education program that relates to providing emergency medical or firefighting

[6] Ohio Administrative Code (O.A.C.) 123:1-34-03.

services. Continuing law requires an appointing authority to pay an employee who uses the leave at the employee's regular pay rate.

## Procurement law and semiconductors

(R.C. 125.01 and 3333.04)

The act expands the definition of "Buy Ohio products" in procurement law to include any product that includes semiconductors produced by a company with a significant Ohio economic presence. Under continuing law, significant Ohio economic presence means businesses that: pay required taxes to Ohio or a border state, are registered and licensed to do business in Ohio or as required by a border state, and have ten or more employees based in Ohio or the border state, or 75% or more of their employees based in Ohio or the border state. A border state means any state that is contiguous to Ohio and that does not impose a restriction greater than Ohio imposes on persons located in Ohio selling goods or services to agencies of that state.[7]

The act requires that a state consortium established by the Chancellor of Higher Education follow rules adopted by DAS for giving preference to "Buy Ohio products" when making a purchase with appropriated funds of any product that includes semiconductors. Otherwise, under continuing law, a consortium must follow the rules of the college or university that serves as its fiscal agent.

## Prohibited applications on state systems

(R.C. 125.183)

The act expands the types of social media applications ("covered applications") that are prohibited from being downloaded or used on state agency computers, networks, and devices. Specifically, it adds to the prohibition any application owned or controlled by an entity identified as a foreign adversary as defined in federal regulations. Federal regulations define foreign adversary as any foreign government or foreign nongovernment person determined by the Secretary of Commerce to have engaged in a long-term pattern or serious instances of conduct significantly adverse to the national security of the U.S. or security and safety of U.S. persons.[8]

Formerly, all of the following "covered applications" were prohibited from use on state agency computers, networks, and devices:

- The TikTok application, or any successor application or service developed or provided by ByteDance;
- WeChat application and service, or any successor application or service developed or provided by Tencent Holdings; or

[7] O.A.C. 123:5-1-01.

[8] 15 Code of Federal Regulation (C.F.R.) 791.2.

- Any application or service owned by an entity located in China, including QQ International (QQi), Qzone, Weibo, Xiao, HongShu, Zhihu, Meituan, Toutiao, Alipay, Xiami Music, Tiantian Music, DingTalk Ding, Douban, RenRen, Youku/Tudou, Little Red Book, and Zhihu.

Under continuing law, the State Chief Information Officer must do all of the following:

- Require state agencies to remove any covered application from all equipment the state agency owns or leases;
- Prohibit the downloading, installation, or use of a covered application by the state agency or any officer, employee, or contractor;
- Prohibit the downloading, installation, or use of a covered application using an internet connection provided by the state agency;
- Require state agencies to take measures to prevent the downloading, installation, or use of a covered application.

Continuing law permits a qualified person to download, install, or use a covered application for law enforcement or security purposes as long as the person takes appropriate measures to mitigate the security risks involved.

## State surplus supplies and nonprofit organizations

(R.C. 125.13)

The act revises the authority of the DAS Director to dispose of surplus or excess supplies, in the Director's control, to a nonprofit organization. The act removes the requirement that, to be eligible to receive such supplies, a nonprofit organization must receive funds from the state or have a contract with the state. Instead, the act requires the nonprofit organization be registered and in good standing with the Secretary of State as a domestic nonprofit or not-for-profit corporation.

## Software purchases

(R.C. 9.27)

The act specifies prohibited provisions with respect to a state contract for the purchase of software. For a purchase in which a state agency receives a license to use a software application designed to run on generally available desktop or server hardware or cloud platforms, the contract may not include a requirement that the state agency install or run the software on hardware or in a cloud platform dedicated solely to the state agency, and may not include a provision that otherwise restricts the state agency from installing or running the software on hardware or in a cloud platform of the state agency's choosing.

## Sharing legal documents

(R.C. 9.821)

The act requires the Attorney General's Office to share with DAS's Office of Risk Management communications and documents made for the purpose of seeking or providing legal advice or counsel in connection with litigation, liability claims, contract disputes, risk

management issues, and other matters involving the programs of the Office of Risk Management. The act establishes that all communications and documents that are shared between the Office of Risk Management, a state agency, and the Attorney General's Office are privileged and confidential.

## 9-1-1 public safety answering points

(R.C. 128.021)

The act requires all public safety answering points (PSAPs) that answer 9-1-1 calls for service in Ohio to be subject to the PSAP operations rules. Former law stated that PSAPs that receive 9-1-1 calls for service from wireless services were subject to the rules. By repealing "from wireless service" the act appears to require all PSAPs to conform to the operations rules. The act does not, however, change the continuing law that requires PSAPs not originally required to be compliant, to comply with the standards by October 3, 2025.

## Next Generation 9-1-1 access fee

(R.C. 128.41 and 128.54; R.C. 128.412, repealed)

The act does both of the following regarding the monthly Next Generation 9-1-1 access fee applied to communication services in Ohio:

- Repeals the law that would, beginning October 1, 2025, lower the fee from 40¢ to 25¢.
- Raises the fee from 40¢ to 60¢.

Under continuing law, "communication service" means any wireless service, multiline telephone system, and voice over internet protocol system to which the service or system is registered to the subscriber's address within Ohio or the subscriber's primary place of using the service or system is in Ohio, and it can initiate a direct connection to 9-1-1.

Ongoing law allocates the amounts collected from the fee into four funds. The act revises this allocation as follows:

1. Increases the allocation to the 9-1-1 Government Assistance Fund from 72% to 81.33%;

2. Reduces the allocations to the 9-1-1 Administrative Fund from 1% to 0.67%;

3. Reduces the allocations to the 9-1-1 Program Fund from 2% to 1.33%; and

4. Reduces the allocations to the Next Generation 9-1-1 Fund from 25% to 16.67%.

The 9-1-1 Government Assistance Fund is disbursed to county treasurers for disbursement in accordance with the county's allocation formula set forth in its 9-1-1 final plan. The 9-1-1 Administrative Fund and the 9-1-1 Program Fund are used by the Tax Commissioner or the Statewide 9-1-1 Steering Committee, respectively, to defray costs incurred for carrying out the 9-1-1 Emergency Telephone Number System law. The Next Generation 9-1-1 Fund is

administered by DAS and used exclusively to pay costs of installing, maintaining, and operating the call routing and core services statewide Next Generation 9-1-1 System.[9]

## Entrepreneur in residence pilot program

(R.C. 125.65, repealed; R.C. 102.02 (conforming))

The act eliminates the entrepreneur in residence pilot program, which was established in DAS's LeanOhio office. The program's mission was to provide for better outreach by state government to small businesses, to strengthen coordination and interaction between state government and small businesses, and to make state government programs and functions simpler, easier to access, more efficient, and more responsive to the needs of small businesses.

## State printing

(R.C. 125.041, 125.31, 125.42, and 125.58; Repeal of R.C. 125.36, 125.38, 125.43, 125.49, 125.51, 125.56, and 125.76)

The act eliminates the Division of State Printing within DAS, and specifically eliminates the statutory assignment of functions, powers, and duties to the Division. Under continuing law, DAS generally has supervision over all public printing. The act recodifies law that appears to exempt from DAS oversight printing contracts that require special security paper, of a unique nature, if compliance with certain DAS requirements will result in acquiring a disproportionately inferior product or a price that exceeds by more than 5% the lowest price submitted on a non-Ohio bid.

The act eliminates the following law, which applied specifically to state contracts for printing services. Under the act, the contracts instead are subject to DAS procurement law generally:

- A provision that allowed DAS, after determining that any or all bids or proposals are not in the interest of the state, to purchase the various printing goods and services required at the lowest price available in the open market.
- A provision that allowed DAS to require that a bid or proposal for a term contract for printing goods and services, including a final printed product, be accompanied by a bond, in a sum specified in the invitation to bid.
- A requirement that the printing of all publications approved by DAS must have been ordered through it.
- A requirement that each bid or proposal for state printing specified the price at which the offeror would undertake to provide the finished product as specified in the invitation to bid or request for proposals, including the necessary binding covered by such bid or proposal.
- A requirement that, after examining each bid for printing services, DAS must have awarded the contract within 30 days.

[9] R.C. 128.07 and 128.55, not in the act.

- A provision that all printing and binding for the state generally was subject to the laws specific to printing services so far as practicable.

## State civil service

(R.C. 124.02)

The act replaces the requirement that the DAS Director and the State Personnel Board of Review (SPBR) exercise former functions, powers, and duties given to the State Civil Service Commission with a requirement that the DAS Director and SPBR exercise functions, powers, and duties actually given to the Commission on or before January 1, 1959. It also eliminates the requirement that any reference to the Commission in law or rule be considered to refer to DAS, the DAS Director, or SPBR.

## Flag display on state buildings and grounds (PARTIALLY VETOED)

(R.C. 123.30)

The act prohibits a state agency or any entity that manages the grounds or buildings under the control of a state agency (except for the Ohio Statehouse or its grounds) from displaying on the grounds or building any flag except for:

1. The official state flag;

2. The U.S. flag; or

3. The POW/MIA flag.

The Conference Committee added a provision that also would have authorized a state agency to display a flag containing its official logo on its grounds or building, so long as the flag has been approved by the Governor or the Governor's designee. The Governor marked the act to partially veto this authorization in such a manner that the act now appears to allow any flag to be displayed if approved by the Governor or the Governor's designee.

## State real property study (PARTIALLY VETOED)

(R.C. 123.14)

The act requires DAS to issue a report, every two years, on all real property owned or leased by the state or a state agency. The report must include information on the nature of each property, including the square footage, whether the property is owned, rented, or leased, and the cost of renting or leasing.

The Governor vetoed provisions that would have required DAS to conduct a survey of each property and include additional information about each property in its report. The Governor also vetoed a provision defining "state agency" as every "body, office, or agency established by the laws of the state for the exercise of any function of state government," including JobsOhio, excluding courts, judicial agencies, state-assisted institutions of higher education, and local agencies.

## Madison County land conveyance

(Section 701.40)

The act authorizes the Governor to convey to Madison County roughly 10.8 acres of land currently operated by the Madison Correctional Institution. The act does not state a consideration to be paid, but states that the sale will be at a price acceptable to the DAS Director. The sale proceeds must be deposited into the General Revenue Fund. It appears to require the Director to complete the sale by September 30, 2028.

# DEPARTMENT OF AGING

## Provider certification

- Expands as a provider agreement to include one that a services provider may enter into, or renew, with either the Department of Aging or a PASSPORT administrative agency.
- Revises one of the disciplinary actions that the Department may take against a certified provider, by specifying that the action requires submission to the Department of both, instead of either, a plan of correction and evidence of compliance with requirements the Department has identified.
- Specifically includes a direct care provider in the law permitting the Department not to hold a hearing when taking disciplinary action against a provider's certification, when a provider's principal owner or manager has pled guilty to a disqualifying offense.
- Authorizes the Department to send notices regarding disciplinary actions by electronic mail.

## Community-based long-term care services providers – criminal records checks

- Excludes ambulette drivers, attorneys, persons acting at the direction of attorneys, and certain participant-directed providers from criminal records checks and database reviews for persons applying for, or employed in, direct-care positions with community-based long-term care services providers under Department-administered programs.
- Eliminates a consumer meeting certain conditions from the law's "responsible party" definition.
- Excludes ambulette drivers, attorneys, and persons acting at the direction of attorneys from the requirement that the Department take certain actions based on criminal records check and database review results when issuing or awarding community-based long-term care services certificates, contracts, or grants to self-employed providers.

## Electronic visit verification

- Exempts providers utilizing electronic visit verification systems from the law requiring each provider under contract with the Department of Aging, Developmental Disabilities, Health, or Job and Family Services to provide home care services to home care dependent adults to have a system in place that monitors the delivery of those services.
- Eliminates obsolete law requiring the departments to submit a report in 2005 addressing how self-employed providers may be required to adopt a monitoring system.

## PASSPORT – home health and personal care aides

- Eliminates law prohibiting the Department from requiring a PASSPORT program home health aide to complete more hours of pre-service training or annual in-service training than is required by federal law.

- Instead, extends that prohibition to PASSPORT program personal care aides, by prohibiting the Department from requiring such an aide to complete more pre-service and annual in-service training hours than federal law requires.
- Eliminates references to home health aides from the law limiting the supervision of PASSPORT program home health aides and personal care aides to registered nurses (RNs) and licensed practical nurses (LPNs) under the direction of RNs.
- Specifies that LPNs may supervise PASSPORT program personal care aides under the direction of the following additional practitioners: chiropractors, dentists, optometrists, physicians, physician assistants, and podiatrists.

## Program for All-Inclusive Care for the Elderly (PACE)

- Requires the Department to seek approval to allow the Program for All-Inclusive Care for the Elderly (PACE) applicants to receive PACE services immediately upon applying, during a presumptive eligibility period, while a full eligibility determination is conducted.
- Specifies that, if the applicant is later determined to be ineligible for PACE, the PACE organization that made the presumptive eligibility determination is responsible for the costs of PACE services provided to the individual during that period.

## BELTSS license fee increases

- Increases fees paid to the Board of Executives of Long-Term Services and Supports (BELTSS) for nursing home administrator license applications, initial licenses, renewals, and reinstatements and for health service executive license renewals.
- Establishes the fee for a temporary license, available beginning January 1, 2025.
- Changes the term "administrator in training" to "administrator resident."

## Provider certification

(R.C. 173.391)

The act makes the following changes to the law governing the Department of Aging's certification of service providers under programs administered by the Department, including the PASSPORT program.

First, it describes a provider agreement as one that a provider of services may enter into, or renew, with either of the following parties: the Department, or a PASSPORT administrative agency operating in the region of Ohio where the provider is certified. Prior law authorized a provider to enter or renew an agreement with only a PASSPORT administrative agency (referred to in rules as the Department's designee).

Second, the act revises one of the disciplinary actions that the Department may take against a certified provider, by specifying that the action requires submission of both of the following to the Department: (1) a plan of correction and (2) evidence of compliance with

requirements identified by the Department. Under prior law, either a plan *or* evidence of compliance was to be submitted.

Third, it specifically includes a direct care provider in the law permitting the Department not to hold a hearing when it denies, suspends, or revokes a provider certification because the provider's principal owner or manager has entered a guilty plea for, been convicted of, or has been found eligible for intervention in lieu of conviction for a disqualifying offense.

Fourth, the act authorizes the Department to send notices regarding (1) disciplinary actions or (2) refusals to certify providers by electronic mail. Previously, the notices could be sent only by regular mail.

## Community-based long-term care services providers – criminal records checks

(R.C. 173.38 and 173.381)

The act makes several changes to the law governing criminal records checks and database reviews for persons applying for, or employed in, direct-care positions with community-based long-term care services providers whose services are provided under programs administered by the Department. Under continuing law, a responsible party is prohibited from employing an applicant or continuing to employ an employee in a direct-care position if the applicant or employee is included in certain criminal and other databases or has been convicted of, pleaded guilty to, or been found eligible for intervention in lieu of conviction for a disqualifying offense.

First, the act provides that a direct-care position does not include an ambulette driver employed by a licensed organization. Second, it specifies that a direct-care position does not include an attorney licensed to practice in Ohio or a person who is not licensed to practice law in Ohio but, at the attorney's direction, assists the attorney in providing legal services. Accordingly, neither a database review nor a criminal records check is required. Third, the act exempts a participant-directed provider from the criminal records check and database review requirements, but only if the Director of Aging has conducted a database review of the provider in the same manner that other database reviews are conducted.

Relatedly, the act eliminates a consumer meeting certain conditions from the law's responsible party definition. As such, that consumer is not required by the act to conduct database reviews or criminal records checks for direct-care positions.

Separately, with respect to the law related to self-employed providers and the Department's issuance or awarding of community-based long-term care services certificates, contracts, or grants to such providers, the act specifically excludes an ambulette driver, attorney, and person acting at the direction of an attorney from the law requiring the Department to take certain actions against a provider if the provider is included in certain criminal and other monitoring databases or is found by a criminal records check to have been convicted of, pleaded guilty to, or been found eligible for intervention in lieu of conviction for a disqualifying offense.

## Electronic visit verification

(R.C. 121.36)

The act makes the following changes to the law requiring a provider under contract with the Department of Aging, Developmental Disabilities, Health, or Job and Family Services to provide home care services to home care dependent adults to have a system in place that effectively monitors service delivery by the provider's employees.

First, it exempts providers utilizing an electronic visit verification system from having to implement a monitoring system. Under prior law, only self-employed providers with no other employees were exempt from the requirement to have a system in place to monitor service delivery.

Second, the act eliminates outdated law requiring a report regarding monitoring service delivery by self-employed providers.

## PASSPORT – home health and personal care aides

(R.C. 173.525)

The act eliminates law prohibiting the Department from requiring a PASSPORT program home health aide to complete more hours of pre-service training or annual in-service training than is required by federal law. However, it extends that prohibition to PASSPORT program personal care aides, by barring the Department from requiring such an aide to complete more pre-service and annual in-service training hours than federal law requires.

The act also revises the law limiting the supervision of PASSPORT program home health aides and personal care aides to registered nurses (RNs) or licensed practical nurses (LPNs) under the direction of RNs as follows:

1. Removes the law's references to home health aides; and

2. Specifies that LPNs may supervise under the direction of the following additional practitioners: chiropractors, dentists, optometrists, physicians, physician assistants, and podiatrists.

## Program for All-Inclusive Care for the Elderly (PACE)

(R.C. 173.50 and 173.503)

The act requires the Department to implement a presumptive eligibility component to the Program for All-Inclusive Care for the Elderly (PACE). Under the act, PACE applicants may receive services during a temporary period that begins immediately upon application and a finding of presumptive eligibility. During this time, the PACE organization must conduct a full eligibility determination. If the individual is determined to be ineligible for PACE, the PACE organization that found the individual presumptively eligible is responsible for the costs of services provided to the individual during the presumptive eligibility period. The Director of Aging may adopt rules establishing priorities for enrolling in the program under presumptive eligibility.

## BELTSS license fee increases

(R.C. 4751.20, 4751.24, and 4752.25)

The act increases the fees paid to the Board of Executives of Long-Term Services and Supports (BELTSS) as follows:

- Nursing home administrator license application, from $100 to $250;
- Nursing home administrator resident application, from $50 to $250;
- Nursing home administrator initial license, from $250 to $800;
- Nursing home administrator biennial license renewal, from $600 to $800;
- Nursing home administrator license reinstatement, from $300 to $800;
- Health services executive annual license renewal, from $50 to $100.

The act establishes a fee of $350 for issuance of a temporary license to act as a nursing home administrator, which, can be issued to an individual who meets the requirements for a nursing home administrator but has not yet passed the licensing examination.

The act also changes the term "administrator in training" to "administrator resident."

# DEPARTMENT OF AGRICULTURE

## Pesticide Law changes

- To comply with updated U.S. EPA regulations regarding pesticides, makes changes to the law governing restricted use pesticides, pesticide business licensure, pesticide registration, pesticide applicator examinations, and pesticide dealers, including doing the following:
  - Requiring restricted use pesticides to be applied exclusively by a licensed commercial or private pesticide applicator, rather than allowing a commercial applicator's trained service person or a private applicator's immediate family or employee to apply those pesticides under the direct supervision of the licensed applicator;
  - Requiring each pesticide business location to be licensed, rather than requiring one license for the pesticide business and the registration of each location that is owned by the person operating the pesticide business; and
  - Increasing the number of days that the ODA Director may suspend a license, permit, or registration prior to a hearing concerning a violation from ten to 30 days.
- Increases the fees relating to the annual registration of a pesticide sold or distributed in Ohio.
- Requires an applicant for a pesticide applicator license to pay a $30 examination fee.

## Hemp Cultivation and Processing Program

- Grants authority to the Ohio Department of Agriculture (ODA) Director to transfer jurisdiction to implement the hemp cultivation licensure program in Ohio to the U.S. Department of Agriculture, but retains the requirement that ODA implement a hemp processing licensure program.

## Auctioneer client trust accounts

- Allows a licensed auctioneer to deposit money into a client trust account, and retain that money in the account, to pay expenses related to bank charges necessary to maintain the account.

## Apiaries

- Makes changes to the requirements governing apiaries (beekeeping), including registration, the sale or gift of queen bees, and deputy apiarists.
- Expands the ODA Director's enforcement authority regarding the Apiary Law to include compliance agreements between ODA and a person engaged in queen rearing where the person agrees to comply with stipulated requirements.
- Eliminates a board of county commissioners' authority to appropriate money in an amount it deems sufficient for the inspection of apiaries in its county.

## Pork Marketing Program

- Establishes a Pork Marketing Program to promote the sale and use of pork products, but states that the program cannot operate unless the National Pork Checkoff Program created under federal law ceases operation.
- Generally applies the same procedures and requirements that exist for the Grain and Soybean Marketing Programs to the Pork Marketing Program, except establishes specific procedures for electing the membership of the Pork Marketing Program Operating Committee.
- Establishes an assessment of the lesser of the following to fund the program:
  - 0.25% of the market value of the porcine animal, pork, or pork product sold or imported; or
  - An amount established by the operating committee at the committee's initial meeting through an initial order.
- Allows the operating committee to increase the rate of assessment after the initial order by up to 0.1% per year, but specifies that assessments cannot be collected if assessments are levied under the National Pork Checkoff Program.
- As with other agricultural commodities, prohibits a person from knowingly failing or refusing to withhold or remit an assessment levied on pork or products.
- Excludes pork from the law governing other agricultural commodities.

## Food processing establishment exemption

- Exempts a small egg producer that annually maintains 500 or fewer birds from food processing establishment regulations established by the ODA Director in rules.

## Commercial Feed Law

- Revises the requirements governing commercial feed registration for manufacturers and distributors, including doing the following:
  - Clarifying that the registration must be made on an annual, rather than semiannual, basis;
  - Requiring a manufacturer or distributor to pay a $50 registration fee and file the registration annually by February 1; and
  - Removing the minimum $25 commercial feed inspection fee, which is generally calculated at a rate of 25¢ per ton and, instead, exempting the first 200 tons of commercial feed sold in a calendar year from the fee.

## Fertilizer license fee

- Increases the annual license fee to manufacture or distribute fertilizer from $5 to $50 and increases the late license renewal fee from $10 to $25.

## Commercial seed labeler permit

- Increases the annual commercial seed labeler permit fee from $10 to $50 and changes the annual expiration date of the permit from December 31 to January 31.
- Regarding the annual seed fee paid by a commercial seed labeler permit holder that is based on the amount of seed sold by the permit holder, eliminates the minimum fee of $5 and, instead, waives the fee if the permit holder owes less than $50 for the seed fee.

## Bakery registration fee

- Reduces the annual registration fee for larger capacity bakeries and increases the annual bakery registration fee for smaller capacity bakeries.

## Soda water syrup or extract and soft drink syrup manufacturer

- Eliminates the registration requirement for soda water syrup or extract manufacturers or soft drink syrup manufacturers that are not otherwise licensed as soft drink bottlers.

## Cold storage locker license fee

- Increases the annual license fee for cold storage lockers from $50 to $200.

## Nurseryperson inspection fee

- Increases the base annual inspection fee for a nurseryperson that produces, sells, or distributes woody nursery stock in Ohio or ships that stock outside Ohio from $100 to $200.
- Increases the additional per-acre inspection fee for growing woody nursery stock as follows:
  - In intensive production areas from $11 per acre, or fraction of an acre, to $15 per acre, or fraction of an acre;
  - In nonintensive production areas from $7 per acre, or fraction of an acre, to $10 per acre, or fraction of an acre.

## Annual liming material tonnage report

- Eliminates the annual tonnage report, and the accompanying inspection fee, that a liming material licensee must file with ODA for the number of net tons of liming material sold or distributed to nonlicensees in Ohio.

## Certificate of free sale

- Allows the ODA Director to authorize any ODA division or program to issue to any entity a certificate of free sale, which is a document that certifies to states and countries receiving a listed product that the product is freely marketed without restriction in the U.S.
- Authorizes the ODA Director to charge a $50 fee for issuance of a certificate of free sale.

## Ohio Grape Industries Committee

- Revises the makeup of the Ohio Grape Industries Committee by removing the Chief of the Division of Markets in ODA and adding two Ohio residents appointed by the ODA Director.

## Commercial dog breeding and pet store funds

- Renames the High-Volume Breeder Kennel Control License Fund the Commercial Dog Breeding Fund.
- Abolishes the Pet Store License Fund and requires all pet store license fees and civil penalties assessed against pet stores to be credited to the Commercial Dog Breeding Fund.

## Livestock dealers – fees and penalties

- Alters the fees charged by ODA to livestock dealers and brokers.
- Eliminates the first-degree misdemeanor criminal penalties for violation of any prohibition of the law governing livestock dealers and brokers, except for a weigher improperly weighing or accepting bribes, and instead allows the ODA Director to assess a civil penalty.

## Animal and Consumer Protection Fund

- Eliminates the Livestock Care Standards Fund and Dangerous and Restricted Animal Fund and redirects the money credited to those funds to the Animal and Consumer Protection Fund.
- Redirects money collected from livestock dealer and broker fees and fines imposed for violating the law governing livestock dealers from the Animal and Consumer Protection and Laboratory Fund to the Animal and Consumer Protection Fund.
- Requires the Animal and Consumer Protection Fund to be used to administer the laws governing dangerous wild animals and restricted snakes, livestock dealers, and captive cervid.

## Food Safety Fund

- Requires money received from federal contracts or cooperative agreements for the performance of ODA's prescribed duties related to food safety inspections to be deposited into the Food Safety Fund, rather than into a general federal grant fund in which all federal grants to ODA are deposited under continuing law.

## ODA laboratory services information not a public record

- Generally excludes information, reports, and other records used in any ODA laboratory to perform a laboratory service from the public records law.
- Requires any details that would identify a particular person or entity that submitted a specimen to any ODA laboratory to be treated as confidential unless the ODA Director

shares the information with a government agency for use in the discharge of the agency's official public duties or an institution of higher education.

- Allows the ODA Director to prepare and publish statistical information without disclosing details that would identify a particular person or business client.

# Pesticide Law changes

(R.C. 921.01, 921.02, 921.06, 921.09, 921.11, 921.12, 921.13, 921.14, 921.16, 921.23, and 921.24)

## General changes to the law

The U.S. EPA recently updated its pesticide regulations and, as a result, Ohio must update its laws governing pesticides to retain its federal certification to regulate pesticides. Accordingly, the act makes the following changes:

1. Requires restricted use pesticides to be applied exclusively by a licensed commercial pesticide applicator or licensed private pesticide applicator, rather than allowing a commercial applicator's trained service person or a private applicator's immediate family or employee to apply those pesticides under the direct supervision of the licensed applicator;

2. Regarding restricted use pesticides, expands the activities that require an applicator license to include doing both of the following:

a. Performing pre-application activities involving mixing and loading restricted use pesticides; and

b. Performing other pesticide-related activities, including transporting or storing pesticide containers that have been opened, cleaning equipment, and disposing of excess pesticides, spray mix, equipment wash waters, pesticide containers, and other pesticide-containing materials.

3. Requires each pesticide business location to be licensed, rather than requiring one license for the pesticide business and the registration of each location that is owned by the person operating the pesticide business;

4. Regarding the $150 pesticide registration and inspection fee required for each product name and brand registered by a company, makes the fee nonrefundable;

5. Requires a pesticide dealer to maintain records of all the restricted use pesticides the dealer has distributed, rather than requiring the dealer to submit those records to the ODA Director; and

6. Regarding the ODA Director's enforcement authority for violations of the law governing pesticides, does both of the following:

a. Increases the number of days that the Director may suspend a license, permit, or registration prior to a hearing concerning a violation from ten to 30 days; and

b. In addition to other reasons for denying, suspending, revoking, refusing to renew, or modifying any license, permit, or registration, adds that the Director may take any of those

actions if an applicant or holder of a license, permit, or registration has entered into an administrative or judicial settlement under the federal Insecticide, Fungicide, and Rodenticide Act.

### Pesticide registration fee

The act increases the fees relating to the annual registration of a pesticide sold or distributed in Ohio as follows:

1. From $150 to $250 for each product name and brand registered for the company whose name appears on the pesticide label;

2. From $75 to $125 for the penalty for late registration renewal; and

3. From $75 to $125 for the penalty for each product name and brand of a non-registered pesticide that is distributed in Ohio before registration.

### Pesticide applicator examination fee

The act requires an applicant for a commercial pesticide applicator license or private pesticide applicator license to pay a $30 examination fee. Continuing law requires each applicant to be examined on the following:

1. The applicant's knowledge and competency on Ohio's law governing pesticides; and

2. Certain aspects of pesticide pre-application and application activities.

## Hemp Cultivation and Processing Program

(R.C. 928.02, 928.03, and 928.04)

The act does both of the following regarding the requirement that the ODA Director establish a program to monitor and regulate hemp cultivation and processing in Ohio:

1. Authorizes the Director to transfer jurisdiction to implement Ohio's hemp cultivation licensure program to the U.S. Department of Agriculture; and

2. Retains the requirement that ODA implement a hemp processing licensure program.

Continuing law defines "hemp" as the plant Cannabis sativa L. and any part of that plant, including the seeds of the plant and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of up to 0.3% on a dry weight basis.

## Auctioneer client trust accounts

(R.C. 4707.024)

Continuing law requires a licensed auctioneer to maintain a client trust or escrow account that the auctioneer must use to pay a client for the auctioneer's sale of the client's personal property. It allows a licensee to pay expenses, including commission and advertisement fees, that are specifically delineated in the auction contract with money from the trust or escrow account. Finally, it prohibits money in the account from being commingled with the licensee's personal or business money.

The act states that notwithstanding these provisions, a licensee may deposit money into a trust or escrow account, and retain that money in the account, to pay expenses related to bank charges necessary to maintain the account. A licensee must not utilize any of the owner's or consignee's money to pay those expenses.

# Apiaries

(R.C. 909.01, 909.02, 909.07, 908.08, 909.09, and 909.13)

Continuing law establishes requirements and procedures regarding apiaries (beekeeping), including procedures for the annual registrations of apiaries, inspections, and tracking sales of bees. ODA oversees those requirements and procedures.

## Apiary registration

The act makes the following changes to the requirements governing apiary registration:

1. Increases, from ten to 30 days, the deadline by which a person must register an apiary after the person comes into ownership or possession of bees or moves into Ohio with an apiary;

2. Eliminates the $5 annual registration fee and the $10 late fee for failure to meet the registration deadline;

3. Eliminates the issuance of physical certificates of registration; and

4. Requires any person with a registered apiary to ensure that the apiary is identifiable by identification number assigned to the person via posting in the apiary, rather than only requiring that posting when the person is maintaining an apiary on a premises other than the person's residence as under former law.

## Sale or gift of queen bees

The act makes the following changes regarding the law governing the sale or gift of queen bees:

1. Expands the law to include the sale of packaged bees, nucs, and bee colonies and the trade and distribution of queen bees, packaged bees, nucs, and bee colonies;

2. Requires a person that intends to sell, trade, gift, or otherwise distribute queen bees, packaged bees, nucs, or colonies to file with ODA a request for certification of all of the person's queen rearing apiaries for which certification is requested, rather than filing a request for inspection as under former law;

3. Requires the request for certification to be accompanied by a certification fee of $50 or an amount set in rules by the ODA Director;

4. Authorizes the ODA Director to require all queen rearing apiaries to be inspected as specified in rules at least once each year, rather than requiring inspections once each year with no authority for the Director to alter inspection frequency as under former law;

5. Expands the prohibition against distributing diseased bees to include a prohibition against distributing an apiary with bee pests; and

6. Defines a "nuc" as a small colony of bees in a hive box to which all the following applies:

a. The hive box contains three to five frames;

b. The hive box contains a laying queen bee and the queen's progeny in egg, larval, pupa, and adult stages; and

c. The small colony has honey and a viable population sufficient to develop into a full-sized colony.

## Deputy apiarist

The act does all the following regarding a deputy apiarist:

1. Allows a board of county commissioners to appoint multiple deputy apiarists, rather than only one as under former law, to assist the ODA Director in inspecting apiaries;

2. Regarding paying a deputy apiarist, requires a board of county commissioners to pay the deputy apiarist for inspection work and expenses related to that work, as the board determines, rather than requiring the board to pay for each day or half day of inspection work done as under former law;

3. Requires the ODA Director to review, rather than approve, a deputy apiarist's salary and expenses;

4. Allows the ODA Director to assign a deputy apiarist to conduct inspections in multiple counties, instead of only the county in which the deputy is appointed as under former law;

5. With respect to the ODA Director's authority to terminate a deputy apiarist, does both of the following:

a. Eliminates the requirement that the Director submit to the county commissioners a statement of the reasons for termination; and

b. Expands the reasons for termination to include unethical or negligent discharge of the deputy's duties. Continuing law allows a deputy apiarist to be terminated for incompetent, inefficient, or untrustworthy actions in the discharge of the deputy's duties.

6. Regarding reports furnished to the ODA Director by a deputy apiarist, eliminates a requirement that a duplicate of a report be presented to the board of county commissioners each time that a deputy submits a salary or expense reimbursement request.

## Enforcement authority

The act expands the ODA Director's enforcement authority regarding the Apiary Law to include:

1. Compliance agreements between ODA and a person engaged in queen rearing where the person agrees to comply with stipulated requirements;

2. The authority to suspend any compliance agreement or any registration, certificate, or permit; and

3. The authority to revoke any registration or compliance agreement.

### County appropriations for inspections

The act eliminates a board of county commissioners' authority to appropriate money in an amount it deems sufficient for the inspection of apiaries in its county.

## Pork Marketing Program

(R.C. 924.01, 924.212, and 924.30)

The act establishes the Pork Marketing Program to promote the sale of pork and pork products. However, it prohibits the program from operating unless the National Pork Checkoff Program[10] created under federal law ceases operation. Except for establishing specific procedures for electing the membership of a Pork Marketing Program Operating Committee (see below), the act generally applies the same procedures, requirements, and other laws that exist for the Grain and Soybean Marketing Programs to the new Pork Marketing Program.

### Election of Operating Committee

Within 120 days of the National Pork Checkoff Program ceasing operation, the Ohio Pork Council (or its successor) must do both of the following:

1. Accept nominees to serve on a Pork Marketing Program Operating Committee. In accepting nominations and placing names on the ballot, the Council must follow the procedures established in rules; and

2. Hold an election to determine the membership of the Operating Committee. In the election, eligible producers may cast votes in person or mail ballots to polling places designated by the ODA Director. The Council must establish a three-day period during which eligible producers may vote in person during normal business hours at the designated polling places. The ODA Director or another appropriate person must send a ballot by ordinary first-class mail to an eligible producer who requests a ballot. An eligible producer must make a request by calling a toll-free telephone number designated by the ODA Director, by contacting one of the designated polling places, or by any additional method that the Director may provide. A ballot returned by mail is not valid if it is postmarked later than the third day of the election period established by the Council.

For the purposes of an election of members of the Operating Committee, the ODA Director must ensure publication of a ballot request form at least 30 days before the beginning of the election period in at least two appropriate periodicals designated by the Director. The Director must make the form available for reproduction to any interested group or association.

The Operating Committee consists of the following 12 members:

1. The ODA Director, who is an ex-officio, nonvoting member, or the Director's designee;

2. The executive vice-president of the Ohio Pork Council;

[10] Porkcheckoff.org.

3. Four members appointed by the ODA Director who are pork producers. When making those appointments, the Director must consider Ohio pork producers who are representatives on the National Pork Board.

4. Six members elected by eligible pork producers in accordance with the election procedures that apply to the Grain Marketing Program's Operating Committee, except that the elections must occur by district, with one member elected from each of the six districts in Ohio. The districts are as follows:

a. District 1: Allen, Defiance, Fulton, Henry, Paulding, Putnam, Van Wert, and Williams counties;

b. District 2: Crawford, Erie, Hancock, Huron, Lucas, Marion, Ottawa, Richland, Sandusky, Seneca, Wood, and Wyandot counties;

c. District 3: Auglaize, Mercer, Hardin, Logan, and Shelby counties;

d. District 4: Ashland, Ashtabula, Carroll, Columbiana, Coshocton, Cuyahoga, Delaware, Geauga, Harrison, Holmes, Jefferson, Knox, Lake, Licking, Lorain, Mahoning, Medina, Morrow, Portage, Stark, Summit, Tuscarawas, Trumbull, Union, and Wayne counties;

e. District 5: Butler, Darke, Hamilton, Miami, Montgomery, and Preble counties; and

f. District 6: Adams, Athens, Belmont, Brown, Champaign, Clark, Clermont, Clinton, Fairfield, Fayette, Franklin, Gallia, Greene, Guernsey, Highland, Hocking, Jackson, Lawrence, Madison, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Ross, Scioto, Vinton, Warren, and Washington counties.

Except for the ODA Director or the Director's designee, all 12 members of the Operating Committee are voting members.

Following the election of the initial members of the Operating Committee, all future elections for the Pork Marketing Program must occur in accordance with the Pork Marketing Program's by-laws drafted and adopted by the Operating Committee. The by-laws must be adopted by the Operating Committee within one year after the creation of the Pork Marketing Program.

With regard to levying assessments to fund the Pork Marketing Program, the act requires the assessment on pork to be the lesser of:

1. 0.25% of the market value of the porcine animal, pork, or pork product sold or imported; or

2. An amount established by the Operating Committee at the initial meeting of the Operating Committee through an initial order. The Operating Committee may increase the rate of an assessment after the initial order by up to 0.10% per year.

As with other agricultural commodities, the act prohibits a person from knowingly failing or refusing to withhold or remit an assessment levied on pork or products. A violator is guilty of a fourth degree misdemeanor.

## Food processing establishment exemption

(R.C. 3715.021)

The act exempts small egg producers from food processing establishment regulations established by the ODA Director in rules. A "small egg producer" is any person that is engaged in the operation of egg production and annually maintains 500 or fewer birds. Generally, continuing law defines a "food processing establishment" as a premises or part of a premises where food is processed, packaged, manufactured, or otherwise held or handled for distribution to another location or for sale at wholesale. The ODA Director must establish standards and good manufacturing practices for food processing establishments. Those rules must conform with federal regulations.

## Commercial Feed Law changes

(R.C. 923.42, 923.44, and 923.51)

Continuing law requires a person that manufactures commercial animal feed or customer-formula animal feed to register with the ODA Director.

The act makes the following changes regarding commercial feed registration:

1. Clarifies that the registration is annual, not semiannual;

2. Requires a manufacturer or distributor to pay a $50 registration fee by February 1 each year, and states that registration expires on January 31 of the following year;

3. Retains the requirement that the registration form is prescribed by the ODA Director, but eliminates the specific information that must be on the form; and

4. Declares that a commercial feed manufacturer includes an exempt buyer.

The act changes how often a commercial feed distributor must file a statement delineating the net tons of commercial feed distributed in Ohio. Specifically, it changes the frequency of filing the report from semiannually to annually. The distributor must file the statement with the distributor's annual registration. The act retains the commercial feed inspection fee, which is generally calculated at a rate of 25¢ per ton on all commercial feeds distributed by the first distributor in Ohio. However, it eliminates the minimum $25 inspection fee and, instead, exempts the first 200 tons of commercial feed sold in a calendar year from the fee. Finally, it states that the penalty for late payment of an inspection fee is 10% of the amount due or $50, whichever is greater, rather than a 10% penalty, with a minimum penalty of $50 as under prior law.

## Fertilizer license fee

(R.C. 905.32)

The act makes the following changes to the annual license fee to manufacture or distribute fertilizer:

1. Increases the fee from $5 to $50; and

2. Increases the late renewal fee from $10 to $25.

Continuing law requires a fertilizer manufacturer or distributor to pay the fee for each fixed (permanent) location at which fertilizer is manufactured in Ohio, each mobile unit used to manufacture fertilizer in Ohio, and each location in and out of Ohio from which fertilizer is distributed into Ohio.

## Commercial seed labeler permit

(R.C. 907.13 and 907.14)

Continuing law requires a person that labels agricultural, vegetable, and flower seed that is intended for sale in Ohio to be issued a seed labeler permit by the ODA Director. The act revises the law as follows:

1. It increases the annual commercial seed labeler permit fee from $10 to $50;

2. It changes the permit's annual expiration date from December 31 to January 31;

3. It eliminates one of the semiannual reports required to be filed with the ODA Director by a commercial seed labeler permit holder on the amount of seed the person sells in Ohio, thus requiring one annual report rather than two semiannual reports; and

4. Regarding the annual seed fee paid by a commercial seed labeler permit holder that is based on the amount of seed sold by the permit holder, it eliminates the minimum fee of $5, and instead specifies that if the permit holder owes less than $50 for the seed fee, the permit holder is not required to pay the fee.

## Bakery registration fee

(R.C. 911.02)

The act makes the following changes to the annual bakery registration fees:

1. Increases the fee for bakeries with a capacity to produce 1,000 or fewer pounds of bakery product per hour from $30 to $200;

2. Increases the fee for bakeries with a capacity to produce between 1,000 pounds and approximately 6,667 pounds of bakery product per hour from $30 per 1,000 pounds, or part thereof, per hour capacity to $200; and

3. Reduces the annual bakery registration fee for bakeries with a capacity to produce approximately 6,668 pounds per hour or more of bakery product from $30 per 1,000 pounds, or part thereof, per hour capacity to $200.

Continuing law requires a person that owns or operates a bakery to annually register with the ODA Director. This registration generally includes an out-of-state bakery that sells bakery products in Ohio.

## Soda water syrup or extract and soft drink syrup manufacturer

(R.C. 913.23)

The act eliminates the registration requirement for soda water syrup or extract manufacturers or soft drink syrup manufacturers. The law required a person that sold or possessed any soda water syrup or extract or soft drink syrup for use in making or dispensing

soda water or other soft drinks to annually register with the ODA Director. This requirement excluded manufacturers that are otherwise licensed as soft drink bottlers. Registration included an annual $100 fee.

## Cold storage locker license fee

(R.C. 915.16)

The act increases the annual license fee for cold storage lockers from $50 to $200. Continuing law requires any person operating a frozen food manufacturing facility, chill room, sharp freezing room and facilities, or sharp freezing cabinet to apply for a license. This requirement excludes a person operating a cold-storage warehouse licensed by ODA.

## Nurseryperson inspection fee

(R.C. 927.53)

Continuing law requires a nurseryperson (a person that owns, leases, or manages a plant nursery) that produces, sells, offers for sale, or distributes woody nursery stock in Ohio or ships woody nursery stock outside Ohio to pay the ODA Director an annual inspection fee. The act does the following regarding that inspection fee:

1. Increases the base annual inspection fee from $100 to $200;

2. Increases the additional per-acre inspection fee for growing woody nursery stock in intensive production areas (greenhouses, liner or lath beds, and containers) from $11 per acre, or fraction of an acre, to $15 per acre, or fraction of an acre; and

3. Increases the additional per-acre inspection fee for growing woody nursery stock in nonintensive production areas (fields) from $7 per acre, or fraction of an acre, to $10 per acre, or fraction of an acre.

## Annual liming material tonnage report

(R.C. 905.56, repealed, and 905.57)

The act eliminates the annual tonnage report, and the accompanying inspection fee of up to $300, that a liming material licensee must file with ODA for the number of net tons of liming material sold or distributed to nonlicensees in Ohio. Accordingly, it also eliminates the confidentiality of the information in the report.

Continuing law requires a person that manufactures, sells, or distributes liming material in Ohio to obtain an annual license from ODA. Liming material is used by farmers to neutralize soil acidity and provide crops with calcium and magnesium.

## Certificate of free sale

(R.C. 901.43)

The act allows the ODA Director to authorize any ODA division or program to issue a certificate of free sale to any entity. A "certificate of free sale" is a document issued by the Director that certifies to states and countries receiving a listed product that the product being exported is freely marketed without restriction in the U.S.

The ODA Director must adopt and enforce rules to provide for the issuance of the certificates of free sale. The Director may charge a $50 fee for issuance of a certificate. All money collected related to issuing certificates of free sale must be credited to the appropriate ODA program fund.

## Ohio Grape Industries Committee

(R.C. 924.51; Section 709.10)

The act makes the following changes to the Ohio Grape Industries Committee:

1. Removes the Chief of ODA's Division of Markets; and

2. Adds two additional members who are Ohio residents and appointed by the ODA Director. The initial term for the one new member is one year and the term for the other new member is two years.

Generally, the Committee promotes Ohio's grape industry, including marketing and advertising Ohio grape products.

## Commercial dog breeding and pet store funds

(R.C. 956.18 and 956.181, repealed; conforming changes to R.C. 956.07, 956.10, 956.13, 956.16, 956.21, 956.22, and 956.23)

The act renames the High-Volume Breeder Kennel Control License Fund as the Commercial Dog Breeding Fund. It also abolishes the Pet Store License Fund and requires all pet store license fees and civil penalties to be credited to the Commercial Dog Breeding Fund. Accordingly, all money collected from fees and civil penalties under the law governing high-volume dog breeders and pet stores are credited to the Commercial Dog Breeding Fund and must be used to administer those laws.

Continuing law establishes requirements and procedures for high-volume dog breeders and pet stores. These requirements include separate licensure and separate standards of care for dogs in the care of a breeder or pet store. The ODA Director has enforcement authority over high-volume dog breeders and pet stores, including inspection and assessment of civil penalties.

## Livestock dealers

(R.C. 943.04, 943.26, 943.27, and 943.99, conforming change in R.C. 901.43)

### Fees

The act alters the fees charged by ODA to livestock dealers and brokers as follows:

| Livestock dealer and broker fee changes | | | |
|---|---|---|---|
| **Type of fee** | **Former fee** | **New fee under H.B. 96** | **Amount of change** |
| Annual dealer and broker license renewal – less than 1,000 head transactions the previous year | $50 | Flat $250 regardless of livestock transactions | $200 increase |
| Annual dealer and broker license renewal – between 1,001 and 10,000 head transactions the previous year | $125 | Flat $250 regardless of livestock transactions | $125 increase |
| Annual dealer and broker license renewal – more than 10,000 head transactions the previous year | $250 | Flat $250 regardless of livestock transactions | No change |
| Small dealer annual license fee | $25 | $50 | $25 increase |
| Late fee for small dealer annual license renewal | $25 | $100 | $75 increase |
| Employee of a small dealer, dealer, or broker – annual license fee | $20 | $30 | $10 increase |
| Licensed weigher annual license fee | $10 | $30 | $20 increase |

The act directs the livestock dealer and broker fees to the Animal and Consumer Protection Fund instead of the Animal and Consumer Protection Laboratory Fund as in former law (see below).

## Civil penalties

The act eliminates the first-degree misdemeanor criminal penalties for violation of any prohibition of the law governing livestock dealers and brokers, except for improperly weighing or accepting bribes by a livestock weigher. Instead, it allows the ODA Director to assess a civil penalty for the violation as follows:

1. Up to $500 for a first violation within five years of the violation;

2. Up to $2,500 for a second violation within the previous five years; and

3. Up to $10,000 for a third or subsequent violation within the previous five years.

Accordingly, the act directs the proceeds of civil penalties to the Animal and Consumer Protection Fund.

## Animal and Consumer Protection Fund

(R.C. 901.43, 904.02, 904.04, 935.06, 935.07, 935.09, 935.10, 935.16. 935.17, 935.20, 935.24, 943.04, 943.16, and 943.26)

The act eliminates the Livestock Care Standards Fund and Dangerous and Restricted Animal Fund and redirects the money credited to those funds to the Animal and Consumer Protection Fund. It also redirects money collected from livestock dealer and broker fees and fines imposed for violating the law governing livestock dealers from the Animal and Consumer Protection and Laboratory Fund to the Animal and Consumer Protection Fund. Finally, it adds that the Animal and Consumer Protection Fund must be used to administer the laws governing dangerous wild animals and restricted snakes, and garbage fed swine. Formerly this fund was solely used to regulate captive deer and chronic wasting disease.

## Food Safety Fund

(R.C. 915.24)

The act requires money received from federal contracts or cooperative agreements for the performance of ODA's prescribed duties related to food safety inspections to be deposited into the Food Safety Fund. Under former law, these grants were deposited into a general federal grant fund in which all federal grants to ODA are deposited.

## ODA laboratory services information not a public record

(R.C. 901.43)

The act specifically excludes information, reports, and other records furnished, procured, or used in any ODA laboratory to perform a laboratory service from the Public Records Law. Additionally, any details that would identify a particular person, business, or premises that submitted a specimen to any ODA laboratory must be treated as confidential and cannot be disclosed unless the ODA Director elects to share the information with one of the following:

1. A local, state, or federal agency for use in the discharge of the agency's official public duties; or

2. An institution of higher education.

The act also allows the ODA Director to enter into an agreement with one of those governmental entities or an institution of higher education that requires the shared information to be kept confidential.

Under the act, the ODA Director may prepare and publish statistical information without disclosing details that would identify a particular person or business client.

# AIR QUALITY DEVELOPMENT AUTHORITY

- Eliminates any property or portion thereof that is part of, or related to the siting of, the inactive FutureGen project of the U.S. Department of Energy from the definition of "air quality facility" under the air quality development authority law.
- Adds any property, device, or equipment comprising a facility generating green energy, as defined in the competitive retail electric service law, to the definition of "air quality facility."

## OAQDA definitions

(R.C. 3706.01)

The act eliminates any property or portion thereof that is part of, or related to the siting of, the inactive FutureGen project of the U.S. Department of Energy from the definition of "air quality facility" under the air quality development authority (OAQDA) law.

It adds any property, device, or equipment comprising a facility generating green energy to the definition of "air quality facility." "Green energy" is defined in the existing competitive retail electric service law as any energy generated by using an energy resource that does one or more of the following: (1) releases reduced air pollutants, thereby reducing cumulative air emissions and (2) is more sustainable and reliable relative to some fossil fuels. "Green energy" includes energy generated by using natural gas as a resource and nuclear reaction.[11]

Under continuing law, OAQDA may issue revenue bonds and notes of the state in connection with the acquisition or construction of air quality facilities.[12]

[11] R.C. 4928.01(A)(41), not in the act.

[12] R.C. 3706.05, not in the act.

# OHIO ARTS COUNCIL

- Would have eliminated the Per Cent for Arts Program (VETOED).

## Per Cent for Arts Program (VETOED)

(R.C. 3379.10, repealed; conforming changes to R.C. 127.16, 3379.03, and 3379.12)

The Governor vetoed a provision that would have eliminated the Per Cent for Arts Program. Under continuing law, when a state agency seeks to construct or renovate a public building and will spend more than $4 million on the project, the agency must contract with the Ohio Arts Council to use 1% of the appropriated state money on works of art for display in or on the building.

# ATTORNEY GENERAL

## Age verification – obscenity or matter harmful to juveniles

- Requires an organization that sells, delivers, furnishes, disseminates, provides, exhibits, or presents any material or performance that is obscene or harmful to juveniles to verify that any person attempting to access, or creating an account or subscription to access, those materials is 18 or older through reasonable age verification methods.
- Requires an organization that sells, delivers, furnishes, disseminates, provides, exhibits, or presents any material or performance that is obscene or harmful to juveniles and that uses age verification to delete identifying information of any person attempting to access or creating an account or subscription after age verification is completed.
- Exempts persons employed by newspapers, magazines, television stations, or similar media and certain service providers disseminating information for the general public from fulfilling the age verification requirement.
- Allows the Attorney General to bring a cause of action against an organization that fails to verify the age of the minor that accessed the materials that were harmful to juveniles on the internet.

## Peace officer refresher training

- Prevents the expiration of peace officer certification due to a lapse in employment and specifies the training required upon reinstatement after a lapse.

## Findings for recovery

- Specifies one additional consideration for resolved versus unresolved findings of recovery.

## Notice for debts payable to the state (VETOED)

- Would have required the officer, employee, or agent responsible for administering the law under which an amount is due to the state to serve notice to the debtor or debtor's statutory agent before certifying the amount due to the Attorney General (VETOED).
- Would have allowed the debtor or statutory agent to satisfy the debt within 30 days of receiving the notice to prevent the debt from being certified to the Attorney General (VETOED).
- Would have required the Attorney General to include a copy of the notice that was sent and proof of service of the notice if filing a lien (VETOED).
- Would have specified that failing to timely serve notice would not have deemed the amount payable uncollectible, discharged, relieved, or otherwise satisfied or nonpayable (VETOED).

## Correctional facility inspection services

- Creates the Office of Correctional Facility Inspection Services within the Attorney General's Office and transfers to it the duties of the Correctional Institution Inspection Commission, which the act abolishes.

## State law enforcement and training reimbursement (VETOED)

- Would have prohibited a state agency from receiving statutory reimbursement for continuing professional training provided to a peace officer or trooper appointed by the state agency (VETOED).

## Age verification – obscenity or matter harmful to juveniles

(R.C. 1349.10 and 1349.101)

The act requires an organization that sells, delivers, furnishes, disseminates, provides, exhibits, or presents any material or performance that is obscene or harmful to juveniles on the internet to do all of the following:

- Verify that any person attempting to access the material or performance is age 18 or older through reasonable age verification methods;
- Verify that any person creating an account or subscription to access any material or performance that is obscene or harmful to juveniles is age 18 or older through reasonable age verification methods. The organization must reverify the age of the person every two years after the completion of age verification.
- Utilize a geofence system maintained and monitored by a licensed location-based technology provider to dynamically monitor the geolocation of persons attempting to access or creating an account or subscription to access the material or performance that is obscene or harmful to juveniles.
  - The location-based technology provider must perform a geolocation check to dynamically monitor the person attempting to access or creating an account or subscription to access the material or performance that is obscene or harmful to juveniles and the person's location.
  - If the location-based technology provider determines that a person is in Ohio, the organization must block that person until that person's age has been verified using reasonable age verification methods.
- Implement a notification mechanism to alert persons attempting to access or creating an account or subscription to access the material or performance of a geolocation failure check.

An organization that sells, delivers, furnishes, disseminates, provides, exhibits, or presents any material or performance that is obscene or harmful to juveniles on the internet and

verifies the age of the person creating an account or subscription to access the material or performance that is obscene or harmful to juveniles on the internet must do the following:

- Immediately delete all information gathered for the purpose of age verification after the verification is completed, except the information maintained for account and subscription access and for billing purposes.
- Upon the request of the account holder or subscriber, immediately delete the data maintained for user access to the account or subscription and for billing purposes.
- Develop and maintain a data privacy policy compliant with federal and Ohio law and maintain data in a manner that is reasonably secure.

On the expiration of two years after the creation of the account or subscription, the organization must immediately delete all information relative to the creation of the user's account or subscription and any information maintained for billing purposes, unless the account holder or subscriber renews the account or subscription.

An organization that sells, delivers, furnishes, disseminates, provides, exhibits, or presents any material or performance that is obscene or harmful to juveniles on the internet and verifies the age of the person attempting to access the material or performance that is obscene or harmful to juveniles on the internet must do both of the following:

- Immediately delete all information gathered for the purpose of age verification after age verification is completed;
- Develop and maintain a data privacy policy compliant with federal and Ohio law and maintain data in a manner that is reasonably secure.

The organization must immediately delete any identifying information, except the information required for the purpose of granting a person access to the account or subscription and for billing the account or subscription, that is used for age verification of the person attempting to access or creating an account or subscription to access any material or performance on the internet that is obscene or harmful to juveniles after age verification is completed. The organization must not transfer any information collected, except for the purpose of age verification. Any party who receives transferred information for age verification purposes must immediately delete all information gathered for the purpose of age verification after age verification is completed.

## Exemptions

The act provides exemptions for certain persons and providers. The requirements described above do not apply to the following persons or entities:

- A person who, while employed or contracted by a newspaper, magazine, press association, news agency, news wire service, radio or television station, or similar media, is gathering, processing, transmitting, compiling, editing, or disseminating information for the general public;
- Providers of an interactive computer service;

- A mobile service;
- An internet provider;
- A cable service provider;
- A direct-to-home satellite service;
- A video service provider;
- A cloud service provider.

### Attorney General enforcement action

The act allows the Attorney General to bring a civil action against an organization that sells, delivers, furnishes, disseminates, provides, exhibits, or presents any material or performance that is obscene or harmful to juveniles on the internet that fails to comply with the act's requirements and because of that failure, a minor gains access to the material or performance. Before initiating the action, the Attorney General must provide written notice to the organization identifying and explaining the basis for each instance of the alleged violation.

The Attorney General cannot commence an enforcement action if the organization, within 45 days after notice of the alleged violation is sent, does both of the following unless otherwise provided in the requirements above:

- Cures all violations described in the notice;
- Provides the Attorney General with a written statement indicating that the violations are cured and agreeing to refrain from further noncompliance of the requirements.

If the organization does not timely respond or continues to fail to comply with the requirements described above after receiving the notice, the Attorney General may initiate the enforcement action and seek injunctive relief.

If the organization fails to timely comply with all of the requirements described in the notice or commits subsequent violations of the same type after curing the initial violation, the Attorney General can commence an enforcement action. Notwithstanding the information retention requirements, if an organization commits a subsequent violation of the same type after reporting that the initial violation is cured, the Attorney General may bring a civil action at any time after sending notice of the violation.

These provisions cannot be construed to provide a private right of action. The Attorney General has the exclusive authority to enforce the age verification requirements within the act.

## Peace officer refresher training

(R.C. 109.73 and 109.77)

The act prevents a certificate awarded by the Executive Director of the Peace Officer Training Commission attesting to a person's satisfactory completion of an approved peace officer basic training program from expiring because of a lapse in employment as a peace officer. Instead, a certificated peace officer who has not been employed as a peace officer for at least

one year must complete refresher training of the following durations, prior to reappointment as a peace officer:

- If the period of lapse was at least one year, but less than four years, up to 40 hours.
- If the period of lapse was four years or longer, 80 hours.

Under continuing law, a certificate awarded by the Executive Director attesting to a person's satisfactory completion of an approved peace officer basic training program is required for appointment as a peace officer or law enforcement officer.

## Findings for recovery

(R.C. 9.24)

Continuing law prohibits state agencies and political subdivisions from contracting with a person against whom a finding of recovery by the state is unresolved. The act specifies a debt is resolved if it has been discharged in bankruptcy or is no longer owed based on a final nonappealable court order.

## Notice for debts payable to the state (VETOED)

(R.C. 131.02 and 131.026)

The Governor vetoed a provision that would have required an officer, employee, or agent responsible for administering the law under which an amount is due to the state to serve notice to the debtor or debtor's statutory agent before certifying the amount due to the Attorney General. The act would have specified methods to satisfy the notice requirement, including a specific time requirement for service, and would have allowed the debtor or statutory agent to satisfy the debt within 30 days after receiving the notice. It would have permitted the Attorney General to file a lien only if the Attorney General included a copy of the notice that was sent and a proof of service of the notice when filing the lien. Failure to comply with the specific time requirement for serving notice would not have deemed the amount payable uncollectible, discharged, relieved, or otherwise satisfied or nonpayable.

## Correctional facility inspection services

(R.C. 109.39; Section 525.80; R.C. 103.71, 103.72, 103.74, 103.75, 103.76, 103.77, 103.78, and 103.79, repealed; conforming changes in R.C. 9.07, 121.93, 2967.18, 5120.034, 5120.173, 5120.51, 5139.12, 5139.14, and 5145.162)

The act abolishes the Correctional Institution Inspection Committee (CIIC) within the legislative branch and creates the Office of Correctional Facility Inspection Services within the Attorney General's office. CIIC was a subcommittee of LSC responsible for inspecting state correctional institutions, local correctional institutions, and youth services facilities.

The new Office must assume CIIC's duties, including duties prescribed throughout the Revised Code, such as participating in the process for sentence reduction/early release due to overcrowding. The act mandates CIIC's records, assets, and liabilities be transferred to the Attorney General. All pending actions or proceedings continue in the name of the Attorney General. The Attorney General assumes all obligations of CIIC.

## State law enforcement and training reimbursement (VETOED)

(R.C. 109.803)

The Governor vetoed a provision that would have prohibited a state agency from receiving the statutory reimbursement for continuing professional training provided to a peace officer or trooper appointed by the state agency. Continuing law requires every appointing authority to require each of its appointed peace officers and troopers to complete 24 hours of continuing professional training each calendar year, and requires between 24 and 40 hours of continuing professional training to be reimbursed.

# AUDITOR OF STATE

- Requires the Auditor of State (AOS) to conduct a performance audit of PUCO by May 1, 2027.
- Requires AOS to conduct a performance audit and a financial audit of the Ohio Judicial Conference and provide the results to the Speaker of the House and the Senate President by December 31, 2026.
- Eliminates AOS's responsibility to pay for audit costs related to audits of medical assistance programs or individual medical assistance recipients.
- Allows the AOS to access a state agency or state institution of higher education's systems during an audit.
- Removes AOS from a variety of processes.
- Specifies that certain fiscal officers need only keep records of completed initial or continuing education courses.
- Changes AOS's duty to audit certain safeguards implemented by state institutions of higher education.

## Performance and financial audits

(Sections 701.90 and 701.140)

The act requires the Auditor of State (AOS) to conduct a performance audit of the Public Utilities Commission by May 1, 2027. The audit must include a review of the Ohio Power Siting Board.

The act requires AOS to conduct a performance audit and a financial audit of the Ohio Judicial Conference and provide the results to the Speaker of the House and the Senate President by December 31, 2026.

## Audit costs for medical assistance programs and recipients

(R.C. 5160.23, repealed)

The act repeals AOS's responsibility to pay cost related to audits of a medical assistance recipient. Continuing law allows AOS to audit a medical assistance recipient upon request of the Medicaid Director and allows AOS to examine the records related to medical assistance programs. Formerly, AOS was responsible for the related costs. Under continuing law, generally a state agency is responsible for the costs of its audits and audits of private entities that receive money from the agency.[13]

[13] R.C. 117.13, not in the act.

## Access during audit

(R.C. 117.56)

The act modifies recently enacted law, scheduled to take effect October 1, 2025, that requires the Department of Transportation (ODOT) to give AOS access, during a financial or performance audit, to any system ODOT uses or maintains. The act expands this requirement to all state agencies and state institutions of higher education. It also establishes the following requirements:

- The access must be read-only and downloadable for analysis.
- The access must be requested after the notice of engagement letter is sent to the agency or institution.
- Any AOS employee or contractor must be a U.S. national of or lawful permanent resident of the U.S. to access the system or data.
- The data accessed must be kept on servers located in the U.S.
- The agency or institution must provide a comprehensive list of all the data available and data definitions necessary to understand the systems and data.

The act specifies that a system breach, unauthorized access, or unauthorized release of information resulting from the AOS accessing the system or data must be reported immediately to the State Highway Patrol and any other relevant law enforcement agency for criminal investigation.

## Remove AOS from various processes

(R.C. 9.35, 117.11, 117.38, 117.44, 149.10, 149.30, 169.13, 306.43, 308.13, 317.20, 319.04, 321.03, 323.611, 501.09, 501.11, 507.12, 703.34, 733.81, 735.05, 749.31, 1533.13, 3313.27, 3314.08, 3315.18, 3315.181, 3317.035, 3318.051, 3318.48, 3326.51, 3328.16, 3375.39, 3375.92, 3381.11, 3709.15, 3717.071, 5117.12, 5310.06, 5705.12, 5705.121, 5705.28, 5705.29, 5705.30, 5705.38, 5923.30, and 6101.55; R.C. 117.113, 117.251, 117.441, 117.51, 501.03, 3314.50, 4115.31, 4115.32, 4115.33, 4115.34, 4115.35, and 4115.36, repealed)

The act makes various changes to laws related to AOS, as follows:

Continuing law allows public officials to contract for electronic data processing or computer services. Instead of having required the parties to give "satisfactory assurance" to AOS that affected records would be subject to audit as under prior law, the act simply makes those books and records subject to audit.

The act repeals law that required AOS to audit each science, technology, engineering, and mathematics (STEM) school every fiscal year. STEM schools are public schools and are subject to audit by AOS as are all public offices under continuing law.[14]

[14] See also R.C. 3326.07 and 3326.211, not in the act.

The act repeals law that required AOS to make a notation on an audit report for a county treasurer's office if the treasurer invested at least 10% of the county's money in eligible institutions.

The act requires the annual financial report filed by public offices under continuing law to include budgetary comparison information as required by the applicable reporting framework or as prescribed by AOS.

The act removes the requirement for AOS to operate a fiduciary training program annually for members and employees of state boards and commissions. Currently, AOS must conduct the program and attendance is optional.

The act transfers custodian responsibility for Ohio's public land records from AOS to the Ohio History Connection. This includes original field notes and plats of the U.S. government land surveys.[15]

Continuing law requires executive agencies to submit copies of internally produced or independently produced audit reports to AOS. The act specifically indicates those reports must be pre-approved by AOS as required generally under continuing law.[16]

The act changes an erroneous reference in the Unclaimed Funds Law from AOS to the Office of Budget and Management, which is responsible for paying unclaimed funds held by the state to the owner.

Continuing law requires county auditors, township fiscal officers, and municipal fiscal officers to complete continuing education courses. The act adds a requirement for these officials to retain documentation that the courses have been completed, and requires AOS to audit for compliance with the continuing education requirements. For the county auditors, the act requires the County Auditors Association of Ohio, rather than AOS as under prior law, to issue notices to county auditors who have not completed the required coursework. The act also requires township and municipal fiscal officers' continuing education to include knowledge about bulletins or other information published by AOS and any other subject deemed appropriate by AOS.

The act removes AOS from the process of verifying the completion of initial and continuing education programs required for township fiscal officers, city auditors, city treasurers, village fiscal officers, village clerk-treasurers, village clerks, and charter municipal officers who have duties like those of a city or village officer of the type listed here, including the duty to issue certificates of completion and "failure to complete" notices to such officers who complete or fail to complete education programs, respectively.

The act specifies that city auditors, city treasurers, village fiscal officers, village clerk-treasurers, village clerks, and charter municipal officers who have duties like those of a city or village officer of the type listed here need only retain documentation of initial or continuing

[15] See the Official Ohio Lands Book (PDF), published by AOS and available at ohioauditor.gov/publications.

[16] See also R.C. 117.43, not in the act.

education courses completed. Former law required such officers to retain documentation of such courses regardless of whether the courses are completed.

The act removes AOS from the process for a county to have sectional indexes made. Formerly, the work had to be done to the acceptance of AOS upon allowance by the board of county commissioners.

The act transfers, from AOS to the Department of Administrative Services (DAS), the responsibility to issue deeds for property that was originally appropriated by Congress for the support of schools and ministerial purposes. Under continuing law, a lessee can purchase the property if the lessee has leased the property for 99 years and that lease is renewable forever, or if the lessee has renewed a lease for at least a 99-year term; the lessee is given a deed in fee simple to the property. Alternatively, a school district might sell such property for a variety of other reasons. Formerly, AOS had the responsibility to prepare a deed for these purchases. The act transfers this responsibility to DAS.

The act removes the requirement that AOS prescribe the form/manner of records that clerks, fiscal officers, and other agents must keep related to certain wildlife/hunting/fishing permits and licenses.

The act requires the Department of Education and Workforce (DEW), instead of AOS as under former law, to require the fiscal officer of a community school or college-preparatory boarding school to execute a bond.

Continuing law requires a community school to annually report to DEW and AOS about students who live in a children's residential center. The act removes AOS as a recipient of the report.

The act removes the requirement for a community school's governing authority to file a bond or submit a written guarantee of payment for audit costs.

Continuing law requires each school district to have a Capital and Maintenance Fund for acquiring, replacing, enhancing, maintaining, or repairing permanent improvements. The act removes AOS's authority to alter the formula used to calculate the amount a school district must deposit into the fund. The act also removes AOS'S authority to designate alternative sources of revenue a school district can deposit into the fund.

The act requires a school district, rather than AOS, to notify DEW when the school district transfers the required deposit for certain projects.

The act removes AOS from the process of adopting DEW policies to reduce certain amounts payable to community schools that provide computer hardware and software to students.

The act eliminates the requirement that AOS and the DEW Director jointly establish a method for auditing community schools that provide computer hardware and software to students, as well as the requirement that AOS, the DEW Director, and the Governor jointly make recommendations to the General Assembly for legislative changes to assure fiscal and academic accountability for such schools.

When funds due to the Ohio Facilities Construction Commission (FCC) have not been returned within 60 days by a school district, the act requires FCC to certify the amount to the Attorney General for collection. Formerly, AOS issued a finding for recovery against the school district.

The act eliminates a requirement that AOS audit school districts serving as STEM school sponsoring districts for compliance with certain financing requirements in the course of an annual or biennial audit of the district.

The act removes AOS (or a representative) as an alternate person responsible for counting all remaining money, bonds, and other securities of a library's or board of education's fiscal officer. Under continuing law, this can be counted by the board of library trustees or board of education, as applicable, or a committee of the board.

Continuing law allows AOS to conduct annual audits of school districts' enrollment information "by a number of school districts determined by the [Auditor] and selected at random." The act removes this limiting language, thereby allowing AOS full discretion in selecting which school districts to audit.

Ohio's Tax Levy Law requires political subdivisions to obtain approval of AOS before creating a new fund; AOS must consult the Tax Commissioner before approving a fund. The act makes two changes. First, it removes the requirement for AOS to consult the Tax Commissioner. Second, an exemption exists under continuing law for a board of health of a city or general health district to establish a Home Health Services Fund; the act simply relocates this exemption to another provision containing numerous exemptions.

The act removes the authority of the Director of Agriculture and Director of Health to ask AOS to audit retail food establishment license fees or food service operation license fees charged by a local board of health. Continuing law allows a Director to request an audit of the board if the Director feels it would be in the public interest.

The act removes the requirement for the Director of Development to consult with AOS when preparing reports about the impact of the prohibition against discontinuing heating services on the number of uncollectible and past due residential accounts. The Director still is required to consult with energy companies, energy dealers, the Department of Aging, and the Commission on Hispanic-Latino Affairs.

The act removes AOS and the Secretary of State from the process for investing money received by the courts for the assurance fund. Formerly, the Treasurer of State had to secure the advice and approval of AOS and the Secretary of State in order to invest the funds.

The act removes AOS from the process of filing an action against an officer of the organized militia who cannot properly account for property/money in the officer's possession. Formerly, either the Adjutant General or AOS could initiate such an action.

The act requires the judges that preside over conservancy districts, instead of AOS as under former law, to consider approvals for modifying the form of the annual levy portion of a conservancy district's assessment record.

The act repeals outdated laws related to the now-abolished State Committee for the Purchase of Products and Services by Persons with Severe Disabilities. New law was enacted to govern the procurement of products and services provided by persons with work-limiting disabilities from qualified nonprofit agencies.[17]

The act removes forms prescribed by AOS from the process of filing an estimate of contemplated revenue and expenditures for the ensuing fiscal year by the head of a department, board, commission, or district authority entitled to participate in an appropriation or revenue of a subdivision, and from school district appropriation measures.

The act eliminates the requirement that a tax budget and school library district budget include certain information prescribed by AOS.

## Audit state institutions of higher education safeguards

(R.C. 3345.591)

The act amends law recently enacted via S.B. 1 of the 136th General Assembly, which took effect June 27, 2025. Under that law, state institutions of higher education must implement safeguards to protect the institution's intellectual property, state security, and national security. The law formerly required AOS to audit these safeguards pursuant to AOS's continuing duty to conduct performance audits of state agencies. The act changes AOS's duty to audit the safeguards so that it be pursuant to AOS's continuing duty to audit public offices, reducing the number of mandatory audits.[18]

[17] R.C. 125.60 to 125.6012, not in the act.

[18] R.C. 117.46, not in the act; R.C. 117.11.

# DEPARTMENT OF BEHAVIORAL HEALTH

## Renaming the Department and Director

- Changes the names of the Department of Mental Health and Addiction Services to the Department of Behavioral Health (DBH) and the Director of Mental Health and Addiction Services to the Director of Behavioral Health.

## Summary suspension of residential facilities licensed by DBH

- Allows DBH to suspend the license of a Class 1 residential facility serving children without a prior hearing for specified reasons primarily related to actual harm or the risk of harm to a child under the care and supervision of the facility.

## Grounds for disciplinary action

- Consolidates the reasons for which DBH may impose disciplinary actions against facilities and service providers by allowing the actions to be taken on the same grounds at any time, either when an initial license or certification is sought or after it has been received.

## Notice of adverse actions taken by other regulators

- Extends the duty to report adverse actions to DBH by also requiring reports to be made of adverse actions taken against a subsidiary of an applicant or specified associates.
- Specifies that "adverse action," in the context of which regulatory actions must be reported to DBH, does not include disciplinary actions taken by DBH itself.
- Permits DBH to impose sanctions based on adverse actions not only when it receives a required notice, but also when it otherwise becomes aware of an adverse action, as long as the action was taken in the preceding three-year period.

## Subsidiaries of opioid treatment programs

- Requires a subsidiary of an opioid treatment program provider or a subsidiary of the provider's owner or sponsor to have been in good standing to operate an opioid treatment program in all other locations during the three-year period preceding application for licensure.

## Certified community behavioral health clinics

- Permits DBH to establish a process and standards for the state certification of federally certified community behavioral health clinics (CCBHCs) if there is sufficient state and federal funding available.
- Requires DBH to determine, in the absence of sufficient funding to certify CCBHCs, how an integrated care approach for the provision of substance use disorder (SUD) and mental health treatment could be implemented through pilot projects or other initiatives.

## Statewide mobile crisis system

- Requires DBH to coordinate with other government entities to assist with the development and implementation of a statewide system of mobile crisis services, if there is sufficient state and federal funding available.
- Requires DBH to determine, in the absence of sufficient funding for a statewide system of mobile crisis services, how pilot programs or other initiatives for mobile crisis services could be implemented.

## Behavioral health block grants

- Permits DBH to use GRF for block grants that provide flexibility for ADAMHS boards to provide harm reduction, prevention, SUD treatment, mental health treatment, recovery supports, and crisis services.
- Requires the DBH Director to establish block grant distribution methodologies, allowable uses of block grants, and a uniform reporting structure regarding the expenditures, uses, and outcomes of the block grants.

## Community innovations

- Requires the DBH Director to identify programs, projects, or systems where targeted financial investments may decrease demand for DBH services and improve outcomes for Ohioans with mental illnesses or addictions.

## Recovery housing – confidentiality of investigative materials

- Establishes confidentiality requirements regarding complaints and information received or generated by DBH in the investigation of complaints involving recovery housing residences.
- Allows for disclosure of complaint information in identified circumstances.

## Patient billing in state-operated psychiatric hospitals

- Permits DBH to calculate the amount it bills for care in a DBH-operated hospital according to the hospital's ancillary per diem rate, if DBH determines that the ancillary per diem rate applies instead of the hospital's per diem charge.
- Requires, if a patient has health benefits that cover less than the calculated charge, that the patient pay the lesser of: (1) the remaining balance or (2) the amount that applies after DBH takes into consideration the patient's eligibility for discounts and other payment reductions.

## Behavioral Health Drug Reimbursement Program

- Changes the funding model used by the Behavioral Health Drug Reimbursement Program from one that is solely reimbursement to one of financial assistance.

## VOIP service immunity

- Exempts, except for willful or wanton misconduct, voice over internet protocol (VOIP) service providers from liability in a civil action for damages resulting from their acts or omissions in connection with the 9-8-8 Hotline.

## DBH Trust Fund

- Eliminates authorization to transfer unexpended, unencumbered balances of DBH's GRF appropriations to the DBH Trust Fund.

## High-THC cannabis impact research study

- Requires DBH to collaborate with the Department of Commerce and a public university, public safety agency, or research consortium to assess cannabis regulation and the health risks and benefits of cannabis use.
- Requires DBH to submit a report to the Governor and General Assembly by June 30, 2026, and June 30, 2027, and to publish the report on its website.

## Ibogaine Treatment Study Committee

- Establishes the Ibogaine Treatment Study Committee to evaluate the use of ibogaine for treating individuals with substance use disorders and veterans with post-traumatic stress disorder, depression, and mild traumatic brain injuries.
- Requires the committee to submit a report with recommendations for legislation addressing the use of ibogaine to the General Assembly by December 31, 2027, after which the committee is dissolved.

## Residential facilities directory

- Requires DBH to publish on its website a directory of all residential facilities it licenses.

# Renaming the Department and Director

(R.C. 121.02 and 5119.011; conforming changes in numerous R.C. sections)

The act changes the name of the Department of Mental Health and Addiction Services to the Department of Behavioral Health (DBH). In turn, the Director of Mental Health and Addiction Services is renamed the Director of Behavioral Health.

Whenever the Department or Director of Mental Health and Addiction Services is referred to or designated in any statute, rule, contract, grant, or other document, the act requires that the reference or designation be construed as the Department or Director of Behavioral Health, respectively.

This analysis uses the new names, and their corresponding acronyms, when referencing the Department or Director.

## Summary suspension of residential facilities licensed by DBH

(R.C. 5119.34 and 5119.344)

The act allows DBH to suspend the license of a Class 1 residential facility that serves children without a prior hearing. Under continuing law, unchanged by the act, a Class 1 residential facility provides accommodations, supervision, and personal care services for one or more unrelated adults with mental illness or one or more unrelated children or adolescents with severe emotional disturbances.[19]

The act identifies the following as circumstances for suspension:

- A child suffers a serious injury or dies while residing in the residential facility.
- A public children services agency (PCSA) receives a report of abuse or neglect and the person alleged to have inflicted abuse or neglect on the child is either of the following:
  - A principal of the residential facility (defined as the facility's owner, operator, or manager);
  - An employee of the residential facility who has not been immediately placed on administrative leave or released from employment.
- DBH, a PCSA, or a county department of job and family services determines that a principal, employee, volunteer, or nonresident occupant of the residential facility created a serious risk to the health or safety of a child residing in the facility that resulted in or could have resulted in a child's death or injury.
- A principal, employee, resident, volunteer, or nonresident occupant of the facility was charged by an indictment, information, or complaint with an offense relating to the death, injury, or sexual assault of another person that occurred on facility premises.
- A principal, employee, volunteer, or nonresident occupant of the facility was charged by an indictment, information, or complaint with an offense relating to the death, injury, or sexual assault of a child residing in the facility.
- The residential facility is not in compliance with administrative rules pertaining to background investigations for owners, operators, employees, and other specified individuals.

If DBH suspends a license without a prior hearing, it must comply with continuing law notice requirements, and the facility owner may request an adjudicatory hearing. Notice and hearing must be conducted pursuant to the Administrative Procedure Act. If a hearing is requested and DBH does not issue its final adjudication order within 120 days after the suspension, the suspension is void on the 121st day, unless the hearing is continued on agreement by the parties or for good cause.

[19] R.C. 5119.34(B)(1)(a).

A summary suspension remains in effect until any of the following occurs:

- The PCSA completes its investigation of the report of abuse and neglect and determines that all of the allegations are unsubstantiated.
- All criminal charges are disposed of through dismissal or a finding of not guilty.
- DBH issues a final order terminating the suspension in accordance with the Administrative Procedure Act.

The act prohibits a residential facility from placing children in the facility while a summary suspension remains in effect. Upon issuing the order of suspension, DBH must place a hold on the facility's license or indicate that the license is suspended in the Statewide Automated Child Welfare Information System.

The act allows the DBH Director to adopt rules in accordance with the Administrative Procedure Act to establish standards and procedures for the summary suspension of licenses. The act also specifies that these provisions do not limit DBH's authority to take other actions, such as issuing an order suspending the admission of residents to a residential facility, refusing to issue or renew a license for a facility, or revoking a facility's license under continuing law adjudication procedures.

## Grounds for disciplinary action

(R.C. 5119.33, 5119.34, 5119.36, and 5119.99)

The act consolidates the reasons for which DBH may impose disciplinary actions regarding its licensure of hospitals and residential facilities and certification of services and supports. As a result, it permits DBH to deny, refuse to renew, or revoke a license for failing the qualifications for licensure or certification, including the availability of adequate staff and equipment and whether adverse action has been taken against an applicant or certain associates.

## Notice of adverse actions taken by other regulators

(R.C. 5119.33, 5119.334, 5119.34, 5119.343, 5119.36, and 5119.367)

When submitting an application for initial or renewed hospital licensure, residential facility licensure, or services and supports certification, continuing law requires an applicant to notify DBH of any adverse action taken against a specified entity or associate of the applicant within the preceding three years. For hospital licensure this includes the hospital and any owner, sponsor, medical director, administrator, or principal of the hospital. For residential facility licensure this includes the residential facility and any owner, operator, or manager of the facility. For certifiable services and supports certification, this includes the applicant and any owner or principal of the applicant.

The act extends this requirement to also include the reporting of any adverse action taken within three years against any subsidiary of a hospital, owner, or sponsor; residential facility, owner, or operator; or applicant or owner for hospitals, residential facilities, and services and supports respectively. The act also specifies that an adverse action taken by DBH is not included in the reporting requirement.

Continuing law permits DBH to refuse to issue a license or certification if adverse action was taken during the three-year period preceding the date of application. The act expands the potential to act on adverse action by allowing DBH to refuse to issue, refuse to renew, or revoke a license for adverse action taken during the three-year period preceding the date of notification or date of becoming aware of the adverse action.

## Subsidiaries of opioid treatment programs

(R.C. 5119.37)

Continuing law requires a provider seeking a license for an opioid treatment program, and any owner, sponsor, medical director, administrator, or principal of the provider, to have been in good standing to operate an opioid treatment program in all other program locations during the three-year period preceding the date of application. The act additionally requires a subsidiary of the provider, or a subsidiary of the provider's owner or sponsor, to have been in good standing for the same three-year period.

## Certified community behavioral health clinics

(R.C. 5119.211; Section 337.200)

The act permits DBH to establish a process and standards for the state certification of federally certified community behavioral health clinics (CCBHCs). CCBHCs are designed to ensure access to coordinated comprehensive behavioral health care. CCBHCs provide 24/7 crisis services, comprehensive behavioral health services that help people avoid seeking support across multiple providers, and care coordination that helps people navigate behavioral health care, physical health care, and social services.

If DBH begins certifying CCBHCs, it may coordinate with local, state, and federal government entities for the development and establishment of the clinics. The DBH Director may adopt rules as necessary for the certification of CCBHCs.

DBH may certify CCBHCs only if there is adequate state and federal funding available. If funding is insufficient for the certification of CCBHCs, DBH must determine whether and to what extent pilot projects or other initiatives could be implemented to support an integrated care approach for providing substance use disorder (SUD) and mental health treatment.

## Statewide mobile crisis system

(Section 337.190)

The act requires DBH to work with local, state, and federal government entities to develop and implement a statewide system of mobile crisis services for adults and children. The development of this system is contingent on the availability of state and federal funding. If there is not sufficient funding for a full system, DBH must determine how pilot projects or other initiatives for providing mobile crisis services could be implemented.

## Behavioral health block grants

(Section 337.20)

The act permits DBH to use GRF for block grants to boards of alcohol, drug addiction, and mental health services (ADAMHS boards). The block grants are intended to provide flexibility for ADAMHS boards to disburse funds to behavioral health providers to provide harm reduction, prevention, SUD treatment, mental health treatment, recovery supports, and crisis services in local communities. Six separate block grants may be created, and the DBH Director is responsible for establishing allowable uses for each type of block grant. The six types of block grants and suggested allowable uses are presented in the table below.

| Behavioral health block grants | | |
|---|---|---|
| **Block grant** | **Purpose** | **Suggested allowable uses** |
| Prevention State Block Grant | Provision of evidence-based or evidence-informed early intervention, suicide prevention, and other prevention services. | ▪ Prevention across the lifespan;<br>▪ Suicide prevention across the lifespan;<br>▪ Early intervention;<br>▪ Cross-system collaboration to address prevention needs in the community. |
| Crisis Services State Block Grant | Provision of crisis services and supports. | ▪ Substance use and mental health crisis stabilization centers;<br>▪ Crisis stabilization and crisis prevention services and supports;<br>▪ Cross-systems collaborative efforts to address crisis services needs in the community. |
| Mental Health State Block Grant | Provision of mental health services and recovery supports. | ▪ Mental health services, including treatment of indigent mentally ill persons subject to court order in hospitals or inpatient units. In selecting providers, ADAMHS boards may not refuse to contract with any local hospital or inpatient unit that is willing to accept the board's contract terms;<br>▪ Cross-system collaborative efforts to serve adults with serious mental illnesses who are involved in multiple human services or criminal justice systems;<br>▪ Other initiatives designed to address mental health needs. |

| Behavioral health block grants | | |
|---|---|---|
| **Block grant** | **Purpose** | **Suggested allowable uses** |
| Substance Use Disorder State Block Grant | Provision of alcohol and drug addiction services and recovery supports. | ▪ Initiatives concerning alcohol and drug addiction services;<br>▪ Substance use stabilization centers;<br>▪ Cross-system collaborative efforts to address SUD needs in the community. |
| Recovery Supports State Block Grant | Provision of recovery supports. | ▪ Subsidized support to meet the psychotropic and SUD treatment medication needs of indigent citizens to reduce unnecessary hospitalization due to lack of medication;<br>▪ Peer support;<br>▪ Operational expenses and minor facility improvements for class 2 and class 3 residential facilities and recovery housing residences;<br>▪ Community integration supports;<br>▪ Cross-system collaborative efforts to address recovery support needs in the community. |
| Criminal Justice State Block Grant | Provision of services and supports to incarcerated individuals and individuals being discharged from prisons and jails. | ▪ Medication-assisted treatment (MAT) and treatment involving drugs used in withdrawal management or detoxification;<br>▪ Community reintegration supports;<br>▪ SUD treatment and mental health treatment, including providing the treatment as an alternative to incarceration, as well as recovery supports;<br>▪ Forensic monitoring and tracking of individuals on condition release;<br>▪ Forensic and crisis response training;<br>▪ Projects that assist courts and law enforcement in identifying and developing appropriate alternative services to incarceration for nonviolent offenders with mental illnesses; |

| Behavioral health block grants | | |
|---|---|---|
| **Block grant** | **Purpose** | **Suggested allowable uses** |
| | | ▪ Services to incarcerated individuals with SUD, severe mental illness, or both, including screening and clinically appropriate treatment;<br>▪ Linkages to, and the provision of, SUD treatment, mental health treatment, recovery supports, and specialized re-entry services for incarcerated individuals leaving prisons and jails;<br>▪ Support of specialized dockets, including expansion of existing MAT drug court programs, creation of new MAT drug court programs, and assistance with administrative expenses of participating courts, community addiction services providers, and community mental health services providers;<br>▪ Cross-system collaborative efforts to address the needs of individuals involved in the criminal justice system. |

The DBH Director is responsible for creating methodologies to guide the distribution of block grants to ADAMHS boards. The Director must consider population indicators, poverty rates, health workforce shortage statistics, relevant emerging behavioral health trends, and the amount of FY 2025 awards made to each ADAMHS board for related programs.

The Director must also create a uniform reporting structure to track expenditures, uses, and outcomes of the block grants and how the expenditures, uses, and outcomes are tied to the ADAMHS boards' community plans. Certain data points must be collected, including data regarding expenditures, types of services provided and number of individuals served, provider determination and monitoring activities, and performance indicators and outcomes. The data must be made available in accordance with Ohio data governance best practices and federal and state security standards.

## Community innovations

(Section 337.100)

The act requires the DBH Director to evaluate programs, projects, or systems operated at least partly outside of the Department where a targeted financial investment is expected to decrease demand for DBH or other state resources or measurably improve outcomes for Ohioans with mental illnesses or addictions. The Director must select private not-for-profit entities to receive funds. Each recipient must enter into an agreement with DBH identifying allowable

expenditures of funds, other commitment of funds or other resources, expected state savings or improved outcomes and the proposed mechanisms for such savings or outcomes, and required reporting regarding expenditures and outcomes.

Additional funds are appropriated to support workforce development initiatives, provide behavioral health access and opportunities, support peer-run organizations, and coordinate care across the behavioral health continuum.

## Recovery housing – confidentiality of investigative materials

(R.C. 5119.393 and 5119.394)

The act establishes confidentiality requirements regarding complaints and information received or generated by DBH or its contractors while investigating complaints involving recovery housing residences. Complaints and information determined to be confidential under the act are not considered public records, are exempt from the laws governing state and local agencies' personal information systems (R.C. Chapter 1347), and are not subject to discovery in any civil action.

Confidential complaints and information may be disclosed in the following circumstances:

- When required by law;
- When shared with other regulatory agencies or officers;
- When admitted into evidence in a criminal trial or administrative hearing if appropriate measures are taken to ensure confidentiality;
- When included by reference as part of DBH's registry of recovery housing residences, as long as DBH makes its best effort to protect confidentiality.

## Patient billing in state-operated psychiatric hospitals

### Calculation of base charge

(R.C. 5121.33; conforming changes in R.C. 5121.30, 5121.32, 5121.34, and 5121.41)

Regarding DBH's methodology used in determining how much a patient, patient's estate, and liable relative must be charged for each day of care and treatment received in a DBH-operated hospital for mental illnesses, the act makes the following modifications:

- Allows the amount to be calculated by multiplying the number of days of admission by whichever of the following DBH determines applies: the hospital's per diem charge or its ancillary per diem rate. (Prior law required DBH to use only the per diem charge when making the calculation. The ancillary rate had been used only when calculating the discounted charges for care provided beyond 30 days to patients with incomes between 175% and 400% of the federal poverty level.)

- Removes the requirement to add any unpaid amounts to the charges calculated for each billing cycle. (The collection of delinquent payments continues to be accounted for in a separate law.[20])

### Coordination with health benefits

(R.C. 5121.43)

Regarding a patient in a DBH-operated hospital who has a health insurance policy or contract with coverage of hospital-based mental health services, under the act, if the amount received through health benefits is less than DBH's calculated base charge, the patient (or the patient's estate or liable relatives) must pay the lesser of the following:

- The amount of the base charge that remains after subtracting the amount received through health benefits;
- The amount of the base charge that applies after DBH takes into consideration any of the discounts and other payment reductions that may be offered under existing law to a patient, according to a financial assessment of the patient's assets and annual income.

The act eliminates a corresponding law under which a patient with health benefits is ineligible for DBH's discounts and other payment reductions while the patient's insurance policy or other contract is in force.

## Behavioral Health Drug Reimbursement Program

(R.C. 5119.19)

Regarding the allocation of state funds under DBH's Behavioral Health Drug Reimbursement Program, the act authorizes a system of financial assistance, rather than only reimbursement. As a result, the allocations may be made either before or after the cost of the drugs is incurred by the program's participants. The program provides state funds to counties for the cost of certain drugs provided to inmates of county jails, including psychotropic drugs, drugs used in medication-assisted treatment, and drugs used in withdrawal management or detoxification.

## VOIP service immunity

(R.C. 5119.85)

The act explicitly exempts, except for willful or wanton misconduct, voice over internet protocol (VOIP) service providers and other affiliated persons from liability in a civil action for damages resulting from their acts or omissions in connection with the 9-8-8 Hotline.

Under continuing law, except for willful or wanton misconduct, a telephone company and any other installer, maintainer, or provider, through the sale or otherwise, of customer premises equipment, or service used for or with the 9-8-8 Hotline, and their respective officers, directors, employees, agents, suppliers, corporate parents, and affiliates are not liable in damages in a civil

[20] See R.C. 5121.45, not in the act.

action for injuries, death, or loss to persons or property incurred by any person resulting from the covered entities' or affiliated persons' participation in, or acts or omissions connected with participating in or developing, maintaining, or operating the 9-8-8 Hotline.

## DBH Trust Fund

(R.C. 5119.46)

The act eliminates authorization for the transfer of unexpended, unencumbered balances of DBH's GRF appropriations to the DBH Trust Fund, and permits money in the trust fund to be used only as appropriated by the General Assembly or by the Controlling Board. The fund will continue to receive all funds received from the sale or lease of lands and facilities by DBH.

## High-THC cannabis impact research study

(Section 751.90)

The act requires DBH to collaborate with the Department of Commerce and a public university, public safety agency, or research consortium selected by DBH to conduct a study regarding cannabis use. The study must assess the potential health risks and benefits of cannabis and hemp-derived product use, review relevant state-level program evaluations from other states, and review peer-reviewed research. The study must consider all of the following:

- Physical, behavioral, cognitive, and neurodevelopmental effects of chronic or early use of high-potency THC cannabis products, particularly among individuals under age 25;
- Cannabis-induced psychosis and schizophrenia;
- Cannabis hyperemesis syndrome;
- The relationship between cannabis use and depression, anxiety, suicidal ideation, completed suicides, and cannabis use disorder;
- The relationship between cannabis use and cognitive and neurodevelopmental impairments such as decline in memory and executive functioning;
- Disproportionate impacts of cannabis use on vulnerable populations, including youth, pregnant women, unborn children, and individuals with a history of trauma or mental illness;
- The relationship between cannabis use and IQ loss; and
- Health benefits of cannabis and hemp-derived products, including potential therapeutic uses and recommended guidelines for potency and usage.

DBH must compile a report that includes (1) a comparative analysis of THC regulations, potency limits, and health outcomes from other states' cannabis programs, (2) a synthesis of peer-reviewed research and reputable state program data, and (3) recommendations for cannabis regulation, prevention education, public education campaigns, and outreach efforts for stakeholders such as the General Assembly, state agencies, employers, educators, and the general public. If necessary, the Department may seek the input of ODH, RecoveryOhio, BWC,

DPS, the Attorney General, the State Medical Board of Ohio, the Ohio High-Intensity Drug Trafficking Area, prevention consultants certified by CDP, and children's hospitals.

DBH must submit an initial report to the Governor and the General Assembly by June 30, 2026. A final report must be submitted by June 30, 2027. The act appropriates $300,000 in each fiscal year to be used for the study.

## Ibogaine Treatment Study Committee

(Section 751.40)

The act creates the Ibogaine Treatment Study Committee. The committee is responsible for evaluating the use of ibogaine (a compound found in the roots of the African iboga shrub) to care for and treat people with substance use disorders and veterans with post-traumatic stress disorder (PTSD), depression, and mild traumatic brain injuries (TBIs). The committee must consider the needs of the foregoing people and the efficacy of ibogaine to treat their conditions. The committee also must examine state and federal law regarding ibogaine and explore any other relevant topics. DBH must provide any administrative support necessary to execute the committee's duties.

The committee must meet as often as necessary and has six members: two members of the General Assembly appointed by the Speaker of the House, two members of the General Assembly appointed by the Senate President, the DBH Director or the Director's designee, and the Director of Veterans Services or the Director's designee. All members must be appointed by October 30, 2025, and vacancies must be filled within 30 days. The members are responsible for selecting a chairperson.

By December 31, 2027, the committee must submit a report to the General Assembly containing its recommendations for legislation addressing the use of ibogaine to treat people with substance use disorders and veterans with PTSD, depression, and mild TBIs. After the report is submitted, the committee is dissolved.

## Residential facilities directory

(R.C. 5119.345)

The act requires DBH to publish a directory of all residential facilities it licenses. The directory must be published on DBH's website and include each facility's name, full address, services offered, and categorization as a Class 1, Class 2, or Class 3 facility. The categories vary based on the population served, number of individuals residing in the facilities, and services provided.

# OFFICE OF BUDGET AND MANAGEMENT

## State appropriation limitations (VETOED)

- Would have modified, starting July 1, 2027, how the state appropriation limitations (SAL) are calculated by requiring the inclusion of certain non-GRF appropriations in the SAL calculation (VETOED).
- Would have eliminated the SAL alternative growth factor related to population growth and inflation (VETOED).
- Would have eliminated the General Assembly's authority to exceed the SAL in response to an emergency proclamation by the Governor (VETOED).
- Would have required the Governor to itemize all non-GRF appropriation line items that are subject to the SAL as part of the Governor's biennial budget submissions (VETOED).

## Impact of federal grant suspension

- States that if the federal government reduces or suspends any federal program that provides funding for a corresponding state program, that state program may be reduced or suspended.

## OBM support services

- Requires OBM to perform routine support services for the New African Immigrants Commission.
- Authorizes OBM to perform routine support services for any board or commission upon request.

## Targeted Addiction Assistance Fund

- Creates the Targeted Addiction Assistance Fund to receive all funding awarded to the state to address the effects of the opioid crisis.
- Specifies that, beginning January 15, 2027, any money received under the settlement agreement in *State of Ohio v. McKesson Corp.* must be certified by the Attorney General and sent to OBM for deposit in the fund.
- Requires the OBM Director to notify the Speaker of the House, Senate President, and the chairpersons of the House and Senate Finance Committees when money is deposited into the fund.

## Fund interest to GRF (PARTIALLY VETOED)

- Redirects the interest earned by various funds to the GRF (PARTIALLY VETOED).

## State Land Royalty Fund

- Revises the requirements and procedures regarding the transfer of money derived from oil and gas leases on state land from the existing State Land Royalty Fund (SLRF) to individual funds administered by state agencies.
- Creates three funds for such transfers for DNR, the Division of Wildlife in DNR, and ODOT, but retains the current law authority for any other state agency to designate a fund for oil and gas lease deposits.

## Centralized reporting system for state grants (VETOED)

- Would have required the OBM Director to establish and administer a centralized reporting system for state grant recipient financial status reports (VETOED).

## Computer data center tax exemption application

- Removes the OBM Director as one of the officials who receives, forwarded by the tax credit authority, copies of an application for a complete or partial tax exemption from a taxpayer who proposes a capital improvement project for an eligible computer data center.

## State appropriation limitations (VETOED)

(R.C. 107.032, 107.033, 107.034, repealed, 107.035, 131.56, 131.57, and 131.58; Section 701.60)

### SAL calculation

The Governor vetoed provisions that would have changed how the state appropriation limitations (SAL) are calculated starting in FY 2028 (starting July 1, 2027). Under continuing law, the Governor must include the SAL as part of the executive budget proposal at the beginning of each new General Assembly. The act also explicitly would have directed the Governor to take the changes into account when calculating the SAL for FY 2028. Generally, the SAL limits the growth of GRF spending to a designated percentage each biennium. For more background on the SAL, please see LSC's Guidebook for Ohio Legislators, Chapter 8 (PDF), available on LSC's website at lsc.ohio.gov.

#### Non-GRF appropriations to be included in SAL calculation

The act would have included in the meaning of "aggregate GRF appropriations" any appropriations made indirectly from any non-GRF fund that is supported by cash transfers from the GRF. This would likely have resulted in more appropriations being classified as aggregate GRF appropriations and thus subject to the SAL.

Under continuing law, an appropriation that originates in the GRF will continue to be included in the SAL calculation even if that appropriation is subsequently moved to a non-GRF account. The act would have stipulated that any tax revenue credited to the GRF during FYs 2026 and 2027 would be a GRF tax source funding GRF appropriations for the succeeding fiscal year even if the tax revenue is later credited to a non-GRF account.

### SAL growth factor

The act would have revised the growth factor for calculating the SAL. It retained the SAL growth factor at 3.5%, but eliminated the alternative growth factor based on inflation and population growth. Under continuing law, the SAL is calculated using the greater of the following figures:

- The previous year's SAL (or aggregate GRF appropriations for the previous fiscal year, in certain years) multiplied by 3.5% (standard growth factor);
- The sum of the rate of inflation plus the rate of population change (alternative growth factor).

### Elimination of SAL exception for emergency proclamation

The act also would have eliminated, beginning in FY 2028, an exception permitting the General Assembly to exceed the SAL if the excess appropriations are made in response to a Governor's emergency proclamation and the appropriations are used for that emergency.

### List of non-GRF appropriation items subject to SAL

Finally, the act would have required the Governor to identify in the executive budget proposal all non-GRF appropriation line items (ALIs) that were subject to the SAL for the current fiscal year. If the Governor decided to continue funding any of those non-GRF line items, the Governor would have been required, to the greatest extent possible, to propose funding for those non-GRF line items from the GRF for each respective fiscal year of the biennium covered by that budget. Also, as part of the proposal, the Governor would have been required to include a table listing any remaining non-GRF ALIs that are subject to the SAL for the current fiscal year and for each respective fiscal year of the biennium covered by that budget.

## Impact of federal grant suspension

(R.C. 126.10)

The act states that, notwithstanding any law to the contrary, if the federal government reduces or suspends any federal program that provides federal funds for any corresponding state program, that state program may be reduced or suspended. The act does not specify who makes the determination to reduce or suspend the program. The reduction or suspension includes any contract, agreement, memorandum of understanding, or any other covenant entered into by the state that is dependent on federal funding.

The act defines a state program as any program, initiative, or service administered or overseen by an agency, which includes any board, department, division, commission, bureau, society, council, or public institution of higher education, but does not include the General Assembly, the Controlling Board, the Adjutant General, or any court.

## OBM support services

(R.C. 126.42)

The act requires the Office of Budget and Management (OBM) to provide routine support services for the New African Immigrants Commission, in addition to the 16 other boards that

must receive these services under continuing law. Also, the act authorizes OBM to perform routine support services for any board or commission upon request. Former law permitted OBM to perform the services for only professional or occupational licensing boards or commissions.

Under continuing law, routine support services include tasks such as preparing and processing payroll, maintaining ledgers of accounts and balances, and routine human resources and personnel services.

## Targeted Addiction Assistance Fund

(R.C. 126.67)

The act creates the Targeted Addiction Assistance Fund in the state treasury, to consist of all money awarded to the state by court order that is intended to address the effects of the opioid crisis. Beginning January 15, 2027, any money received under the settlement agreement in *State of Ohio v. McKesson Corp*[21] must be certified by the Attorney General and sent to OBM for deposit in the fund. The OBM Director must notify the Speaker of the House, Senate President, and the chairpersons of the House and Senate Finance Committees when money is deposited into the fund.

## Fund interest to GRF (PARTIALLY VETOED)

(R.C. 105.41, 122.14, 122.6510, 122.6511, 122.6512, 126.24, 126.60, 126.62, 131.43, 2108.34, 3701.841, 5168.25, and 5753.031; Section 503.140)

The act redirects interest earnings from the following funds to the GRF. The Governor vetoed some of the transfers, which are noted in parentheses:

- Budget Stabilization Fund;
- Roadwork Development Fund;
- Brownfields Revolving Loan Fund (VETOED);
- Brownfield Remediation Fund;
- Building Demolition and Site Revitalization Fund;
- OAKS Support Organization Fund (VETOED);
- H2Ohio Fund;
- All Ohio Future Fund;
- Facilities Establishment Fund (VETOED);
- Second Chance Trust Fund;
- Tobacco Use Prevention Fund (VETOED);

[21] Case No. CVH20180055, C.P. Madison Co., settlement agreement of October 7, 2021.

- Lottery Profits Education Fund;
- State Liquor Regulatory Fund;
- Hospital Assessment Fund (VETOED); and
- Sports Gaming Profits Education Fund (VETOED).

Additionally, the act requires OBM to direct the investment earnings of the following funds to the GRF by July 15, 2025:

- Capitol Square Improvement Fund;
- Health Care/Medicaid Support and Recoveries Fund (VETOED); and
- Ohio Workforce Incumbent Job Training Fund.

For the vetoed provisions above, the funds will continue to retain their interest as a result of the Governor's vetoes.

## State Land Royalty Fund

(R.C. 131.50)

The act revises the requirements and procedures regarding money transferred from the State Land Royalty Fund (SLRF). The SLRF contains the proceeds of oil and gas leases entered into by state agencies. The act moves from the Treasurer of State to OBM the responsibility to transfer funds from the SLRF. It also creates three new funds that must be used for deposits intended for DNR, the Division of Wildlife in DNR, and ODOT – the Natural Resources Land Royalty Fund, the Wildlife Land Royalty Fund, and the Transportation Land Royalty Fund. For every other state agency, the act retains the authority for each state agency to designate a fund for oil and gas lease deposits.

Under prior law, money in the SLRF derived from DNR lands had to be transferred to funds administered by divisions in DNR after consultation with the DNR Director. Money in the SLRF derived from ODOT lands had to be transferred to a fund designated by the agency.

## Centralized reporting system for state grants (VETOED)

(R.C. 126.17)

The Governor vetoed a provision that would have required the OBM Director to establish and administer a centralized reporting system to receive financial status reports submitted by state grant recipients. It would have required the Director to adopt rules to set forth the information to be included in the financial status reports, the frequency at which reports must be submitted, and guidelines for determining direct and indirect costs.

The financial status reports would have been required to include all the following:

- An accounting of the expenditure of grant funds by a state grant recipient, separately identifying any amount spent by a vendor and items purchased to directly benefit the public, and the amount of indirect costs;

- A project progress report;
- Confirmation that the state grant recipient complies with applicable laws or regulations.

A state agency that issued a grant would have been required to inform a grant recipient of these requirements and provide the name and contact information of each recipient, the amount of the grant, and other project-identifying information to the Director.

## Computer data center tax exemption application

(R.C. 122.175(C))

The act removes the OBM Director as one of the officials who receives, forwarded by the tax credit authority, copies of an application for a complete or partial tax exemption from a taxpayer who proposes a capital improvement project for a computer data center. Under continuing law, the Tax Commissioner and Director of Development receive copies of the application and review it to determine the economic impact that the proposed data center would have on Ohio and political subdivisions.

# BUREAU OF WORKERS' COMPENSATION

- Would have made political subdivision personnel rendering intrastate mutual assistance or aid under an agreement with another subdivision or the Ohio Intrastate Mutual Aid Compact employees of the Ohio Emergency Management Agency for purposes of workers' compensation coverage (VETOED).

## Personnel providing intrastate mutual assistance or aid (VETOED)

(R.C. 5502.29 and 5502.41)

The Governor vetoed a provision that, for purposes of the Workers' Compensation Law,[22] would have made political subdivision personnel rendering intrastate mutual assistance or aid outside their respective political subdivisions employees of the Ohio Emergency Management Agency (OEMA), established within DPS, if such assistance or aid was rendered under either of the following:

- A mutual assistance or aid agreement with another political subdivision;
- The Ohio Intrastate Mutual Aid Compact.

Political subdivision personnel who suffer injury or death while rendering mutual assistance or aid in a different political subdivision pursuant to an agreement with the recipient subdivision or under the state compact are eligible for workers' compensation to the same extent as while serving in the political subdivisions in which the personnel ordinarily work. However, they remain employees or agents of their respective political subdivisions for all purposes, including workers' compensation coverage. But for the Governor's veto, they would have remained employees of their political subdivisions for all other employment-related benefits, except that compensation or benefits paid under the Workers' Compensation Law would have been charged to OEMA's workers' compensation policy.

[22] R.C. Chapters 4121, 4123, 4127, and 4131.

# CHEMICAL DEPENDENCY PROFESSIONALS BOARD

## Terminology change

- Replaces the term "chemical dependency" with "substance use disorder."

## Applications

- Requires applicants for licensure, certification, or endorsement from the Board to submit an application in the manner the Board prescribes.

## Discipline

- Permits the Chemical Dependency Professionals Board to discipline an individual credentialed by the Board for an inability to practice due to mental illness or physical illness.
- Permits the Board to discipline an individual credentialed by the Board for conviction in another jurisdiction of either a felony or misdemeanors committed in the course of practice.

## Internships, practicums, and work experience

- Permits the Board to require internships or practicums as a condition of licensure, certification, or endorsement, instead of preceptorships as specified by current law.

## Alternative pathways to licensure

- Eliminates pathways to licensure that require the professional to hold formerly accepted credentials on December 23, 2002.
- Eliminates a pathway to licensure as a chemical dependency counselor II that requires a professional to have held a certificate as a chemical dependency counselor assistant since 2008 and meet other requirements.
- Eliminates a pathway for licensure as an independent chemical dependency counselor-clinical supervisor for applicants who held a license on March 22, 2013, under which an applicant is not required to pay a fee or comply with other licensure requirements.

## Codes of ethics

- Requires the codes of ethics adopted by the Board to prohibit engaging in multiple relationships with clients.
- Expands specific requirements for the development of codes of ethics to apply to all professionals credentialed by the Board.

## Board membership

- Eliminates requirements that (1) not more than half of the Board be of the same gender and (2) at least two voting members be of African, Native American, Hispanic, or Asian descent.

## Chemical dependency counselor I license

- Eliminates obsolete references to the chemical dependency counselor I license, for which initial licensure was eliminated in 2002 and renewals ceased in 2008.

## Eliminated requirements

- Eliminates a requirement that each license or certificate include the Board's address and telephone number.
- Eliminates a requirement that a holder of a license, certificate, or endorsement issued by the Board prominently post that license, certificate, or endorsement at the holder's place of employment.

## Terminology change

(R.C. 4758.01; conforming changes in R.C. 4757.41, 4758.02, 4758.03, 4758.10, 4758.13, 4758.20, 4758.22, 4758.221, 4758.23, 4758.30, 4758.31, 4758.36, 4758.39, 4758.40, 4758.41, 4758.42, 4758.43, 4758.52, 4758.54, 4758.55, 4758.56, 4758.57, and 4758.59)

The act replaces the term "chemical dependency" with "substance use disorder" throughout R.C. Chapter 4758, but retains the name of all chemical dependency counselors and the Chemical Dependency Professionals (CDP) Board.

## Applications

(R.C. 4758.35)

The act removes a requirement that an application for licensure, certification, or endorsement by the CDP Board be written, instead requiring it to be submitted in a manner the Board prescribes.

## Discipline

(R.C. 4758.20 and 4758.30)

The act specifies that the Board may impose discipline on an individual credentialed by the Board if the individual is unable to practice by reason of mental illness or physical illness, including physical deterioration that adversely affects cognitive, motor, or perceptive skills. Previously, the Board could discipline an individual if that individual was unable to practice due to a physical or mental condition.

Continuing law permits the Board to discipline a professional for conviction in Ohio or any other state of a crime that is either a felony in Ohio or a misdemeanor that is committed in the course of practice. The act extends this to include conviction in any other jurisdiction.

## Internships, practicums, and work experience

(R.C. 4758.20)

The act permits the CDP Board to require internships and practicums as a condition of licensure, certification, or endorsement, in place of preceptorships under former law.

## Alternative pathways to licensure

(R.C. 4758.241, repealed, 4758.40, 4758.41, 4758.42, 4758.43, 4758.44, and 4758.45)

The act removes a pathway for licensure as an independent chemical dependency counselor, chemical dependency counselor III, chemical dependency counselor II, prevention consultant, or prevention specialist, or certification as a chemical dependency counselor assistant, if the professional held a license or certification on December 23, 2002, and, for independent chemical dependency counselors and chemical dependency counselors III, met additional requirements.

The act also removes a pathway to licensure as a chemical dependency counselor II for professionals who continuously held a chemical dependency counselor assistant certificate and practiced under supervision since December 31, 2008, provided a written recommendation from a supervisor, received Board-approved training, and passed a chemical dependency counselor II license exam.

Finally, the act removes an alternative pathway for licensure as an independent chemical dependency counselor-clinical supervisor. Previously, an applicant who held an independent chemical dependency counselor license on March 22, 2013, could receive an independent chemical dependency counselor-clinical supervisor license without paying a license fee or meeting additional requirements for that license.

## Codes of ethics

(R.C. 4758.23)

The CDP Board is required to establish codes of ethical practice and professional conduct for the professionals it licenses, certifies, and endorses. Former law required the codes for chemical dependency counselors to define unprofessional conduct, including engaging in a dual relationship with a client, former client, consumer, or former consumer. The act expands the requirements regarding unprofessional conduct to all professionals credentialed by the Board, and instead of prohibiting engaging in a dual relationship, the codes must prohibit engaging in multiple relationships with a person being served.

## Board membership

(R.C. 4758.10)

The act eliminates law requiring no more than half of the voting members of the CDP Board to be of the same gender and at least two of the members to be of African, Native American, Hispanic, or Asian descent. It retains a requirement that no more than half of the voting members may be from the same political party.

## Chemical dependency counselor I license

(R.C. 4758.02, 4758.24, and 4758.27)

The chemical dependency counselor I license was eliminated in 2002. People who were licensed as a chemical dependency counselor I in 2002 were permitted to keep practicing under

that license for a limited time, but renewals ceased in 2008. The act eliminates remaining references to theses licenses from statute.

## Eliminated requirements

(R.C. 4758.18, and 4758.50, repealed)

The act eliminates a requirement that the CDP Board include the Board's address and telephone number on each license or certificate it issues. It also eliminates a requirement that a holder of a license, certificate, or endorsement issued by the Board prominently post that license, certificate, or endorsement at the holder's place of employment.

# DEPARTMENT OF CHILDREN AND YOUTH

## I. Child Care

## Publicly funded child care (PFCC)

### Eligibility

- Maintains the maximum amount of family income for initial PFCC eligibility at 145% of the federal poverty line, and for special needs child care, at 150%, until June 30, 2027.
- Repeals provisions that allow an applicant to receive PFCC while a county department of job and family services (CDJFS) determines the applicant's eligibility.
- Expands to 12 months (from a maximum of 90 days) the period for which a family is eligible for homeless child care.

### Provider payment

- Requires payment to PFCC providers to be made prospectively, by changing references from "reimbursement" to "payment" in the PFCC laws.
- Requires the Department of Children and Youth (DCY) to establish for the period beginning not later than December 31, 2025, and ending June 30, 2027, certain PFCC payment categories and time increments for the number of hours per week that a child is authorized to receive publicly funded child care.
- Increases PFCC provider payments from the rate the provider customarily charges for providing child care to the payment rate established by DCY in rules for PFCC providers that customarily charge below the payment rate.
- For the period beginning not later than December 31, 2025, and ending June 30, 2027, prohibits DCY from aligning type A family care home payment rates with those for child care centers and instead requires type A rates to align with those for type B family child care homes.
- Requires DCY, when aligning family child care home payment rates for that period, to pay at the rates established in accordance with continuing law requirements.
- Beginning not later than July 5, 2026, requires DCY to calculate publicly funded child care payments based on a child's enrollment with a child care provider, rather than on the child's attendance as under current law.
- Authorizes DCY to contract with a third-party entity to analyze child care prices in even-numbered years.

## Provider licensure

- Increases from six to seven the number of children that may receive care in a type B family child care home and increases to 8 to 14 (from 7 to 12) the number of children that may receive care in a type A family child care home.

- Requires a second adult to be present in a type A family child care home if at least four children under age two or more than seven children total are receiving care at one time.
- Removes the requirement that an in-home aide be recertified every two years.

## Child Care Choice Voucher Program

- Requires DCY to establish the Child Care Choice Voucher Program to provide vouchers to eligible families to assist them with child care costs.

## Early Childhood Education Grant Program

- Codifies the Early Childhood Education Grant Program, with the aim of supporting and investing in Ohio's early learning and development programs.
- Establishes eligibility conditions for participation, including that an early learning and development program (1) satisfy quality standards specified by the DCY Director, and (2) provide early learning and development services to one or more preschool-aged children with family incomes not exceeding 200% of the federal poverty line.
- Generally requires funds appropriated to the program to be distributed to grant recipients, and prohibits more than 2% to be used for program support and technical assistance.
- Requires the DCY Director to adopt rules to administer the program, including rules addressing (1) eligibility conditions and other requirements, (2) standards, procedures, and requirements for applying for and distributing grants, and (3) methods by which DCY may recover erroneous payments.

## Child Care Cred Program

- Creates the Child Care Cred Program that allows for child care costs to be shared by participating employees, employers, and DCY.
- Requires each participating employee to choose a child care provider for the employee's child, but specifies that the chosen provider must hold a license issued by DCY or be certified by a county department of job and family services.
- Appropriates $10 million for the program

## Child Care Provider Recruitment and Mentorship Grants

- Establishes the Child Care Recruitment and Mentorship Grant Program to help increase the number of licensed child care providers in Ohio.

## Transfer preschool reporting to DCY

- Requires DCY alone, instead of with the Department of Education and Workforce, to provide consultation and technical assistance and in-service training to, and annually inspect and report on, preschool and school child programs operated by specified entities.

## Ohio professional registry

- Requires the DCY Director to contract with a third party to develop a registry information system to provide training and professional development opportunities to early learning and development program employees.

# II. Child Welfare

## Summary suspension of the certificate of an institution or association

- Allows DCY to suspend the certificate of an institution or association (defined generally under continuing law as an entity or individual, such as a foster caregiver, receiving or caring for children for two or more consecutive weeks) without a prior hearing for specified reasons primarily related to the actual or risk of harm to a child under the care and supervision of the institution or association.

## Requirements for group homes

- Requires the DCY Director to adopt rules in accordance with the Administrative Procedure Act to establish requirements regarding the following for group homes for children:
  - The use of the Ohio Professional Registry for completing background checks and criminal records checks for individuals overseeing or working within a group home;
  - Training on behavioral intervention;
  - Supervision of children, including staff-to-children ratios.
- Prohibits a group home operator from displacing a child to meet the ratio requirements.
- Allows the DCY Director to revoke or suspend the certificate of a group home that violates these requirements.

## Regional wellness campuses

- Requires DCY to assist with the establishment of regional child wellness campuses to serve children and youth who are, or are at risk of being, in the custody of a public children services agency (PCSA) but not yet placed in a licensed residential setting.

## Prevention services

- Changes the beneficiary of prevention services from the child to the family in law regarding referrals by a PCSA and the disclosure to a prevention services provider of confidential information discovered during an investigation.
- Specifies that if a family is determined to benefit from prevention services, the PCSA *ma*y make a referral to a provider, *if available* (instead of requiring referral).

## Mandatory reporter of child abuse and neglect

- Adds an employee of an entity providing home visiting services under the Help Me Grow program as a mandated reporter of child abuse and neglect.

## Request for proposals to establish rate cards

- Allows DCY to issue a request for proposals to establish statewide rate cards for placement and care of children eligible for foster care maintenance payments, except for foster homes and kinship caregivers.
- Requires, if a request for proposals is issued, DCY to review and accept the reasonable costs to cover specified requirements for each child eligible for foster care maintenance payments.
- Permits DCY to establish (1) a form for agencies or entities that provide placement services to children to report costs reimbursable under Title IV-E and Medicaid and (2) procedures to monitor the cost reports.

## Benefits to children under the custody of a Title IV-E agency

- Requires a Title IV-E agency that receives care and placement of a child to determine if the child is eligible for or receives certain benefits, including payments from the Social Security Administration and survivor benefits from the U.S. Department of Veterans Affairs and the state retirement systems.
- Prohibits a Title IV-E agency from using those benefits to pay for or reimburse the agency, county, or state for any cost of the child's care.

## Foster care adoption waiting period removal

- Removes the six-month waiting period from the requirement that a foster child reside in a foster caregiver's home for at least six months before a foster caregiver (1) may submit an application to adopt the child and (2) is exempt from adoption home study requirements.

## Ohio Adoption Grant Program changes

- Requires that grants be made to eligible applicants only to the extent state funds are available for this purpose.
- Requires the adoptive parent to be an Ohio resident at the time the adoption was finalized to be eligible for a grant.
- Specifies that a person who produces or submits false or misleading documentation or information to DCY for the purpose of receiving a grant is guilty of the crime of falsification, a first degree misdemeanor.
- Maintains confidentiality of records that are confidential under continuing federal or state law when they are provided to DCY as part of a grant application.

## Diagnostic ultrasound machine grant program

- Requires the DCY Director to purchase 3D diagnostic ultrasound machines and provide them through a grant program to certain Ohio entities that do not (1) charge for

ultrasound services provided to pregnant women or (2) promote abortion, perform abortion-related medical procedures, or make referrals for abortions.

## Responsible Fatherhood Initiative

- Requires DCY, through the Ohio Commission on Fatherhood, to contract with a nonprofit organization for the development and implementation of the Responsible Fatherhood Initiative and award grants to nonprofit organizations to provide support to fathers and materials and community engagement on fatherhood.
- Requires the Ohio Commission on Fatherhood to include in its annual report a performance evaluation of the grant recipients.
- Designates the month of June as "Responsible Fatherhood Month."

## Multi-system youth

- Requires JFS, DCY, DBH, DYS, ODM, and the Department of Developmental Disabilities to collaborate to identify and take appropriate action to meet the needs of multi-system youth more effectively and jointly submit a report to the General Assembly on serving those youth.

## Removal of Kinship Support Program state hearing rights

- Removes the option for a state hearing after a denial or termination of Kinship Support Program payments.

## Ohio Children's Trust Fund

### Child abuse and child neglect regional prevention councils

- Eliminates law dividing the state into eight child abuse and child neglect prevention regions and listing the counties encompassing each region and instead requires the Ohio Children's Trust Fund (OCTF) Board, in consultation with DCY, to determine the number of regions and the counties within each region.
- Reduces the term of each member of a child abuse and child neglect regional prevention council appointed by the OCTF Board from three years to two years.
- Allows a council member selected as chairperson of a council to be reappointed to a second term by the original appointing authority.
- Clarifies that the reappointment of a chairperson by a board of county commissioners is not considered to be an appointment under a continuing law that allows a board of county commissioners to appoint up to two members to a council.
- Permits (instead of requires) the OCTF Board to select a regional prevention coordinator to oversee each child abuse and child neglect regional prevention council.
- Requires OCTF staff to serve as regional prevention coordinator for any region without a coordinator that has been selected by the Board.

### Start-up costs for children's advocacy centers

- Allows an entity seeking to establish a children's advocacy center to request a one-time payment of up to $5,000 from the OCTF Board to be used towards start-up costs.

## III. Councils

## County family and children first councils

- Removes the prohibition that an individual whose family receives or has received services from an agency represented on a county family and children first council cannot serve on the county council if the individual is employed by an agency represented on the council, but requires the individual to complete a conflict of interest disclosure form and abstain from votes that involve the individual's employer.
- Permits the number of county council members representing families to equal 20% of a council's membership.
- Authorizes district level administrative designees to serve on a county council instead of the superintendent of the school district with the largest number of pupils in the county and another superintendent representing other districts.
- Permits, rather than requires, the administrative agent of a county council to send notice to specified persons when a member has been absent from a specified number of meetings.
- Permits a board of county commissioners to decline to establish or maintain a county council in specified circumstances.
- Permits a board that has decided not to establish or maintain a county council to reconsider that decision at any time but requires it to be reconsidered within five years.

## Advisory councils consolidation

- Requires the Governor to create and appoint members to the Children and Youth Advisory Council, replacing the Early Childhood Advisory Council, the Ohio Home Visiting Consortium, and the Early Intervention Services Advisory Council.
- States that the Council's purpose is to advise the Governor regarding prenatal and child-serving systems and to serve as the state advisory council on early childhood education and care and the state interagency coordinating council required by federal law.
- Requires the Council to create topic-specific advisory groups addressing at least the following: early childhood education and care, children services, maternal and infant vitality, early childhood mental health services and supports, and early intervention services.

# IV. DCY duties

## Autism services contracts

- Requires DCY – when applicable – to contract with an entity to administer programs and coordinate services for infants, preschool and school-age children, and adults with autism and low incidence disabilities.
- Eliminates the requirement that the Director of Education and Workforce give primary consideration to the Ohio Center for Autism and Low Incidence as the contracting entity when the Department of Education and Workforce contracts with an entity to administer and coordinate such programs and services.

## Biennial summit on home visiting

- Repeals law requiring DCY to facilitate, and allocate funds for, a biennial summit on home visiting.

## DCY transfers, recodification, and conforming changes

- Makes conforming changes and technical corrections to reflect the transfer of various duties and responsibilities to DCY in H.B. 133 of the 135th General Assembly.
- Removes obsolete language.
- Relocates and recodifies numerous Revised Code sections that relate to DCY's duties and responsibilities to the DCY chapter of the Revised Code (Chapter 5180) and makes conforming changes as a result.
- Transfers or adds responsibility regarding certain programs to DCY.

# I. Child Care

## Publicly funded child care (PFCC)

### Eligibility

(R.C. 5104.32, 5104.34, and 5104.38; Section 423.230)

First, the act extends until June 30, 2027, the law governing income eligibility for PFCC, which was set to expire June 30, 2025. Under both former law and the act, the maximum amount of income that a family may have for initial eligibility must not exceed 145% of the federal poverty line, while for special needs child care, the maximum amount must not exceed 150% of the federal poverty line.

The act further specifies that the maximum amount of income for continued eligibility must not exceed 300% of the federal poverty line. Under continuing law unchanged by the act, DCY must adopt rules specifying the maximum amount of income a family may have for initial and continued eligibility, with the maximum amount not to exceed 300% of the federal poverty line.

Second, the act repeals law that allows an applicant to receive PFCC while a county department of job and family services (CDJFS) determines the applicant's eligibility. Previously, the law allowed an applicant to do this once in a 12-month period. Included in this repeal are the following provisions:

- A requirement for a PFCC contract to specify that if the county department determines that an applicant is eligible for PFCC, a child care provider must be paid for all child care provided between the date the CDJFS receives the individual's completed application and the date the individual's eligibility is determined;
- If the county department determines that an applicant is not eligible for PFCC, a requirement for a provider to be paid for providing PFCC for up to five days after the determination, if the CDJFS received a completed application with all required documentation;
- The ability for a program to appeal a denial of payment from a CDJFS;
- A requirement for DCY to adopt rules to establish procedures for an applicant to receive PFCC while the county department determines eligibility and for a provider to appeal a denial of payment.

### Eligibility period for homeless child care

(R.C. 5104.41)

The act expands the period for which a family is eligible for homeless child care to 12 months. Previously, a family otherwise ineligible for publicly funded child care is eligible for homeless child care for the lesser of the following: not more than ninety (90) days or the period of time they reside in an emergency shelter for homeless families or in which the county department determines they are homeless. This extension aligns Ohio law with the federal Child Care and Development Block Grant Act requirements that eligible families receive 12 months of child care assistance before eligibility is redetermined.[23]

## Provider payments

### Prospective payment

(R.C. 5104.30, 5104.32, 5104.34, and 5104.38)

The act makes changes regarding PFCC payment, consistent with a recently adopted federal rule that took effect in April 2024.[24] First, the act requires payments to PFCC providers to be made prospectively by changing references from "reimbursement" to "payment" in the PFCC laws.

[23] 42 United States Code (U.S.C.) 9858c(c)(2)(N)(i)(I) and 45 C.F.R. §98.21(a).

[24] 45 C.F.R. Part 98. Ohio has been granted a temporary waiver of this requirement.

### Payment categories

(Section 423.250)

The act requires DCY to establish for the period beginning not later than December 31, 2025, and ending June 30, 2027, the following PFCC payment categories and time increments for the number of hours per week that a child is authorized to receive publicly funded child care:

1. The hourly category, for hours of care totaling fewer than ten hours per week;

2. The part-time category, for hours of care totaling ten hours to fewer than 33 hours per week;

3. The full-time category, for hours of care totaling 33 or more hours per week.

The act also prohibits DCY from establishing any other PFCC payment categories.

### Payment rates

(R.C. 5104.32 and 5104.38)

Additionally, the act repeals law requiring a contract for PFCC to specify that the provider agrees to be paid for rendering services at the lower of: (1) the rate that the provider customarily charges for child care or (2) the reimbursement rate of payment established by DCY rules. The act requires the contract to specify that the provider agrees to be paid for rendering services at the rate established by DCY rules. The result of this change is that a provider that customarily charges less than the payment rate established by DCY rules will receive the DCY rate for providing PFCC rather than the lower rate the provider customarily charges.

### Family child care home payment rates

(Section 423.250)

The act prohibits DCY, for the period beginning not later than December 31, 2025, and ending June 30, 2027, from aligning type A family child care home payment rates with those for child care centers and instead requires type A payment rates to align with those for type B family child care homes.

The act also requires DCY, when aligning family child care home payment rates for that period, to pay at the rates established in accordance with continuing law requirements.

### Payments based on enrollment not attendance

(R.C. 5104.30, 5104.32 (primary), 5104.36, and 5104.38)

The act requires DCY, beginning July 5, 2026, to calculate publicly funded child care payments based on a child's enrollment with a participating child care provider. Under prior law, payments were instead based on a child's attendance. The act also makes corresponding changes in the law governing publicly funded child care in order to reflect this change in payment calculations.

### Child care prices

(R.C. 5104.30 and 5104.302 (primary))

While maintaining the current law requirement that the DCY Director establish by rule in each odd-numbered year payment rates for PFCC providers, the act authorizes the Director to contract with a third-party entity to analyze child care price information for the subsequent even-numbered year.

## Provider licensure

### Family child care home ratios

(R.C. 5104.01)

The act increases to seven (from six) the number of children that may receive care in a type B family child care home and increases to eight to 14 (from seven to 12) the number of children that may receive care in a type A family child care home.

The act requires a second adult to be present in a type A family child care home if at least four children are under age two or more than seven children total are receiving care at one time.

### In-home aide continuous certification

(R.C. 5104.12)

The act removes the requirement for in-home aides to renew certification every two years to align with other child care provider types that already had continuous licensure. An in-home aide is a person who (1) is certified by a county director of job and family services to provide publicly funded child care in a child's own home and (2) does not reside with the child.

## Child Care Choice Voucher Program

(Section 423.190)

The act requires DCY to establish the Child Care Choice Voucher Program. DCY launched the Child Care Choice Voucher Program administratively in April 2024. Subject to available funds, the program is to provide support, in the form of vouchers, to eligible families to assist them with child care costs.

To be eligible to participate, a family must meet all of the following conditions:

1. The caretaker parent is employed or participating in a program of education or training for an amount of time reasonably related to the time that the parent's children are receiving child care;

2. The family does not meet the income conditions for initial eligibility under the publicly funded child care program administered by the Department, but the maximum amount of the family's income does not exceed 200% of the federal poverty line; and

3. The family meets any other condition established by the Department.

In providing vouchers, the program must utilize, not later than November 1, 2026, the payment rates established for DCY's publicly funded child care program, except that the payment

rates must not be enhanced payment rates available for participating in DCY's Step Up to Quality Program.

The act also prohibits the voucher program from requiring a type A family child care home or licensed type B family child care home that participates in the voucher program to be rated through Step Up to Quality.

# Early Childhood Education Grant Program

(R.C. 5104.01, 5104.29, 5104.38, and 5104.60 (primary))

The act codifies the Early Childhood Education Grant Program and establishes it in DCY, with the aim of supporting and investing in Ohio's early learning and development programs. For purposes of the act, an early learning and development program includes a licensed child care center, licensed family child care home, and licensed preschool. Subject to available funds, grants are to be awarded to programs meeting the act's eligibility conditions and in amounts that correspond to the number of eligible children served by the programs.

## Eligibility

To be eligible for a grant, an early learning and development program must demonstrate all of the following:

- That the program is rated through the Step Up to Quality Program at the ratings tier specified by the DCY Director in rules;
- That the program provides early learning and development services to one or more preschool-aged children, defined to mean children aged three or older but not yet enrolled, or eligible to enroll, in kindergarten;
- That the program meets any other eligibility condition specified by the Director in rules.

In addition to establishing eligibility conditions for early learning and development program eligibility, the act also sets them for the preschool children receiving services from those programs. If a slot is available, a preschool child is eligible to participate in the grant program if the child's family income does not exceed 200% of the federal poverty line. Alternatively, a child is eligible – regardless of family income – if an individualized education program (IEP) has been developed for the child, the child is placed in foster or kinship care, or the child is homeless.

A preschool child also must be a U.S. citizen or qualified alien and meet any other eligibility condition set by the Director in rules.

## Distribution of funds

The act generally requires funds appropriated to the program to be distributed to grant recipients, and prohibits more than 2% to be used for program support and technical assistance.

## Rulemaking

The Director must adopt rules to administer the program, including rules addressing:

- Eligibility conditions and other requirements for early learning and development programs, including the Step Up to Quality ratings tier, and for preschool children;

- Standards, procedures, and requirements for applying for and distributing funds to grant recipients;
- Methods by which DCY may recover any erroneous payments.

## Child Care Cred Program

(R.C. 5104.54; Sections 423.10 and 423.85)

The act creates the Child Care Cred Program in DCY, under which the costs of child care are shared by participating employees, their employers, and (subject to available funds) DCY. The distribution of costs are as follows: employees are responsible for 40%, employers are responsible for 40%, and DCY is responsible for 20%. The program has the following goals: to enable employers to attract and retain talent, to assist employees with child care costs, and to help sustain the businesses of child care providers.

Eligible employees must reside in Ohio, have a family income that does not exceed 400% of the federal poverty level, and have been selected for participation by their employer. Employers must be located in Ohio and have selected one or more of their employees for participation. Eligible child care providers must hold a DCY license or be certified by a county department of job and family services. The act prohibits DCY from requiring providers to participate in Step Up to Quality.

Employees and employers must submit a joint application to DCY. Once determined eligible, that determination remains valid as long as the employee, employer, and child care provider continue to satisfy the eligibility conditions. The employee selects the child care provider, which may include a provider where their child is already enrolled. The employer may agree to contribute some of all of the employee's share of child care costs. DCY may require the employee, employer, and provider to sign a memorandum of understanding as a condition of participation.

The act tasks DCY with coordinating and performing all administrative activities associated with sharing the child care costs and making payments to providers and also permits DCY to adopt rules as necessary to implement the program. If DCY finds that an employee or employer has committed fraud, misrepresentation, or deception in applying for or participating in the program, the employee or employer are permanently ineligible for the program. The act appropriates $10 million in FY 2026 for the program.

## Child Care Provider Recruitment and Mentorship Grants

(Section 751.30)

The act establishes the Child Care Provider Recruitment and Mentorship Grant Program, under which DCY is to award grants to eligible organizations to increase Ohio's supply of licensed child care providers, including at least 120 new family child care homes, and to assist recruited providers in establishing and operating child care businesses and adopting business practices that best serve the needs of Ohio's families. DCY must operate the program until July 1, 2027.

Over the course of the grant period, each grant recipient must identify and recruit those interested in operating family child care homes, especially in areas with limited access to such

homes; partner with prospective child care providers to assist them in developing and implementing child care business models; assist them in obtaining a license; and mentor licensed providers in operating, maintaining, and expanding child care businesses. To be eligible for a grant, an applicant must demonstrate that it is able to do all of the following:

1. In collaboration with DCY and relevant stakeholders, plan, staff, and hold events, either in-person or virtually, to identify and recruit prospective child care providers;

2. Develop informational materials to assist licensed child care providers with marketing, advertising, and outreach;

3. Establish a software platform, with a customizable dashboard, that may be accessed by licensed child care providers to assist them with tasks such as marketing their businesses, enrolling children, communicating with families, billing for services, and reporting expenses;

4. Offer and provide coaching and training to child care staff employed by licensed child care providers, which may include in-person, group training sessions, on-site coaching visits, community forums, and other events;

5. Perform any other activity DCY considers relevant.

DCY must review each application it receives and determine whether the applicant is eligible. If so, subject to available funds, DCY must award a grant to the recipient, which expires at the close of FY 2027. As a condition of continued funding, each grantee must submit periodic reports to DCY describing its progress in partnering with, assisting, and mentoring prospective and licensed child care providers, in particular the number and content of trainings offered by the recipient, the types of software or website platforms the recipient makes available to child care providers, and any other information the Department considers necessary.

## Transfer preschool reporting to DCY

(R.C. 3301.57)

The act transfers existing oversight obligations for preschool and school child programs from the joint responsibility of DCY and the Department of Education and Workforce (DEW) to DCY alone. Transferred oversight obligations include:

1. Providing consultation and technical assistance to school districts, county boards of developmental disabilities, community schools, authorized private before and after school care programs, and eligible nonpublic schools operating preschool programs or school child programs;

2. Providing in-service training to staff members and nonteaching employees of those entities;

3. Inspecting each preschool program or licensed school child program at least once per year; and

4. Filing an annual report on inspections with the Governor, Senate President and Minority Leader, and Speaker and Minority Leader of the House by January 1 each year.

## Ohio professional registry

(R.C. 5104.60)

The act requires the DCY Director to contract with a third-party entity to develop a registry information system to provide – on an ongoing basis – training and professional development opportunities to employees of early learning and development programs that are funded under the federal Child Care and Development Block Grant. The registry information system is to be known as the Ohio Professional Registry.

The act also requires that the registry information system comply with requirements set forth in the federal Child Care and Development Block Grant Act[25] and regulations adopted under it.

# II. Child Welfare

## Summary suspension of the certificate of an institution or association

(R.C. 5103.039)

The act allows DCY to suspend the certificate of an institution or association, including a foster caregiver, without a prior hearing under certain circumstances. Under law that the act retains, an institution or association is generally defined as a public or private entity or a nonrelative individual (including the operator of a foster home) receiving or caring for children for two or more consecutive weeks.[26]

The act identifies the following as circumstances for suspension:

- A child dies or suffers a serious injury while placed or residing with the institution or association, including a foster home.
- A public children services agency (PCSA) receives a report of abuse or neglect, and the person alleged to have inflicted the abuse or neglect and is the subject of the report is any of the following:
  - A principal of the institution or association;
  - An employee or volunteer of the institution or association who has not immediately been placed on administrative leave or released from employment;
  - For a foster home, any person who resides in the home.
- One of the following individuals is charged by an indictment, information, or complaint with an offense relating to the death, injury, abuse, or neglect of a child:
  - A principal of the institution or association;

[25] 42 U.S.C. 9857 to 9858r.

[26] R.C. 5103.02(A)(1).

- An employee or volunteer of the institution or association who has not immediately been placed on administrative leave or released from employment.

- DCY, the recommending agency, a PCSA, or a CDJFS determines that a principal, employee, or volunteer of the institution or association, including a foster caregiver, or a resident of the foster home, created a serious risk to the health or safety of a child placed therein that resulted in or could have resulted in a child's death or injury.

- DCY determines that the owner of the institution or association or foster caregiver does not meet: (a) the criminal records check requirements for a person employed or appointed to be responsible for a child's care in out-of-home care, (b) the background check requirements for subcontractors, interns, or volunteers at an institution or association, or (c) the criminal records check requirements for a person to be appointed or employed in a residential facility.

The act defines a "principal" as any of the following:

- The institution or association's administrator or director;

- The institution or association's owners or partners;

- Members of the institution's or association's governing body;

- A foster caregiver.

If DCY suspends a license without a prior hearing, it must comply with continuing law notice requirements, and a principal of an institution or association, including a foster caregiver, may request an adjudicatory hearing. Notice and hearing must be conducted pursuant to the Administrative Procedure Act (R.C. Chapter 119). If a hearing is requested and DCY does not issue its final adjudication order within 120 days after the suspension, the suspension is void on the 121st day, unless the hearing is continued on agreement by the parties or for good cause.

A summary suspension remains in effect until any of the following occurs:

- The PCSA completes its investigation of the report of abuse and neglect and determines that all of the allegations are unsubstantiated.

- All criminal charges are disposed of through dismissal or a finding of not guilty.

- DCY issues a final order terminating the suspension in accordance with the Administrative Procedure Act.

The act prohibits an institution or association from accepting the placement of children while a summary suspension is in effect. Upon issuing the order of suspension, DCY must place a hold on the certificate or indicate that the certificate is suspended in the Statewide Automated Child Welfare Information System.

The act allows the DCY Director to adopt rules in accordance with the Administrative Procedure Act to establish standards and procedures for the summary suspension of certificates. The act also specifies that these provisions do not limit DCY's authority to revoke a certificate under existing law adjudication procedures.

## Requirements for group homes

(R.C. 5103.0520; Section 751.100)

The act establishes requirements for group homes for children. Continuing law defines a group home for children to include any public or private facility that is operated by a private child placing agency, private noncustodial agency, or PCSA that has been certified for operation by DCY and meets all of the following criteria:

- Gives, for compensation, a maximum of ten children (including children of the operator or any staff who reside in the facility) nonsecure care and supervision 24 hours a day by individuals who are unrelated to, or not appointed guardians of, any of the children;
- Is not certified as a foster home;
- Receives or cares for children for two or more consecutive weeks.[27]

The act requires the DCY Director to adopt rules in accordance with the Administrative Procedure Act (R.C. Chapter 119) to establish requirements regarding the following for group homes:

- The use of the Ohio Professional Registry, as operated by the Ohio Child Care Resource and Referral Association or its successor, to complete background checks or criminal records checks required by law for individuals overseeing or working at a group home;
- Training on behavioral intervention, including the use of de-escalation, for all new and existing individuals working at a group home;
- The supervision of children, including a ratio of at least one staff person for every seven children or, if the home accepts placement of fewer than seven children, one staff person for every six children.

The group home operator must comply with the above ratio requirements as a requirement for certification. The act carves out an exception – the operator cannot displace a child who is placed in the group home as of September 30, 2025 (the act's effective date) to comply with the ratio requirements. However, the operator cannot accept placement of additional children until the group home has complied with the ratio requirements.

The act allows the DCY Director to suspend or revoke the certificate of a group home in accordance with preexisting procedures under the Administrative Procedure Act for any violation of these provisions.

## Regional wellness campuses

(Section 423.120)

The act requires DCY to assist with the establishment of regional child wellness campuses. DCY must provide one-time funding to establish the campuses across the state to serve children

[27] R.C. 5103.05(A)(6), not in the act.

and youth who: (1) have been determined by a PCSA to be at risk of being, or currently are, in the PCSA's custody, (2) are not yet placed in a licensed residential setting, and (3) are spending one or more nights in an unlicensed setting.

For children in crisis, regional child wellness campuses must support them in or near the communities in which they reside and must create additional capacity for short-term treatment.

DCY must select entities to serve as regional wellness campuses after a competitive application. To be eligible, an entity must provide proof of local funding commitments that fulfill all necessary start-up costs as well as ongoing community commitments to ensure timely and appropriate delivery of service to meet the needs of the child, their family, and the community

## Prevention services

(R.C. 2151.421, 2151.423, and 5153.16)

The act changes the intended beneficiary of prevention services and allows, instead of requires, a PCSA to make a prevention services referral. Previously, when a PCSA made a report and determined after an investigation that a *child* was a candidate for prevention services, the PCSA had to refer the report for assessment and services to an agency providing prevention services. This action fulfills a PCSA responsibility that the act retains to make efforts to prevent neglect or abuse, enhance a child's welfare, and preserve the family unit intact. Continuing law also allows a PCSA to disclose confidential information discovered during an investigation to any federal, state, or local government entity that needs the information to carry out its responsibilities to protect children from abuse or neglect, including any appropriate military authority or an agency providing prevention services.

First, the act specifies that prevention services are provided to the family, instead of just the child. The act changes this specification in the law regarding referrals and the disclosure of confidential information to a prevention services provider.

Second, the act allows, but no longer requires, PCSAs to make referrals for prevention services if a family is determined to benefit from those services. The act also adds as a qualifier that a PCSA may make referrals if appropriate prevention services are available from a local provider or other reasonable source. Because of this change, the act also clarifies that a PCSA duty to enter into a contract with an agency providing prevention services applies only when referring a family for prevention services.

## Mandatory reporter of child abuse and neglect

(R.C. 2151.421)

The act adds an employee of an entity providing home visiting services under the Help Me Grow program as a mandated reporter of child abuse and neglect. The Help Me Grow program is the state's evidence-based parent support program that encourages early prenatal and well-baby care and provides parenting education to promote the comprehensive health and

development of children. The program provides home visiting services to families with a pregnant woman or child under age five who meet certain eligibility requirements.[28]

## Request for proposals to establish rate cards

(R.C. 5180.42 and 5180.422)

The act allows DCY to issue a request for proposals to establish statewide rate cards for placement and care of children eligible for foster care maintenance payments. Foster homes and kinship caregivers are exempt from the statewide rate cards. If a request for proposals is issued, DCY must review and accept the reasonable cost of covering the following under continuing law: (1) a child's food, clothing, shelter, daily supervision, school supplies, personal incidentals, and reasonable travel to a child's home for visitation, (2) liability insurance with respect to the child and services provided under any federal Title IV-E demonstration project, and (3) with respect to a child in a child-care institution, such as a group home, administration and operating costs.

Additionally, the act makes it discretionary, rather than mandatory as in former law, for DCY to establish (1) a single form for the agencies or entities that provide placement services to children to report costs reimbursable under Title IV-E and Medicaid, and (2) procedures to monitor the cost reports submitted by the agencies or entities.

## Benefits to children under the custody of a Title IV-E agency

(R.C. 5103.09)

The act requires a Title IV-E agency that receives care and placement of a child to determine if the child is eligible for or receives payments or survivor benefits administered by any of the following:

- The U.S. Social Security Administration;
- The U.S. Department of Veterans Affairs;
- The Ohio Public Employee Retirement System;
- The Ohio Police and Fire Pension Fund;
- The State Teachers Retirement System of Ohio;
- The School Employees Retirement System of Ohio;
- The Ohio Highway Patrol Retirement System.

If the child is eligible for or receiving those benefits, the agency is prohibited from using the child's benefits to pay for or reimburse the agency, county, or state for any cost of the child's care. The act allows DCY to adopt rules in accordance with R.C. 111.15 rulemaking provisions to implement these requirements, including the establishment of any new procedures that are necessary to assist a Title IV-E agency with compliance.

[28] R.C. 5180.21.

Under continuing law, a "Title IV-E agency," is a PCSA or a public entity with which JFS or DCY have a Title IV-E subgrant agreement in effect.[29]

## Foster care adoption waiting period removal

(R.C. 3107.012 and 3107.031)

Under law unchanged by the act, a foster child must reside in a foster caregiver's home before the foster caregiver (1) may submit an adoption application for the foster child, and (2) is exempt from home study requirements for the purpose of ascertaining whether a person seeking to adopt a minor is suitable to adopt. The act removes the former law requirement that the foster child must reside in the caregiver's home *for at least six months* before the foster caregiver submits an adoption application.

## Ohio Adoption Grant Program changes

(R.C. 2921.13, 5180.451, 5180.452, 5180.453, and 5180.454)

Continuing law requires that the DCY Director must provide *one, but not both* (changed to *either* by the act), of the following one-time payments for an adopted child to the child's adoptive parent if specified requirements are satisfied regarding the child:

1. $10,000;

2. $15,000, if the parent was a foster caregiver for the child prior to adoption.

The act specifies that the grant must be provided to all eligible applicants to the extent state funds are available for this purpose.

The act adds the requirement that, to receive a grant, the adoptive parent must have been an Ohio resident at the time the adoption was finalized. Under continuing law, to be eligible to receive a grant, all of the following must be satisfied:

1. The adoptive parent cannot have previously received a grant from the program for the same child;

2. The adoptive parent cannot claim a formerly available adoption tax credit for the adopted child;

3. The adoptive parent must apply for the grant within one year after the adoption is finalized;

4. The adoption cannot be a stepparent adoption; and

5. The adoption must have been finalized on or after January 1, 2023.

The act prohibits any person from knowingly producing or submitting any false or misleading documentation or information to DCY in an effort to qualify for or obtain a grant. Whoever violates the prohibition is guilty of falsification, a first degree misdemeanor.

[29] Former R.C. 5101.132, renumbered to R.C. 5180.402 in the act.

Continuing law allows the DCY Director to require one or both of the following, as necessary to administer the Grant Program: (1) the submission of court or other documents necessary to prove the adoption, (2) any department, agency, or division of the state to provide any document related to the adoption. The act makes the following changes to those requirements:

1. Clarifies that any court or legal documents necessary to prove an adoption must be certified copies.

2. Adds that any court, in addition to any department, agency, or state division may be required to provide any document related to the adoption.

Additionally, the act states that any document provided to DCY as part of a grant application remains confidential if it was confidential under any state or federal law before being provided.

## Diagnostic ultrasound machine grant program

(Section 423.106)

The act requires the DCY Director to create a grant program to provide eligible entities with diagnostic ultrasound machines. The Director must establish the grant application and administration process. To be eligible to receive a diagnostic ultrasound machine, an entity must meet all of the following requirements:

- Be a private, not-for-profit entity;
- Have as its primary purpose the promotion of childbirth, rather than abortion, through counseling and other services, including parenting and adoption support;
- Provide services to pregnant women and parents or other relatives caring for children 12 months of age or under, including clothing, counseling, diapers, food, furniture, health care, parenting classes, postpartum recovery, shelter, and any other supportive services, programs, or related outreach;
- Not charge a fee for any services rendered;
- Not be involved in or associated with any abortion activities, including providing abortion counseling or referrals to abortion clinics, performing abortion-related medical procedures, or engaging in pro-abortion advertising;
- Not discriminate in its provision of services on the bases of race, religion, color, age, marital status, national origin, disability, or gender;
- Be physically located in Ohio;
- Not be a hospital, federally qualified health center, or ambulatory surgical facility.

The Director must use $2.5 million each fiscal year to competitively bid for the purchase of new 3D diagnostic ultrasound machines.

## Responsible Fatherhood Initiative

(R.C. 5.62, 5180.702, 5180.705, 5180.706, and 5180.707)

The act requires DCY, through the Ohio Commission on Fatherhood, to contract for the development and implementation of the Responsible Fatherhood Initiative (RFI). The RFI must provide an opportunity for every father in Ohio to obtain information and inspiration that will motivate and enable him to enhance his abilities as a father, recognizing that some fathers have greater challenges than others and would benefit from greater support.

The RFI must include the following:

- A statewide media campaign that increases the awareness of the importance of fathers being involved in their children's lives. The media campaign may include print, television, digital, and social media elements and appearances by and involvement from public figures and influencers.
- Resources and information for fathers and father figures to increase engagement and involvement in their children's lives.

DCY must contract for the development and implementation of the Initiative with a nonprofit organization, designated as the RFI manager, that has both of the following:

- A history of focusing on responsible fatherhood, including providing online resources to fathers, and engaging fathers, father figures, and children through community-based and school-based events to encourage responsible fatherhood;
- The organizational capacity to manage a statewide initiative and successfully carry out the act's requirements.

The RFI manager must collaborate with other relevant government agencies and private organizations to develop and implement the Initiative. Those agencies and organizations must collaborate with the RFI manager. The RFI manager is solely responsible for developing, collaborating, and managing the RFI media campaign and the resources, content, and information for fathers.

DCY, through the Commission, must award grants to eligible nonprofit organizations to address the needs of fathers. DCY must award the following types of grants:

- Grants that comprehensively address the needs of fathers, such as assisting them in finding employment, managing child support obligations, transitioning from a period of incarceration, accessing health care, understanding child development, and enhancing parenting skills. Services provided must be tailored to the needs of the father being served. Case management services must be provided by the grant recipient, either directly or by subcontract, to the fathers who are served by the Commission grants. If the father receiving case management services through a grant has a child receiving services from a PCSA because the child is the subject of an abuse, neglect, or dependency proceeding, the case management services may be coordinated.

- Grants that provide evidence-based parenting education specifically for fathers. The grants cannot require case management services.

DCY is required to prioritize applicants for a grant based on the following:

- Need in a geographic area and the population to be served by the grant as indicated by the following: unemployment rates; incarceration rates; housing instability; the number of single-parent households; the number of public benefit recipients; graduation rates; and levels of academic achievement.
- Whether an applicant has a primary mission of, or a history of a significant focus on and effective work towards, addressing the needs of men in their role as fathers.
- Applicant current and historical involvement in the community being served.
- Applicant commitment and capability to employ competent staff who can effectively engage with the fathers being served, including individuals who share similar backgrounds as the fathers being served.
- The number of individuals the applicant plans to serve through the grant and the projected costs for the program.
- Applicant organizational capacity to effectively meet the requirements of the grant and to deliver the programs proposed by the applicant. DCY may offer technical assistance to applicants and grant recipients that have lower organizational capacity if they have, or their leadership has, significant experience serving fathers.

Grants are to be awarded for no more than three years. Subsequent funding is contingent on compliance with grant requirements and adequate performance. Grant recipients must submit reports to DCY in a format and at intervals, which must be at least annually, as prescribed by DCY. The RFI manager is eligible to receive RFI grants.

Organizations that receive grants must address the unique needs of the fathers of children who are served by the organization. The organization must do all of the following:

- Conduct an initial assessment of its engagement with those fathers and its provision of and referral to father-oriented services;
- Create an action plan to address any gaps identified through the assessment and implement the action plan;
- Engage with the Commission to build relationships with fathers, help identify their needs, assist them in accessing services, and communicate with the organization about the challenges faced by these fathers and how to appropriately meet their unique needs.

The Commission must annually review how all recipient organizations are meeting the fathers' needs, including how they are helping fathers (1) establish positive, stable relationships with their children and (2) receive needed services. The organizations must provide any relevant information to the Commission on how they are meeting the father's needs.

Continuing law requires the Commission to prepare an annual report. Under the act, the annual report must include information on how recipient organizations are meeting fathers' needs and evaluations of recipient organization performances.

The act designates June as "Responsible Fatherhood Month" to recognize the importance of fathers in their children's lives, how fathers contribute to their children's safety and stability, and the direct link between positive father involvement and child well-being. DCY, local governments, and other agencies are encouraged to sponsor events to promote awareness of responsible fatherhood engagement and the contributions fathers make in the lives of their children.

## Multi-system youth

(Section 423.240)

Under the act, JFS, DCY, DBH, DYS, ODM, and the Department of Developmental Disabilities must collaborate to identify and take appropriate action with available resources to more effectively meet the needs of multi-system youth. Within one year, the departments must jointly submit to the General Assembly a report with policy recommendations and the following information:

- Data on the number of multi-system youth;
- Data on the number of multi-system youth who are placed in licensed care;
- Information on how the departments track multi-system youth;
- A summary of actions taken by the departments to better serve multi-system youth.

The act defines the following terms:

- "Multi-system youth" are children and adolescents who are receiving services from two or more of the following systems: child protective services, behavioral health services, developmental disabilities services, juvenile court, and Medicaid.
- "Licensed care" means detention facilities, shelter facilities, certified children's crisis care facilities, certified foster homes, prospective adoptive placements, organizations, certified organizations, group home providers, group homes, institutions, state institutions, residential facilities, or residential care facilities.

## Removal of Kinship Support Program state hearing rights

(R.C. 5180.428)

The act removes the option for a state hearing when DCY denies or terminates payments under the Kinship Support Program. Law retained by the act generally requires that an individual who appeals a decision or order of an agency administering a family services program under federal or state law be granted a state hearing at the individual's request.[30] The act, therefore,

[30] R.C. 5101.35.

removes an individual's ability to appeal a determination regarding the Kinship Support Program. Other programs under this section that are still subject to a state hearing are foster care assistance, kinship guardianship assistance, and adoption assistance payments.

# Ohio Children's Trust Fund

(R.C. 3109.171, 3109.172, 3109.173, and 3109.178; Section 731.10)

## Child abuse and child neglect regional prevention councils

The act makes several changes regarding child abuse and child neglect regional prevention councils, including eliminating child abuse and child neglect prevention regions, changes to council member terms and appointments, and changes to the selection of a regional coordinator to a council. Under law the act retains, one of the duties of the Ohio Children's Trust Fund (OCTF) Board is to establish a strategic plan for child abuse and child neglect prevention. In developing and carrying out the plan, the Board must implement child abuse and neglect prevention programs.[31]

The act modifies law that establishes child abuse and child neglect prevention regions to administer this programming. Continuing law requires each region to have a child abuse and child neglect regional prevention council. The act eliminates law establishing eight child abuse and child neglect prevention regions and the counties encompassing each region. It instead requires the OCTF Board, in consultation with DCY, to determine the number of regions and the counties within each region. Each county in the state must be included in a region.

Continuing law requires the OCTF Board and boards of county commissioners to appoint county prevention specialists as members to each a child abuse and child neglect regional prevention council. These specialists include professionals who work in child welfare, health care, and other relevant areas that provide services to children. The act reduces the term of a member of a council appointed by the OCTF Board from three years to two years. Under continuing law, each board of county commissioners within a region may appoint up to two county prevention specialists representing the county, and the Board may appoint additional members at the Board's discretion. The act maintains the two-year terms for council members appointed by a board of county commissioners. The act also clarifies that, notwithstanding this reduction in term for Board-appointed members, a member serving on the council on September 30, 2025 (the act's effective date) may complete the member's term of office.

The act also clarifies that a council member selected as chairperson of a council is eligible to be reappointed by the original appointing authority, and that the reappointment of a chairperson by a board of county commissioners is not considered to be one of the two appointments that a board of commissioners is allotted. The act retains law requiring a chairperson to be selected by the council's regional prevention coordinator from among the county prevention specialists serving on the council.

[31] R.C. 3109.17, not in the act.

Finally, the act allows, rather than requires, the OCTF Board to select a regional prevention coordinator for a council through a competitive selection process. Continuing law requires each regional prevention council to be under the direction of a regional prevention coordinator. The act requires OCTF staff to serve as coordinator for any region for which the Board has not selected a regional coordinator through a competitive selection process.

### Start-up costs for children's advocacy centers

The act allows an entity to request a one-time payment of up to $5,000 from the OCTF Board for start-up costs to establish and operate a children's advocacy center that will serve at least one county. The law formerly allowed a child abuse and child neglect regional prevention council to request this money for each county within the council's region. In authorizing the entity seeking to establish the center to request the money instead of a council, the act also eliminates a requirement that a children's advocacy center must serve each county in the council's region or two or more contiguous counties within the region.

## III. Councils

## County family and children first councils

(R.C. 121.37)

The act makes several changes to the membership requirements for county family and children first councils, the purpose of which is to streamline and coordinate existing government services for families seeking assistance for their children. It removes the prohibition that an individual whose family receives or has received services from an agency represented on a county council cannot serve on the council if the individual is employed by an agency represented on the council. However, if such an individual is employed by an agency represented on the council, the individual must complete a conflict of interest disclosure form and abstain from any vote that involves the individual's employer. County councils are allowed, rather than being required as in former law, to have 20% of their membership be members representing families, where possible.

Finally, district-level administrative designees with decision making authority can be included as county council members. The designees are alternatives to the continuing law requirement that membership include (1) the superintendent of the school district with the largest number of pupils residing in the county, as determined by DEW, and (2) a school superintendent representing all other school districts with territory in the county, as designated by the superintendents of those districts.

The act also makes it discretionary, rather than mandatory, for a county council's administrative agent to send notice of a member's absence to the board of county commissioners and other persons or entities specified in law if the member has been absent from either three consecutive meetings of the county council or a subcommittee or from ¼ of the meetings in a calendar year, whichever is less.

The act also allows, rather than requires as in former law, a county council's administrative agent to send notice of a member's absence to the board of county commissioners and other persons or entities specified in continuing law if the member has been absent from

either three consecutive meetings of the county council or a subcommittee or from ¼ of the meetings in a calendar year, whichever is less.

The board of county commissioners, by passing a resolution, may decline to establish or maintain a county council if it determines all the following conditions exist in the county:

- Alternative programs and services exist to meet the needs of those served by a county council;
- A county council is not or would not be sufficiently funded to make it financially sustainable; and
- The director of the county department of job and family services, PCSA executive director, and county board of developmental disabilities each recommend to the county commissioners that a county council not be established or maintained.

Under the act, a county's board of county commissioners that has decided not to establish or maintain a county council may reconsider that decision at any time. However, the board must reconsider the decision no later than five years after it decided not to establish one. In reconsidering the decision, the board is required to determine whether all the conditions described above exist.

## Advisory council consolidation

(R.C. 5104.39, 5180.04, 5180.21, and 5180.22; repealed R.C. 5180.23 and 5180.34)

The act requires the Governor to create the Children and Youth Advisory Council. The Council is responsible for advising the Governor on the availability, accessibility, affordability, and quality of services provided through the prenatal and child-serving systems. This includes fostering a continuum of care that promotes family-centered programs and services that acknowledge and support the social, emotional, cognitive, intellectual, and physical development of children and the vital role of families in ensuring the well-being and success of children.

The Council also fulfills two federal obligations. It serves as the state advisory council on early childhood education and care required for participation in Head Start, which promotes school readiness for young children from income-eligible families.[32] It also serves as the state interagency coordinating council for early intervention services, which provide services to infants and toddlers with disabilities or developmental delays.[33]

The Governor is responsible for appointing up to 25 members to the Council, including representatives from DCY, the Department of Medicaid, the Department of Job and Family Services, the Department of Behavioral Health, DEW, the Department of Health, the Department of Developmental Disabilities, and the Department of Youth Services. The Governor also must appoint at least one representative from each of the following stakeholder groups, selected from multi-sized municipal corporations and geographically diverse areas of the state, including rural,

[32] 42 U.S.C. 9837b(b)(1).

[33] 20 U.S.C. 1441.

urban, and suburban areas: maternal and infant vitality, early intervention, home visiting, early childhood education, child care centers and family child care homes providing publicly funded child care, school child programs, preschool programs, and children's services. As a whole, membership of the Council must reasonably represent the population of the state. The Governor must appoint a chairperson, and the DCY Director will serve as co-chair.

The Council must create topic-specific advisory groups addressing a continuum of services, including (1) early childhood education and care, (2) children services, (3) maternal and infant vitality, (4) early childhood mental health services and supports, and (5) early intervention services. Each representative of a stakeholder group must be appointed to at least one topic-specific advisory group. A representative of DCY may not serve as the chairperson for any topic-specific advisory group. The Governor may appoint additional members as necessary to the early childhood education and care advisory group and the early intervention services advisory group to satisfy federal requirements.

The act eliminates three existing councils whose functions are largely absorbed by the Children and Youth Advisory Council. The eliminated councils are:

1. The Ohio Home Visiting Consortium, which ensured that home visiting services provided in Ohio are delivered through evidence-based or innovative, promising home visiting models;

2. The Early Intervention Services Advisory Council, which served as the state interagency coordinating council for early intervention services; and

3. The Early Childhood Advisory Council, which served as the state advisory council on early childhood education and care and promotes family-centered programs and services.[34]

# IV. DCY duties

## Autism services contracts

(R.C. 3323.32)

The act requires DCY – "when applicable" – to contract with an entity to administer programs and coordinate services for infants, preschool and school-age children, and adults with autism and low incidence disabilities. The act does not describe the circumstances that trigger this duty. This requirement mirrors continuing law requiring DEW to contract with an entity to administer such programs and coordinate such services, though without using the phrase "when applicable."

The act also eliminates the requirement that the DEW Director give primary consideration to the Ohio Center for Autism and Low Incidence when DEW contracts for those programs and services.

[34] The act also repeals R.C. 5104.08 to abolish the Child Care Advisory Board. However, it was already abolished, effective April 9, 2025, by H.B. 238 of the 135th General Assembly, the 2024 biennial occupational regulation review act.

## Biennial summit on home visiting

(R.C. 5180.24, repealed)

The act repeals the requirement that DCY, beginning in FY 2026, facilitate, and allocate funds for, a biennial summit on home visiting services. The summit was intended to convene people and government entities involved with the delivery of home visiting services in Ohio and share the latest research on home visiting, discuss strategies regarding evidence-based home visiting models and tobacco use reduction, and present challenges and successes encountered by home visiting programs.

## DCY transfers, conforming changes, and recodification

(R.C. Chapters 5101 and 5180; conforming changes in numerous other R.C. sections)

The act makes numerous changes regarding the duties and responsibilities of DCY. Most of the changes are conforming, corrective, or technical. However, the act also transfers or adds new responsibilities regarding specific programs to DCY.

The act makes conforming changes and technical corrections to reflect the transfer of various responsibilities to DCY in H.B. 33 of the 135th General Assembly, the FY 2024-FY 2025 main operating budget. In 2023, H.B. 33 established DCY to serve as the state's primary children's services agency. The act adds references to DCY in sections of law where H.B. 33 transferred various duties, programs, and functions to the agency.

The act also removes obsolete language related to deadlines to fulfill various duties that have already passed.

Finally, the act relocates and recodifies numerous Revised Code sections that relate to the duties and responsibilities of DCY to Chapter 5180, the DCY chapter of the Revised Code. The following table outlines the recodification and includes a brief description of each section as well as sections in which cross-references to existing law sections were updated.

| DCY recodification | | | |
|---|---|---|---|
| **New R.C. section** | **Current R.C. section** | **Description** | **R.C. sections with cross-reference updates** |
| 5180.26 | 5101.76 | Procurement of epinephrine autoinjectors for camps | 3728.01, 4729.01, 4729.541, 4730.433, 4723.483, 4731.96 |
| 5180.261 | 5101.77 | Procurement of inhalers for camps | 4729.541 |
| 5180.262 | 5101.78 | Procurement of glucagon for camps | 4723.4811, 4729.01, 4729.541, 4730.437, 4731.92 |

| DCY recodification | | | |
|---|---|---|---|
| **New R.C. section** | **Current R.C. section** | **Description** | **R.C. sections with cross-reference updates** |
| 5180.27 | 3738.01 | Pregnancy-Associated Mortality Review Board (PAMR) | 121.22, 149.43, 3738.09 (5180.278) |
| 5180.271 | 3738.02 | PAMR: review while criminal investigation is pending | 3738.01 (5180.27) |
| 5180.272 | 3738.03 | PAMR: members, quorum, meetings | |
| 5180.273 | 3738.04 | PAMR: reduction of pregnancy-associated deaths | |
| 5180.274 | 3738.05 | PAMR: production of documents; family member participation | |
| 5180.275 | 3738.06 | PAMR: confidentiality | 3738.09 (5180.278) |
| 5180.276 | 3738.07 | PAMR: immunity from civil liability | |
| 5180.277 | 3738.08 | PAMR: reports | 149.43, 3738.06 (5180.275), 3738.09 (5180.278) |
| 5180.278 | 3738.09 | PAMR: rulemaking | 3738.01 (5180.27), 3738.03 (5180.272), 3738.04 (5180.273) |
| 5180.40 | 5101.13 | Statewide Automated Child Welfare Information System (SACWIS): establishment | 149.38, 1347.08, 2151.421, 3107.033, 3107.034, 5101.131 (5180.401), 5101.132 (5180.402), 5101.133 (5180.403), 5101.134 (5180.404), 5101.135 (5180.405), 5101.899, 5103.18 |
| 5180.401 | 5101.131 | SACWIS: confidentiality | |
| 5180.402 | 5101.132 | SACWIS: access | 5101.131 (5180.401) 5101.133 (5180.403), 5101.134 (5101.404), 5103.18 |
| 5180.403 | 5101.133 | SACWIS: use and disclosure | 5101.134 (5180.404), 5101.99 |
| 5180.404 | 5101.134 | SACWIS: rulemaking | 5101.133 (5180.403) |

| DCY recodification | | | |
|---|---|---|---|
| **New R.C. section** | **Current R.C. section** | **Description** | **R.C. sections with cross-reference updates** |
| 5180.405 | 5101.135 | SACWIS: notation of shaken baby syndrome | 5180.14 |
| 5180.406 | 5101.136 | SACWIS: request for search | |
| 5180.407 | 5101.137 | SACWIS: expungement | |
| 5180.41 | 5101.14 | Payments to counties for children services | |
| 5180.411 | 5101.144 | Children services fund | 5101.14 (5180.41), 5101.141 (5180.42), 5705.14 |
| 5180.42 | 5101.141 | Administering federal payments for foster care and adoption assistance | 2151.45, 2151.451, 5101.141 (5180.42), 5101.145 (5180.422), 5101.146 (5180.423), 5101.1410 (5180.427), 5101.1413 (5180.4210), 5101.1416 (5180.4213), 5101.1417 (5180.4214), 5101.35, 5101.89, 5103.32, 5153.122, 5153.16, 5153.163 |
| 5180.421 | 5101.142 | Conducting a demonstration project expanding Title IV-E eligibility | 5101.141 (5180.42) |
| 5180.422 | 5101.145 | Rules on financial requirements for agencies that provide Title IV-E placement services | |
| 5180.423 | 5101.146 | Penalties for noncompliance with fiscal accountability procedures | 5101.1410 (5180.427) |
| 5180.424 | 5101.147 | Notification of noncompliance with fiscal accountability procedures | |
| 5180.425 | 5101.148 | No unnecessary removal of children due to sanction | |
| 5180.426 | 5101.149 | No personal loans from children services fund | |

| DCY recodification | | | |
|---|---|---|---|
| **New R.C. section** | **Current R.C. section** | **Description** | **R.C. sections with cross-reference updates** |
| 5180.427 | 5101.1410 | Certifying a claim to the Attorney General | |
| 5180.428 | 5101.1411 | Federal payments for foster care and adoption assistance for emancipated young adults (EYA) and adopted young adults (AYA) | 2151.451, 2151.452, 2151.453, 5101.141 (5180.42), 5101.1412 (5180.429), 5101.1413 (5180.4210), 5101.1414 (5180.4211), 5101.1415 (5180.4212), 5101.1417 (5180.4214), 5101.802 (5180.52) |
| 5180.429 | 5101.1412 | Voluntary participation agreement for EYA care and placement | 5101.1414 (5180.4211) |
| 5180.4210 | 5101.1413 | Payment of nonfederal share | 5101.1414 (5180.4211) |
| 5180.4211 | 5101.1414 | Rulemaking EYAs | 5103.30 |
| 5180.4212 | 5101.1415 | Applicability of EYA/AYA provisions | |
| 5180.4213 | 5101.1416 | Kinship Guardianship Assistance (KGA): establishment | 5101.141 (5180.42), 5101.1417 (5180.4214), 5153.163 |
| 5180.4214 | 5101.1417 | Rules to carry out federal foster care, adoption, and KGA | 5101.141 (5180.42) |
| 5180.43 | 5101.1418 | Post adoption special services subsidy payments | |
| 5180.44 | 5101.15 | Schedule of reimbursement for child welfare workers | |
| 5180.45 | 5101.19 | Adoption grant program (AGP): definitions | 5101.19 (5180.45), 5101.191 (5180.451) |
| 5180.451 | 5101.191 | AGP: creation | 5101.192 (5180.452), 5101.193 (5180.453), 5747.01 |
| 5180.452 | 5101.192 | AGP: eligibility | 5101.191 (5180.451) |

| DCY recodification | | | |
|---|---|---|---|
| **New R.C. section** | **Current R.C. section** | **Description** | **R.C. sections with cross-reference updates** |
| 5180.453 | 5101.193 | AGP: rules | 5101.193 (5180.453), 5101.194 (5180.454) |
| 5180.454 | 5101.194 | AGP: public records | 5101.19 (5180.45), 5101.191 (5180.451) |
| 5180.50 | 5101.85 | Kinship caregiver definition | 124.1312, 2151.316, 2151.416, 2151.4115, 2151.424, 3107.01, 3310.033, 3317.022, 5101.802 (5180.52), 5101.88 (5180.53), 5103.02, 5103.0329 |
| 5180.51 | 5101.851 | Statewide Kinship Care Navigator Program (KCNP) | 5101.85 (5180.50), 5101.853 (5180.511) |
| 5180.511 | 5101.853 | KCNP: establishment of regions | 5101.854 (5180.512) |
| 5180.512 | 5101.854 | KCNP: content | |
| 5180.513 | 5101.855 | KCNP: rulemaking | |
| 5180.514 | 5101.856 | KCNP: funding | 5101.85 (5180.50) |
| 5180.52 | 5101.802 | Kinship Permanency Incentive Program | 5101.80, 5153.16 |
| 5180.53 | 5101.88 | Kinship Support Program (KSP): definitions | |
| 5180.531 | 5101.881 | KSP: creation | 3119.01, 5101.88 (5180.53) |
| 5180.532 | 5101.884 | KSP: eligibility | 5101.885 (5180.533), 5101.887 (5180.535) |
| 5180.533 | 5101.885 | KSP: payment amount | |
| 5180.534 | 5101.886 | KSP: payment time limited | 5101.887 (5180.535) |
| 5180.535 | 5101.887 | KSP: ceasing payment | |
| 5180.536 | 5101.8811 | KSP: rulemaking | 5101.88 (5180.53) |
| 5180.56 | 5101.8812 | Inalienability of kinship benefits | |

| DCY recodification | | | |
|---|---|---|---|
| New R.C. section | Current R.C. section | Description | R.C. sections with cross-reference updates |
| 5180.57 | 5101.889 | Foster care maintenance for kinship caregiver certified as foster home | |
| 5180.70 | 5101.34 | Ohio Commission on Fatherhood (OCF): creation | 5101.805 (5180.704) |
| 5180.701 | 5101.341 | OCF: members and funding | 5101.342 (5180.702) |
| 5180.702 | 5101.342 | OCF: state summits on fatherhood | |
| 5180.703 | 5101.343 | OCF: exemption from sunset review | |
| 5180.704 | 5101.805 | OCF: recommendations to DCY | 5101.342 (5180.702), 5101.80, 5101.801 |
| 5180.71 | 5101.804 | Ohio Parenting and Pregnancy Program | 5101.80, 5101.801 |
| 5180.72 | 3701.65 | "Choose Life" fund | 4503.91 |
| 5180.73 | 5180.40 | Communication re parenting education programs | |
| 5180.99 | 3738.06(C)<br>5101.99(B) | Criminal penalties | |

## Transfer of additional responsibilities to DCY

(R.C. 3701.045, 3107.062, 5101.33, 5101.892, 5101.899, 5103.021, 5123.191, 5139.05, 5139.08, 5139.34, 5180.27, and 5180.72; conforming changes in numerous other R.C. sections)

The act transfers or adds additional responsibilities related to various programs and entities to DCY. This includes oversight or responsibility regarding the following:

- Oversight of the Pregnancy-Associated Mortality Review Board (previously established in, and overseen by, ODH);
- Oversight of the "Chose life" fund (previously controlled by ODH);
- Oversight of the Putative Father Registry (previously overseen by JFS);

- Oversight of child fatality review boards, with ODH (DCY replaces Children's Trust Fund Board, which previously had oversight of the boards with ODH);
- Oversight of scholars residential centers (previously overseen by JFS);
- Administration of electronic benefit transfers (adds DCY; previous law granted responsibilities to JFS only);
- Access to DCY records by the Youth and Family Ombudsmen Office (adds DCY; previous law granted access to JFS records only);
- Coordination with DYS regarding placement and oversight of children under DYS commitment;
- Providing technical assistance to a court-appointed receiver of a Department of Developmental Disabilities-licensed residential facility.

The act also adds the DCY Director to a list of recipients of an annual report that the Youth and Family Ombudsmen Office is required to issue.

# OHIO CIVIL RIGHTS COMMISSION

- Revises the timeframe in which the Ohio Civil Rights Commission (OCRC) must authorize the Attorney General to file a housing discrimination lawsuit to not more than 30 days after receiving notice from a party to an OCRC housing discrimination complaint that the party is electing to pursue the claim in court instead of through the administrative process.
- Allows a complainant or an aggrieved person named in an OCRC housing discrimination complaint to file a lawsuit not less than 30 days, but not more than 60 days, after a party to the complaint elects to proceed in court, if OCRC fails to authorize a housing discrimination lawsuit, or the Attorney General fails to file it.

## Housing discrimination

(R.C. 4112.055)

The act revises the time the Ohio Civil Rights Commission (OCRC) has to authorize the Attorney General to file a housing discrimination lawsuit. Under the act, OCRC must do so not more than 30 days after receiving notice from a party to an OCRC housing discrimination complaint that the party is electing to pursue the claim in court instead of through the administrative process. Formerly, OCRC was required to authorize the Attorney General to file the suit "upon receipt" of a party's written election.

Under the act, a complainant or an aggrieved person in a housing discrimination complaint may independently file a lawsuit not less than 30 days, but not more than 60 days, after a party to the complaint elects to proceed in court if either:

- OCRC fails to authorize the Attorney General to file the suit as required; or
- The Attorney General fails to file the suit within 30 days after receiving OCRC authorization.

The act does not specifically address a situation in which the respondent to a housing discrimination complaint elects to go to court, but OCRC or the Attorney General fail to act on the respondent's election.

Under continuing law, an aggrieved person in a housing discrimination claim may file a charge with OCRC or sue in the common pleas court for the county where the alleged discrimination occurred. The person also may sue under a separate provision of the Civil Rights Law that has different timelines and remedies. If the person files a charge with OCRC, it must complete a preliminary investigation of the charge's merits within 100 days after the filing.[35]

When OCRC determines a housing discrimination claim has merit and issues a complaint, the complainant, any aggrieved person on whose behalf the complaint is issued, or the

[35] R.C. 4112.05 and 4112.99, not in the act.

respondent may elect to proceed with the OCRC administrative hearing process or have the alleged housing discrimination addressed in court. An election to have the alleged discrimination addressed in court must be made in writing within 30 days after the complaint's issuance. The election must be sent by certified mail to OCRC, the Attorney General's office, and the other parties named in the complaint.

# DEPARTMENT OF COMMERCE

## Division of Financial Institutions

### Financial Literacy Education Fund

- Removes the statutory requirement that 5% of all charges, penalties, and forfeitures paid to the Superintendent of Financial Institutions by check-cashing lenders, small loan licensees, mortgage brokers, loan officers, and certain other entities be transferred to the Financial Literacy Education Fund (FLEF).
- Requires the OBM Director to transfer $150,000 from the Consumer Finance Fund (CFF) to the FLEF in each of FYs 2026 and 2027.
- Removes the requirement that at least half of FLEF programs be offered at public community colleges and state institutions.
- Removes the requirement that FLEF programs be directed to adults.

## State Fire Marshal

### Online consumer fireworks sales

- Permits licensed fireworks manufacturers and wholesalers to conduct online sales of 1.4G fireworks ("consumer fireworks"), subject to certain procedural requirements.
- Requires online sales to be linked to a specific manufacturer or wholesaler that will deliver the consumer fireworks in the manufacturer's or wholesaler's retail showroom or via curbside delivery in a designated pick-up zone.
- Allows a manufacturer or wholesaler to construct a tent or other temporary structure in the designated pick-up zone, provided the structure is approved by the State Fire Marshal (SFM) and compliant with the State Building Code, the State Fire Code, and local zoning requirements.
- Requires manufacturers and wholesalers that conduct online sales of consumer fireworks to implement reasonable traffic control measures for curbside deliveries.
- Prohibits a manufacturer or wholesaler from delivering consumer fireworks by mail order or other process outside the licensed premises, displaying fireworks for sale outside the retail showroom, or permitting members of the public to access areas of the licensed premises other than the retail showroom and the designated pick-up zone.
- Allows a manufacturer or wholesaler to submit alternative delivery systems for consumer grade fireworks to the SFM for approval.
- Permits the SFM to adopt rules as necessary to implement and enforce the provisions.

### Fire suppression systems in agricultural structures

- Excludes covered patios from the calculation of the fire area of an agricultural structure for the purposes of determining the necessity of a fire suppression system.

- Requires a building or zoning official to provide written notification to an affected party that the Fire Code still applies to a building or structure that is exempt from the rules of the Board of Building Standards.

# Division of Real Estate and Professional Licensing

## Real estate salesperson and broker applications

- Requires an applicant for a license as a real estate salesperson or broker to include the address of the applicant's current residence on the application.
- Requires an applicant for a real estate broker license that is not an individual, to include on the application the address of the current residence of each of the applicant's members or officers.
- Exempts the addresses from the Public Records Law.

## Written agency agreements

- Stipulates when a real estate broker or salesperson must enter into an agency agreement with a seller, purchaser, or tenant.
- Replaces the term "marketing" with "advertising" in continuing law concerning agency agreements.
- Defines "nonexclusive agency agreement" for the purposes of real estate transactions.

## Burial permit fee

- Increases the burial permit fee from $3 to $10.
- Requires $6 of each burial permit fee to be allocated to the Cemetery Grant Program.
- Increases the maximum grant amount from $2,500 to $5,000.
- Codifies a rule that allows operators of five or more cemeteries to apply a grant annually and all other operators to apply every other year.

# Division of Securities

## Ohio Investor Recovery Fund

- Removes the annual $2.5 million cap on cash transfers from the Division of Securities Fund (DSF) to the Ohio Investor Recovery Fund.

## Security dealer exemption

- Specifies that a bank holding company or a savings and loan holding company is exempt from obtaining a dealer license when the holding company or its subsidiary is the issuer of the securities and meets other exemption requirements under continuing law.

# Division of Industrial Compliance

## Specialty contractor license application

- Removes the requirement that a specialty contractor license application be verified by the applicant's oath (notarized).

## Elevator mechanics

- Eliminates the requirement that a licensed elevator mechanic seeking a temporary continuing education waiver due to a temporary disability sign the waiver application under penalty of perjury.
- Eliminates the requirement that a physician's statements regarding the licensee's temporary disability be certified.

# Board of Building Standards

## Divide Residential Building Code enforcement

- Separates the state's Residential Building Code into two distinct categories of enforcement: (1) the erection and construction of new buildings, and (2) the repair and alteration of existing buildings.
- Authorizes local building departments that are certified to enforce the Residential Building Code for new buildings to also seek certification to enforce the Residential Building Code for existing buildings.
- Clarifies that local building departments and personnel are required to obtain certification from BBS for each category of the Residential Building Code they elect to enforce.
- Maintains that the 1% fee paid by certain local building departments to the Board of Building Standards (BBS) in connection with residential buildings applies to enforcement of both categories of the Residential Building Code.

## Third-party plan examiners and building inspections

- Allows BBS to adopt rules that allow local building departments to accept plans examination and inspection reports from third-party building plan examiners and building inspectors.
- Permits BBS to establish competency standards for third-party building plan examiners and building inspectors.
- Specifies that the fees charged by a third-party examiner or inspector are the responsibility of the building owner and are in addition to current fees collected by local building departments on behalf of BBS.
- Clarifies that plan approvals and certificates of occupancy or completion remain the exclusive authority of the certified personnel employed by or under contract with a certified local building department and cannot be issued by a third-party examiner or inspector.

# Division of Cannabis Control

## Cannabis misuse prevention

- Requires the Division of Cannabis Control (DCC) to contract with a statewide nonprofit corporation to develop and implement cannabis and related drug misuse prevention, education, and public awareness initiatives.
- Requires at least 10% of the total funding for the initiatives to be provided by the nonprofit corporation through private contributions.
- Requires DCC to oversee and evaluate the effectiveness of the initiatives undertaken by the nonprofit corporation and to annually compile a report detailing certain metrics regarding the initiatives to submit to the General Assembly.
- Appropriates $10 million to the partnership.

# Division of Liquor Control

## Spirituous liquor sales

- Clarifies that the Division has authority to sell spirituous liquor from A-3a liquor permit premises (micro-distilleries) because, under continuing law, those permit holders sell spirituous liquor that the permit holder manufactures under contract with the Division.

## D-5j liquor permit criteria

- Revises one of the conditions under which the D-5j liquor permit may be issued in a community entertainment district by eliminating the stipulation that the municipal corporation in which the permitted premises will be located in the district was incorporated as a village prior to 1880.

## Liquor permit fee changes

- Stipulates that the fee for the D-7 liquor permit (restaurants and bars located in a resort area), which is issued for six months, is $2,814, rather than $469 per month; thus the fee is the same over the six-month period.
- Changes the $60 per day F-4 liquor permit fee (for wine festivals one to three days long) to a flat $180 fee.
- Changes the $60 per day F-11 liquor permit fee (for craft beer festivals one to three days long) to a flat $180 fee.
- Transfers deposits of H liquor permit fees derived from permit holders whose permit premises are located outside Ohio from the Undivided Liquor Permit Fund to the State Liquor Regulatory Fund.
- Increases from $100 to $250 the fee for the renewal of an S-2 liquor permit (large winery), thus making the amount of the renewal fee equal to the $250 fee for an initial S-2 liquor permit.

# Financial products involving motor vehicles

- Exempts "excess wear and use waivers," i.e., contracts that nullify fees that might otherwise be owed at the end of a motor vehicle lease agreement for driving too many miles or damaging the vehicle, from state insurance laws.
- Prohibits conditioning terms of a motor vehicle lease on the consumer's payment for an excess wear and use waiver.
- Expands the insurance law exemption for motor vehicle "debt cancellation or debt suspension products" to include products that provide a financial benefit for the purchase of a new vehicle.
- Limits the requirement that debt cancellation or debt suspension products be listed as a specific good when invoiced to the consumer to "optional" products that are not a condition of the sale.
- Exempts optional debt cancellation or debt suspension products from state law limitations on interest and finance charges.
- Expands the types of agreements that qualify as "ancillary product protection contracts" and, thus, are exempted from state insurance laws to include certain contracts that protect against lease-end charges, vehicle value protection agreements, and contracts involving under-speed vehicles.
- Requires providers of "vehicle value protection agreements," i.e., agreements that provide a benefit to the purchaser when a vehicle is lost, stolen, damaged, obsolete, or diminished in value, to allow a 30-day period for the contract holder to cancel the agreement so long as no benefits have been paid.
- Establishes procedures and requirements for contract providers that seek to cancel a vehicle value protection agreement.

# Commercial transactions

## Mechanic's liens

- Changes the default expiration date of a notice of commencement from six years to four years and requires the notice to state that four years is the default term.
- Allows the person who contracted for the improvement, upon its completion, to request that the county recorder indicate that the notice of commencement is expired.
- Requires the person to serve notice, by regular mail, of the request on the original contractor, subcontractor, and lower tier project participant that served a notice of furnishing.
- Specifies that the expiration of a notice of commencement does not affect the attachment, continuance, or priority of any lien.

- Specifies that an owner's failure to serve an affidavit on a contractor of an improvement does not affect the owner's rights or obligations under continuing law.

# Division of Financial Institutions

## Financial Literacy Education Fund

(R.C. 121.085 and 1321.21; Sections 243.10 and 243.30)

The act removes the requirement that the OBM Director transfer 5% of the charges, penalties, and forfeitures paid to the Superintendent of Financial Institutions by check-cashing lenders, small loan licensees, mortgage brokers, loan officers, and certain other entities regulated by the Superintendent, from the Consumer Finance Fund (CFF) to the Financial Literacy Education Fund (FLEF). The CFF remains the only source of revenue for the FLEF. The act requires the OBM Director to transfer up to $150,000 from the CFF to the FLEF in each of FYs 2026 and 2027. Under law unchanged by the act, the remaining money in the CFF is used to defray the costs of regulating the above-mentioned entities.

The act removes the requirement that the COM Director adopt a rule requiring that at least half of the FLEF programs be offered at public community colleges and state institutions. It also removes the requirement that the programs be directed to adults.

# State Fire Marshal

## Online consumer fireworks sales

(R.C. 3743.48; conforming changes in R.C. 3743.04, 3743.06, 3743.17, 3743.19, 3743.25, 3743.60, 3743.61, 3743.63, and 3743.65)

### Background

Under prior law, fireworks manufacturers and wholesalers were restricted to selling 1.4G fireworks ("consumer fireworks") through in-person transactions within a retail showroom on a licensed premises. In effect, this prohibited licensed manufacturers or wholesalers from engaging in online sales and prohibited the delivery of purchased consumer fireworks outside of a licensed indoor retail showroom.[36] However, in recent years, the State Fire Marshal (SFM) has issued variances allowing for online sales and curbside delivery to ease congestion in showrooms.[37]

### Online sales of consumer fireworks

The act permits licensed fireworks manufacturers and wholesalers to conduct online sales of consumer fireworks through a website or other digital platform. However, this only applies to consumer fireworks sold at retail, and not to 1.3G display fireworks or to wholesale sales. Each online sale must be associated with a single licensed manufacturer or wholesaler identified by its license identification number and the address of the licensed premises. Following an online sale, the manufacturer or wholesaler must transfer possession of the fireworks to the consumer within

[36] R.C. 3743.01(D)(2), not in the act.

[37] 2020 Ohio State Fire Marshall Variance No. V17ed.- 051, 2024 Ohio State Fire Marshall Variance No. V17ed.- 021.

the retail showroom or through curbside delivery as described below (see "**Curbside pickup of consumer fireworks**").

Under the act, a licensed manufacturer or wholesaler that engages in online fireworks sales must:

- Comply with all applicable state and local laws, including the state building code, state fire code, and zoning requirements;
- Implement reasonable traffic control measures for curbside deliveries;
- Maintain all regular fireworks sales records, including any records necessary to demonstrate compliance with the act; and
- Make those records available upon request of the SFM or any law enforcement officer, fire code official, or building code official with jurisdiction.

The act does not require any fireworks manufacturer or wholesaler to conduct online sales of consumer fireworks, nor does it reduce or eliminate any licensure, insurance, workers compensation, or safety requirements prescribed by law. Furthermore, the act clarifies that consumer fireworks sold online are subject to the same 4% consumer-grade fireworks fee that applies to in-person sales.

### Curbside pickup of consumer fireworks

The act also allows manufacturers and wholesalers to transfer possession of consumer fireworks through curbside delivery. If a manufacturer or wholesaler chooses curbside delivery, it must comply with all of the following:

- The delivery is made only to the verified purchaser of the fireworks;
- The delivery occurs on the licensed premises associated with sale;
- The delivery occurs in a designated customer pick-up zone which may be accessible by motor vehicles;
- The purchaser is provided a safety pamphlet at the point of delivery, as required by continuing law;
- The purchaser is offered safety glasses for a nominal fee at the point of delivery, as required by continuing law.

Before transferring possession of the fireworks, a manufacturer or wholesaler must verify all of the following:

- The number and types of items included in the order;
- That the purchaser is at least 18 years old;
- That the purchaser's name is the same name associated with the credit or debit card with which the order was placed;

- That the purchaser attests to understanding and agrees to comply with all applicable federal, state, and local laws regarding consumer fireworks storage and use;
- That the purchaser signs all forms required by continuing law;
- That the purchaser pays the 4% consumer-grade fireworks fee.

A manufacturer or wholesaler may construct a tent or other temporary structure on a licensed premises from which to conduct curbside deliveries. It must be approved by the SFM and in compliance with all state and local laws, including the state building code, the state fire code, and local zoning requirements.

### Prohibitions

The act prohibits a fireworks manufacturer or wholesaler from doing any of the following:

- Delivering fireworks via mail order, parcel service, or any other delivery process that occurs outside of the licensed premises;
- Selling or offering for sale fireworks or other items outside of the licensed retail showroom, except as expressly authorized by the act;
- Displaying fireworks for sale outside of a retail showroom;
- Permitting any member of the public to access any areas on the licensed premises other than the retail showroom and the designated area for curbside delivery.

### Alternative purchase and delivery systems

Under the act, a manufacturer or wholesaler may sell and transfer possession of consumer fireworks through standard retail showroom sales or through a hybrid purchase and delivery system, which may include one or more of the following:

- Standard retail showroom sales;
- Online selection of, or payment for, consumer fireworks and in-store showroom delivery;
- Online selection of, or payment for, consumer fireworks and curbside delivery;
- Retail showroom-based product selection and payment, and curbside delivery;
- Other similar purchase and delivery systems approved in writing by the SFM.

As described above, manufacturers and wholesalers may submit alternative purchase and delivery proposals to the SFM for approval. The SFM must review each proposal and, if a proposal meets the act's requirements, may choose to approve the proposal.

### Rulemaking authority

The act authorizes the SFM to adopt rules and standards as necessary to implement and enforce the online sale and curbside delivery provisions. All selection, ordering, payment, and delivery must be carried out in accordance with all other procedures and requirements of Ohio fireworks laws and all SFM rules, except to the extent that they directly conflict with the act.

### Fire suppression systems in agricultural structures

(R.C. 3737.83)

Under continuing law, certain buildings or structures that are incident to the use for agricultural purposes of the land are exempt from the Ohio Building Code if the buildings or structures are not used for the business of retail trade. A building or structure is not considered used in the business of retail trade if 50% or more of the gross income received from sales of products in it by the owner or operator is from sales of products produced or raised in a normal crop year on farms owned or operated by the seller. "Agricultural purposes" include agriculture, farming, dairying, pasturage, apiculture, algaculture meaning the farming of algae, horticulture, floriculture, viticulture, ornamental horticulture, olericulture, pomiculture, and animal and poultry husbandry.

The act requires that, for the purposes of determining whether an automatic sprinkler system is needed, the calculation of the fire area does not include a covered patio and its area if all the following apply:

- The building or structure would be classified as an assembly occupancy.
- The covered patio is completely open to the atmosphere without enclosing walls on at least:
  - Three sides all year with accessible means of egress on each open side; or
  - Two sides all year with accessible means of egress on each open side, but only if no point in the covered patio area is more than 20 feet from an accessible means of egress and not more than 50% of the perimeter of the covered patio area is enclosed by walls.
- The occupant load of the covered patio does not exceed 100 occupants.
- The floor area of the covered patio is at the level of exit discharge.
- If the patio is constructed on or after the effective date of this amendment, the horizontal assembly or roof and columns are constructed of materials that are noncombustible, limited-combustible, or fire-retardant treated wood.

Buildings and structures that are exempt from the Building Code are not automatically exempt from the Fire Code. If a building or zoning official determines that a building or structure is exempt from the Building Code, the official must notify in writing the affected party that the Fire Code still applies to such a location.

## Division of Real Estate and Professional Licensing

### Real estate salesperson and broker applications

(R.C. 4735.06 and 4735.09)

The act requires the applicant for a real estate salesperson or broker license to include on the application the address of the applicant's current residence. In the case of a real estate broker, which can be an individual or a business, if the applicant is not an individual, the

application must include the address of the current residence of each of the applicant's members or officers. The act specifies that the address information is not subject to Ohio's Public Records Law.

## Written agency agreements

(R.C. 4735.01, 4735.55, 4735.56, and 4735.80)

### Replace "marketing" with "advertising"

Under continuing law, licensed brokers and salespersons are required to enter into written agency agreements prior to engaging in specified activities on behalf of a purchaser or seller in residential real estate transactions. The act revises one of the requirements. Under former law, if the broker or salesperson was working on behalf of a seller, they were required to enter into the agreement prior to marketing the seller's residential real property. The act replaces the term "marketing" with the term "advertising," requiring the broker or salesperson to enter into the agreement with the seller prior to advertising the property. Marketing is not defined in the law that regulates real estate salespersons and brokers. Advertisement is defined under Ohio Administrative Code rules as any manner, method, or activity by which a licensed real estate broker or salesperson makes known to the general public properties for sale or lease or any services for which a real estate license is required. The term does not include forms of private communication between a licensee and a client, customer, or prospective client.[38]

Similarly, the act revises the requirement that a broker or salesperson working as part of a brokerage provide a seller with their brokerage policy on agency prior to marketing the seller's real estate. The act requires the broker or salesperson to provide the policy prior to advertising the seller's real estate.

### Add references to "tenants"

The act also makes a technical change related to agency agreements for leases exceeding 18 months. Continuing law uses the term "purchaser" to mean either a buyer or a tenant in a real estate transaction. The act adds the term "tenant" wherever the context requires.

### Nonexclusive agency agreements

Continuing law requires that the written agency agreement, in part, include a statement of whether the agency relationship between the licensee and client is exclusive or nonexclusive. Continuing law defines "exclusive agency agreement" but prior law did not address the meaning of "nonexclusive agency agreement." The act defines "nonexclusive agency agreement" as an agency agreement between a purchaser, tenant, or seller and a broker that meets the requirements under Ohio law for written agency agreements and does both of the following:

- Grants the broker the nonexclusive right to represent the purchaser, tenant, or seller in the purchase, sale, or lease of property;

[38] O.A.C. 1301:5-1-02(H) and (I).

- Provides the broker will be compensated in accordance with the terms specified in the nonexclusive agency agreement, and the purchaser, tenant, or seller may obtain services from other brokers or brokerage firms, subject to the terms of the nonexclusive agency agreement.

### Burial permit fee

(R.C. 3705.17 and 4767.10)

The act increases the burial permit fee from $3 to $10. Under continuing law, when obtaining a burial permit, a funeral director or other person must pay a fee to the local registrar or sub-registrar. The local registrar or sub-registrar retains 50¢. The remainder is paid to the Cemetery Registration Fund.

Under prior law, the first $1 paid to the Cemetery Registration Fund was used to award grants to defray the cost of exceptional cemetery maintenance and training cemetery personnel. The other $1.50 was used to maintain operations of the Division of Real Estate and Professional Licensing and the Cemetery Dispute Resolution Association. The act increases the amount that must be used to fund grants to $6, leaving $3.50 for the operational costs of the Division and Association.

The act increases the maximum grant from $2,500 to $5,000 and codifies the current practices of the Division allowing operators of five or more registered cemeteries to apply for one grant annually and all other operators to apply for one grant every other year.[39]

## Division of Securities

### Ohio Investor Recovery Fund

(R.C. 1707.47)

The act removes the $2.5 million annual cap on transfers from the Division of Securities to the Ohio Investor Recovery Fund (OIRF). The OIRF provides restitution to individuals, businesses, and organizations domiciled in Ohio that are victims of securities fraud. The maximum OIRF award is limited to the lesser of $25,000 or 25% of the monetary injury suffered by the victim according to a final administrative order issued by the Division.

### Security dealer exemption

(R.C. 1707.01 and 1707.14)

Under continuing law, a "securities dealer," i.e., a person that engages in the business of buying and selling securities for their own account or for the account of others, with the expectation of receiving a commission or other compensation, must obtain a license from the Division of Securities within COM. Banks are exempt from the definition and, therefore, are not required to obtain a license. Continuing law also provides for other exemptions, one of which the act expands.

[39] O.A.C. 1301:13-7-01.

Under continuing law, when a person is an issuer selling securities the person or the person's subsidiary issued, the person is not required to obtain the license if the securities include any of the following:

- Commercial paper and promissory notes when they are not offered directly or indirectly for sale to the public;
- Any security, except notes, bonds, debentures, or other evidences of indebtedness or of promises or agreements to pay money, issued by a person, corporation, or association organized not for profit, if no part of the net earnings of the issuer inures to the benefit of any shareholder or member of the issuer or of any individual, and if the total commission, remuneration, expense, or discount in connection with the sale of the securities does not exceed 2% of the total sale price thereof plus $500;
- Issuance of securities in reorganizations.

The act expands this exemption to apply to both bank holding companies and savings and loan holding companies. Therefore, under the act, if a bank holding company or a savings and loan holding company meets one of the three exemptions above, a dealer license is not required.

# Division of Industrial Compliance

## Specialty contractor license application

(R.C. 4740.06)

The act removes the requirement that a specialty contractor license application be verified by the applicant's oath. A specialty contractor is one of the following types of commercial contractor: heating, ventilating, and air conditioning (HVAC) contractor; refrigeration contractor; electrical contractor; plumbing contractor; or hydronics contractor.

## Elevator mechanics

(R.C. 4785.041; Section 125.10)

Under continuing law, a licensed elevator mechanic who is unable to complete the continuing education required to renew a license due to a temporary disability may apply to place the license on inactive status. The act eliminates the requirements:

- That the licensee sign the application under penalty of perjury; and
- That the accompanying physician statement attesting to the temporary disability be certified.

To reactivate the license, the licensee must submit another physician statement attesting that the temporary disability has ended. The act eliminates the requirement that the physician statement be certified.

# Board of Building Standards

## Divide Residential Building Code enforcement

(R.C. 3781.10 and 3781.102)

The act divides enforcement of the Residential Building Code into two distinct categories:

1. The erection and construction of new residential buildings;

2. The repair and alteration of existing residential buildings.

It permits a local building department and its personnel to seek certification to enforce only the Residential Building Code for new buildings, or to enforce the Residential Building Code for both new and existing buildings. These are separate certifications through the Board of Building Standards (BBS). Under continuing law, local building departments collect a 1% fee from building owners on behalf of BBS when the local department accepts and approves plans and conducts inspections. The act maintains this 1% fee and applies it to both new and existing residential building enforcement.

Ohio has two building codes: one for *nonresidential buildings* (a building that is not a residential building or a manufactured or mobile home), and one for *residential buildings* (a one-family, two-family, or three-family dwelling house, and any accessory structure incidental to that dwelling house, but not an industrialized unit or a manufactured or mobile home).[40]

## Third-party plan examiners and building inspections

(R.C. 3781.10)

Under continuing law, only certified local building departments and personnel are authorized to exercise enforcement authority respecting the state building codes. The act allows BBS to adopt rules authorizing certified local building departments to accept plans examination and inspection reports from a third-party examiner or inspector.

The rules may require the third-party examiner or inspector to obtain certification from BBS or "to demonstrate equivalent competency" as specified and determined by BBS. The act does not necessarily require that a third-party examiner or inspector be certified or trained in the same manner as local building department personnel. The act specifies that the fees charged by a third-party examiner or inspector are in addition to the fees collected by the local building department on behalf of BBS. Furthermore, any additional fee for the third-party inspection is the responsibility of the building owner.

The act clarifies that plan approvals and certificates of occupancy or completion remain the exclusive authority of the certified personnel employed by or under contract with a certified local building department. The approvals and certificates cannot be issued by a third-party examiner or inspector.

[40] R.C. 3781.06, not in the act.

# Division of Cannabis Control

## Cannabis misuse prevention

(R.C. 3780.37; Sections 243.10 and 243.30)

The act requires the Division of Cannabis Control (DCC) within COM to contract with a statewide nonprofit corporation to develop and implement cannabis and related drug misuse prevention, education, and public awareness initiatives. The contract must require that at least 10% of the funding for the initiatives is provided by the nonprofit corporation through private contributions. The initiatives may include:

- Providing evidence-based information on the potential health effects of cannabis and related drug use among minors;
- Disseminating educational resources regarding the risks associated with cannabis and related drug use during pregnancy;
- Conducting campaigns to inform the public about the dangers and legal consequences of driving under the influence of cannabis and related drugs;
- Collaborating with employers and industry groups to develop and distribute evidence-based resources to improve the health of Ohio's workforce and promote workplace safety and recovery initiatives focused on cannabis and related drug misuse.

DCC must oversee and evaluate the effectiveness of the nonprofit corporation's initiatives and must ensure they align with Ohio's public health and safety objectives. DCC also must annually submit to the General Assembly a report detailing activities, use of funds, and measurable outcomes resulting from the initiatives. The act appropriates $10 million in each fiscal year to fund the public-private partnership.

# Division of Liquor Control

## Spirituous liquor sales

(R.C. 4301.19)

Continuing law allows the Division of Liquor Control to be the sole distributor and retail seller of spirituous liquor in Ohio. It distributes spirituous liquor through warehouses across Ohio and sells spirituous liquor at retail via agency stores. The act clarifies that the Division also has authority to sell spirituous liquor from A-3a liquor permit premises (micro-distilleries, see below) because, under continuing law, those permit holders sell spirituous liquor that the permit holder manufactures under contract with the Division.

## D-5j liquor permit criteria

(R.C. 4303.181)

The act revises one of the conditions under which the D-5j liquor permit may be issued by eliminating the stipulation that the municipal corporation in which the permitted premises will be located in the district was incorporated as a village prior to 1880. A D-5j liquor permit may only be issued in a community entertainment district. Generally, a community entertainment

district is an area that includes or will include a variety of entertainment activities such as sporting, social, cultural, and arts establishments.

## Liquor permit fees

### D-7 liquor permit fee

(R.C. 4303.183)

Former law established the D-7 liquor permit fee (resort areas, see below) at $469 per month for six months (length of the resort season). The act stipulates that the fee is $2,814 for the six months. There is no change in the fee since $469 x 6 months = $2,814.

### F-4 liquor permit fee

(R.C. 4303.204)

The act changes the fee for an F-4 liquor permit (Ohio wine festival, see below), which is issued for one to three days depending on the length of the festival, from $60 per day to a flat $180. Thus:

1. If the festival is one day, the act increases the fee from $60 to the flat $180.

2. If the festival is two days, it increases the fee from $120 to the flat $180.

3. If the festival is three days, it retains the $180 fee.

### F-11 liquor permit fee

(R.C. 4303.2011)

The act makes similar changes to the F-11 liquor permit (Ohio craft beer festival, see below, which is issued for one to three days) as it does for the F-4 permit described above. It replaces the $60 per-day fee with a flat fee of $180.

Under continuing law, the three-day limitation does not apply to an exposition at the Ohio State Fairgrounds.

### H liquor permit fee

(R.C. 4301.12 and 4301.30)

The act transfers deposits of H liquor permit fees derived from permit holders whose permit premises are located outside Ohio from the Undivided Liquor Permit Fund to the State Liquor Regulatory Fund. The Undivided Liquor Permit Fund is used for the following:

1. To fund alcohol treatment programs;

2. To fund local governments in which liquor permit premises are located; and

3. To be credited to the State Liquor Regulatory Fund, which is used to fund the Division of Liquor Control's operating expenses.

Under continuing law, the State Liquor Regulatory Fund consists of liquor permit fees from B-2a, S-1, and S-2 permits paid by B-2a, S-1, and S-2 permit holders that do not also hold A-1 or A-1c permits or A-2 or A-2f permits (see below).

### S-2 liquor permit renewal fee

(R.C. 4303.233)

The act increases from $100 to $250 the fee for the renewal of an S-2 liquor permit (large winery, see below), thus making the amount of the renewal fee equal to the $250 fee for an initial S-2 liquor permit.

### Background

Below is a list of permits referenced above, along with a description of the authorized activity under the permit.

| Types of liquor permits | |
|---|---|
| **Class of liquor permit** | **Authorized activity** |
| A-1 | Large brewery may sell its beer for on- or off-premises consumption. |
| A-1-A | Brewery, winery, or distillery may sell beer and any intoxicating liquor by glass or from a container; a brewery may sell beer for off-premises consumption. |
| A-1c | Craft brewery may sell its beer for on- or off-premises consumption. |
| A-2 | Winery may sell wine to personal consumers for on- or off-premises consumption and to wholesalers. |
| A-2f | Farm winery (same authorized activity as a winery, but winery grows grapes and other agricultural products). |
| A-3a | Micro-distillery (less than 100,000 gallons a year) may sell to personal consumers a specified amount of spirituous liquor. |
| A-4 | Mixed beverage manufacturer may sell mixed beverages to wholesale and retail permit holders. |
| B-2a | Wine manufacturer may sell to retail liquor permit holders only wine it manufactures and for which a territory designation has not been filed with the state. |
| D-7 | A restaurant or bar located in a resort area may sell beer or intoxicating liquor for on-premises consumption. |
| F-4 | An Ohio wine festival organizer may give away 2 oz. samples of Ohio wine or sell individual glasses of wine for on-premises |

| Types of liquor permits | |
|---|---|
| **Class of liquor permit** | **Authorized activity** |
| | consumption and A-2 permit holder may sell bottles for off-premises consumption. |
| F-11 | An Ohio craft beer festival organizer may sell 4 oz. samples or up to 16 oz. containers of craft beer for on-premises consumption. |
| H | Transporter or deliverer may transport or deliver beer and intoxicating liquor (not required for manufacturers or distributors). |
| S-1 | Small brewery or small winery may sell their beer or wine directly to a personal consumer. |
| S-2 | Large winery may sell their wine to a personal consumer either directly or through a fulfillment warehouse. |

# Financial products involving motor vehicles

(R.C. 1310.251, 1317.05, and 3905.426)

## Overview

Continuing law exempts certain maintenance, value protection, and repair products offered in connection with the sale or lease of a motor vehicle from state insurance laws. The act expands the types of products that qualify for that exemption. It also modifies some of the requirements associated with those products, including requirements involving invoicing, cancellation, and surety.

## Excess wear and use waivers

The act creates a new class of motor vehicle products, referred to as "excess wear and use waivers," that are exempt from state insurance laws. A vehicle lease agreement typically stipulates how many miles the person leasing the vehicle may drive the vehicle each year for the duration of the lease. For example, it is common for leases to allow up to 10,000 or 12,000 miles per year. At the end of the lease, a fee is paid for each mile driven beyond the allotted amount. Excess wear and use waivers effectively nullify those fees.

Under the act, an "excess wear and use waiver" is defined as any contractual agreement that is part of, or a separate addendum to, a lease agreement for a motor vehicle, under which the lessor (the entity providing the vehicle) agrees, with or without a separate charge, to do one or both of the following:

- Cancel or waive all or part of amounts that may become due under a lease as a result of excess wear and use of a motor vehicle;
- Cancel or waive amounts due for excess mileage.

The act specifies that the terms of a lease are not to be conditioned on the consumer's payment for any excess wear and use waiver. Excess wear and use waivers may be discounted or given at no extra charge in connection with the purchase of other noncredit related goods or services.

## Debt cancellation or debt suspension products

A "debt cancellation or debt suspension product" is an agreement, exempt from state insurance laws, that cancels any debt associated with a motor vehicle that is destroyed or stolen. The term includes a guaranteed asset protection waiver, guaranteed auto protection waiver, or any other similarly named agreement. The act adds that a debt cancellation or debt suspension product may also provide a benefit that waives an amount, or provides a borrower with a credit, towards the purchase of a replacement motor vehicle. Such a benefit may be included with or without a separate charge.

Law modified by the act requires the charges associated with debt cancellation or debt suspension products to be listed as a specific good. In other words, the charge cannot be lumped in with the total purchase price for the vehicle. Under the act, this requirement applies only to "optional" debt cancelation or debt suspension products. Consequently, it appears that when a retail seller conditions the sale of a motor vehicle on the consumer's purchase of a debt cancellation or debt suspension product, that product need not be itemized, and may be lumped into the total purchase price.

Furthermore, the act specifies that optional debt cancellation or debt suspension products are not to be considered a finance charge or interest. Under continuing law, a finance charge is an amount paid or contracted to a retail seller for the privilege of paying the principal balance of the transaction in installments over time. Ohio law caps the amount that a retail seller may collect as a finance charge or interest. The act seemingly exempts optional debt cancellation or debt suspension products from those limits. In addition, finance charges are subject to certain disclosure requirements under the federal "Truth in Lending Act" (TILA). It is not clear what, if any, affect the act would have on the application of TILA to debt cancellation or debt suspension products.[41]

### Protection against lease-end charges

The act expands the services that qualify as motor vehicle ancillary product protection contracts to include, in conjunction with a leased vehicle, both:

- The repair, replacement, or maintenance of property, or indemnification for repair, replacement, or maintenance, due to excess wear and use, damage for items such as tires,

[41] R.C. 1317.01 and 1343.01, not in the act; 15 U.S.C. 1601, *et. seq*.

paint cracks or chips, missing interior or exterior parts, or excess mileage that results in a lease-end charge; and

- Any other charge for damage that is deemed as excess wear and use by a lessor under a motor vehicle lease.

The act specifies that these services do not qualify as a motor vehicle ancillary product protection contract if the charge exceeds the purchase price of the vehicle at the end of the lease term. It appears that an excess wear and use waiver, described above, would qualify as an ancillary product protection contract in at least some cases.

## Vehicle value protection agreements

The act also specifies that a motor vehicle ancillary product protection contract includes a vehicle value protection agreement.

### *Characteristics*

When a motor vehicle is damaged, lost, stolen, or otherwise depreciates in value, these agreements provide a benefit towards either the reduction of some or all of the contract holder's current finance agreement deficiency balance (such as an amount still owed on a vehicle loan or lease agreement), or towards the purchase or lease of a replacement motor vehicle or motor vehicle services. Under the act, "vehicle value protection agreement" includes trade-in-credit agreements, diminished value agreements, depreciation benefit agreements, or other similar agreements. "Vehicle value protection agreement" does not include a debt suspension or debt cancellation product. "Finance agreement" is defined as a loan or retail installment contract secured by a motor vehicle or a lease.

### *Cancellation by contract holder*

The act specifies that a vehicle value protection agreement may be canceled by the contract holder within 30 days of the agreement's effective date. If the agreement is canceled, the contract holder is entitled to a full refund of the purchase price, so long as no benefits have been paid under the agreement.

For those vehicle value protection agreements that allow the contract holder to cancel the agreement *more* than 30 days after the agreement's effective date, the agreement must state the conditions under which it may be canceled, including the procedures for requesting any refund of the purchase price paid by the contract holder and the methodology for calculating the refund.

Any refund provided in response to a cancellation initiated by the contract holder must be paid to the seller or assignee of a retail installment contract or lease agreement unless otherwise agreed to by the contract holder and the seller or assignee.

### *Cancellation by contract provider*

If a vehicle value protection agreement is canceled by the contract provider, the provider must mail a written notice to the contract holder at the holder's last known address at least five days prior to cancellation. Prior notice is not required if the reason for cancellation is nonpayment of the provider fee, a material misrepresentation by the contract holder to the contract provider

or administrator, or a substantial breach of duties by the contract holder relating to the covered product or its use. The notice must state the effective date of the cancellation and the reason for it.

If a vehicle value protection agreement is canceled by the contract provider for a reason other than nonpayment of the provider fee, the provider must refund to the contract holder 100% of the "unearned" provider fee paid by the contract holder, if any. The act does not specify how or when all, or a portion of, the fee is earned by the contract provider. If coverage under the vehicle value protection agreement continues after a claim, all paid claims may be deducted from any required refund. A reasonable administrative fee of up to $75 may be charged by the contract provider and deducted from any refund due to cancellation.

### Under-speed vehicles

The act amends the definition of "motor vehicle" to include an under-speed vehicle, which is a three- or four-wheeled vehicle that can go less than 20 miles per hour and has a weight of less than 3,000 pounds. In effect, this change exempts ancillary product protection contracts involving under-speed vehicles from insurance laws.

## Commercial transactions

### Mechanic's liens

(R.C 1311.04)

A mechanic's lien is a statutory tool by which a creditor may secure payment for labor or materials supplied in improving, repairing, or maintaining real property by recording a legal right or interest to the property. Typically, at the outset of a construction project, the property owner records a "notice of commencement" which includes a legal description of the property, a brief description of the improvement to be performed, and other information needed for contractors to assert lien rights. If the property owner records a notice of commencement, a contractor must serve a "notice of furnishing" on the property owner within 21 days after providing labor or supplying materials to preserve their lien rights. However, if the property owner does not file a notice of commencement, the contractor is not required to serve a notice of furnishing. If the owner does not timely pay a contractor whose lien rights are intact, the contractor may file a mechanic's lien on the property. If necessary, the contractor may enforce the mechanic's lien through a foreclosure action.

The act changes the default expiration date of a notice of commencement from six years to four years. It also requires that the notice contain the following statement: "the expiration date for this notice of commencement is four years from the date of recording unless a different date is specified herein."

Under new law, an owner, part owner, or lessee of real property who contracts for an improvement may submit an affidavit to the county recorder indicating that the improvements are complete and the previously filed notice of commencement has expired. The owner, part owner, or lessee also must serve the affidavit upon the original contractor and any subcontractor or lower-tier project participant that served a notice of furnishing. However, the act specifies that failing to serve an affidavit on a contractor, subcontractor, or lower-tier project participant does

not affect the expiration of the notice of commencement, extend the rights of any party seeking to file a mechanic's lien, or affect any time periods or other rights, requirements, or limitations under continuing law. The act also specifies that the expiration of a notice of commencement does not affect the attachment, continuance, or priority of any lien.

# CONSUMERS' COUNSEL

- Exempts a wireless service provider or reseller, to the extent either of them are providing wireless service, from the assessment used to fund the Office of the Consumers' Counsel.

## Exemption from OCC assessment

(R.C. 4911.18)

The act exempts a wireless service provider or reseller, to the extent either of them are providing wireless service, from the assessment used to fund the Office of the Consumers' Counsel (OCC), by amending the definition of "public utility" for assessment purposes to exclude them. Generally, a company engaged in the business of transmitting telephonic messages to, from, through, or in Ohio is a public utility subject to the assessment. Continuing law requires, for the sole purpose of maintaining and administering OCC and exercising its powers, an amount equal to OCC's appropriation annually be apportioned among and assessed against each public utility in Ohio.

Under continuing law, a "wireless service provider" means any of the following that provides wireless service to one or more end users in Ohio: (1) a facilities-based provider, (2) a mobile virtual network operator, or (3) a mobile other licensed operator. A "reseller" means a nonfacilities-based provider of wireless service that provides wireless service under its own name to one or more end users in this state using the network of a wireless service provider. "Wireless service" means federally licensed commercial mobile service and commercial mobile radio, both defined in federal law, and includes service provided by any wireless, two-way communications device, including a radio-telephone communications line used in cellular telephone service or personal communications service, a network radio access line, or any functional or competitive equivalent of such a radio-telephone communications or network radio access line.[42]

[42] R.C. 128.01, 4905.03(A), and 4911.01, not in the act.

# CONTROLLING BOARD

- Would have modified the limit on the Controlling Board's authority to approve unanticipated or additional expenditures (VETOED).
- Starting January 1, 2026, changes the deadline for the Controlling Board President to publish the Board's meeting agenda from seven days to ten days before each meeting.
- Subjects to Controlling Board approval any online subscription purchased by a state agency that in the aggregate exceeds $500 during the fiscal year.

## Expenditure of excess revenue (VETOED)

(R.C. 131.35)

The Governor vetoed a provision that would have reduced the limit on the Controlling Board's authority to approve the expenditure of unanticipated or additional funds to a flat dollar amount of $100 million per fiscal year for a specific or related purpose or item. Continuing law prohibits the Board from approving an amount greater than 0.5% of the GRF appropriations for that fiscal year. For example, in FY 2026, that amount would be roughly $220 million.

## Controlling Board agenda

(R.C. 127.13; Section 820.80)

Beginning January 1, 2026, the act requires the Controlling Board President to provide the Board's meeting agenda and any supporting documentation ten days before each meeting, instead of seven days, to the Board members and to the Legislative Service Commission.

## Procurement of online subscriptions

(R.C. 125.052)

The act subjects certain state agency purchases of online subscriptions to Controlling Board approval. Specifically, any online subscription purchased by a state agency for a news periodical or news website that is not headquartered in Ohio, and that in the aggregate exceeds $500 during the fiscal year, is subject to Controlling Board approval. The act defines "online subscription" as an offering through an internet online service or platform to access digital content or services on a recurring basis in exchange for a subscription fee. The act exempts the General Assembly, legislative agencies, and the Governor.

# OHIO DEAF AND BLIND EDUCATION SERVICES

- Permits a student enrolled in the State School for the Deaf or State School for the Blind to qualify for a high school diploma by completing a high school curriculum in lieu of completing the student's individualized education program (IEP).
- Requires investment earnings on money in each state school's educational program expense fund to be credited to that fund.

## High school diploma requirements

(R.C. 3325.08)

To qualify for a high school diploma under continuing law, a student enrolled in the State School for the Deaf or Blind must complete the student's IEP, in addition to completing the other high school graduation requirements established for public school students.

Under the act, in lieu of completing an IEP to qualify for a diploma, a student may complete any high school's curriculum.

## Expense funds investment earnings

(R.C. 3325.16 and 3325.17)

The act requires that all investment earnings on money in each state school's educational program expenses fund to be credited to that fund.

# STATE BOARD OF DEPOSIT

## Public depositories

- Specifies that a financial institution must have a banking office in Ohio to serve as a public depository.

## Financial transaction devices (FTDs)

### Definitions

- Redefines "financial transaction device" (FTD) and specifies that the term applies to devices for making payments or transfers of funds denominated in U.S. dollars.
- Defines "processor" as an entity conducting the settlement of an electronic payment or transfer of funds denominated in U.S. dollars.
- Expands "state entity" to include an officer under the authority of a state elected official, and to include entities that deposit funds into an account in the custody of the Treasurer of State (TOS).
- Defines "administrative agent of the board of deposit" to mean the TOS.
- Changes the defined term "state expenses" to "revenue" and expands it to include charges, tolls, court-ordered restitution, judgments, and other amounts owed to the state.

### Resolution

- Requires, instead of permits, the State Board of Deposit (BDP) to adopt a resolution authorizing the collection, receipt, and acceptance by the state of revenue, gifts, donations, or bequests made by a FTD.
- Specifies that BDP's resolution applies to FTD services related to bank accounts comprising the state treasury and those in the custody of TOS that are not part of the state treasury.
- Eliminates BDP's duty to send a copy of the resolution to each state elected official and state entity authorized to accept payments for state expenses by FTD.
- Eliminates law authorizing a state entity under the authority of a state elected official to decline to accept payments by FTD.
- Eliminates the requirement that each state elected official or state entity provide written notice to BDP's administrative agent of the official's or entity's intent to implement BDP's resolution.

### Administrative agent

- Removes the requirement that BDP's administrative agent request proposals from at least three financial institutions, issuers of FTDs, or processors of FTDs.

- Requires BDP's administrative agent to request proposals for acceptance, processing, and settlement services pursuant to BDP's resolution.
- Requires BDP's administrative agent to publish electronic public notices regarding requests for proposals on the agent's website instead of a state agency website.
- Increases from ten to 15 days the minimum amount of time, after the initial publication of an administrative agent's request for proposals, after which the request for proposals will be available.
- Requires that the administrative agent's request for proposals detail the services subject to the request.
- Eliminates the requirement that the administrative agent send via email the request for proposals to financial institutions, issuers, or processors interested in receiving the request.
- Eliminates the requirement that the administrative agent's notice require that a financial institution, issuer, or processor submit written notice of its interest in the request for proposals.
- Eliminates BDP's duty to review all submitted proposals.
- Permits BDP to authorize an administrative agent to contract, on BDP's behalf, with processors submitting proposals, and permits the agent to enter into one or more contracts for payment, collection, acceptance, processing, receipt, and settlement services for state entities and state elected officials.
- Requires BDP's administrative agent to provide notice to a processor when the processor's proposal is rejected.
- Gives TOS authority to contract as necessary to fulfill its obligations as BDP's administrative agent.

## Surcharges and convenience fees

- Allows state elected officials and state entities to establish a surcharge or convenience fee on a person making payment by FTD.
- Eliminates the prohibition on surcharge or convenience fees that are not authorized by contract.
- Eliminates the requirement that every state entity accepting payment by FTD post a notice in the entity's office when a surcharge or convenience fee is imposed.
- Eliminates the requirement that a notice of a surcharge or convenience fee contain a clear statement that the surcharge or convenience fee is nonrefundable.
- Eliminates law stating that surcharge or convenience fees are nonrefundable.
- Changes the types of deficient payment a person is liable for under the provision and specifies that the person is liable to a state elected official or state entity.

### Limitation of liability

- Excludes state entities from personal liability immunity and extends personal liability immunity to state elected officials and employees of a state entity or state elected official.

## Warrant clearance accounts

- Adds paper checks to the definition of a warrant clearance account.

## Public depositories

(R.C. 135.03)

Under Ohio's Uniform Depository Act[43] only eligible financial institutions may hold public deposits. Eligible financial institutions, such as banks, savings associations, savings and loan associations, and savings banks may apply to the State Board of Deposit (BDP) to serve as a depository of public funds of the state, or to the governing board of a subdivision to serve as a depository of public funds of the subdivision. If selected, the financial institution is authorized to hold the public funds for a designated period of time.

Prior law required public depositories to be "located in" Ohio. The act instead specifies that a public depository must have a banking office located in Ohio. Under continuing law, "banking office" means an office or other place established by a bank at which the bank receives money or its equivalent from the public for deposit and conducts a general banking business. "Banking office" does not include any of the following:

- Any location at which a bank receives, but does not accept, cash or other items for subsequent deposit, such as by mail or armored car service or at a lock box or night depository;
- Any structure located within 500 yards of an approved banking office of a bank and operated as an extension of the services of the banking office;
- Any automated teller machine (ATM), remote service unit, or other money transmission device owned, leased, or operated by a bank;
- Any facility located within the geographical limits of a military installation at which a bank only accepts deposits and cashes checks;
- Any location at which a bank takes and processes applications for loans and may disburse loan proceeds, but does not accept deposits;
- Any location at which a bank is engaged solely in providing administrative support services for its own operations or for other depository institutions.[44]

[43] R.C. Chapter 135.

[44] R.C. 135.03 and 1101.01, not in the act.

# Financial transaction devices (FTDs)

(R.C. 113.40)

## Definitions

The act changes the definition of "financial transaction device" (FTD) to exclude references to certain automated clearinghouse network entries, and specifies that the term applies to devices for making payments or transfers of funds denominated in U.S. dollars.

The act changes the defined term "state expenses" to "revenue" and expands the definition to include charges, tolls, court-ordered restitution, judgments, and other amounts owed to the state.

The act adds a definition for "processor" as "an entity conducting the settlement of an electronic payment or transfer of funds, which shall be denominated in U.S. dollars."

The act adds "administrative agent of the board of deposit" to mean the Treasurer of State (TOS).

The act expands the definition of "state entity" to include an officer under the authority of a state elected official, and entities that deposit funds into an account in the custody of the TOS.

## Resolution

The act requires, rather than permits, BDP to adopt a resolution authorizing the collection, receipt, and acceptance by the state of revenue, gifts, donations, or bequests made by FTD, and eliminates the following content which was required to be included in the resolution under former law:

- A designation of state elected officials and state entities authorized to accept payments by FTD;
- A list of state expenses that may be paid by the use of a FTD;
- Specific identification of FTDs that a state elected official or state entity may authorize as acceptable means of payment;
- The amount authorized as a surcharge or convenience fee for persons using a FTD;
- A specific requirement for the payment of a penalty if a payment made by means of a FTD is returned or dishonored.

The act specifies that the resolution applies to FTD services related to all bank accounts comprising the state treasury, as well as those in the custody of TOS that are not part of the state treasury. The act eliminates BDP's prior duty to transmit a copy of the resolution to each state elected official and state entity authorized to accept payments for state expenses by FTD, as well as the requirement that state elected officials and state entities provide a written notice of intent to adopt the resolution to BDP's administrative agent.

Under former law, if a state entity under the authority of a state elected official was directly responsible for collecting state expenses, and the official determined not to accept

payments by FTD, the entity was not required to accept payments by FTD. The act eliminates this provision, removing a state elected official's discretion to reject payments by FTD by a state entity under the official's authority.

## Administrative agent

Under continuing law, TOS serves as BDP's administrative agent to solicit proposals. The act specifies that the proposals solicited must be for FTD services. Under former law, the administrative agent was required to request proposals from at least three financial institutions, issuers of financial transaction devices, or processors of FTDs. The act eliminates that requirement and specifies that the request for proposals be "for acceptance, processing, and settlement services."

Under the act, the administrative agent must publish an electronic notice regarding requests for proposals on the agent's website, instead of on a state agency website as required under former law. The act increases, from ten to 15 days, the minimum time after initial publication of the request for proposals after which the request for proposals will be available. It also eliminates the administrative agent's duty to email the request for proposals to financial institutions, issuers, or processors and requires the request to detail the services subject to the request.

Under former law, the BDP, after reviewing all submitted proposals and considering its administrative agent's recommendation, had authority to contract with processors and was required to provide notice to a processor when the processor's proposal was rejected. The act transfers the authority to contract to the administrative agent, as well as the duty to notify a processor of a rejected proposal. It eliminates BDP's duty to review all submitted proposals.

The act grants the TOS authority to enter into contracts necessary to fulfill TOS's obligations as administrative agent for BDP.

## Surcharges and convenience fees

The act transfers the authority to establish surcharge and convenience fees on a person making payment by FTD from BDP to state elected officials and state entities. It expands the state's ability to impose surcharge and convenience fees on persons making payment by FTD by eliminating the requirement that the authority to impose such fees be provided for under contract.

Under continuing law, when a surcharge or convenience fee is imposed, state entities must notify each person making payment about the surcharge or fee. The act eliminates the requirement that every state entity accepting payment by FTD post a notice in the entity's office when a surcharge or convenience fee is imposed. The act eliminates existing language stating that surcharge and convenience fees are not refundable and eliminates the requirement that each notice contain a statement that the surcharge or fee is nonrefundable.

Under the act, if a person remits revenue to the state by FTD and the payment is reversed or is less than the amount owed, the person is liable to the state elected official or state entity for the total amount of state revenue and certain reimbursable costs incurred by the official or entity in collecting the reversed payment. Under former law, a person who made a payment by

FTD that was returned or dishonored was liable to the state for expenses and certain reimbursable costs incurred by the state in collecting the returned or dishonored payment.

### Limitation of liability

Former law provided personal liability immunity to state entities and employees for the final collection of FTD payments. The act eliminates this immunity for state entities and extends it to state elected officials. It adds language specifying that the employees covered under this immunity are those employed by "a state entity or state elected official."

## Warrant clearance accounts

(R.C. 135.01)

The act expands the definition of "warrant clearance account" to include accounts established by TOS for the deposit of active state moneys for the purposes of clearing state checks through the banking system.

# DEPARTMENT OF DEVELOPMENT

## Residential economic development district grants

- Creates a grant program for counties, townships, and municipal corporations located within 20 miles of a major economic development project.
- Allows a county, township, or municipal corporation to apply for a grant independently, or in collaboration with a housing developer, port authority, council of government, regional planning commission, or other subdivision.
- Specifies the purposes for which grant funds must be used.
- Requires applicants to adopt pro-housing policies and approve a major workforce housing project consisting of at least 100 units.
- Requires the Director of Development (DEV Director) to evaluate and score applications based on metrics outlined by the act, including by giving preference to applicants that adopt more pro-housing policies in terms of both number and impact.
- Requires the Director to adopt rules to implement the program and to finalize and publish initial application procedures and scoring metrics by December 31, 2025.

## Residential development revolving loan program

- Creates the Residential Development Revolving Loan Program.
- Specifies that loans made by the program are only available to local governments that are located in a county with a population of 75,000 or less and that issued fewer new construction permits for single-family homes than the average number of permits issued in counties in Ohio.
- Specifies that borrowed funds are only for projects involving the development, repair, or upgrade of water, sewer, road, electric, or gas infrastructure necessary to service dwellings meeting statutory requirements.
- Limits the loan amount to the lesser of 50% of the cost of the infrastructure developments, repairs, or upgrades or $30,000 per single-family residential dwelling to be served by that infrastructure.
- Requires political subdivisions receiving loans to waive certain building, zoning, and planning requirements for the residential development project served by the project.
- Prohibits the Department of Development (DEV) from using more than $500,000 annually of the money deposited to the Residential Development Revolving Loan Fund for administrative expenses.
- Requires political subdivisions receiving loans to exempt improvements constructed from loan proceeds from property taxes, collect payments in lieu of taxes, and use those payments to pay off the loan.

- Appropriates $90 million for the program in FY 2026, and allows for any unused funds to be carried over into FY 2027.

## Building demolition and site revitalization grants

- No longer requires DEV to award building demolition and site revitalization grants to projects on a first-come, first-served basis.

## Brownfield Remediation Program

- Alters the parameters for the types of projects that are eligible for funding under the Brownfield Remediation Program and the procedures for issuing grants.

## State private activity bond ceiling and fund

- Grants DEV authority to allocate Ohio's volume ceiling on state private activity bonds established under federal income tax law.
- Requires DEV to adopt rules governing the administration of the volume ceiling, including an allocation formula.
- Establishes a custodial fund consisting of fees paid by issuers receiving volume ceiling allocations to pay DEV's costs in administering Ohio's volume ceiling.

## DEV funds

- Eliminates the Mortgage Insurance Fund and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- Eliminates the Mortgage Guarantee Fund.
- Eliminates the DEV Director's Purchase Fund.
- Eliminates sinking fund requirements for certain funds received by the DEV Director.

## Individual Microcredential Assistance Programs

- Creates the Institutional Platinum Provider Program (IPPP) under which a state institution of higher of education participating in the Individual Microcredential Assistance Program (IMAP) may receive one or more advance payments for training costs for individuals to earn a microcredential.
- Increases from $500,000 to $1 million the total advance payment or reimbursement amount a state institution participating in IMAP and IPPP may receive in a fiscal year.
- Creates the Platinum Provider Program under which an eligible IMAP participant may receive one or more advance payments for training costs for individuals to earn a microcredential.

## Affirmative action programs in public contracting

- Eliminates a requirement for all contractors from whom the state or a political subdivision makes purchases to have a written affirmative action program for the employment and utilization of economically disadvantaged persons.
- Eliminates a prohibition against DEV disbursing capital money appropriated for any project unless the project provides for an affirmative action program for the employment and utilization of persons who are disadvantaged due to their culture, race, ethnicity, or other similar reasons.
- Repeals a requirement that a person receive a certificate of compliance with affirmative action programs before bidding on a public improvement construction contract or a transportation construction contract awarded by the Director of Transportation.
- Prohibits most public authorities, for subcontracts of construction managers at risk and design-build firms, from eliminating a bidder as unqualified on the basis that the bidder has not complied with an affirmative action program, or a diversity, equity, and inclusion program.

## Welcome Home Ohio (WHO) Program

- Decreases the minimum square footage for homes that receive Welcome Home Ohio (WHO) grants or tax credits from 1,000 to 800 square feet.
- Allows WHO funds to be used to acquire or rehabilitate manufactured homes but not mobile homes.
- Allows WHO funds to be used to acquire or rehabilitate residential units in a mixed-use development but requires the funds to be used for the residential units, common areas used by the occupants of the residential units, or improvements that serve the residential units.
- Increases the amount of the WHO tax credit from one-third of the construction and rehabilitation costs to 90% of such costs.
- Extends the WHO tax credit through the end of FY 2027 and allows up to $20 million in tax credits to be awarded in the biennium.
- Allows DEV to award WHO grants to certain qualified nonprofit developers that are incorporated in Ohio for the purpose of improving the physical, economic, or social environment by addressing critical problems like housing.
- Increases, from $30,000 to $100,000, the maximum amount of a WHO grant to rehabilitate or construct a home.
- Applies the same $100,000 cap to WHO grants for the acquisition of a home, which were not limited under prior law.
- Increases the income eligibility threshold for buyers of WHO-funded homes from 80% to 120% of the median income of the county where the home is located.

- Increases the amount for which WHO-funded homes may be sold from $180,000 to $220,000.
- Reduces from five years to three years the time the buyer of a WHO-funded home must agree to occupy the home as a primary residence and not rent it to anyone else.
- Reduces from 20 years to 15 years the time the buyer of a WHO-funded home must agree to not sell the home to anyone whose income exceeds the WHO eligibility thresholds.
- Specifies that the deed restriction concerning subsequent sales of a WHO-funded home is a covenant running with the land and is enforceable against subsequent buyers.
- Allows a grant or tax credit recipient to include in the deed restriction a right of first refusal to repurchase the property in order to ensure that subsequent buyers meet the income eligibility requirements.
- Allows up to $2,000 of each WHO grant to be used to fund the financial literacy counseling that grant recipients are required, under continuing law, to provide to purchasers of the property.
- Reduces the minimum duration of the counseling from one year to six months.
- Requires the counseling to include basic home maintenance and financial literacy components, and to be conducted by a person who is licensed, certified, or authorized to provide the counseling services.
- Requires a grant recipient to reinvest any profits derived from the sale of a WHO-funded home in the land bank's land reutilization program or the developer's housing program.

# Residential economic development district grants

(R.C. 122.636)

## Overview

The act creates a grant program for counties, townships, and municipal corporations that are fully or partially located within a residential economic development district (REDD). A REDD consists of all parcels within a 20-mile radius of a "major economic development project," defined in the act as a project that is reasonably expected to improve the economic well-being of the surrounding area and that either consists of at least $700 million in private investment or is expected to create at least 700 new permanent jobs. The act specifies that the grant program is intended to encourage major workforce housing projects in areas of the state that otherwise would not attract such development and to increase home ownership among Ohioans.

## Application

The act requires DEV to implement the grant program. A subdivision applying for a REDD grant must include documentation or other evidence that proves that the subdivision has, or has imminent plans to, adopt and implement pro-housing development policies and approve a "major workforce housing project" consisting of at least 100 units. A subdivision may apply for a

grant in collaboration with another subdivision or with a housing developer, port authority, council of government, or regional planning commission.

## Pro-housing development policies

The act provides the following nonexhaustive list of pro-housing development policies:

- Having a process in place to increase the rate at which permits for housing developments are reviewed;
- Having a pre-approval process in place for an expedited review of permits for a diverse range of housing developers;
- Subsidizing or decreasing costs related to water or sewer connections and extensions for major workforce housing projects;
- Acquiring and readying sites that are ready to be financed and built upon by developers;
- Reducing or eliminating impact, inspection, and plan review fees for housing developers;
- Adopting a zoning plan that includes promoting higher density, small lot size, and minimum setback requirements;
- Developing a comprehensive plan that promotes diverse residential development options;
- Having no or minimal parking requirements for developments that include residential units;
- Conducting a traffic study, improving water or sewer infrastructure, improving roads, or permitting both rigid and flexible pavement types;
- Developing partnerships to expand the provision of sewer and water services to new areas;
- Promoting the use of nontraditional building structures such as modular or manufactured homes.

## Review

The act requires DEV to review applications and award grants on a rolling basis, giving preference to applicants that adopt more pro-housing development policies, in terms of both quantity and impact. The DEV Director must evaluate applications and determine the amount of each grant award based on scoring metrics that include the following:

- Density, with more points awarded to projects that have more units per acre, starting at two units per acre;
- Lot size, with more points awarded to projects that have smaller lot sizes, starting with an average of 7,500 square feet;
- Side yard setbacks, with more points awarded to projects that have smaller setback requirements, starting with six feet;

- Open space requirements, with more points awarded to projects that have lesser open space requirements, starting with 25% of gross acreage;
- Inspection, plan, impact, or water and sewer tap fee reductions, with more points awarded for lower or no fees;
- Use of water pipe type, with more points awarded for allowing polyvinyl chloride as opposed to ductile iron;
- Use of rigid and flexible pavement types, with more points awarded for allowing both;
- Traffic studies and thoroughfare plans, with more points awarded for applicants that seek to use funds for those purposes and have demonstrated success in completing such studies or plans for a major workforce housing project;
- Sanitary sewer or water extensions, with more points awarded for applicants that seek to use funds for those purposes as related to the major workforce housing project.

The DEV Director must adopt rules addressing application procedures, scoring metrics, grant distribution, and state model zoning plans that include density, lot size, and setback preferences. The rules must be finalized and published to DEV's website by December 31, 2025.

### Award

A REDD grant must be used to provide capital for housing development through grants or loans, ready sites for development, provide financial assistance for housing-related infrastructure projects, or to address additional service or public safety needs due to increases in population. If, at the time the grant application is submitted, the subdivision has not yet adopted the pro-housing policies or approved the major workforce housing project described in the application, DEV must confirm that the subdivision follows through with those plans before disbursing grant funds.

### Public records

The act provides that all applications for REDD grants and the scoring metrics DEV uses in awarding the grants are public records for purposes of Ohio's public records law.

## Residential Development Revolving Loan Program

(R.C. 122.98, 122.981, 176.05, 4115.04, and 5709.89; Sections 259.10, 259.30, and 512.10)

The act creates the Residential Development Revolving Loan Program (RDRLP), with the stated intent of increasing the availability of single-family homes in rural areas.

### Eligible borrowers

An eligible borrower for an RDRLP loan is a county, or a township or municipal corporation that is fully or partially located in a county, that has a population not exceeding 75,000, as determined by the most recent federal decennial census, and that authorized less than the average number of building permits for privately owned housing units as compared to other Ohio counties.

## Use of proceeds

Borrowers must use the proceeds of an RDRLP loan exclusively to develop, repair, or upgrade water, sewer, transportation, electric, or gas infrastructure needed for the construction of single-family, residential dwellings that are part of a residential development project. A borrower is prohibited from using any portion of the proceeds for routine infrastructure maintenance or for developments, repairs, or upgrades that exceed the projected requirements of the residential development project.

## Residential development project

The act also includes requirements for the residential development project served by the infrastructure developments, repairs, or upgrades. DEV is prohibited from approving a loan application unless the borrower demonstrates that the project meets all of the following:

- Is fully located in a county that meets the population and building permit criteria described above;
- Has a net density of at least four single-family, residential dwellings per acre;
- Is zoned exclusively for single-family, residential use;
- Does not currently, and will not upon its completion, include low-income housing that receives a federal low-income housing tax credit.

## Loan amount

The amount of an RDRLP loan must not exceed the lesser of either:

- 50% of the total cost of the infrastructure developments, repairs, or upgrades; or
- $30,000 per single-family, residential dwelling included in the residential development project served by the developments, repairs, or upgrades.

## Application requirements

The borrower must include the following in the loan application:

- A description of the infrastructure developments, repairs, or upgrades to be funded by the loan and an estimate of the total cost to complete them;
- The loan amount requested by the borrower;
- Documentation sufficient to prove that the borrower, residential development project, and the infrastructure developments, repairs, or upgrades meet the act's requirements;
- Certification that the eligible borrower agrees to comply with all provisions of the act.

## Administration

The act requires DEV to administer the RDRLP and to begin accepting applications for loans by January 1, 2026. DEV must accept applications and make loans on a rolling basis whenever funding is available. The act authorizes DEV to establish a schedule of fees and charges

to be paid by applicants and loan recipients as necessary to offset the cost of administering the RDRLP.

## Conditions for borrowers

Borrowers, as a condition of accepting an RDRLP loan, must exempt the residential development project served by the infrastructure developments, repairs, or upgrades, from any building or road standards that are more stringent than those prescribed by state law. Furthermore, the borrower must exempt the development project from any ordinances, resolutions, rules, or restrictions concerning minimum square footage for residential dwellings, off-street parking, or the existence, size, or placement of a garage.

Within 45 days after receiving an RDRLP loan, the borrower must complete any required traffic reviews or studies for the residential development. In addition, the borrower must provide a quarterly report to the DEV Director on the status of the work funded by the loan and repay the principal and interest of the loan in accordance with terms specified by DEV.

## Scoring metrics

The act requires DEV to develop scoring metrics in prioritizing applications, determining whether to approve low-interest loans, and determining the amount of the loans. The metrics must meet the following requirements:

- Give higher priority to projects in locations with greater housing need and lack of private housing investment;
- Consider the potential economic impact of the project and the regional distributive balance of the loans;
- Not consider whether the project is located in an economically distressed area, including by weighting preference based on the poverty rate in the jurisdiction or census tract in which the project is located.

## Payments in lieu of taxes

The act requires a borrower to exempt improvements constructed with loan proceeds from property tax. Property owners would then make payments in lieu of taxes to the borrower equal to the forgone taxes. The borrower then must use those payments to pay off the RDRLP loan. The payments and exemption end after the loan is paid.

## RDRLP Fund

The act creates the Residential Development Revolving Loan Fund to fund the program. It is to consist of appropriations made by the General Assembly, moneys received as repayment for loans under the program, fees collected under the program, and any other money transferred to the fund. All investment earnings of the fund are to be credited to the fund. DEV must use money in the fund exclusively to make low-interest loans under the program and to offset the expenditures it incurs in administering the program. The aggregate amount used to offset the Department's expenditures in any fiscal year must not exceed $500,000. DEV must credit to the fund all principal, interest, and fees paid under the program by borrowers.

The act appropriates $90 million to the fund in FY 2026. Any unexpended balance of the appropriation may be carried over to FY 2027.

# Building demolition and site revitalization grants

(R.C. 122.6512)

Continuing law authorizes DEV to award grants from the Building Demolition and Site Revitalization Fund for the demolition of commercial and industrial buildings and revitalization of surrounding nonbrownfield properties. DEV, by rule, may set the parameters of project eligibility. At least $500,000 in grants are annually reserved for each county, unless the appropriation for the year is less than $44 million, in which case, each county's minimum reservation is reduced in equal proportions. Under prior law, DEV was required to award these grants on a first-come, first-served basis. The act removes this stipulation, which presumably allows DEV to use other criteria to award the grants.

# Brownfield Remediation Program

(R.C. 122.6511)

## Background

Continuing law establishes the Brownfield Remediation Program, under which the Director of Development awards grants for remediation and priority investment area eligible projects at brownfields. A brownfield is an abandoned, idled, or under-used industrial, commercial, or institutional property where expansion or redevelopment is complicated by known or potential releases of hazardous substances or petroleum. Remediation involves an action to contain, remove, or dispose of hazardous substances or petroleum. It includes the acquisition of a brownfield, demolition performed at a brownfield, and the installation or upgrade of the minimum amount of infrastructure necessary to make a brownfield operational for economic development activity. A priority investment area eligible project is a project necessary or conducive for generating, transporting, storing, or transmitting electricity at the site of a brownfield or former coal mine. In determining eligibility for a priority investment area eligible project, the Director must prioritize areas of Ohio negatively impacted by the decline of the coal industry.

Under the program, a lead entity for a county must submit grant applications to the Director for projects in that county. A lead entity includes local government entities such as a county, municipal corporation, or local land bank, and organizations for profit. For each fiscal year, money appropriated for the program is first reserved for each of Ohio's 88 counties, with each county receiving $1 million. Any additional money appropriated that is not reserved (or any money not used by a county) is available for grants to projects located anywhere in Ohio. Previously, grants from those funds had to be awarded to qualifying projects on a first-come, first-serve basis.

## Alterations to the program

The act alters the program by doing all of the following:

1. For purposes of distributing money appropriated for grants, doing the following:

a. Eliminating the requirement that money not reserved for each county be available for grants located anywhere in the state on a first-come, first-served basis;

b. Instead, doing the following:

i. Requiring any funds appropriated and that are not reserved for a county (or that are not utilized by a county) to be awarded on a case-by-case basis, to be utilized in different regions of Ohio as overseen by the DEV Director, and to be evaluated by the Director in terms of the economic merit of the project to the county, surrounding counties, and state; and

ii. Stating that the changes apply to new projects that are applied for and awarded funding by the Director on and after September 30, 2025. Projects that are applied for or were applied for prior to July 1, 2025, are governed by the prior statute.

2. Altering the definition of "remediation" to include demolition and infrastructure development costs; and

3. Defining "demolition and infrastructure development costs" as demolition costs and costs associated with constructing, upgrading, or extending infrastructure necessary to make a brownfield operational for a planned economic development project, including any other investment in the brownfield.

## State private activity bond ceiling and fund

(R.C. 122.97)

The act grants DEV the authority to allocate Ohio's volume ceiling on the aggregate amount of state private activity bonds issued as provided under federal law. Private activity bonds are issued by or on behalf of a state or local government to provide special financial benefits for qualified projects. If the bonds meet specific criteria the interest earned may be tax-exempt. Federal law establishes the ceiling for each state and grants states authority to allocate the ceiling among issuing authorities in the state.[45]

The act requires DEV to adopt rules that do the following:

- Provide a formula for allocating the volume ceiling, as authorized by federal law;
- Authorize procedures to administer those allocations;
- Impose fees on persons to which the allocations are issued;
- Establish any other requirements, processes, or procedures to administer the volume ceiling.

The act creates the Development Volume Cap Fund as a custodial fund consisting of all fees paid by issuers receiving volume ceiling allocations. The fund pays DEV's costs in administering ceiling allocations. The Treasurer of State must disburse money from the fund on

[45] 26 U.S.C. 141 and 146(d) and (e).

DEV's order. All interest and investment income earned by the fund must be deposited into the Fund.

## DEV funds

(R.C. 122.451, 122.55, 122.56, 122.561, and 122.57, repealed; and R.C. 122.41, 122.42, 122.47, 122.49, 122.53, 122.571, 122.59, 165.04, 166.03, 166.08, 169.01, and 169.05 (conforming changes))

The act eliminates the following funds:

- The Mortgage Insurance Fund, and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- The Mortgage Guarantee Fund, used for a variety of guaranty programs.
- The DEV Director's Purchase Fund, used for purchasing or improving certain properties.

The act also eliminates sinking fund requirements for certain funds received by the DEV Director: payments of principal of and interest on the loans made by the Director, all rentals received under leases made by the Director, and all proceeds of the sale or other disposition of property held by the Director.

## Individual Microcredential Assistance Programs

(R.C. 122.1710, 122.1712, and 122.1713; Section 701.50)

The act enacts the Platinum Provider Act. It modifies the existing Individual Microcredential Assistance Program (IMAP) and creates two platinum provider programs for certain IMAP participants: the Institutional Platinum Provider Program and the Platinum Provider Program. Under the platinum provider programs, certain IMAP participants may be eligible for one or more advance payments in addition to reimbursements for which the participants may be eligible under IMAP. Under continuing law, IMAP reimburses participating training providers for training costs for individuals to earn a microcredential, which is an industry-recognized credential or certificate that an individual may complete within one year and that is approved by the Chancellor of Higher Education.[46]

The act requires the DEV Director, who administers IMAP, to do both of the following with respect to the platinum provider programs:

- Create applications to participate in and seek advance payments under the programs;
- Adopt rules to implement the programs.

### Institutional Platinum Provider Program

Under the act, the DEV Director, in consultation with the Governor's Office of Workforce Transformation (OWT), must establish an Institutional Platinum Provider Program (IPPP) for state

[46] By reference to R.C. 122.178, not in the act.

institutions of higher education. A state institution approved to participate in IMAP is eligible to participate in IPPP. The act increases from $500,000 to $1 million the total advance payment or reimbursement a state institution participating in IMAP and IPPP may receive in a fiscal year. The total advance payments a state institution may receive under IPPP in any fiscal year cannot exceed the total reimbursement amount the institution initially seeks under IMAP.

### Institutional duties

The act requires each state institution to:

- Provide at least two in-person training programs and at least one online training program for individuals to earn a microcredential; and
- By December 31 immediately after IPPP is established, and by December 31 annually after that, apply to participate in IMAP.

### Institutional platinum providers

If the DEV Director approves a state institution's application to participate in IMAP, the following apply:

- The DEV Director must designate the state institution as an institutional platinum provider.
- The state institution may participate in IPPP.
- The state institution is eligible to apply for one or more advance payments under IPPP to cover training costs for individuals to earn a microcredential.

### Initial advance payments

An institutional platinum provider may apply for an initial advance payment of not more than 20% of the total reimbursement the state institution seeks under IMAP. If a state institution applies for an advance payment, the DEV Director must provide it in the amount specified in the application.

### Subsequent advance payments

After each training program an institutional platinum provider administers during a fiscal year that results in at least one individual earning a microcredential, the state institution may apply for a subsequent advance payment. Each subsequent advance payment cannot exceed 20% of the total reimbursement the state institution seeks under IMAP. If at least 50% of the individuals who participated in the state institution's last training program earned a microcredential, the DEV Director must provide another payment to the institution in the amount specified in the application. If, however, less than 50% of the individuals earned a microcredential, to be eligible for another payment, the institution must refund a certain percent of the advance payment that was last provided to the institution during the fiscal year. The percent is the difference between 50% and the percent of individuals who earned a microcredential. If the state institution refunds that amount, the Director must provide another payment to the institution in the amount specified in the application. If the state institution does not refund that amount, the Director cannot provide another payment.

### IMAP reimbursements

If the DEV Director approves an institutional platinum provider's reimbursement application under IMAP, the Director must reimburse the state institution for the total actual training cost less the total advance payment the state institution received under IPPP. The Director cannot reimburse the institution for any amounts the institution refunded under IPPP. If the total actual training cost is less than the total advance payment the institution received under IPPP, the institution must refund the difference between the total advance payment and the actual training cost.

## Platinum Provider Program

The act requires the DEV Director, in consultation with OWT, to establish a separate Platinum Provider Program (PPP) for training providers participating in IMAP. A training provider is an Ohio technical center, state institution of higher education, or private business or institution that offers training to allow an individual to earn a microcredential. A training provider that is approved to participate in IMAP and that meets the act's requirements is eligible to participate in PPP. A training provider approved to participate in PPP may receive one or more advance payments to cover the training costs for individuals to earn a microcredential. A training provider participating in PPP may receive a total advance payment under PPP, or reimbursement under IMAP, of up to $500,000 in a fiscal year.

### Application

After being approved to participate in IMAP, a training provider seeking to participate in PPP must apply to the DEV Director on a form prescribed by the Director. The training provider must include the following information in the application:

- The initial advance payment amount the training provider is seeking, not to exceed 20% of the total reimbursement the training provider seeks under IMAP;
- Evidence that at least 80% of individuals who participated in training programs offered by the provider in the previous fiscal year earned a microcredential under IMAP;
- The number of microcredentials for which the provider is seeking an advance payment and the names of the microcredentials;
- The training cost for each microcredential for which the provider is seeking an advance payment;
- Proof that the provider has obtained a surety bond that meets the act's requirements.

The DEV Director must notify a training provider in writing of the Director's decision to approve or deny the provider's application.

### Initial advance payment

If the DEV Director approves a training provider's application to participate in PPP, the Director must both:

- Designate the training provider as a platinum provider;

- Provide an initial advance payment to the platinum provider in the amount specified in the application, but not exceeding the least of the following:
  - $100,000;
  - 20% of the total reimbursement the provider seeks under IMAP;
  - The amount of the surety bond that the provider must maintain to participate in PPP, less any previous advance payment the provider must refund to the DEV Director.

### Subsequent advance payments

After each training program that a platinum provider administers during a fiscal year that results in at least one individual earning a microcredential, the provider may apply for a subsequent advance payment. Each subsequent advance payment cannot be more than the least of the amounts listed above. The provider must include in the application the same information required in the initial application to participate in PPP. If at least 80% of the individuals who participated in the provider's last training program earned a microcredential, the DEV Director must provide a subsequent advance payment to the provider in the amount specified in the application. If, however, less than 80% of the individuals earned a microcredential, to be eligible for a subsequent advance payment, the provider must refund a certain percent of the advance payment last provided to the provider during the fiscal year. The percent is the difference between 80% and the percent of individuals who earned a microcredential. If the provider refunds that amount, the Director must provide a subsequent advance payment to the provider in the amount specified in the application. If the provider does not refund that amount, the Director cannot provide a subsequent advance payment.

### IMAP reimbursements and refunds

If the DEV Director approves a reimbursement application a platinum provider submits under IMAP, the Director must reimburse the provider for the total actual training cost under IMAP, less the total advance payment to the provider under PPP. The Director cannot reimburse the provider for any amounts the provider refunded under PPP. If the total actual training cost is less than the total advance payment the provider received under PPP, the provider must refund the difference between the advance payment and the actual training cost. If a provider fails to apply for reimbursement under IMAP, the Director must require the provider to refund the total advance payment the provider received under PPP.

### Revocation of platinum provider status

If, at the time a platinum provider seeks reimbursement under IMAP, the DEV Director determines that less than 80% of individuals who participated in the provider's training programs in the fiscal year earned a microcredential, or that the provider has failed to maintain the required bond, both of the following apply:

- The DEV Director must revoke the provider's status as a platinum provider.
- The provider is ineligible to participate in PPP for the following fiscal year.

A training provider whose platinum status is revoked may reapply to participate in PPP in the following fiscal year.

### Surety bond

A training provider that is designated as a platinum provider or that seeks to participate in PPP must maintain a surety bond issued by a bonding or insurance company licensed to do business in Ohio. The bond must be in favor of the DEV Director. It must be in an amount not less than the sum of the total advance payments the provider received for the fiscal year plus any advance payments for any previous fiscal year that the provider must refund. The provider must maintain the bond while participating in PPP and cannot allow it to expire or terminate until the provider applies for reimbursement under IMAP or makes any required refunds.

## IMAP application period

The act establishes the application period under IMAP to address the interaction between it and the platinum provider programs. Prior law did not specify the application period. Under continuing law, a training provider seeking reimbursement for training costs under IMAP must submit an initial application to participate in IMAP. After being approved to participate and administering a training program, the training provider must submit a separate reimbursement application. The act ties the application period under IMAP to the state fiscal year. It requires the DEV Director to administer IMAP so that the total reimbursement to each IMAP participant occurs at least once per fiscal year. Each training provider seeking to participate in IMAP under the act must apply at or before the beginning of the fiscal year, but not later than the date established by the Director. The provider must submit the reimbursement application during the fiscal year in which the provider applied to participate in IMAP, but not later than the date established by the Director.

# Affirmative action programs in public contracting

(R.C. 9.47, repealed; R.C. 125.111, 153.502, and 153.59; conforming changes in R.C. 153.08 and 5525.03)

The act eliminates the following provisions related to affirmative action programs in public contracting:

- A requirement for all contractors from whom the state or a political subdivision makes purchases to have a written affirmative action program for the employment and utilization of economically disadvantaged persons.
- A prohibition against DEV disbursing capital money appropriated for any project unless the project provides for an affirmative action program for the employment and utilization of persons who are disadvantaged due to their culture, race, ethnicity, or other similar reasons.
- A requirement that a person receive a certificate of compliance with affirmative action programs before bidding on a public improvement construction contract or a transportation construction contract awarded by the Director of Transportation.

Subject to the exceptions listed below, with respect to subcontracts of construction managers at risk and design-build firms, the act prohibits a public authority from eliminating a bidder as unqualified on the basis that the bidder has not complied with an affirmative action

program or a diversity, equity, and inclusion program. The prohibition does not apply to either of the following:

- County policies to assist minority business enterprises in competitively bid contracts;
- Any set-aside programs for minority business enterprises or EDGE business enterprises.

Under continuing law, a "minority business enterprise" means a business that is owned and controlled by U.S. citizens who reside in Ohio and are members of one of the following economically disadvantaged groups: Blacks or African Americans, American Indians, Hispanics or Latinos, and Asians.[47] An "EDGE business enterprise" is a business certified by the DEV Director as being owned by one or more individuals who are economically and socially disadvantaged based on wealth, business size, and other characteristics, including color, ethnicity, gender, disability, or some other disadvantage not common to other small business owners.[48]

# Welcome Home Ohio Program

(R.C. 122.631, 122.632, and 122.633)

The Welcome Home Ohio (WHO) Program allows DEV to award grants and tax credits for the purchase, construction, or rehabilitation of qualifying residential property. The act makes numerous changes to the WHO Program, including by increasing the tax credit amount, extending grant eligibility to certain nonprofit developers, adjusting the standards for types of properties that may be purchased and rehabilitated, and changing conditions for ownership of a WHO-funded home.

## Qualifying residential property

Under prior law, "qualifying residential property" was defined as a single-family residence with at least 1,000 square feet of habitable space. The term included a single unit in a multi-unit property that had no more than ten total units. It explicitly excluded manufactured homes, which are building units or assemblies of closed construction fabricated in an off-site facility and constructed in conformance with certain specified federal construction and safety standards.[49]

The act reduces the minimum square footage of qualifying residential property from 1,000 square feet to 800 square feet. It also allows WHO funds to be used to acquire, construct, or rehabilitate residential units in mixed-use developments, without the ten-unit limitation, and manufactured homes. However, the act prohibits the use of WHO funds on a "mobile home," which is a building unit or assembly of closed construction that is fabricated in an off-site facility, is more than 35 body feet in length or, when erected on site, is 320 or more square feet, is built on a permanent chassis, is transportable in one or more sections, and does not qualify as a manufactured home.[50]

[47] R.C. 122.71, not in the act.

[48] R.C. 122.922, not in the act.

[49] R.C. 3781.06, not in the act.

[50] R.C. 4501.01, not in the act.

If grant funds are awarded to construct or rehabilitate a mixed-use building, the act generally requires those funds to be used in areas of the building that are designated for residential use. However, the funds may be used in common areas so long as they are used by the occupants of the residential units and for improvements that serve both the residential units and other portions of the project. The DEV Director must adopt rules to determine the value of qualifying residential property located in a mixed-use building compared to the total value of the building.

## Tax credit

The WHO Program allows DEV to award nonrefundable tax credits against the income tax and financial institutions tax (FIT) to land banks and eligible developers for the rehabilitation or construction of qualifying residential property. An "eligible developer" is one of several enumerated nonprofit entities, provided a primary activity of the entity is the development and preservation of affordable housing or a community improvement corporation or community urban redevelopment corporation.

Under prior law, the tax credit equaled $90,000 per qualifying residential property or one-third of the cost of construction or rehabilitation, whichever was less. The act increases the amount of the credit from one-third of construction or rehabilitation costs to 90% of such costs but retains the $90,000 cap for each residential property. Prior law allowed DEV to issue up to $25 million in tax credits in both FY 2024 and FY 2025 and then sunset the credit. The act extends the credit through the end of FY 2027 and allows $20 million in tax credits to be issued over the course of the biennium.

## Qualified nonprofit developers

Prior law limited eligibility for WHO grants to "electing subdivisions" and "county land reutilization corporations," which are collectively referred to in this analysis as "land banks." A land bank is a political subdivision or a special-purpose nonprofit entity designated by a county that acquires foreclosed properties and either sells them or dedicates them to public use.

The act expands eligibility for WHO grants to certain nonprofit corporations, referred to as "qualified nonprofit developers." As a baseline for eligibility, a qualified nonprofit developer must be incorporated in Ohio and engaged in community development activities primarily within an identified geographic area of operation in Ohio. Furthermore, its primary purpose must be to improve the physical, economic, or social environment by addressing critical problems in its geographic area of operation, including housing.

## Maximum grant amount

Under continuing law, the amount of a WHO grant to acquire, construct, or rehabilitate qualifying residential property is determined by DEV based on the available funding. Prior law capped the construction or rehabilitation grant at $30,000 per qualifying residential property. The act increases the cap to $100,000 per qualifying residential property. Furthermore, it applies the same $100,000 cap to the acquisition grants, which were not capped under prior law.

Continuing law allows a land bank, and the act allows a qualified nonprofit developer, to receive both an acquisition grant and a construction or rehabilitation grant for the same

qualifying residential property. Therefore, under the act, DEV may approve up to $200,000 in grants for the same qualifying residential property.

## Price and income thresholds

Prior law required that WHO-funded homes be sold for $180,000 or less to buyers with annual incomes no more than 80% of the median income for the county where the home was located. The act increases the maximum sale price to $220,000 and the maximum income for buyers to 120% of the median income of the county where the home is located.

## Agreement to occupy the home

Continuing law requires buyers of WHO-funded homes to agree to maintain ownership of the home as a primary residence and not rent the home to anyone else. That agreement was for five years under prior law. Also under prior law, if the buyer violated that agreement, they were required to pay a penalty of $90,000 (the maximum grant or tax credit amount) reduced by $18,000 (1⁄5 of that amount) for each year the buyer occupied the home as a primary residence. The act reduces the term of the agreement from five years to three years. Furthermore, it specifies that the penalty is the amount of the grant or tax credit attributable to the home, which might be less than the maximum grant or credit amount, reduced by 1⁄3 for each year the buyer occupied the home as a primary residence. In essence, the act accelerates the rate at which the penalty decreases commensurate with the reduction in time that the agreement applies.

## Deed restriction

Continuing law requires a land bank or developer, when conveying a WHO-funded home to a buyer, to include a deed restriction that prohibits subsequent sales to a person who does not meet the income eligibility requirements. Previously, the deed restriction was to last for 20 years following the initial sale of the home. The DEV Director has authority and standing to sue and enforce the deed restriction.

The act reduces the time that the deed restriction applies from 20 years to 15 years. It also allows the land bank or developer to include a right of first refusal in the deed restriction to repurchase the home for the purpose of ensuring that it is ultimately sold to a buyer who meets the income eligibility requirement. The act specifies that the deed restriction is a covenant running with the land and is fully binding upon subsequent buyers of the home until it expires.

## Financial literacy counseling

Under continuing law, land banks and developers that receive a WHO grant or tax credit must agree to provide financial literacy counseling to each buyer of a home that is purchased, rehabilitated, or constructed using WHO funds. Buyers of WHO-funded homes must agree to participate in the financial literacy counseling.

The act allows up to $2,000 in grant or tax credit funds to pay for the financial literacy counseling. It requires the counseling to be comprised of a home ownership course with a curriculum that includes basic home maintenance and financial literacy. The course must be offered by a "qualifying counseling provider," that is licensed, certified, or authorized to provide such counseling as one of its primary functions including, specifically, housing counselors certified

by the federal Department of Housing and Urban Development (HUD). The act also reduces the minimum duration of the counseling from one year to six months.

## Reinvestment of profits

The act requires the recipient of a WHO grant to use all profits derived from the sale of the WHO-funded home for the land bank's land reutilization program or the developer's housing program.

# DEPARTMENT OF DEVELOPMENTAL DISABILITIES

## Supported living

### Guardianship and supported living

- Prohibits the guardian of an individual with developmental disabilities, or a supported living certificate holder owned or operated by the guardian, from providing supported living to that individual unless related by blood, adoption, or marriage.

### Notarized statement of residency

- Regarding the requirement that an applicant for employment with the Department or a county board or an applicant for a supported living certificate provide with proof of residency, eliminates the requirement that the applicant's statement be notarized.

### Termination of supported living certificate

- Requires, rather than permits, the Director of Developmental Disabilities to terminate a supported living certificate if the certificate holder does not bill the Department for supported living services for 24 consecutive months.
- Requires the Department to terminate a supported living certificate by sending a notice to the certificate holder by certified mail explaining the termination.

## Health-related activities

### Developmental disabilities personnel – medication administration and other health-related activities

- Specifically authorizes developmental disabilities personnel to administer prescribed epinephrine intranasally to treat anaphylaxis, without nursing delegation and without a medication administration certificate.
- Requires developmental disabilities personnel to successfully complete training as a condition of administering topical over-the-counter medications as permitted under continuing law.
- Authorizes developmental disabilities personnel, with nursing delegation, to administer to recipients of early intervention, preschool, and school-age services prescribed medications for the treatment of metabolic glycemic disorders through subcutaneous injections.
- Replaces statutory references to **vagal nerve stimulators** with references to **vagus nerve stimulators**.

### Family member authority to administer medications and perform health-related activities

- Authorizes certain family members of an individual with a developmental disability to administer medications to, and perform health-related tasks for, the individual without holding a medication administration certificate and without nursing delegation.

### In-home care workers and health care tasks

- Establishes an additional condition on the authority of a family member to authorize an unlicensed in-home care worker to perform health care tasks for an individual with a developmental disability – that the family member is not acting as a paid provider for the individual.
- Eliminates the requirements that the unlicensed in-home worker provide care through employment or another arrangement with the family member and is not otherwise employed to provide services to individuals with developmental disabilities.
- Requires an unlicensed in-home worker to accept the written document in which the family member authorizes the worker to perform health-related tasks before the worker may perform them.
- Requires a county board of developmental disabilities to authorize appropriately credentialed providers to perform health care tasks for an individual with a developmental disability, rather than an in-home worker, when it determines that the individual's family member acted inappropriately.

## Service and support administrator training requirements

- Requires a superintendent of a county board of developmental disabilities to ensure that a service and support administrator and service and support administration supervisor successfully completes a web-based training program established by the Department within 30 days of being hired.
- Additionally requires a superintendent to ensure that an applicant seeking to renew such a certification has successfully completed the training program, before renewing the certification.

## Intermediate care facilities for individuals with intellectual disabilities (ICFs/IID)

- For FY 2026, reduces the professional workforce development payment component of an ICF/IID's per Medicaid day payment rate to 10.405% of the ICF/IID's desk-reviewed, actual, allowable, per Medicaid day direct care costs from the applicable cost report year.

## County share of nonfederal Medicaid expenditures

- Requires the Director to establish a methodology to estimate in FY 2026 and FY 2027 the quarterly amount each county board of developmental disabilities is to pay of the nonfederal share of its Medicaid expenditures.

## Withholding of funds owed to the Department

- Permits the Director to withhold funds owed to a county board by the Department if the county board failed to pay any amount owed to the Department by a due date established by the Department.

## Innovative pilot projects

- Permits the Director to authorize, in FY 2026 and FY 2027, innovative pilot projects that are likely to assist in promoting the objectives of state law governing the Department and county boards.

## Medicaid rates for homemaker/personal care services

- For 12 months, requires the Medicaid rate for each 15 minutes of routine homemaker/personal care services provided to a qualifying enrollee in the Individual Options Medicaid waiver program be 52¢ higher than the rate for services to an enrollee who is not a qualifying enrollee.

## Community developmental disabilities trust fund

- Abolishes the community developmental disabilities trust fund.

# Supported living

### Guardianship and supported living

(R.C. 5123.16 and 5123.1613)

The act prohibits a guardian of an individual with a developmental disability from providing supported living to that individual either as an independent contractor or as an employee or contractor of a supported living certificate holder unless the guardian and the individual have a relationship by blood, adoption, or marriage. The act also applies that prohibition to a supported living certificate holder owned or operated by the guardian, unless the guardian is related by blood, adoption, or marriage.

### Notarized statement of residency

(R.C. 5123.081 and 5123.169)

The act eliminates a requirement that the statement an applicant for employment with the Department or a county board of developmental disabilities provides the Department or county board, asserting that the applicant has been a resident of Ohio for the five-year period preceding the date on which a criminal records check is requested, be notarized. The act eliminates an identical requirement for applicants seeking a supported living certificate issued by the Department.

### Termination of supported living certificate

(R.C. 5123.168)

The act makes it mandatory, rather than discretionary, for the Director of Developmental Disabilities to terminate a supported living certificate if the certificate holder does not bill the Department for supported living services for 24 consecutive months. Under prior law, the Director was permitted to issue an adjudication order under the Administrative Procedure Act to terminate a supported living certificate if the provider failed to bill the Department for 12 consecutive months.

Additionally, the act requires the Director to terminate a supported living certificate by sending a notice to the certificate holder by certified mail explaining why the certificate is terminated, instead of by issuing an adjudication order.

# Health-related activities

## Developmental disabilities personnel – medication administration and other health-related activities

(R.C. 5123.42)

The act makes several changes to the law governing the administration of medications and the performance of health-related activities by developmental disabilities personnel who provide specialized services to individuals with disabilities.

The act specifically authorizes developmental disabilities personnel to administer prescribed epinephrine intranasally to treat anaphylaxis. Personnel may do so without either nursing delegation or a medication administration certificate issued by the Department. The act maintains continuing law authorizing personnel to administer epinephrine by autoinjector, also without nursing delegation or a certificate.

It also requires developmental disabilities personnel to successfully complete training courses as well as training specific to the individuals to whom the medication will be administered as a condition of administering topical over-the-counter medications as permitted under continuing law.

The act further permits developmental disabilities personnel, with nursing delegation, to administer to recipients of early intervention, preschool, and school-age services prescribed medications for the treatment of metabolic glycemic disorders through subcutaneous injections.

The act replaces statutory references to **vagal nerve stimulators** with references to **vagus nerve stimulators**.

## Family member authority to administer medications and perform health-related activities

(R.C. 5123.41 and 5121.423 (primary))

The act specifically authorizes a family member of an individual with a developmental disability to administer medications to, and perform health-related tasks for, the individual. In exercising this authority, the family member is not required to hold a medication administration certificate issued by the Department and may administer the medications without nursing delegation. Note that continuing law defines family law member to mean a parent, sibling, spouse, son, daughter, grandparent, aunt, uncle, cousin, or guardian of an individual with a developmental disability, if the individual lives with the family member and depends on the family member's supports.

### In-home care workers and health care tasks

(R.C. 5123.41 and 5123.47 (primary))

The act revises the law governing the authority of a family member of an individual with a developmental disability to permit an unlicensed in-home worker to perform health care tasks for the individual. First, it establishes an additional condition on a family member's authority: that the family member is not acting as a paid provider for the individual. It also eliminates the condition that the worker provide care through employment or another arrangement with the family member and is not otherwise employed to provide services to individuals with developmental disabilities.

The act requires an unlicensed in-home worker to accept the written document in which the family member authorizes the worker to perform health-related tasks before the worker may perform those tasks.

The act further requires a county board of developmental disabilities to authorize appropriately licensed or certified providers to perform health care tasks for an individual with developmental disabilities, rather than an in-home worker, when the county board determines that the individual's family member, when authorizing the in-home worker's care, acted in a manner inappropriate for the individual's health and safety.

The act also revises statutory definitions pertaining to these provisions. First, it specifies than an **unlicensed in-home care worker** is self-employed and does not employ, either directly or through contract, another person to provide in-home care. In the **health care task** definition, it removes its former reference to a task delegated by a health care professional and eliminates references to the specific tasks, other than medication administration, that are included in the definition.

## Service and support administrator training requirements

(R.C. 5126.222)

The act requires a superintendent of a county board of developmental disabilities to ensure that a conditional status service and support administrator, a service and support administrator, or a service and support administration supervisor employed by or under contract with the county board complete a web-based training program established by the Department not later than 30 days after being hired. The training program must include the following topics:

- Empowering individuals serviced through the development of person-centered individual service plans;
- Coordinating services;
- Enhancing team effectiveness;
- Understanding Medicaid;
- An overview of intermediate care facilities for individuals with intellectual disabilities (ICFs/IID);

- An overview of Medicaid home and community-based services waivers administered by the Department and county boards, including self-directed services, budget authority, and employer authority;
- Targeted case management; and
- Employment navigation.

Additionally, a superintendent must ensure than an applicant seeking to renew a service and support administrator certification or service and support administration supervisor certification has successfully completed the training described above before the certification is renewed.

## ICF/IID professional workforce development payment

(R.C. 5124.15; Section 261.140)

The act decreases the professional workforce development payment to be included in the Medicaid day payment rate that is provided to each ICF/IID. For FY 2026, it decreases the professional workforce development payment component of the ICF/IID per Medicaid day payment rate to 10.405% (from 13.55% in FY 2024 and 20.81% in FY 2025) of the ICF/IID's desk-reviewed, actual, allowable, per Medicaid day direct care costs from the applicable cost report year.

## County share of nonfederal Medicaid expenditures

(Section 261.100)

The act requires the Director to establish a methodology to estimate in FY 2026 and FY 2027 the quarterly amount each county board of developmental disabilities is to pay of the nonfederal share of the Medicaid home and community-based waiver services expenditures for which the board is responsible under continuing law.

## Withholding of funds owed to the Department

(Section 261.110)

If a county board fails to fully pay any amount owed to the Department by a due date established by the Department, the act permits the Director to withhold the amount that the county board failed to pay from any amounts due to the county board from the Department.

## Innovative pilot projects

(Section 261.120)

For FY 2026 and FY 2027, the act permits the Director to authorize innovative pilot projects that are likely to assist in promoting the objectives of state law governing the Department and county boards. A pilot project may be implemented in a manner inconsistent with the laws or rules governing the Department and county boards; however, the Director cannot authorize a pilot project to be implemented in a manner that would cause Ohio to be out of compliance with any requirements for a program funded in whole or in part with federal funds. Before authorizing a pilot project, the Director must consult with entities interested in the issue

of developmental disabilities, including the Ohio Provider Resource Association, the Ohio Association of County Boards of Developmental Disabilities, the Ohio Health Care Association/Ohio Centers for Intellectual Disabilities, the Values and Faith Alliance, and ARC of Ohio.

## Medicaid rates for homemaker/personal care services

(Section 261.130)

The act requires that the total Medicaid payment rate for each 15 minutes of routine homemaker/personal care services provided to a qualifying enrollee of the Individual Options Medicaid waiver program be 52¢ higher than the rate for services provided to an enrollee who is not a qualifying enrollee. The higher rate is to be paid only for the first 12 months, consecutive or otherwise, that the services are provided beginning July 1, 2025, and ending July 1, 2027. An Individual Options enrollee is a qualified enrollee if all of the following apply:

- The enrollee resided in a developmental center, converted ICF/IID,[51] or public hospital immediately before enrolling in the Individual Options waiver.
- The enrollee did not receive before July 1, 2011, routine homemaker/personal care services from the Medicaid provider that is to receive the higher Medicaid rate.
- The Director has determined that the enrollee's special circumstances (including diagnosis, services needed, or length of stay) warrant paying the higher Medicaid rate.

## Community developmental disabilities trust fund

(R.C. 5123.352, repealed)

The act abolishes the community developmental disabilities trust fund. Under former law, moneys in the fund were used to assist persons with developmental disabilities to remain in the community and avoid institutionalization.[52]

[51] A converted ICF/IID is an ICF/IID, or former ICF/IID, that converted some or all of its beds to providing services under the Individual Options waiver.

[52] See R.C. 5123.0418, not in the act.

# STATE BOARD OF EDUCATION

## State Board of Education membership

- Reduces the membership of the State Board of Education from eight members appointed by the Governor and 11 elected members to a total of five members, all appointed by the Governor.

## Funding

- Abolishes the State Board of Education Licensure Fund.
- Requires the operating expenses of the State Board to be primarily paid from, and the license, certificate, and permit fees it receives to be deposited in, the Occupational Licensing and Regulatory Fund.
- Requires the State Board to establish license, certificate, and permit fee amounts that are sufficient, along with any appropriation made by the General Assembly, to cover all its operating expenses, rather than just the cost of administering its licensure system as under former law.

## Ohio Teacher Residency Program

- Eliminates the Resident Educator Summative Assessment (RESA) as a measure of appropriate progression through the Ohio Teacher Residency Program.
- Permits the use of teacher evaluations conducted in accordance with continuing law as a measure of appropriate progression under the program.

## Alternative resident educator license

- Permanently permits an individual to receive an alternative resident educator license in any subject area without limitation by the State Board of Education.

## School district territory transfers

- Requires the State Board to generally approve a proposed transfer of territory from a school district that has received an overall performance rating of less than two stars on its state report card for two or more consecutive school years.

## Ohio Professional Licensing System

- Requires the State Board to consult with the Department of Administrative Services about utilizing the Ohio Professional Licensing System.

## State Board of Education membership

(R.C. 3301.01, 3301.02, 3301.03, and 3301.06; conforming changes in R.C. 3.15, 102.02, 3501.02, 3505.03, 3505.04, 3505.33, 3505.38, 3513.04, 3513.052, 3513.10, 3517.092, 3517.10, 3517.102, 3517.103, 3517.104, 3517.108, 3517.109, 3517.11, 3517.13, and 5747.29; R.C. 3513.259, repealed)

The act reduces the membership of the State Board of Education from eight members appointed by the Governor and 11 elected members to a total of five members, all appointed by the Governor, with the advice and consent of the Senate. To that end, the act abolishes the offices of the elected members when their current terms expire or a vacancy in their offices occurs. Similarly, it abolishes the offices of the first three appointed members whose terms expire or who vacate their offices.

The act also removes the chairs of the House and Senate Education Committees as nonvoting members.

The act also modifies the representation requirements for appointed members to require that at least one member represent each of a rural, suburban, and urban school district, a community school, and a chartered nonpublic school. Under former law, at least four of the appointed members had to represent rural school districts.

The act changes the criteria for determining whether absences lead to a vacancy in an office from two absences that are declared insufficient by a vote of 12 members to three absences for any reason.

The act eliminates all requirements regarding the establishment of State Board districts and the election of State Board members.

## Funding

(R.C. 3319.51 and 4743.05; conforming in R.C. 3301.071, 3301.074, 3319.088, 3319.29, and 3319.311)

The act abolishes the State Board of Education Licensure Fund. Instead, it requires the State Board's operating expense to be primarily paid from, and the license, certificate, and permit fees it receives to be deposited into, the Occupational Licensing and Regulatory Fund.

In addition, the State Board must establish license, certificate, and permit fee amounts that, along with any appropriations made by the General Assembly, will be sufficient to cover its annual estimated operating expenses, including operating its licensure system and performing any other duty prescribed by law. Former law required the State Board only to establish fee amounts sufficient to cover the cost of operating the licensure system.

The Occupational Licensing and Regulatory Fund serves as an operating fund for various state occupational licensing and regulatory boards that are primarily supported by license fees, fines, penalties, and other assessments.

## Ohio Teacher Residency Program

(R.C. 3319.223; conforming changes in R.C. 3319.111)

The act eliminates the Resident Educator Summative Assessment (RESA) as a measure of appropriate progression through the Ohio Teacher Residency Program. Instead, it expressly permits the use of evaluations under a teacher evaluation system established in accordance with continuing law as a measure of appropriate progression under the program.

## Alternative resident educator license

(R.C. 3319.263)

H.B. 583 of the 134th General Assembly, effective September 23, 2022, temporarily prohibited the State Board, from July 1, 2023, until July 1, 2028, from limiting the subject areas for which an individual may receive an alternative resident educator license. The act makes that prohibition permanent and, in effect, permits an individual to receive an alternative resident educator license in any subject area.

## School district territory transfers

(R.C. 3311.242)

The act requires the State Board to approve a proposed school district territory transfer under continuing law if:

1. The district from which the territory is being transferred has received an overall performance rating of less than two stars on the state report card for two or more consecutive school years;

2. The territory is being transferred to an adjacent school district; and

3. No party opposing the proposed transfer has presented clear and convincing evidence that any information used to facilitate the transfer is incorrect or inaccurate.

## Ohio Professional Licensing System

(Section 207.40)

The act requires the State Board to consult with the Department of Administrative Services on utilizing the Ohio Professional Licensing System. As part of the consultation, the State Board must consider opportunities to reduce the number of license and certification types.

# DEPARTMENT OF EDUCATION AND WORKFORCE

## I. School finance

### Funding for FY 2026 and FY 2027

- Extends, with changes, the operation of the school financing system established in 2021 by H.B. 110 of the 134th General Assembly and the payment of temporary transitional aid and the formula transition supplement.
- Requires the Department of Education and Workforce to pay both of the following supplements in each of FY 2026 and FY 2027 to city, local, and exempted village school districts:
  - An enrollment growth supplement to each district that experienced a specified percentage of growth in enrolled ADM between specified fiscal years; and
  - A per-pupil performance supplement to each district that received a specified performance rating on the most recently issued state report card.
- Requires the Department to pay a base funding supplement in each of FY 2026 and FY 2027 to each school district, STEM school, and community school.
- Requires the Department to adjust the economically disadvantaged average daily membership (ADM) used to calculate disadvantaged pupil impact aid (DPIA) for FY 2026 and FY 2027 for each school district, community school, and STEM school so that the ADM is weighted to be partially based on both:
  - The economically disadvantaged ADM reported in the district or school in FY 2025; and
  - The ADM of students certified as categorically eligible for a free meal under federal law in the fiscal year for which DPIA is calculated.

### DPIA plan partners

- Qualifies a community mental health prevention provider as one of the entities with which a school district, community school, or STEM school may develop its plan for using its DPIA.

### Career-technical education associated services funds

- Modifies the purposes for which school districts may use career-technical education associated services funds.

### Career awareness and exploration funds

- Permits the lead district of a career-technical planning district to use career awareness and exploration funds to provide mentorship opportunities for students to learn about careers and workforce skills.
- Requires the lead district of each career-technical planning district receiving career awareness and exploration funds to report on the use of those funds to the Department.

### Quality Community and Independent STEM School Support Programs

- Codifies the Quality Community School Support Program and the Quality Independent STEM School Support Program.

### Facilities funding for community and STEM schools

- Codifies the per-student facilities payment for community schools or STEM schools.

### Community and STEM school special education threshold cost pool

- Establishes a separate threshold special education cost pool for community schools and STEM schools.
- Requires the Department to withhold an amount equal to 5% of each community school's and STEM school's special education funding for the pool, subject to any funding limitations enacted by the General Assembly.
- Requires the Department to redistribute any unused funds withheld for the new pool for FY 2026 and FY 2027 to community schools and STEM schools in the same proportion that the funds were originally contributed.

### Auxiliary services funding

- Permits a chartered nonpublic school to use auxiliary services funds to provide diagnostic and therapeutic mental health services and to hire retired Ohio peace officers as security officers.

### Payment for districts with decreases in utility TPP value

- Requires the Department to make a payment, for FYs 2026 and 2027, to each city, local, exempted village, or joint vocational school district that has at least one power plant within its territory and that experiences a 10% or greater decrease in the taxable value of utility tangible personal property (TPP) and an overall negative change in TPP subject to taxation.

## II. State scholarships

### Autism and Jon Peterson Special Needs scholarships

- Increases the maximum amount of an Autism Scholarship and a JPSN Scholarship from $32,445 to $34,000.
- Increases the categorical amounts for a JPSN Scholarship.
- Qualifies for a scholarship a child who is enrolled in a chartered or nonchartered nonpublic school, is home educated, or is older than compulsory school age and younger than 22 and is still eligible to receive transition services under the child's IEP.
- Permits multiple alternative public or registered private providers to be contracted to provide services to implement an IEP or education plan.

- Specifies that intervention services, educational services, academic services, tutoring services, aide services, and other related special education services may be provided virtually.
- Prohibits a qualified special education child who participates in JROTC maintained by the child's resident school district from being considered enrolled in that district for determining eligibility for an Autism or JPSN scholarship
- Clearly states that a child is eligible under the Autism Scholarship if that child is at least age three and younger than 22.
- Expands the individuals who may apply for a scholarship on behalf of a special education child and perform certain other duties regarding the child's participation in the Autism Scholarship Program.
- Expands eligibility for the JPSN Scholarship to three- and four-year-olds.
- Requires the Department to maintain a list of Autism and JPSN scholarship registered private providers and their locations on its publicly accessible website.

### Nonchartered Educational Savings Account Program (VETOED)

- Would have established the Nonchartered Educational Savings Account Program to provide eligible students with an educational savings account (ESA) beginning in the 2026-2027 school year (VETOED).

## III. Career-technical education

### Waivers for middle school career-technical education

- Requires all school districts to provide career-technical education to 7th and 8th graders on and after July 1, 2026, by eliminating waivers from that obligation.

### Approval deadlines for career-technical programs

- Eliminates the application and approval deadlines for new career-technical education programs.

### Career-Technical Assurance Guides (CTAG)

- Adds CTAG-aligned courses to the types of programs that may be considered an "advanced standing program" at school districts, other public schools, and chartered nonpublic schools.
- Requires each district and school that has students enrolled in CTAG-aligned career-technical courses to implement a policy for grading and calculating class standings for those courses in a manner that is equivalent to the district or school's policy for its other advanced standing programs.

### Industry-recognized credentials

- Eliminates the requirement for the Director of Education and Workforce's industry-recognized credentials and licenses committee to establish a point value system for credentials to help determine whether a student qualifies for a high school diploma.
- Requires the Director's committee to instead establish criteria under which a student may use industry-recognized credentials to help qualify for a high school diploma.

## IV. Assessments, instruction, and tutoring

### Diagnostic assessment

- Requires the Department, by June 30, 2026, to adopt a diagnostic assessment for reading for each of grades K-3 and approve a list of up to five diagnostic assessments aligned with the state academic standards for each of grades K-3 for both reading and math.
- Requires the diagnostic assessment for reading to be designed to measure student comprehension of foundational reading skills aligned to the science of reading.
- Requires public schools to administer the diagnostic assessments to their students by September 30 of each year, beginning with the 2026-2027 school year.

### Kindergarten readiness assessment

- Requires public schools to administer the kindergarten readiness assessment (KRA) to each kindergarten student between July 1 of the school year in which the student enrolls in kindergarten and the 20$^{th}$ day of instruction of that school year.
- Requires public schools to utilize and score the KRA in accordance with rules established by the Department of Children and Youth.
- Eliminates KRA data on the state report cards.

### State assessments as public records

- Eliminates the requirement that 40% of state assessment questions be made a public record and instead requires the Department to determine which questions, if any, are to be public record.

### College-Level Examination Program (CLEP)

- Adds the College-Level Examination Program (CLEP) to the programs that may be considered an advanced standing program at public and chartered nonpublic schools.
- Adds passing scores on the CLEP exams as a demonstration of post-secondary readiness on the state report card and as a qualification for the college-ready, citizenship, science, and technology diploma seals.

## Core curriculum and evidence-based reading programs

- Narrows the requirement for a public school to use core curriculum and instructional materials in English language arts from the Department's approved list by applying it only to curricula and materials for students in grades pre-K-5.
- Expressly requires a public school to use evidence-based reading intervention programs from the Department's approved list for students in grades pre-K-12.

## Advanced math learning opportunities

- Requires school districts to provide advanced math learning opportunities to students who achieve an advanced level of skill on either a math achievement assessment or an end-of-course exam.
- Exempts school districts from providing advanced math learning opportunities if the district does not offer any of those opportunities in the grade level in which the student is enrolled for the next school year.
- Requires districts to notify the parent or guardian of a student who qualifies for advanced math learning opportunities and permits the parent or guardian to opt the student out of them.

## High-dosage tutoring

- Permits a public school to incorporate high-dosage tutoring into a student's regular instruction time for each student on reading improvement and monitoring plans.
- Requires a locally approved high-dosage tutoring program to align with best practices identified by the Department.

## High-quality tutoring programs

- Requires the Department's request for qualifications for high-quality tutoring programs to include a request for program efficacy data or other evidence of program effectiveness for participating students.
- Requires the Department to remove from the high-quality tutoring program list any program that is not aligned to the Science of Reading or that uses a three-cueing approach.
- Requires the Department, at least every three years, to update and provide an opportunity for entities to submit their qualifications for consideration to be included on the list.

## Financial literacy instruction exemptions

- Permits a public or chartered nonpublic school to adopt a policy to excuse from the financial literacy instruction graduation requirement each student who, during high school, participates in a financial literacy program offered through the student branch of a credit union or by a bank.

# V. Educators

## Use of seniority in teacher assignments

- Prohibits the use of seniority or continuing contract status as the primary factor when assigning teachers and instead requires assignment on the basis of the best interests of students.
- Specifies that the provisions pertaining to teacher assignment prevail over conflicting provisions of collective bargaining agreements entered into on or after September 30, 2025.

## Science of Reading professional development

- Requires the Department to maintain an introductory Science of Reading training course and develop a competency-based training course that updates and reinforces educators' knowledge in the Science of Reading.
- Requires each teacher, administrator, or speech-language pathologist employed by a public school to complete the Department's Science of Reading training by a specified date dependent upon when the individual was hired, and every five years thereafter.

## Educator in-service training

- Requires each public school to develop its own youth suicide awareness and prevention in-service educator training curriculum, instead of adopting or adapting curriculum developed by the Department.
- Eliminates the express authorization for a public school to have child sexual abuse in-service training for educators provided by law enforcement officers or prosecutors, and instead requires a school to develop its own curriculum in consultation with public or private agencies.

## Computer science educator licensure

- Makes permanent an exception set to expire after the 2024-2025 school year that permits a licensed educator who completes specified professional development to teach computer science without otherwise being licensed in that subject area.

## Cap on school district administrative expenses

- Prohibits any school district from using more than 15% of its annual operating budget on administrative salaries and benefits and other costs associated with the district's administrative offices.

# VI. Community schools

## High-performing community school definition

- Revises the definition of "high-performing community school" in the law regarding the right of first refusal to purchase school district property and the involuntary disposition of school district property.

## Dropout prevention and recovery community schools

- Narrows the application of law regarding community schools that specialize in students enrolled in dropout prevention and recovery programs to only apply to schools that meet certain requirements established in the act.

## Sponsor evaluations

- Excludes all community schools whose contracts were not renewed or terminated by their sponsors before the sponsor's evaluation from the calculation of that evaluation's academic performance component.
- Eliminates the Department's authority to permit a peer review of a sponsor's adherence to quality practices component on its evaluation.
- Requires the Department to evaluate sponsors that receive an "exemplary" rating every five full school years and sponsors with a rating of "effective" every three full school years, rather than requiring both to be evaluated once every three years under prior law.
- Qualifies "exemplary" sponsors for specified continuing law incentives rather than requiring an "exemplary" rating for the two most recent school years.
- Prohibits the Department from including Alternative Education Academy in the academic component calculation of the sponsor evaluation for the Office of Ohio School Sponsorship for the 2025-2026 and 2026-2027 school years, but includes the school in that component if the Office continues to sponsor it after 2026-2027.

## Community school opening assurances

- Reduces from ten to five the number of days prior to opening for its first year of operation or first year of operation from a new building that a community school sponsor must provide prescribed assurances to the Department.
- Requires a community school sponsor that adds to an existing location, or an e-school that changes its location or adds a satellite location, to provide the prescribed assurances at least one day prior to operation in the new facility.

## Multiple facilities

- Permits any community school to be located in multiple facilities in more than one school district under the same contract.

## Contracts and comprehensive plans

- Eliminates the requirement that each community school submit a comprehensive plan to its sponsor and instead requires the plan's provisions be included in the contract between the school's sponsor and governing authority.

## Classical schools and assessment administration

- Permits a classical school to generally administer state assessments in a paper format.

### Community school FTE reporting

- Extends through the 2025-2026 school year the option of certain community schools to report their student enrollment on a full-time equivalent basis based partially on credits earned.

## VII. School policies

### Absence intervention, truancy, and chronic absenteeism

- Modifies the process school districts, brick-and-mortar community schools, and STEM schools must follow when addressing student absences.
- Removes whether a student has missed 10% or more of the school year as a condition for determining if that student is subject to grade level retention.
- Eliminates the timeline under which a school district attendance officer must file a complaint and instead bases the filing solely on whether a student is making satisfactory progress in improving attendance.
- Excuses a high school student enrolled in a school district to attend a driver education course.

### Student cellphone use

- Requires each public school to generally prohibit the use of cellphones by students during instructional hours.

### Artificial intelligence policies

- Requires the Department to adopt a model policy by December 31, 2025, on the use of artificial intelligence in schools.
- Requires public schools to adopt a policy by July 1, 2026, on the use of artificial intelligence.

### Religious instruction released time policy

- Requires a school district to permit students to attend a released time course in religious instruction for at least one period a week.
- Limits student attendance in such a course to no more than two periods per week for elementary or middle school students and two units of high school credit per week for high school students.
- Requires school districts to permit students to bring external educational and program materials from a released time course into school.

### Interdistrict open enrollment policies

- Exempts a student whose parent is an active duty member of the U.S. armed forces stationed in this state from any school district interdistrict open enrollment application deadline.

- Eliminates a district's authority to adopt a resolution that objects to its resident students open enrolling into another district if the student's home district is receiving Impact Aid under a repealed federal law and at least 10% of its students are included in that aid calculation.

# VIII. Transportation

## Community school transportation consortium

- Permits the governing authorities of two or more community schools to establish a consortium to provide or arrange transportation to and from school for students in participating schools.
- Requires a consortium to act on behalf of participating schools regarding student transportation and to comply with any law regarding student transportation in the same manner as a community school.
- Requires the Department to calculate and make payments to a consortium as if it were a community school using combined data submitted by the consortium's fiscal agent.

## Student transportation via mass transit system

- Requires a city, local, or exempted village school district in Montgomery County that uses a mass transit system to transport students to and from a community or chartered nonpublic school to ensure that the transfer between routes does not occur at the central hub for the system.

## Multifunction school activity buses

- Authorizes school districts, chartered nonpublic schools, and community schools to use a multifunction school activity bus to transport students between school and other school-related functions or activities.
- Prohibits a multifunction school activity bus from being used for student transportation between school and home or a designated bus stop.
- Requires a driver of a multifunction school activity bus to meet all the same standards of a regular school bus driver.
- Authorizes the purchase of a multifunction school activity bus in the same manner as other school buses.

## Student transportation workgroup

- Requires the Director of Education and Workforce to establish a workgroup on student transportation to monitor and review the student transportation system during the 2025-2026 school year and develop recommendations for changes that better meet transportation needs.
- Requires the workgroup to conduct a study of and develop recommendations regarding the feasibility of a school district to transport students enrolled in a community school or

nonpublic school on days that the community school or nonpublic school is open for operation with students in attendance, but the school district is not.

- Requires the workgroup to submit a report on its findings to the Governor and General Assembly by June 30, 2026, and disband following the report's submission.

### Pupil Transportation Pilot Program

- Extends the operation of the Montgomery County Pupil Transportation Pilot Program to the 2025-2026 and 2026-2027 school years.

### Rural Transportation Grant Program

- Creates the Rural Transportation Grant Program and requires the Department to award transportation grants to rural dropout prevention and recovery community schools where more than 75% of its students are economically disadvantaged.

### Bus purchasing grants

- Eliminates the bus purchasing grant program.

## IX. Other

### State report card – Early Literacy component

- Revises the performance measure regarding the percentage of students promoted to the fourth grade under the Third Grade Reading Guarantee so that it is based only on students who attain a promotion score on the third grade English Language Arts assessment or an alternative assessment.

### Demand side educator employment data

- Requires the Department, beginning September 30, 2026, to annually collect public school employment and vacancy data and to aggregate and report that data on its public website.

### Competency-based adult education programs

- Eliminates the Adult Diploma Program and 22+ Adult High School Diploma Program effective July 1, 2026, but permits an individual enrolled in either of them to complete that program by June 30, 2027.
- Permits an eligible provider to establish a competency-based educational program for eligible individuals to earn a high school diploma beginning July 1, 2026.
- Qualifies individuals who are at least 18 years old, have officially withdrawn from school, and who have not received a high school diploma or certificate of high school equivalence to participate in a program.
- Requires the Department to award a high school diploma to enrolled individuals who demonstrate competency through specified activities or earn specified course credits.

- Requires the Department to pay each provider up to $7,500 per school year for each enrolled individual based on the extent of the individual's successful completion of the program's diploma requirements.

## Aim Higher Pilot Program

- Establishes the Aim Higher Pilot Program to provide additional funding to JVSDs that operate a dropout prevention and recovery program in FY 2026.

## Ohio Code-Scholar Program

- Replaces the five-year Ohio Code-Scholar Pilot Program with a permanent program that outlines permissible uses of the program's appropriation, requires an annual report, and designates Southern State Community College as the lead entity to expand the program.

## Payment of tuition for students in residential treatment facilities

- Assigns responsibility for paying tuition for a child who is parentally placed in a residential treatment facility in consultation with and upon recommendation of the OhioRISE Program to the school district where the child's parent resides.
- Exempts a school district from the responsibility to pay tuition for a child who has been awarded a state scholarship.

## School district operational revenue and expenditure report

- Requires each school district to submit appropriations, revenue, and fund balance assumptions contained in the board's budget for a fiscal year, in addition to projections of expenditures, revenues, and fund balances for the three succeeding fiscal years, rather than for five years, as under prior law.
- Requires the Department and the Auditor of State to label projections regarding property tax allocation as state reimbursement for property tax credits.
- Requires the Auditor of State or the Department to examine the current budget information and projections to determine whether a district has the potential to incur a deficit during the first two years of the three-year period, rather than the first three years of the five-year period as under prior law.

## Contracts for school district construction projects

- Extends the school district contract bidding process for planned construction projects that exceed the competitive bidding threshold amount from work on any "school building" to work on any "building or other property."

## Participation in interscholastic athletics at a different school

- Eliminates the eligibility of students enrolled in a public or nonpublic school who are victims of certain qualifying offenses to participate in interscholastic athletics at a different school.

- Permits a school district superintendent to allow a student enrolled in another school district the opportunity to participate in ice hockey as an interscholastic athletic activity at a school operated by the superintendent's district under certain circumstances.

### Online learning schools

- Permits school districts to employ teachers and nonteaching employees, or to contract with a nonprofit or for-profit entity, to operate an online learning school.

### Public entities and preschool children with disabilities

- Requires certain public entities that serve preschool children with disabilities to adhere to the Step Up to Quality Program and exempts certain school districts from that requirement.

### Aspire Program transfer

- Transfers the Aspire Program's administration from the Department of Higher Education (ODHE) to the Department of Education and Workforce (DEW) by July 1, 2026.
- Includes the standard transfer language and addresses the transfer of ODHE employees whose primary duties include administering the program and staff resources used to administer it to DEW.
- Authorizes the OBM Director to make budget and accounting changes to implement the program's transfer.

## I. School finance

### Funding for FY 2026 and FY 2027

(R.C. 3314.08, 3317.011, 3317.012, 3317.014, 3317.016, 3317.017, 3317.018, 3317.019, 3317.0110, 3317.02, 3317.021, 3317.022, 3317.024, 3317.026, 3317.0212, 3317.0213, 3317.0215, 3317.0217, 3317.0218 (repealed), 3317.051, 3317.11, 3317.16, 3317.162, 3317.165, 3317.20, 3317.201, 3317.25, 3317.31, and 3326.44; Sections 265.215, 265.220, 265.230, 265.237, 265.239, and 265.450)

#### Overview

The act extends, with changes, the operation of the current school financing system to FY 2026 and FY 2027. It also establishes three additional supplements in those fiscal years. For city, local, and exempted village school districts: (1) an enrollment growth supplement for districts that experienced a specified percentage of enrollment growth between certain fiscal years and (2) a per-pupil performance supplement for districts that received specified performance ratings on the state report card issued for the 2023-2024 school year. For city, local, exempted village, and joint vocational school districts, community schools, and STEM schools, the act establishes a base funding supplement.

Finally, the act requires the Department of Education and Workforce to calculate disadvantaged pupil impact aid (DPIA) for FY 2026 and FY 2027 using a weighted economically

disadvantaged average daily membership (ADM). That weighting is based, in part, on the number of economically disadvantaged ADM reported in a school district, community school, or STEM school for FY 2025, and in part on the ADM of students directly certified as economically disadvantaged for the fiscal year for which the DPIA payment is calculated.

### School financing system calculation revisions

The act makes the following changes to the school financing system:

1. Increases the general phase-in and DPIA phase-in percentages from 66.67% in FY 2025 to 83.33% in FY 2026 and 100% in FY 2027;

2. Increases the minimum transportation state share percentage from 41.67% in FY 2025 to 45.83% in FY 2026 and 50% in FY 2027;

3. Eliminates gifted professional development funding for school districts;

4. Reduces the per student payment amount of career awareness and exploration funds from $10 in FY 2025 to $3 in both FY 2026 and FY 2027;

5. Eliminates the payment of supplemental targeted assistance to city, local, and exempted village school districts;

6. Requires a district's building leadership support in the base cost calculation to be calculated using the number of school buildings in the district for the preceding fiscal year;

7. Requires the base cost and state share percentage for joint vocational school districts to be calculated in a similar manner to city, local, and exempted village school districts;

8. Requires the use of data from the previous fiscal year to establish the target number of qualifying riders per bus for each city, local, and exempted village school district;

9. Requires the Tax Commissioner to certify the median federal adjusted gross income of a district's residents for use in making computations for the district, instead of the total federal adjusted gross income of residents as under prior law;

10. Codifies and incorporates into the system the equity supplement for community schools that are not internet- or computer-based community schools with each such school receiving a per student payment of $500 in FY 2026 and $400 in FY 2027; and

11. Extends the uncodified requirement that the academic co-curricular activities, supplies and academic content, athletic co-curricular activities, and building operations cost components of the base cost calculation for city, local, and exempted village school districts be based on the sum of the enrolled ADM of every district that *reported* data, rather than on *every* district as otherwise required under continuing law.

In addition, the act extends to FY 2026 and FY 2027 the payment of temporary transitional aid to school districts based on an FY 2020 funding base and a formula transition supplement based on an FY 2021 funding base to districts, community schools, and STEM schools.

For background information on the current school financing system, see:

1. The LSC Final Analysis for H.B. 110 of the 134th General Assembly (PDF), which enacted the system;

2. The LSC Final Analysis for H.B. 583 of the 134th General Assembly (PDF), which made a number of corrective and technical changes to it; and

3. The LSC Final Analysis for H.B. 33 of the 135th General Assembly (PDF), which extended the system to the FY 2025-FY 2026 biennium.[53]

### Enrollment growth supplement

The act requires the Department to pay an enrollment growth supplement in FY 2026 and FY 2027 to each city, local, and exempted village school district that experienced a prescribed level of growth in its enrolled ADM between certain fiscal years. More specifically, the Department must pay:

1. $225 per student in FY 2026 to each district whose enrolled ADM grew by at least 5% from FY 2022 to FY 2025; and

2. $250 per student in FY 2027 to each district whose enrolled ADM grew by at least 3% from FY 2023 to FY 2026.

### Per-pupil performance supplement

The act requires the Department to pay a per-pupil performance supplement in FY 2026 and FY 2027 to each city, local, or exempted village school district that received specified performance ratings on the state report card issued for the 2024-2025 school year for FY 2026, and the 2025-2026 school year for FY 2027.

To be eligible for the supplement, a district must have received:

1. An overall performance rating of four "stars" or higher;

2. A performance rating of three "stars" or higher for the Progress component; or

3. A higher performance rating on the Progress component than the district received for the 2023-2024 school year for FY 2026 and the 2024-2025 school year for FY 2027 (for example, for the FY 2026 supplement, the district received a one "star" rating for the 2023-2024 school year and a "two" star rating for the 2024-2025 school year).

The Department must pay each eligible district a supplement equal to the product of the district's enrolled ADM for the fiscal year multiplied by $13 multiplied by the greater of the number of "stars" the district received for either the overall performance rating or the Progress component performance rating.

The table below indicates three hypothetical examples for how a district may qualify for the supplement and how the supplement would be calculated for the district in a school year.

[53] All final analyses are available on the General Assembly's website: legislature.ohio.gov.

| Per-pupil performance supplement examples | | | |
|---|---|---|---|
| | **School district A** | **School district B** | **School district C** |
| State report card criteria met | 4 "stars" or higher overall rating | 3 "stars" or higher rating on the Progress component | Improved on the Progress component |
| The greater of the number of "stars" received for the overall rating or the Progress component | Overall rating – five "stars" | Progress component – three "stars" | Overall Rating – two and one-half "stars" |
| Enrolled ADM for the fiscal year | 1,001 | 5,693 | 20,583 |
| Calculation | 1,001 x $13 x 5 | 5,693 x $13 x 3 | 20,583 x $13 x 2.5 |
| **Total payment amount** | $65,065 | $222,027 | $668,947.50 |

### Base funding supplement

The act requires the Department, in each of FY 2026 and FY 2027, to pay a base funding supplement to each school district, community school, and STEM school. The supplement is calculated on a per student basis, with the district or school receiving $27 per student in FY 2026 and $40 per student in FY 2027.

### DPIA and economically disadvantaged student count

The act addresses how the Department must calculate DPIA for each school district, community school, and STEM school for FY 2026 and FY 2027. Specifically, it requires the Department to adjust the economically disadvantaged average daily membership (ADM) used to calculate DPIA in each of those fiscal years.

For each school district, community school that was open in FY 2025, and STEM school, that adjustment is based on two weighted factors. The first factor is the economically disadvantaged ADM reported in the district or school for FY 2025. The second is the economically disadvantaged ADM in the fiscal year for which DPIA is being calculated of students who are certified as categorically eligible for free meals under federal law. The table below indicates the weights assigned to these factors in both fiscal years.

| Economically disadvantaged student ADM for FY 2026 and FY 2027 | | |
|---|---|---|
| | FY 2026 | FY 2027 |
| FY 2025 students | 75% | 65% |
| Students certified as categorically eligible for the fiscal year | 25% | 35% |

For a community school that opens in FY 2026 or FY 2027, the Department must use only the economically disadvantaged ADM of students who are certified as categorically eligible for free meals under federal law to calculate the school's DPIA for a fiscal year.

## DPIA plan partners

(R.C. 3317.25)

The act adds community mental health prevention providers to the list of entities with which a school district, community school, or STEM school may partner in developing its plan to use its DPIA.

## Career-technical education associated services funds

(R.C. 3317.014)

Under continuing law, school districts must use career-technical education associated services funds for purposes approved by the Department. The act expressly permits the Department to approve each of the following purposes as permissible expenses for use of those funds:

- Engaging and collaborating with education and workforce stakeholders in the service area;
- Developing and maintaining a comprehensive plan to increase career-focused education activities;
- Ensuring that plans are informed by quality data and using data to expand access to career-focused activities for all students;
- Planning and allocating resources for the growth, sustainability, and enhancement of career-focused activities in the long term;
- Establishing continuous improvement and program approval processes.

## Career awareness and exploration funds

(R.C. 3317.014)

Under law unchanged by the act, the Department pays the lead district of a career-technical planning district (CTPD) career awareness and exploration funds to deliver relevant career awareness and exploration programs to students within the CTPD. The act adds to the approved uses of those funds the option for the lead district to provide mentorship opportunities for students to learn about careers and workforce skills.

The act also requires each lead district receiving career awareness and exploration funds to report on the use of those funds to the Department.

## Quality Community and Independent STEM School Support Programs

(R.C. 3317.27, 3317.28, and 3317.29; Section 265.350)

The act codifies and revises the Quality Community School Support Program and Quality Independent STEM School Support Program. Under the programs, the Department must designate community and STEM schools as "Schools of Quality" by December 31 of each fiscal year. The Department must pay each designated school up to $3,000 per fiscal year for each economically disadvantaged student and up to $2,250 per fiscal year for each student who is not economically disadvantaged. The Department must make periodic payments to each designated school beginning in January of that fiscal year. If the appropriation for the programs is insufficient, the act requires the Department to prorate payments so the aggregate amount appropriated is not exceeded.

### "Community School of Quality" designation

Under the act, to be a "Community School of Quality," a community school must meet at least one of the following sets of conditions:

1. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective" on its most recent evaluation;

b. The school received a higher performance index score than the school district in which it is located on the two most recently issued state report cards;

c. The school either:

i. Received a performance rating of four stars or higher for the Progress component on its most recent state report card; or

ii. Is a school where a majority of its students are either enrolled in a dropout prevention and recovery program operated by the school or are children with disabilities receiving special education and related services, and the school did not receive a rating for the Progress component on the most recent report card.

d. At least 50% of the students enrolled in the school are economically disadvantaged.

2. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective" on its most recent evaluation;

b. The school is either:

i. In its first year of operation; or

ii. Opened as a kindergarten school, has added one grade per year, and has been in operation for less than four school years;

c. The school is replicating an operational and instructional model used by a community school that qualifies as a Community School of Quality under the first set of conditions; and

d. If the school has an operator, its operator received a rating of three stars or better on its most recent performance report.

3. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective" on its most recent evaluation;

b. The school received a higher performance index score than the school district in which the school is located on the most recent state report card;

c. The school received a performance rating of three stars or higher for the Progress component on the most recent state report card; and

d. The school received a performance rating of three stars or higher for the Achievement component on the most recent state report card.

4. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective" on its most recent evaluation;

b. The school satisfies either of the following:

i. The school contracts with an operator that operates schools in other states and meets at least one of the following:

I. The operator has operated a school that received a grant funded through the federal Charter School Program within the five years prior to the date of application or receiving funding from the Charter School Growth Fund;

II. The operator meets all of the following:

- One of the operator's schools in another state performed better than the school district in which the school is located;

- At least 50% of the total number of students enrolled in all of the operator's schools are economically disadvantaged;

- The operator is in good standing in all states where it operates schools; and

- The operator does not have any financial viability issues that would prevent it from effectively operating a community school in Ohio.

ii. The school is replicating an operational and instructional model through an agreement with a college or university used by a community school or its equivalent in another state that performed better than the school district in which it is located.

c. The school is in its first year of operation or if replicating an operational and instructional model through an agreement with a college or university as described directly above, meets either of the following conditions:

i. The school opened on July 1, 2022, and has not previously been designated as a community school of quality, in which case the first payment must be made on or before January 31, 2024, and be calculated based on the adjusted full-time equivalent number of students enrolled in the school for FY 2024; or

ii. The school opened on or after July 1, 2019, and has not previously been designated as a community school of quality, in which case the first payment must be made within 30 days of the act's effective date and be calculated on the adjusted full-time equivalent number of students enrolled in the school for the fiscal year for which the payment is being made.

5. The school is a dropout prevention and recovery community school that meets all of the following criteria:

a. The school's sponsor was rated "exemplary" or "effective" on the sponsor's most recent evaluation;

b. The school received an "exceeds standards" on the High School Test Passage Rate Percentage performance indicator on the two most recent state report cards;

c. The school is not an internet- or computer-based community school.

A school that is designated as a Community School of Quality maintains that designation for the two fiscal years following the fiscal year in which it is designated, except that a school designated as such with a qualifying operator or that is an operational and instructional model through an agreement with a college or university maintains that designation for the four fiscal years following the fiscal year in which it was designated. Schools that are designated as Community Schools of Quality may renew their designation each year, which extends the designation for the two fiscal years following the renewal. Furthermore, a school that was designated as a Community School of Quality for the first time for the 2022-2023 school year maintains that designation through the 2029-2030 school year and may renew its designation each year after that year.

### Merged community schools

The act specifically qualifies for the program the surviving community school of a merger that takes place on or after June 30, 2022, provided it otherwise qualifies as a Community School

of Quality under one of the sets of criteria described above. Payment for these schools is calculated using the adjusted full-time equivalent number of students enrolled in the school for the fiscal year as of the date the payment is made, as reported by the surviving community school, regardless of whether those students were previously enrolled in a community school that was dissolved as part of the merger.

Finally, the act qualifies a school dissolved under the merger that otherwise qualified for the program to receive and retain funds received under the program before September 30, 2025.

### Independent STEM schools

A STEM school is an "Independent STEM School of Quality" if it:

1. Operates autonomously;

2. Does not have a STEM school equivalent designation;

3. Is not governed by a school district;

4. Is not a community school;

5. Cannot levy taxes or issue tax-secured bonds;

6. Satisfies continuing law requirements for STEM schools; and

7. Satisfies the requirements described in the Quality Model for STEM and STEAM Schools established by the Department.

Like community schools, a STEM school that is designated as an Independent STEM School of Quality maintains that designation for the two fiscal years following the fiscal year in which it is designated. STEM schools that were designated based on the state report cards issued for the 2017-2018 and 2018-2019 school years may renew their designation each year, which extends the designation for the two fiscal years following the renewal.

## Facilities funding for community and STEM schools

(R.C. 3317.31)

The act codifies the law requiring the Department to pay an amount to each community school and STEM school for assistance with the cost associated with facilities. The act requires the Department to pay $25 each fiscal year for each internet- or computer-based community school (e-school) and $1,000 each fiscal year for each student in all other community schools or STEM schools.

Traditionally, each main appropriations act has provided, in uncodified law, a per-student facilities payment to community schools and STEM schools.

## Community and STEM school special education threshold cost pool

(R.C. 3317.0215)

The act establishes a separate threshold special education cost pool for community schools and STEM schools and requires the Department, to withhold an amount equal to 5% of each school's special education funding, subject to any funding limitations enacted by the

General Assembly to the computation of that funding. The act also requires the Department to redistribute any unused funds withheld for the community and STEM school threshold special education cost pool for FY 2026 and FY 2027 to community and STEM schools in the same proportion that the funds were originally contributed.

Former law required community schools and STEM schools to withhold 10% of special education funding in the same pool as school districts.

## Auxiliary services funding

(R.C. 3317.06)

The act permits chartered nonpublic schools to use auxiliary services funds to provide diagnostic and therapeutic mental health services to chartered nonpublic school students. It also adds retired Ohio peace officers to the list of individuals whom a chartered nonpublic school may hire as security officers usings auxiliary services funds.

## Payment for districts with decreases in utility TPP value

(Section 265.240)

The act requires the Department to make a payment, for FY 2026 and FY 2027, to each city, local, exempted village, or joint vocational school district that has at least one power plant within its territory and that experiences a 10% or greater decrease in the taxable value of utility tangible personal property (TPP) and an overall negative change in TPP subject to taxation. To qualify for the FY 2026 payment, a district must have experienced this decrease between tax years 2017 and 2025 or tax years 2024 and 2025. To qualify for the FY 2025 payment, a district must have experienced this decrease between tax years 2017 and 2026 or tax years 2025 and 2026.

### Eligibility determination

The Tax Commissioner must determine which districts are eligible for this payment no later than May 15, 2026 (for the FY 2026 payment) or May 15, 2027 (for the FY 2027 payment). For each eligible district, the Commissioner must certify the following information to the Department:

1. If the district is eligible for the FY 2026 payment, its total taxable value for tax year 2025 and the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2025; and

2. If the district is eligible for the FY 2027 payment, its total taxable value for tax year 2026 and the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2026; and

3. If the district is eligible for either payment, the taxable value of the utility TPP decrease and the change in taxes charged and payable on the change in taxable value.

### Payment amount

The act requires the Department, for purposes of computing the payment, to replace the three-year average valuations used in computing a district's state education aid for FY 2019 with

the district's total taxable value for tax year 2025 (for the FY 2026 payment) or tax year 2026 (for the FY 2027 payment). It then must recompute the state education aid for FY 2019 without applying any funding limitations enacted by the General Assembly.

The amount of a district's payment is the *greater* of 1 or 2 as described below:

1. The lesser of either:

a. The positive difference between the district's state education aid for FY 2019 prior to the recomputation and the district's recomputed state education aid for FY 2019; or

b. The absolute value of the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2025 (for the FY 2026 payment) or for tax years 2017 and 2026 (for the FY 2027 payment).

2. 0.50 times the absolute value of the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2023 (for the FY 2026 payment) or for tax years 2017 and 2024 (for the FY 2027 payment).

### Payment deadline

The Department must make FY 2026 payments between June 1 and June 30, 2026, and must make FY 2027 payments between June 1 and June 30, 2027.

### Codified law payment

The act prohibits the Department from calculating or making a similar payment prescribed under codified law for FYs 2026 and 2027.[54]

# II. State scholarships

## Autism Scholarship maximum amount

(R.C. 3317.022(A)(12))

The act increases the maximum scholarship amount a student may receive under the Autism Scholarship from $32,445 to $34,000.

## Jon Peterson Special Needs Scholarship amount

(R.C. 3317.022(A)(13))

The act increases the category amounts for a Jon Peterson Special Needs (JPSN) Scholarship as follows:

- Increases the Category 1 amount from $2,395 to $2,855;
- Increases the Category 2 amount from $5,280 to $5,879;
- Increases the Category 3 amount from $11,960 to $12,879;
- Increases the Category 4 amount from $15,787 to $16,890;

[54] R.C. 3317.028, not in the act.

- Increases the Category 5 amount from $21,197 to $22,560; and
- Increases the Category 6 amount from $30,469 to $31,932.

The act also increases the maximum scholarship amount from $32,445 to $34,000.

## Autism and Jon Peterson Special Needs scholarship programs

(R.C. 3310.41, 3310.413, 3310.51, 3310.52, 3310.523, 3310.58, and 3310.64)

The act makes the following changes to the Autism and JPSN scholarship programs:

1. Qualifies a child for a scholarship if:

a. The child is enrolled in a chartered or nonchartered nonpublic school, is home educated, or is older than compulsory school age and younger than 22 and received a home education and has not yet received a diploma from the child's parent or guardian;

b. The child is still eligible to receive transition services under the child's IEP; and

c. For the Autism scholarship, the child has an IEP developed that includes services related to autism.

In uncodified law that is effective June 30, 2025, the act requires the Department to accept applications and award scholarships for the 2025-2026 school year for any child who is at least age 18 and younger than 22 and meets the requirements listed above.

2. Permits multiple alternative public or registered private providers to provide services to implement an IEP or education plan, as determined necessary and associated with educating the child by the eligible applicant and providers.

3. Specifies that a qualified special education child is not limited to receiving services from a single provider for any services identified in the IEP, including a single type of service.

4. Specifies that intervention services, educational services, academic services, tutoring services, aide services, and other related special education services may be provided virtually.

5. Permits a teacher or substitute teacher licensed by the State Board of Education to provide virtual services to a qualified special education child.

6. Adds an educational aide or assistant with a valid permit and an instructional assistant with a valid permit in the list of professionals who can provide services under a special education program.

7. For billing purposes, requires services provided by a teacher or substitute teacher licensed by the State Board to be classified as academic services and not aide services and requires the Department to use this differentiation to simplify monthly audit procedures.

8. Permits supervision of a qualified, credentialed provider to be conducted virtually.

Additionally, the act prohibits a qualified special education child who participates in a Junior Reserve Officer Training Corps program (JROTC) maintained by the child's resident school district from being considered enrolled in that district for purposes of determining eligibility for an Autism or JPSN scholarship.

## Autism Scholarship Program

The act expands the individuals who may apply for a scholarship on behalf of a special education child and perform certain other duties regarding the child's participation in the Autism Scholarship Program. Specifically, the act extends that authority to include:

1. The guardian of a qualified special education child, when a court has appointed a guardian for the child;

2. The surrogate parent appointed for a qualified special education child; and

3. A qualified special education child, if the child does not have a custodian or guardian and is at least 18 and younger than 22.

### Qualified special education child

The act clearly states that a child is eligible under the Autism Scholarship Program who is at least age three and younger than 22, which is already the case under continuing law.

## Jon Peterson Special Needs scholarship program

The act expands eligibility for the JPSN Scholarship to three- and four-year-olds.

## List of registered private providers

The act requires the Department of Education and Workforce to maintain a list of Autism and JPSN Scholarship registered private providers and their locations on its publicly accessible website.

## Nonchartered educational savings account program (VETOED)

(R.C. 3310.037, 3310.21, 3310.22, 3310.23, 3310.24, 3310.25, 3310.26, 3310.412, 3310.51, 3313.975, 3317.02, 3317.022, 3317.03, and 5747.72)

The Governor vetoed a provision that would have established the Nonchartered Educational Savings Account Program to begin operating in the 2026-2027 school year for eligible students enrolling in participating nonchartered nonpublic schools. The Treasurer of State would have administered the program with the assistance of the Department of Education and Workforce. Under the program, the Treasurer of State would have established an education savings account for participating students to purchase educational goods and services, including tuition at participating nonchartered nonpublic schools. The Department would have funded those accounts in a manner similar to how other state scholarship programs are funded under continuing law.

A detailed description of the vetoed provisions is available on pages 234 to 240 of the LSC analysis of H.B. 96, As Passed by the House (PDF), which is available on the General Assembly's website at legislature.ohio.gov.

# III. Career-technical education

## Waivers for middle school career-technical education

(R.C. 3313.90)

Beginning July 1, 2026, the act eliminates waivers from a city, local, or exempted village school district's obligation to provide a career-technical education to seventh and eighth grade students.

Law in effect until that date permits a district to receive a waiver from the requirement to provide career-techincal education to seventh and eighth grade students by annually adopting a resolution announcing its intent to not offer career-techincal education to those grades for that school year.

## Approval deadlines for career-technical education programs

(R.C. 3317.161)

The act eliminates the application and approval deadlines for a new career-technical education program. The eliminated deadlines include:

- The March 1 deadline for the lead district of a career-technical planning district to approve or disapprove a school district's, community school's, or STEM school's career-technical education program application;
- The March 15 deadline for a district or school to appeal to the Department the lead district's decision or failure to take action on a career-technical education program application; and
- The May 15 deadline for the Department to approve or disapprove a career-technical education program for the next fiscal year.

Because the May 15 deadline no longer applies, the act also eliminates the Department's authority to identify circumstances under which it may approve or disapprove a career-technical education program after that former deadline.

## Career-Technical Assurance Guides

(R.C. 3313.6013, 3313.6031, 3314.03, 3326.11, and 3328.24)

The act adds high school courses aligned to the Chancellor of Higher Education's Career-Technical Assurance Guides (CTAG) to the list of programs that may be considered an "advanced standing program" at school districts, other public schools, and chartered nonpublic schools. Under continuing law, each district or school must provide high school students with an opportunity to participate in advanced standing programs. Other advanced standing programs are the College Credit Plus Program (CCP), Advanced Placement (AP) courses, International Baccalaureate (IB) courses, and early college high school programs.

The act also requires each district or school that has students enrolled in CTAG-aligned courses to implement a policy for grading and calculating class standings for those courses in a manner that is equivalent to the district's or school's policy for CCP, AP, IB, or honors courses.

Continuing law requires the Chancellor to establish criteria, policies, and procedures to permit a student to transfer credit for qualifying career-technical courses to a state institution of higher education from a public secondary or adult career-technical institution or another state institution "without unnecessary duplication or institutional barriers." This credit transfer initiative is known as the Career-Technical Assurance Guides or "CTAG." [55]

### Industry-recognized credentials

(R.C. 3301.17, 3313.618, 3313.6113, and 3313.6114)

The act eliminates the requirement that the Director of Education and Workforce's industry-recognized credentials and licenses committee assign a point value for each of its approved credentials and establish the total number of points that a student must earn to satisfy certain high school graduation requirements. Instead of point values, the committee must establish the criteria under which a student may use industry-recognized credentials to help qualify for a high school diploma.

## IV. Assessments, instruction, and tutoring

### Diagnostic assessment

(R.C. 3301.079, 3301.0715, and 3313.608; Section 733.30)

The act requires the Department, by June 30, 2026, to adopt diagnostic assessments in reading and approve a list of up to five diagnostic assessments aligned with state academic standards for both reading and math for each of grades K-3. The list of approved assessments must include the three most widely used reading diagnostic assessments approved by the Department for use as a comparable tool under the Third Grade Reading Guarantee prior to September 30, 2025. The reading diagnostic assessments must be designed to measure student comprehension of foundational reading skills aligned to the science of reading, in addition to the requirement under continuing law that the assessments be designed to measure student comprehension of academic content and mastery of related skills for relevant subject areas and grade levels.

The act eliminates:

1. The option for high-performing public schools (school districts, community schools, and STEM schools) to administer alternative diagnostic assessments and the authority to use an alternative assessment to measure reading skills under the Third Grade Reading Guarantee.

2. The requirement that adopted diagnostic assessments be aligned with the state model curriculum and with state academic standards for first and second grade in writing and mathematics, and for third grade in writing.

3. The requirement that blank copies of diagnostic assessments be public records and that upon completion of each assessment, the Department must inform each public school of its completion and make the assessment available to that district or school.

[55] See R.C. 3313.90; 3333.162, not in the act.

Under the act, all public schools must use the assessments adopted or approved by the Department and must administer the diagnostic assessments by September 30 of each year, beginning with the 2026-2027 school year. The act also eliminates the exemption from public schools having to administer diagnostic assessments to students with significant cognitive disabilities and, instead, requires schools to administer diagnostic assessments to such students in accordance with guidelines adopted by the Department.

Finally, under the act, each district and school must utilize and score each diagnostic assessment in accordance with rules established by the Department.

## Kindergarten readiness assessment

(R.C. 3301.0714, 3301.0715, and 3302.03)

The act requires public schools to administer the kindergarten readiness assessment (KRA) to each kindergarten student between July 1 of the school year in which the student enrolls in kindergarten and the 20th day of instruction of that school year. Each school must utilize and score the KRA in accordance with rules established by the Department of Children and Youth.

Continuing law requires each public school to report the results of diagnostic assessments administered to each student enrolled in grades K-3. The act eliminates an exemption from reporting the results of kindergarten students if the student's parent requests the school not to report the results. It also eliminates the requirement that the Department of Education and Workforce disaggregate the results of kindergarten students by race and socioeconomic status. In addition, it limits the requirement that chartered nonpublic schools report KRA results so that they only have to report them to the Department of Children and Youth, rather than both that Department and the Department of Education and Workforce as under prior law.

The act eliminates the requirement that the Department of Education and Workforce include data from the kindergarten readiness assessment on the district or school's state report card.

## State assessments as public records

(R.C. 3301.0711)

Beginning with state assessments administered in the spring of the 2025-2026 school year, the act eliminates the requirement that at least 40% of questions on the assessment used to compute a student's score be made a public record. Instead, the Department must determine which questions, if any, are a public record. The act also eliminates related out-of-date provisions that make questions on state assessments public records.

## College-Level Examination Program (CLEP)

(R.C. 3302.03, 3313.6013, and 3313.6114)

The act adds the College-Level Examination Program (CLEP) as a qualifier or criteria for different programs. Those include:

1. The list of programs that may be considered an "advanced standing program" at public and chartered nonpublic schools. Advanced standing programs are programs that enable students to earn credit toward a degree from a higher education institution while in high school.

2. A passing score as demonstration of post-secondary readiness on the state report card.

3. A passing score as qualification for the college ready, citizenship, science, and technology diploma seals.

The act requires that the passing score be determined by the Department of Education and Workforce.

## Core curriculum and evidence-based reading programs

(R.C. 3313.6028)

The act establishes a limit on the law that requires each school district, community school, and STEM school to only use core curriculum and instructional materials in English language arts from a list of high-quality curricula, materials, and programs aligned to the Science of Reading and developed by the Department. Specifically, it narrows that requirement so that it applies to core curriculum and instructional materials for students in grades pre-K through 5.

The act expressly requires each district or school to use evidence-based reading intervention programs from that list for students in grades pre-K through 12.

## Advanced math learning opportunities

(R.C. 3313.6032)

The act requires each school district to provide each student who achieves an advanced level of skill on either a math achievement assessment or an end-of-course exam with advanced math learning opportunities in the following school year. An "advanced level of skill" is the highest level on the range of scores a student may receive on those assessments or exams. If a student takes an advanced math course, the student must take any corresponding required achievement assessment or end-of-course exam for that course.

Under the act, "advanced learning opportunities in math" or "advanced math course" refers to learning opportunities or a course that provides academic content or rigor that exceeds the standard math curriculum for the student's grade level, including a mathematics course that is two grade levels above the student's current grade level.

If a district does not offer any advanced learning opportunities in math for the grade level in which the student is enrolled for the next school year, the act exempts that district from the requirement.

The act requires each district to notify the parent or guardian of a student who qualifies for advanced math learning opportunities. A parent or guardian may submit a written request to opt out the student from advanced math learning opportunities. If a parent or guardian submits an opt out request, the district is not required to provide that student with advanced math instruction.

### High-dosage tutoring

(R.C. 3313.608)

The act eliminates the requirement that high-dosage tutoring provided to students on reading improvement and monitoring plans by school districts, community schools, and STEM schools be provided outside of the student's regular instruction time. As a result, the act expressly permits a district or school to incorporate high-dosage tutoring into a student's regular instruction time.

The act also requires a locally approved high-dosage tutoring program to align with best practices identified by the Department.

### High-quality tutoring program list

(R.C. 3301.136)

When compiling the list of high-quality tutoring vendors, continuing law requires the Department to request the qualifications of public and private entities that provide tutoring programs for students. The act requires those qualifications to include program efficacy data or other evidence of program effectiveness for students who participate in the tutoring programs.

The act requires the Department to remove immediately from the list any English language arts tutoring program that the Department determines is not aligned to the science of reading or that uses a three-cueing approach.

Every three years after the initial list is posted, the Department must provide an opportunity for entities to submit their qualifications for consideration to be included in the list and post an updated list of tutoring programs on the Department's website.

### Financial literacy instruction exemptions

(R.C. 3313.603)

The act allows a school district, other public school, or chartered nonpublic school to adopt a policy to excuse from the financial literacy instruction graduation requirement each student who participates in a financial literacy program offered through the student branch of a credit union or by a bank during high school. A program must meet or exceed the state standards and model curriculum for financial literacy and entrepreneurship instruction and a student must participate in it for at least 60 hours of instruction to qualify for the exemption.

Under the act, by July 1, 2026, the Department must adopt and post on its website a model policy and guidelines for districts and schools to use in developing a policy.

## V. Educators

### Use of seniority in teacher assignments

(R.C. 3319.173)

The act requires each school district superintendent to assign teachers to positions based on the best interests of the district's students. It also prohibits the superintendent from using seniority or continuing contract status as the primary factor in assigning, reassigning, or

transferring teachers, regardless of whether the teacher is assigned, reassigned, or transferred voluntarily.

Under the act, these new provisions prevail over conflicting provisions of collective bargaining agreements entered into on or after September 30, 2025. As such, any current collective bargaining agreements that assign teachers based on other factors, including seniority or continuing contract status as a primary factor, are unaffected for the remainder of the agreement's duration.

## Science of Reading professional development

(R.C. 3319.2310)

### Development of training course

The act requires the Department to (1) maintain an introductory Science of Reading training course for licensed educators and (2) develop a competency-based training course that updates and reinforces educators' knowledge in the Science of Reading.

### Training requirement

The act requires each teacher, administrator, or speech-language pathologist employed by a school district or other public school to complete the Department's Science of Reading training as follows:

1. An individual hired as a teacher or administrator prior to July 1, 2025, must complete the training by June 30, 2030, and every five years thereafter.

2. An individual hired as a teacher or administrator on or after July 1, 2025, must complete the training within one year after the date of hire, and every five years thereafter. However, the act provides an exemption for individuals who either already completed that training or a similar training or completed appropriate coursework in the Science of Reading as part of the individual's educator or licensure preparation program, as verified by the district or school.

3. An individual employed as a school psychologist or speech-language pathologist must complete the training by June 30, 2027, and every five years thereafter.

### Professional development

The act requires local professional development committees to count Science of Reading training towards professional development requirements for educator licensure renewal. Additionally, a committee must permit an individual to apply any hours earned over the minimum required hours of professional development coursework for licensure renewal to the next renewal period for that license. Under continuing law, a district or school must establish a local professional development committee for the purpose of determining if a teacher's proposed coursework meets the licensure renewal requirements set by the State Board of Education.[56]

[56] R.C. 3319.22, not in the act.

## Educator in-service training

(R.C. 3319.073)

### Youth suicide awareness and prevention training

The act requires each school district or other public school to develop its own youth suicide awareness and prevention in-service educator training curriculum instead of adopting or adapting curriculum developed by the Department. Additionally, the act eliminates the option for an educator to accomplish the training through self-review of suitable suicide prevention materials approved by the district or school.

### Child sexual abuse training

The act eliminates the express authorization for a district or school to have child sexual abuse in-service training for educators provided by law enforcement officers or prosecutors that have experience in handling cases involving child sexual abuse or child sexual violence. Instead, it requires each district or school to develop its own curriculum in consultation with public or private agencies or persons involved in child sexual abuse prevention or child sexual violence prevention.

## Computer science teacher licensure

(R.C. 3313.6033 (codifying Section 733.61 of H.B. 166 of the 133rd G.A.) and 3319.236)

The act codifies and makes permanent an exception to the general requirement that an individual be licensed in computer science to teach computer science courses. Under that exception as amended by the act, a school district, community school, or STEM school may permit a validly licensed educator to teach computer science in any of grades K-12, if, in the last five years, the educator has completed an approved professional development program that provides computer science content knowledge specific to the course the educator will teach. To continue teaching computer science under this exception, the educator must complete the program every five years in accordance with educator licensure recertification.

The superintendent or principal must approve any professional development program endorsed by the College Board, the organization that creates and administers the national Advanced Placement exams, as appropriate for the course the educator will teach. The educator may teach computer science only in the same district or school where the educator was employed upon completing the professional development program.

An individual who does not satisfy the criteria for this exception may teach a computer science course only if the individual:

1. Holds a valid license in computer science;

2. Has a licensure endorsement in computer technology and a passing score in a computer science content exam; or

3. Has an industry professional teaching license to teach computer science for up to 40 hours per week.[57]

The exception was initially enacted by H.B. 166 of the 133rd General Assembly and applied only to the 2019-2020 and 2020-2021 school years. Subsequent main appropriations acts extended the exception through the 2024-2025 school year.[58]

### Cap on school district administrative expenses

(R.C. 3315.063)

The act prohibits any school district board of education from using more than 15% of its annual operating budget on administrative salaries and benefits and other costs associated with the district's administrative offices.

## VI. Community schools

### High-performing community school definition

(R.C. 3313.413)

The act revises the definition of "high-performing community school" for the law regarding the right of first refusal to purchase school district property and the involuntary disposition of school district property. Under the act, a community school is high performing if it meets at least one of the following sets of conditions:

1. The community school:

a. Received a higher performance index score than the school district in which it is located on the two most recently issued state report cards; and

b. Either:

i. Received a performance rating of four stars or higher for the Progress component on its most recent report card; or

ii. Is a dropout prevention and recovery community school and did not receive a rating for the Progress component on its most recent state report card.

2. The community school serves only grades K through 3 and received a performance rating of four stars or higher for the Early Literacy component on its most recent state report card;

3. The community school has not commenced operations or has been in operation for less than one school year and:

a. The school is replicating an operational and instructional model used by another high-performing community school; and

[57] R.C. 3319.236, not in the act.

[58] H.B. 110 of the 134th General Assembly and H.B. 33 of the 135th General Assembly.

b. The school either:

i. Has an operator that received an overall rating of three stars or higher, or a "C" or higher, on its most recent performance report; or

ii. Does not have an operator and its sponsor was rated "exemplary" or "effective" on the sponsor's most recent evaluation.

Formerly, a "high-performing community school" was a community school that met one of the following:

1. The school received:

a. A performance rating of three stars or higher for the Achievement component on the state report card or increased its performance index score in each of the three previous years of operation; and

b. A performance rating of four stars or higher for progress on its most recent state report card.

2. Served only grades K through 3 and received either a performance rating of four stars or higher for the Early Literacy component on its most recent state report card;

3. Primarily served students enrolled in a dropout prevention and recovery program and received a rating of "exceeds standards" on its most recent state report card; or

4. Was a newly established community school implementing a community school model with a track record of high-quality academic performance, as determined by the Department.

## Dropout prevention and recovery community schools

(R.C. 3314.02, 3314.362, and 3314.383; conforming changes in R.C. 3301.0712, 3301.0727, 3302.03, 3302.034, 3302.20, 3314.013, 3314.016, 3314.017, 3314.034, 3314.05, 3314.261, 3314.29, 3314.35, 3314.351, 3314.46, 3314.361, 3314.38, 3314.381, 3314.382, 3317.163, 3317.22, and 3319.301)

Continuing law establishes various provisions that apply to community schools that specialize in serving students enrolled in school-operated dropout prevention and recovery programs (the "DOPR law").

The act limits the application of the DOPR law so that it applies to community schools that enroll only students who are between ages 14 and 21, and who, at the time of their initial enrollment, are at least one grade level behind their cohort age groups or experience crises that significantly interfere with their academic progress such that they are prevented from continuing their traditional educational programs. Under prior law, the DOPR law generally applied to community schools in which a majority of students were enrolled in a school-operated dropout prevention and recovery program.

The act permits a community school that the DOPR law applied to under prior law, but which does not meet the new requirements, to continue to operate for the 2025-2026 and 2026-2027 school years. However, on and after July 1, 2027, each such school must meet the new requirements.

Prior to that date, each school that does not meet the new requirements, upon approval of the school's sponsor, must (1) transfer those grades that do not comply to a separate community school or (2) cease offering those grades. The Department must assign a unique internal retrieval number to any separate community school created. Schools must assist students who are not eligible to attend a under the new requirements with transferring to the separate community school or enrolling in a different school.

## Sponsor evaluations

(R.C. 3314.016 and Section 733.70; conforming changes in R.C. 3314.021 and 3314.034)

### Academic performance component calculation

The act excludes all community schools whose contracts were not renewed or terminated by their sponsor before the sponsor's evaluation from the calculation of the academic performance component of the evaluation. Continuing law already excludes from that calculation schools that have been in operation for less than two full school years and certain schools that enroll a majority of children with disabilities receiving special education and related services.

### Peer review

The act eliminates the Department's authority to permit a peer review of a sponsor evaluation's adherence to quality practices component.

### Sponsor evaluation cycles

The act prohibits the Department from evaluating entities with an overall rating of "exemplary" for five full school years and entities with a rating of "effective" for three full school years after the rating was received. Prior law required them both to be evaluated once every three years.

The act qualifies a community school sponsor with an overall rating of "exemplary" for specified incentives under continuing law, rather than requiring the sponsor to receive an overall rating of "exemplary" for the two most recent years for which the sponsor was evaluated to qualify as under former law.

The act also requires the Department to annually publish academic performance data for each sponsor, regardless of whether the sponsor is being evaluated for that school year. Finally, it requires the Department to evaluate all community school sponsors for the 2025-2026 school year and to use these ratings to determine the sponsor's evaluation cycle.

### Office of Ohio School Sponsorship evaluation

The act prohibits the Department from including Alternative Education Academy (OHDELA) in the academic component calculation of the sponsor evaluation for the Office of Ohio School Sponsorship for the 2025-2026 and 2026-2027 school years. However, that school must be included in that component if the Office continues to sponsor it after the 2026-2027 school year.

## Community school opening assurances

(R.C. 3314.19)

The act reduces from ten to five the number of days prior to opening for its first year of operation or first year of operation from a new building that a community school sponsor must provide prescribed assurances to the Department. Under continuing law, a sponsor must submit the list of assurances for each school once when the school first opens for operation and, in the case of a brick-and-mortar school, once again if it begins operating from a new building.

The act also requires the sponsor of a community school that adds a facility to an existing location, or an internet- or computer-based community school that changes its location or adds a satellite location, to provide the prescribed assurances at least one day prior to the operation in the new facility.

## Multiple facilities

(R.C. 3314.05; conforming changes in R.C. 3314.411 and 3314.191)

The act permits any community school to maintain multiple facilities in more than one school district under the same contract. Prior to this change, a community school generally could be established in only one school district under the same sponsorship contract.

As under continuing law, the governing authority of a community school that maintains facilities in more than one school district must designate one of those districts to be considered the school's primary location and to notify the Department of that designation. If the governing authority elects to modify a community school's primary location, it must notify the Department of that modification.

## Contracts and comprehensive plans

(R.C. 3314.03; conforming changes in R.C. 3314.015, 3314.021, 3314.034, and 3314.07)

The act eliminates the requirement that each community school submit a comprehensive plan to its sponsor. Instead, it requires that plan's provisions to be included in the contract between the school's sponsor and governing authority. Under continuing law, those provisions include the following:

1. The process for future governing authority member selection;

2. The management and administration of the school;

3. If the community school is a currently existing public school or educational service center building, alternative arrangements for students who choose not to attend the converted school and for teachers who choose not to teach in the school or building after conversion;

4. The instructional program and educational philosophy of the school; and

5. Internal financial controls.

### Classical schools and assessment administration

(R.C. 3301.0711)

The act permits a classical school to generally administer paper assessments in a paper format. However, any student whose individualized education program (IEP) or plan developed under Section 504 of the federal Rehabilitation Act of 1973 specifies that taking the assessment in an online format is an appropriate accommodation for the student may take the assessment in an online format. Under the act, a "classical school" is a community school that is a member of the Ohio Classical School Association or its successor organization and uses a curriculum substantially similar to that of a nationally recognized classical school network.

### Community school FTE reporting

(Section 5 of H.B. 554 of the 134th G.A., amended in Sections 630.30 and 630.31)

The act extends through the 2025-2026 school year the option for a qualifying community school to elect to report its number of students to the Department on a full-time equivalent basis using the lesser of:

1. The maximum full-time equivalency for the portion of the school year for which a student is enrolled in the school; or

2. The sum of 1/6 of the full-time equivalency based on attendance for the portion of the school year for which a student is enrolled and 1/6 of the full-time equivalency for each credit of instruction earned during the enrollment period, up to five credits.

For more information on the provision and the community schools that qualify under it, see the LSC Final Analysis (PDF) for H.B. 554 of the 134th General Assembly, which is also available at legislature.ohio.gov. H.B. 33 of the 135th General Assembly extended this provision through the 2024-2025 school year.

## VII. School policies

### Absence intervention, truancy, and chronic absenteeism

The act substantially modifies the process in which school districts, brick-and-mortar community schools, and STEM schools must engage when addressing student absences by replacing several more structured statutory requirements and timelines related to the absence intervention process with a similar set of district-led requirements. It also makes other changes.

#### District and school responsibilities for student absences

(R.C. 3321.191, repealed and reenacted, and 3321.19; conforming changes in R.C. 2151.27, 3320.04, and 3321.16)

The act repeals the structured statutory requirements and timelines related to the absence intervention process established under prior law. Instead, it replaces that process with a requirement to adopt a policy in consultation with the juvenile court that:

1. Acknowledges that student absences from school for any reason, whether excused or unexcused, take away from instructional time and have an adverse effect on student learning;

2. Identifies strategies to prevent students from becoming chronically absent;

3. Includes procedures for notifying a student's parent, guardian, or custodian, when the student has been absent from school for a number of hours determined by the board, which cannot exceed 5% of the minimum number of hours required in the school year;

4. Establishes a tiered system that provides more intensive interventions and supports for students with greater numbers of absences and includes resources to help students and their families address the root causes of the absences;

5. Provides for one or more absence intervention teams to work with students at risk of becoming chronically absent and their families to improve the students' attendance at school;

6. Prohibits suspending, expelling, or otherwise preventing a student from attending school based on the student's absences; and

7. Permits consultation or partnering with public, nonprofit, or private entities to provide assistance to students and families in reducing absences.

### Chronic absenteeism definition

(R.C. 3321.191(A))

The act defines "chronically absent" as missing at least 10% of the minimum number of hours required in the school year, regardless of whether the absence is excused or unexcused.

### Grade level promotion

(R.C. 3313.609)

The act eliminates a policy requirement that, as a condition of generally subjecting a student to retention rather than grade level promotion, a school district or community school determine whether that student has been absent without excuse for more than 10% of the required attendance days of the school year.

### Filing truancy complaint in juvenile court

(R.C. 3321.16; conforming changes in R.C. 3321.22)

As part of its repeal of the structured statutory requirements and timelines related to the absence intervention process, the act eliminates the requirement that if the student's absences persist after the school has made meaningful attempts to reengage the student, the school must file a complaint in juvenile court not later than 61 days after the absence intervention team's plan was implemented. Instead, the act requires a complaint only if the school district determines that the student is not making satisfactory progress in improving the student's attendance at school. When a complaint is filed, it must allege that the child is an unruly child for being an habitual truant and that the parent or guardian has violated the duty to cause the child to attend school.

Under continuing law, an "habitual truant" is a student of compulsory school age who is absent *without legitimate excuse* for 30 or more consecutive hours, 42 or more hours in one school month, or 72 or more hours in a school year.[59]

### Student absences for driver education

(R.C. 3321.043)

Under the act, a school district must excuse up to eight hours of absences for the sole purpose of a high school student attending a private driver training course approved by the Director of Public Safety. The allotment must not exceed two hours per day for not more than four consecutive or nonconsecutive days. The district must require the student to complete any classroom assignments missed during that time.

The act prohibits a student from being released from a core curriculum subject course to attend the driver education course.

## Student cellphone use

(R.C. 3313.753 and 5502.262)

The act requires each public school's (any school district, community school, STEM school, or college-preparatory boarding school) policy governing the use of cellphones by students during school hours to outright prohibit student cellphone use during the instructional day. This prohibition replaces the requirement imposed by H.B. 250 of the 135th General Assembly, effective August 14, 2024, to adopt a cellphone policy that (1) emphasizes limited use during school hours and (2) reduces use-related distractions in classroom settings.

The act maintains an exception that permits cellphone use for student learning or to monitor or address a health concern if determined appropriate by the school's governing body or if that use is included in a student's individualized education program (IEP) or section 504 plan. The act also permits a student to use a cellphone or other electronic communications device to monitor or address a health concern if the school receives a written statement from the student's physician requiring such use.

Each school that does not already have a compliant policy must adopt one by January 1, 2026. The act also eliminates the requirement that the Department develop a model policy that accounts for available research on the effects of student cellphone use in school settings.

## Emergency management plan protocol

Under the act, each public school administrator must include a protocol that addresses student cellphone use during an active threat or emergency in the comprehensive emergency management plan for each building under the administrator's control. The act suspends the cellphone prohibition for a school building during an active threat or emergency if the building's comprehensive emergency management plan permits it.

[59] R.C. 2151.011(B)(18), not in the act.

## Artificial intelligence policies

(R.C. 3301.24; conforming changes in R.C. 3314.03, and 3326.11)

The act requires the Department to develop a model policy on the use of artificial intelligence in schools by December 31, 2025. The policy must address appropriate use of artificial intelligence by students and staff for educational purposes.

By July 1, 2026, each school district, community school, and STEM school must adopt an artificial intelligence policy. Districts and schools may choose to adopt the model policy created by the Department.

## Religious instruction released time policy

(R.C. 3313.6022)

The act requires each school district, under its released time courses in religious instruction policy established under continuing law, to add minimum and maximum time parameters that:

1. Permit students to attend such a course for at least one period a week; and

2. Limit that attendance to no more than two periods per week for elementary or middle school students and no more than two units of high school credit per week for high school students.

Under the act, a school's policy also cannot prohibit students from bringing external educational and program materials into school.

## Interdistrict open enrollment policies

(R.C. 3313.98)

### Enrollment of military students

The act prohibits a school district from requiring a student whose parent is an active duty member of the U.S. armed forces stationed in Ohio to comply with any application deadline established in the district's interdistrict open enrollment policy.

### Objection to students enrolling in other districts

The act eliminates a school district's authority to adopt a resolution to object to its resident students open enrolling into another district if it is receiving federal Impact Aid under a repealed federal law and at least 10% of its students meet the requirements to be included in the calculation of that aid.

# VIII. Transportation

## Community school transportation consortium

(R.C. 3314.093)

The act permits the governing authorities of two or more community schools to enter into an agreement to establish a consortium to provide or arrange transportation to and from school for students enrolled in participating schools. A consortium must act on behalf of each

participating school regarding student transportation and comply with continuing law on student transportation in the same manner as a community school.

A consortium may do both of the following in the same manner as a community school:

1. Enter into an agreement with a school district that has resident students enrolled in a participating school, under which the consortium accepts responsibility to provide or arrange for the transportation of those students;

2. Unilaterally accept responsibility for the transportation of students enrolled in participating schools.

A consortium must designate one of the participating schools as a fiscal agent. The fiscal agent must use the Department's data collection system to report all combined data necessary for the Department to calculate transportation payments for the consortium. The Department must calculate and make transportation payments to a consortium in the same manner as for a community school.

## Student transportation via mass transit system

(R.C. 3327.017)

The act requires a city, local, or exempted village school district located in a county with a population between 530,000 and 540,000 according to the most recent federal decennial census (currently only Montgomery County) and that uses mass transit systems to transport students to and from a community school or chartered nonpublic school to ensure that any transfer between routes does not occur at the central hub for the mass transit system. The act does not specify a particular school year or special effective date for the requirement. However, the new requirement would not impact any current contracts between a school district and a mass transit system for student transportation until those contracts are renewed or a new contract is entered after September 30, 2025.

## Multifunction school activity buses

(R.C. 3327.08, 3327.10, 4511.01, 4511.75, 4511.76, 4511.77, 4511.771, and 4511.78)

The act authorizes school districts, chartered nonpublic schools, and community schools to purchase and use a multifunction school activity bus to transport students between school and other school-related functions or activities (e.g., field trips, sports competitions, club events, etc.). A multifunction school activity bus is a type of school bus; however, it does not include the traffic control devices like a stop-arm or the typical school bus flashing lights.

*Multifunction school activity buses. Photo credit: Thomas Built Buses, thomasbuiltbuses.com.*

In compliance with federal law and because a multifunction school activity bus does not have the requisite safety equipment to control traffic, the act prohibits it from being used to transport students between school and home or between school and designated bus stops.[60]

Other than not being used for regular bus routes, the requirements and authorizations for multifunction school activity buses are similar to regular school buses. For example, a driver of a multifunction school activity bus must meet all the standards of a regular school bus driver (e.g., hold a valid commercial driver's license, pass the requisite background checks, and complete specified student transportation training). Additionally, a school board or a governing authority of a chartered nonpublic school or community school may purchase a multifunction school activity bus in the same manner as a regular school bus.

## Student transportation workgroup

(Section 733.80)

The act requires the Director of Education and Workforce to establish a workgroup on student transportation. The workgroup must consist of members selected by the Director, including representatives from:

1. The chairs and ranking members of the House and Senate Education Committees;

2. School districts, including districts from rural, small town, suburban, and urban typologies;

3. Career-technical education centers;

4. Educational service centers;

5. Community schools;

6. Chartered nonpublic schools; and

7. The Ohio Association for Pupil Transportation.

The workgroup must monitor and review the student transportation system during the 2025-2026 school year and develop recommendations for changes to better meet the transportation needs of Ohio students. It also must conduct a study of and develop recommendations on the feasibility of each school district providing transportation to students enrolled in a community school or nonpublic school on days that the community school or nonpublic school is open for operation with students in attendance, but the district is not. The workgroup must submit a report on its findings and recommendations to the Governor and the General Assembly by June 30, 2026, and disband after submitting the report.

## Pupil Transportation Pilot Program

(Section 265.550 of H.B. 33 of the 135th G.A., as amended in Sections 620.10 and 620.11)

The act extends the operation of the Montgomery County Pupil Transportation Pilot Program to the 2025-2026 and 2026-2027 school years. Under the pilot program, an educational

[60] 49 C.F.R. 571.3, 571.108, and 571.131.

service center provides transportation to qualifying students in lieu of the students receiving transportation from their resident school district. For more information on the pilot program, see the LSC Final Analysis for H.B. 33 (PDF), which is available on the General Assembly's website: legislature.ohio.gov.

The act additionally requires the Department of Education and Workforce to evaluate the Montgomery County Pupil Transportation Pilot Program and issue a report of its findings by September 15, 2027.

### Rural Transportation Grant Program

(Section 265.600)

The act creates the Rural Transportation Grant Program for FYs 2026 and 2027. Under the program, the Department of Education and Workforce must award rural transportation grants to dropout prevention and recovery community schools that meet both of the following requirements:

1. More than 75% of the school's students are economically disadvantaged, as determined by the Department; and

2. The school's territory is in three counties and contains more than 12 school districts.

The Department must determine the amount of each grant, but a grant cannot exceed $450,000 for any fiscal year. Schools must use the grants for student transportation.

### Bus purchasing grants

(R.C. 3317.071, repealed)

The act eliminates the bus purchasing grant program, under which the Department last distributed grants to city, local, and exempted village school districts in FY 2022 and FY 2023.

## IX. Other

### State report card – Early Literacy component

(R.C. 3302.03)

Under continuing law, the percentage of students promoted to fourth grade under the Third Grade Reading Guarantee is a performance measure for the Early Literacy component for public schools' state report card. The act revises the measure so that it is based only on students who attain a promotion score on the third grade English Language Arts assessment or an alternative assessment, rather than any student who attains a promotion score or otherwise qualifies for an exemption from retention as under former law.

### Demand side educator employment data

(R.C. 3301.82)

#### Collection of data

Beginning September 30, 2026, the act requires the Department annually to collect school district, community school, and STEM school employment and vacancy data for:

1. Teachers;

2. Related services providers and other providers of specialized services;

3. Principals and assistant principals;

4. Paraprofessionals;

5. Bus drivers; and

6. Any other positions as determined by the Department.

### Report aggregate data

The act requires the Department to report the number of vacant positions aggregated by:

1. Type of position;

2. Subject area;

3. Geographic area, including rural and urban areas;

4. The number of educator positions filled by long-term substitute teachers, unlicensed individuals, or educators with emergency credentials disaggregated by school, grade level, and endorsement;

5. The reasons why a position was vacant, which may include:

a. Retirement;

b. New position;

c. Repeated poor teacher evaluations;

d. Position is no longer necessary;

e. Reduction in force.

6. Methods used to fill vacant positions, which must include:

a. Hiring of short- or long-term substitutes;

b. Hiring retired educators;

c. Hiring educators from alternative licensure program candidates;

d. Contracting with an educational service center or other entity;

e. Hiring personnel with emergency credentials or who are unlicensed; and

f. Other methods determined by the Department.

7. Positions that remain unfilled.

### Statewide data on educators

The act also requires the Department annually to collect and report the following statewide data on educators:

1. Educator preparation program enrollment and completion data annually, disaggregated by endorsement area and grade level;

2. The number of new educator licenses issued by the State Board of Education annually, disaggregated by licensure pathway and including those issued through reciprocity with another state;

3. Educator retention at one-year, three-year, five-year, and ten-year rates; and

4. Educator demographic data aggregated at the district and state level.

### Publish collected data

The Department annually must publish and summarize the collected data on its public website. To the extent possible, the Department must report that data at the state, district, and school level.

## Competency-based adult education programs

(R.C. 3313.902, 3314.38, and 3345.86, all repealed and reenacted; R.C. 3317.036, 3317.23, 3317.231, and 3317.24, all repealed; conforming changes in R.C. 3317.01; Section 733.20)

### Eliminate existing programs

The act eliminates the Adult Diploma Program and 22+ Adult High School Diploma Program, effective July 1, 2026. The act allows individuals enrolled in those programs to complete their program in accordance with its requirements prior to its repeal, so long as they complete it by June 30, 2027. Alternatively, beginning July 1, 2026, the act allows an individual to instead complete a competency-based program as established in it. The Department is required to pay an eligible institution or eligible provider as required by the program an individual completes.

### Competency-based educational programs

#### *Definition*

Under the act, a "competency-based educational program" is any system of academic instruction, assessment, grading, and reporting in which individuals receive credit based on demonstrations and assessments of their learning rather than the amount of time they spend studying a subject. A competency-based educational program must encourage accelerated learning among individuals who master academic materials quickly while providing additional instructional support time for individuals who need it.

#### *Providers*

The act permits a city, local, or exempted village school district or community school that operates a dropout prevention and recovery program, the Buckeye United School District operated by the Department of Youth Services, the Ohio Central School System operated by the Department of Rehabilitation and Correction, a joint vocational school district that operates an adult education program, a community college, a state community college, a technical college, a university branch campus, or an Ohio technical center ("provider") to establish a competency-based educational program for eligible individuals to earn a high school diploma.

An individual is eligible to enroll in a competency-based education program if they are at least 18 years old, have officially withdrawn from school, and have not been awarded a high school diploma or certificate of high school equivalence. Eligible individuals are prohibited from being assigned to classes or setting with individuals who are under age 18.

A provider may enroll an individual for up to three consecutive school years. In the event of a hardship experienced by the individual, a provider may request that the Department allow additional time to meet the diploma requirements.

A provider must comply with standards adopted by the Department and establish a career plan for each individual enrolled in the program that specifies their career goals and describes how the individual will demonstrate competency or earn course credits to earn a diploma and attain career goals.

The provider must report each individual enrolled in this program to the Department. Further, the provider must contact each diploma recipient to collect data on the individual's career outcomes at 6, 12, and 18 months after the diploma is awarded. This must include whether the individual is gainfully employed, participating in an apprenticeship, enrolled in postsecondary education, or servicing in the military, and the data collected must be reported to the Department.

### *High school diploma requirements*

An individual enrolled in a program may earn a diploma by either completing three demonstrations of competency or completing two demonstrations of competency and completing course credits in specified subject areas.

Demonstrations of competency include:

1. Attaining a competency score, as determined by the Department, on the Algebra I or English language arts II end-of-course exams;

2. Attaining a workforce readiness score, as determined by the Department, on the nationally recognized job skills assessment (WorkKeys);

3. Obtaining an industry-recognized credential, or group of credentials, that qualify the student for a high school diploma or an industry-recognized credential that is aligned to a technical education program provided by Ohio technical center;

4. Earning a cumulative score of proficient or higher on three or more state technical assessments (WebXams);

5. Completing a pre-apprenticeship program aligned with the student's career field and then providing evidence of acceptance into a registered apprenticeship in that field, or completing an apprenticeship registered with the Ohio State Apprenticeship Council;

6. Completing 250 hours of work-based learning experience with evidence of positive evaluations; or

7. Obtaining an OhioMeansJobs-readiness seal.

The course credits include:

1. Four credits in English language arts;

2. Four credits of math, one credit of which may be a career-based math course aligned to the individual's career plan;

3. Three credits in science;

4. Three credits in social studies; and

5. One-half credit in financial literacy, which may be applied to the number of math or social studies credits.

An individual who qualifies for a diploma using three demonstrations of competency must either attain a competency score on Algebra I and English language arts II end-of course exams or attain a workforce readiness score on the WorkKeys. A student who qualifies for a diploma using two demonstrations of competency and course credits may use any two demonstrations of competency.

### *Department responsibilities*

The Department must adopt rules as necessary to administer the program, such as program standards, requirements for determining amounts paid to providers, and guidelines for approving hardship requests for program participants. Annually, the Department must certify the enrollment and attendance of each individual and pay the provider up to $7,500 per school year based on the extent of the individual's completion of diploma requirements. The Department must award a high school diploma to individuals who successfully qualify for one under the program.

## Aim Higher Pilot Program

(Section 265.560)

The act requires the Department to establish the Aim Higher Pilot Program to provide additional funding to each joint vocational school district (JVSD) that operates a dropout prevention and recovery program (DOPR) in FY 2026. To participate, an eligible JVSD must notify the Department of its intent to participate.

The Department must pay each participating JVSD the following for each newly enrolled student in the JVSD's DOPR in FY 2026 or FY 2027: $500 for each credit earned and $2,500 for each completed industry-recognized credential, or group of credentials, that meet the criteria to help the student qualify for a high school diploma. For each JVSD with a DOPR program in its first three years of operation and that requests it, the Department must also pay a one-time grant of $250,000. A JVSD that receives the one-time grant must designate $175,000 for career-technical education equipment and $75,000 of the grant for building renovation. A JVSD must spend any of the payments it receives under the pilot program by July 1, 2027.

## Ohio Code-Scholar Program

(R.C. 3313.905)

The act replaces the five-year Ohio Code-Scholar Pilot Program established in 2021 with a permanent program and prescribes that the program be a hands-on educational initiative

designed for students in grades 4 through 12 with an emphasis on experiential learning in computer science, coding, and digital literacy. Under the act, Southern State Community College facilitates the program, and the act outlines permissible uses of the program's appropriation.

### Use of program funds

The act permits funds to be used for curriculum development and alignment, teacher training and resource creation, coordination with K-12 schools statewide, and partnership development with other educational institutions, workforce agencies, and regional employers. Program funds may also be used to implement and scale the program statewide, prioritizing outreach to underserved and rural areas, particularly within Ohio's Appalachian region. Finally, the funds may be used to provide ongoing institutional support for Southern State Community College, including operational needs that enhance its educational mission, technology and infrastructure upgrades, community outreach, and services that strengthen the college's regional impact in the Appalachian corridor.

### Annual report

Southern State must submit an annual report to the Director of Education and Workforce and the General Assembly by June 30 that includes (1) the number of students and districts served by the program, (2) progress toward statewide implementation, (3) regional economic and educational impact, and (4) use of funds for both programmatic and general operational support.

### Departmental oversight

The act requires the Director of Development to oversee the allocation and use of funds and permits the Director of Education and Workforce to establish guidelines to ensure compliance with the act.

## Payment of tuition for students in residential treatment facilities

(R.C. 3313.64)

The act addresses payment of tuition for educational services when a child is placed in a home located in a district different from the district where the child's parent resides (or a similarly licensed facility in another state). For purposes of determining district residency, a "home" is a foster home, a group home, or a residential facility. In this case, the school district where a child's parent resides must pay tuition to the home or facility if (1) the child was parentally placed in the home or facility in consultation with, and upon the recommendation of, the Ohio Resilience through Integrated Systems and Excellence Program (OhioRISE) and (2) the home or facility provides education services that meet the minimum education standards established by the Director of Education and Workforce (or substantially similar requirements of the jurisdiction in which an out-of-state facility is located), except that reduction in the minimum number of instructional hours is permitted only as necessary to accommodate the child's treatment program.

### Notice of admission and collaborative reentry plan

When a child is admitted to a home or out-of-state facility, it must notify the district where the child's parent resides and the district where the home or facility is located that the home or facility will be provided educational services to the child until the child is discharged. When the child is discharged, the home or facility must notify the district where the child's parent resides and collaborate on a supportive reentry plan.

### Payment structure

The act requires the district where the parent resides to continue to enroll the student and excuse the child from attendance until the child is discharged. The total educational cost the district must pay will be determined by a formula approved by the Department. The Department must design the formula to calculate a per diem cost for the educational services provided each day. The formula also must reflect the total actual cost incurred in providing those services. The Department must certify that cost to both the home or facility and the district responsible for tuition. The act requires the Department to deduct the certified amount from the state basic aid funds payable to the responsible district and pay that amount to the home or facility. The district must continue to report the child in its enrollment for funding purposes.

### Change in parent's residence

The act provides that if the parent's residence changes during the child's stay the Department may re-determine the responsible school district based on evidence provided by the district currently responsible for tuition.

### Discharge procedures

When a child is discharged, the home or facility must immediately notify the responsible district and the Department and provide both parties with a certified transcript of all coursework completed during the child's admission. The responsible district must accept all completed coursework and award credit in accordance with the district's policy.

### Diploma requirements

When a high school student is discharged and returns to the parent's residence, the child must meet requirements for receiving a high school diploma that are no more stringent than those that apply to students who enroll in a public or chartered nonpublic high school after receiving a home education.[61]

### State scholarship recipients

Finally, the act exempts a school district from the responsibility to pay tuition for a child admitted to a home or facility who has been awarded a state scholarship.

[61] See R.C. 3313.618; R.C. 3321.042, not in the act.

## School district operational revenue and expenditure report

(R.C. 5705.391; conforming changes in R.C. 3313.489, 3316.031, 3316.043, 3316.08, 3316.16, and 5705.412; Section 265.660)

The act eliminates the requirement that each school district annually submit five-year projections of operational revenue and expenses and, instead, requires them to submit appropriations, revenue, and fund balance assumptions contained in the district's budget for that year, in addition to projections of expenditures, revenues, and fund balances for the three succeeding fiscal years. Each district must submit this information by August 31 of each fiscal year and updated information and projections by the last day of February. For FY 2026, districts must make the initial submission by October 15, 2025.

The Department and the Auditor of State must jointly adopt rules governing the submission of current budget information and three-year projection submissions. The rules must specify the information required for the submissions and any additional financial and operating information necessary for the audits and analyses conducted by the Auditor of State or the Department, including special and federal funds expenditures, revenues, and balances.

The Department and the Auditor of State, beginning with submissions for FY 2026, must label the projections regarding property tax allocation in the projection as "state reimbursement for property tax credits," rather than "state share of local property taxes" as under former law.

The act also adds current budget information to provisions of law where a district's three-year forecasts are used or required, including for determinations of the district's financial solvency. The act also requires the Auditor of State or the Department to examine the current budget information and three-year projections to determine whether a district has the potential to incur a deficit during the first two years of the three-year period, rather than the first three years of the five-year period, as under former law.

## Contracts for school district construction projects

(R.C. 3313.46)

The act expands the types of school district construction projects that are subject to the contract bidding process prescribed under continuing law. The act applies the contract bidding process to any "building or other property," rather than any "school building" as under prior law, that will exceed the statutory competitive bidding threshold.

## Participation in interscholastic athletics at a different school

(R.C. 3313.5313)

The act modifies the eligibility criteria for students who are victims of certain qualifying offenses to participate in interscholastic athletics at a different school. Specifically, it eliminates the eligibility of public and nonpublic school students but maintains the eligibility of home-educated students.

Under continuing law, a qualifying offense includes any of the following committed by a school official, employee, volunteer, or another student:

1. Harassment, intimidation, or bullying;[62]

2. An offense of violence;[63]

3. A violation of state importuning law;[64]

4. An attempt to commit an offense of violence or to violate state importuning law;

5. Conduct by a school official, employee, or volunteer that violates that Licensure Code of Professional Conduct for Ohio Educators developed by the State Board of Education. See the Licensure Code of Professional Conduct for Ohio Educators (PDF), which is available on the State Board of Education website: sboe.ohio.gov.

## Participating in ice hockey at other schools

(R.C. 3313.536)

The act permits the superintendent of a school district to allow a student enrolled in another district the opportunity to participate in ice hockey as an interscholastic athletic activity at a school within the superintendent's district if:

1. The district in which the student is enrolled does not offer ice hockey as an interscholastic athletic activity;

2. The district in which the student is enrolled is located less than 20 miles away from the superintendent's district; and

3. The superintendents of both districts enter into an agreement approving the student's participation in ice hockey at the district in which the student is not enrolled.

The act expressly states that the student does not have to be enrolled in or a resident of the district offering ice hockey to participate. However, the student must be of the appropriate age and grade level for the school at which the student participates in ice hockey, as determined by the superintendent of that district, and to fulfill and be subject to the same academic, nonacademic, and financial requirements as any other participant, including trying out for a position on the team.

## Online learning schools

(R.C. 3302.42)

The act explicitly permits a school district that operates an online learning school to employ teachers and nonteaching employees for that school or to contract with a nonprofit or for-profit entity to operate it, including by providing personnel, related services, curriculum, supplies, equipment, or facilities.

[62] R.C. 3313.666, not in the act.

[63] R.C. 2901.01, not in the act.

[64] R.C. 2907.07, not in the act.

## Public entities and preschool children with disabilities

(Section 265.190)

The act mandates that the Department require certain public entities that serve preschool children with disabilities to adhere to the Step Up to Quality Program, Ohio's quality rating and improvement system for early learning and development programs. Those entities include educational service centers (ESCs), county boards of developmental disabilities, specified other state institutions, and qualifying school districts. A school district that serves preschool special education students is exempt from the requirement unless it receives funds under the Early Childhood Education Grant Program or provides publicly funded childcare.

The last several main operating appropriations acts have had similar mandates but, under those mandates, the Department had to require *all* school districts, ESCs, county boards of developmental disabilities, and specified state institutions serving preschool children with disabilities to:

1. Adhere to Ohio's early learning program standards;

2. Participate in the Step Up to Quality Program; and

3. Document child progress using research-based indicators prescribed by the Department and annually report the results.[65]

Under continuing law, the Department must make annual payments for preschool children with disabilities who are enrolled in city, local, and exempted village school districts and special education programs at institutions under the jurisdiction of the departments of Behavioral Health, Development Disabilities, Youth Services, and Rehabilitation and Correction. The Department also must make a payment to an ESC or county board of development disabilities that provides services to preschool children with disabilities under an agreement with a city, local, or exempted village school district using funds deducted from the school district.[66]

## Aspire Program transfer

(Section 525.60)

The act requires the transfer of the Aspire Program's administration from the Department of Higher Education (ODHE) to the Department of Education and Workforce (DEW) by July 1, 2026.

The Aspire Program provides grants to eligible education providers to develop and administer courses for adults that focus on instruction in basic literacy, workplace literacy, family literacy, English for speakers of other languages (ESOL), and preparation for high school equivalency tests. The program is funded through the U.S. Department of Education under the

[65] See Section 265.240 of H.B. 33 of the 135th General Assembly, Section 265.190 of H.B. 110 of the 110th General Assembly, Section 265.190 of H.B. 166 of the 133rd General Assembly, and Section 265.190 of H.B. 49 of the 132nd General Assembly.

[66] R.C. 3317.0213. See also R.C. 3323.091, not in the act.

Adult Education and Family Literacy Act (Title II of the Workforce Innovation Opportunity Act) and state matching funds.

By July 1, 2026, the DEW Director and the Chancellor of Higher Education must identify the duties, functions, and staff resources within ODHE that pertain to the program. The Director and Chancellor may enter into a memorandum of understanding to implement the transfer of those duties, functions, and resources and the transfer of any responsibilities required to obtain federal grant funds to support the program.

### Transfer of employees

All employees whose primary responsibilities include administering the Aspire Program and staff resources used to administer it transfer to DEW, as determined by the DEW Director. Subject to the layoff provisions of the State Personnel Law, transferred employees who are not subject to the Public Employees Collective Bargaining Law (PECBL) are assigned job classifications as discussed below. Transferred employees retain their accrued benefits. The DEW Director may do any of the following with respect to transferred employees:

- Establish, change, and abolish positions whose primary responsibilities include administering the Aspire Program;
- Assign, reassign, classify, reclassify, transfer, reduce, promote, or demote all DEW employees who are not subject to the PECBL;
- With respect to an employee who is subject to the state job classification plan but exempt from collective bargaining, assign or reassign that employee to a bargaining unit for collective bargaining purposes if the DEW Director determines that is the appropriate bargaining unit.

If an employee in the E-1 pay range is assigned, reassigned, classified, reclassified, transferred, reduced, or demoted to a position in a lower classification, both of the following apply:

- The DEW Director, or if the employee is transferred outside of DEW, the DAS Director, must assign the employee to the appropriate classification and place the employee in pay step X.
- The employee cannot receive any increase in compensation until the maximum rate of pay for that classification exceeds the employee's compensation.

Actions taken in connection with transferring employees are not appealable to the State Personnel Board of Review.[67]

### OBM Director

Pursuant to continuing law governing budget adjustments, the OBM Director must make budget and accounting changes to implement the Aspire Program's transfer. The OBM Director may rename funds, create new funds, transfer funds, consolidate funds, or make other

[67] By reference to R.C. 124.152, and R.C. 124.321 to 124.328, not in the act.

administrative changes. The OBM Director may, if necessary, cancel or establish encumbrances or parts of encumbrances in FY 2027 in the appropriate funds and appropriation items for the same purposes and for payment to the same vendors. The act appropriates any encumbrances the OBM Director establishes. If necessary for the continued efficient administration of the program, the OBM Director may transfer appropriations between ODHE and DEW to continue levels of program services and efficiently deliver funding to the program as appropriated.[68]

[68] By reference to R.C. 126.15, not in the act.

# ENVIRONMENTAL PROTECTION AGENCY

## Environmental fees

- Extends and revises various fees charged by the Ohio Environmental Protection Agency (OEPA) under the laws governing water pollution control, safe drinking water, and scrap tires.
- Extends solid waste transfer and disposal fees an additional two years, until June 30, 2026.
- Increases, by 50%, fees related to OEPA's air pollution control program, including fees for facility permits to install and annual fees that are based on total air pollution emissions or emission capacity.
- Creates an annual $5,000 flat fee charged to synthetic minor facilities and Title V air pollution control permit holders in addition to the existing emission-based annual fees.
- Eliminates the $140 infectious waste generator registration application and renewal fee.
- Eliminates the application fee of 0.5% of the total exempt facility project costs, not to exceed $2,000, for an industrial water pollution control facility that files for a certificate to exempt the facility from certain taxes.
- Eliminates a $500 application fee for an industrial water pollution control certificate that applied to industrial water pollution control facilities under law in effect until June 26, 2003.

## Waste facility permit notification

- Allows the OEPA Director to give notification of the public hearing regarding a solid waste facility permit application or infectious waste treatment facility permit application either via newspaper publication or publication on the OEPA website, instead of only in a newspaper as in prior law.

## E-Check

### E-Check extension

- Extends the motor vehicle inspection and maintenance program (E-Check) in the counties where the program is implemented by authorizing the OEPA Director to request the DAS Director to extend the existing contract with the contractor that conducts the program beginning July 1, 2025, for a period of up to 24 months until June 30, 2027.
- Requires a decentralized E-Check contract to achieve "an equivalent amount of emissions reductions" as the centralized program authorized by the contract specified above, rather than "at least the same emissions reductions" as the centralized contract as in prior law.
- Requires the OEPA Director, if USEPA determines that the E-check program is not necessary for Ohio or any area of Ohio to comply with the federal Clean Air Act, to immediately discontinue the program and take any actions necessary to effectuate its termination.

### E-check review and report

- Requires the OEPA Director to conduct a review to assess whether the current E-check program is necessary and to evaluate the impact of weather patterns over northeast Ohio on emissions and air quality.
- Requires the OEPA Director, by March 30, 2027, to submit to the General Assembly a report compiling the findings of the review, and make it available to the public on OEPA's website.

## Air nuisance rule

- Requires the OEPA Director to remove any air nuisance rule from the federally required national ambient air quality standards state implementation plan and to take steps as are necessary to do so.
- Prohibits the Director, on and after September 30, 2025, from including an air nuisance rule in the state implementation plan or relying on an air nuisance rule to implement or enforce ambient air quality standards adopted pursuant to the federal Clean Air Act.

### Community air monitoring

- Establishes requirements governing community air monitoring
- Generally prohibits the OEPA Director from either:
  - Imposing conditions in a permit that require community air monitoring, unless otherwise agreed to by the owner or air operator and the Director; or
  - Requiring an applicant for a permit for an air contaminant source to conduct community air monitoring prior to the issuance or renewal of a permit or a variance.
- Prohibits data produced from community air monitoring from being used as evidence to support either:
  - A fine, penalty, or notice of violation against any person for violations of or noncompliance with any federal or state air pollution regulation; or
  - An administrative, regulatory, or judicial enforcement action, lawsuit, or proceeding for violations of or noncompliance with any federal or state air pollution regulation.
- Generally prohibits data produced from community air monitoring from being considered or relied upon by OEPA or a local air pollution control authority in any rulemaking action, or in any action relating to the issuance of an installation permit or operating permit.

## Environmental fees

(R.C. 3745.11, 3734.57, and 3734.901)

The act extends the period of validity for various OEPA-administered fees that remain largely unchanged under the laws governing air pollution control, water pollution control, safe

drinking water, and scrap tires. The following table sets forth each fee, its purposes, and the time period during which OEPA is authorized to charge the fee under prior law and the act:

| Type of fee | Description | Fee period under prior law | Fee change under the act |
|---|---|---|---|
| Synthetic minor facility: emission fee | Each person who owns or operates a synthetic minor facility must pay an annual fee in accordance with a fee schedule that is based on the sum of the actual annual emissions from the facility of particulate matter, sulfur dioxide, nitrogen dioxide, organic compounds, and lead. A synthetic minor facility is a facility for which one or more permits to install or permits to operate have been issued for the air contaminant source at the facility that include terms and conditions that lower the facility's potential to emit air contaminants below the major source (Title V) thresholds established in rules. | The fee was required to be paid through June 30, 2026. | The act extends the fee through June 30, 2028. It also increases each fee in the fee schedule by 50% and adds an additional $5,000 annual fee. |
| Wastewater treatment works: plan approval application fee | A person applying for a plan approval for a wastewater treatment works is required to pay one of the following fees depending on the date:<br>▪ A tier one fee of $100 plus 0.65% of the estimated project cost, up to a maximum of $15,000; or<br>▪ A tier two fee of $100 plus 0.2% of the estimated project cost, up to a maximum of $5,000. | An applicant was required to pay the tier one fee through June 30, 2026, and the tier two fee on and after July 1, 2026. | The act extends the tier one fee through June 30, 2028; the tier two fee begins on or after July 1, 2028. |
| Discharge fees for holders of NPDES permits | Each NPDES permit holder that is a public discharger or an industrial discharger with an average daily discharge flow of 5,000 gallons or more per day must pay an annual discharge fee based on the average daily discharge flow. There is a separate fee schedule for public and industrial dischargers. | The fees were due by January 30, 2024, and January 30, 2025. | The act extends the fees and the fee schedules to January 30, 2026, and January 30, 2027. |

| Type of fee | Description | Fee period under prior law | Fee change under the act |
|---|---|---|---|
| Surcharge for major industrial dischargers | A holder of an NPDES permit that is a major industrial discharger must pay an annual surcharge of $7,500. | The surcharge was required to be paid by January 30, 2024, and January 30, 2025. | The act extends the surcharge to January 30, 2026, and January 30, 2027. |
| Discharge fee for specified exempt dischargers | One category of public discharger and eight categories of industrial dischargers that are NPDES permit holders are exempt from the annual discharge fees that are based on average daily discharge flow. Instead, they are required to pay an annual discharge fee of $180. | The fee was due by January 30, 2024, and January 30, 2025. | The act extends the fee to January 30, 2026, and January 30, 2027. |
| License fee for public water system license | A person is prohibited from operating or maintaining a public water system without an annual license from OEPA. Applications for initial licenses or license renewals must be accompanied by a fee, which is calculated using schedules for the three basic categories of public water systems. | The fee for an initial license or a license renewal applied through June 30, 2026, and was required to be paid annually in January. | The act extends the initial license and license renewal fee through June 30, 2028. |
| Fee for plan approval to construct, install, or modify a public water system | Anyone who intends to construct, install, or modify a public water supply system must obtain approval of the plans from OEPA. The fee for the plan approval is $150 plus 0.35% of the estimated project cost. However, continuing law sets a cap on the fee. | The cap on the fee was $20,000 through June 30, 2026, and $15,000 on and after July 1, 2026. | The act extends the $20,000 cap through June 30, 2028; the $15,000 cap applies on and after July 1, 2028. |
| Fee on state certification of laboratories and laboratory personnel | In accordance with two schedules, OEPA charges a fee for evaluating certain laboratories and laboratory personnel.<br>An additional provision states that an individual laboratory cannot be assessed a fee more than once in a three-year period unless the person requests the addition of analytical methods or analysts, in which case | The schedule with higher fees applied through June 30, 2026, and the schedule with lower fees applied on and after July 1, 2026.<br>The $500 additional fee applied through June 30, 2026. | The act extends the higher fee schedule through June 30, 2028; the lower fee schedule applies on and after July 1, 2028.<br>The act extends the additional fee |

| Type of fee | Description | Fee period under prior law | Fee change under the act |
|---|---|---|---|
| | the person must pay $500 for each additional survey requested. | | through June 30, 2028. |
| Fee for examination for certification as an operator of a water supply system or wastewater system | A person applying to OEPA to take an examination for certification as an operator of a water supply system or a wastewater system (class A and classes I-IV) must pay a fee at the time an application is submitted in accordance with a statutory schedule. | A schedule with higher fees applied through November 30, 2026, and a schedule with lower fees applied on and after December 1, 2026. | The act extends the higher fee schedule through November 30, 2028; the lower fee schedule applies on and after December 1, 2028. |
| Application fee for a permit (other than an NPDES permit), variance, or plan approval | A person applying for a permit (other than an NPDES permit), a variance, or plan approval under the Safe Drinking Water Law or the Water Pollution Control Law must pay a nonrefundable fee. | If the application is submitted through June 30, 2026, the fee was $100. The fee was $15 for an application submitted on or after July 1, 2026. | The act extends the $100 fee through June 30, 2028; the $15 fee applies on and after July 1, 2028. |
| Application fee for an NPDES permit (S)(1)(b)(i) | A person applying for an NPDES permit must pay a nonrefundable application fee. | If the application was submitted through June 30, 2026, the fee was $200. The fee was $15 for an application submitted on or after July 1, 2026. | The act extends the $200 fee through June 30, 2028; the $14 fee applies on and after July 1, 2028. |
| Fees on the sale of tires | A base fee of 50¢ per tire is levied on the sale of tires to assist in the cleanup of scrap tires.<br>An additional fee of 50¢ per tire is levied to assist soil and water conservation districts. | Both fees were scheduled to sunset on June 30, 2026. | The act extends both fees through June 30, 2028. |

The act also extends, for an additional two years, the period of validity for the fees levied on the transfer and disposal of solid waste. Under prior law, all existing state imposed solid waste transfer and disposal fees were scheduled to sunset on June 30, 2026. The act extends these fees through June 30, 2028.

### Additional air pollution control fee increases

(R.C. 3745.11)

The act increases, by 50%, the fees related to OEPA's air pollution control program, specifically for permits to install. It also creates an additional annual fee of $5,000 charged to Title V air pollution control permit holders in addition to the existing emission-based annual fees.

### Infectious waste generator fee

(R.C. 3734.021)

The act eliminates the $140 infectious waste generator registration application and renewal fee. Under continuing law, each generator of 50 pounds or more of infectious waste in any one month must register with OEPA.

### Industrial water pollution control facility certificate

(R.C. 3745.11(P); conforming changes in R.C. 3734.05, 3734.79, 5709.212, 6111.01, and 6111.04)

The act eliminates the application fee of 0.5% of the total exempt facility project costs, not to exceed $2,000, for an industrial water pollution control facility that files for a certificate to exempt the facility from certain taxes. Additionally, it eliminates a $500 application fee for an industrial water pollution control certificate that applied to industrial water pollution control facilities under law in effect until June 26, 2003.

## Waste facility permit notification

(R.C. 3734.05)

The act allows the OEPA Director to give notification of the required public hearing regarding a solid waste facility permit application or infectious waste treatment facility permit application either via newspaper publication or publication on the OEPA website. Prior law allowed notification only in a newspaper.

## E-Check

### E-Check extension

(R.C. 3704.14)

The act continues the operation of the motor vehicle inspection and maintenance program (E-Check) in the seven counties where it currently operates (Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit). It does so by authorizing the OEPA Director to request the Director of Administrative Services (DAS Director) to extend the existing contract (with the contractor that conducts the program) beginning July 1, 2025, for a period of up to 24 months.

Continuing law requires the OEPA Director to request the DAS Director to enter into a contract with a vendor to operate a decentralized E-Check program through June 30, 2027. The act eliminates law that allowed OEPA to renew that contract for a period of up to 24 months through June 30, 2029.

It also requires the decentralized E-Check program to ensure *an equivalent amount* of emissions reductions as the centralized program. Prior law required the decentralized program achieve *at least the same* emission reductions as the centralized program.

Additionally, the act requires the OEPA Director, if USEPA determines that the E-check program is not necessary for Ohio or any area of Ohio to comply with the federal Clean Air Act, to immediately discontinue the program and take any actions necessary to effectuate its termination.

### E-Check review and report

(Section 737.10)

The act requires the OEPA Director to conduct a review to assess the E-check program. The Director must include the following in the review:

1. A determination of the necessity of the program;

2. An evaluation of whether each county that is subject to the program during the prior calendar year has achieved, and has the ability to maintain, compliance with federal ozone standards without implementation of the program in that county;

3. An analysis of whether a revision to Ohio's state implementation plan could be submitted to USEPA to discontinue the program while maintaining compliance with national ambient air quality standards (and if so, the OEPA Director must formally submit a request to USEPA for reconsideration of the program's implementation in affected regions);

4. After proper monitoring, an analysis of weather patterns over northeast Ohio and the entire Great Lakes region with respect to how those patterns impact ozone levels, air circulation, and overall emissions; and

5. Any potential alternative measures for maintaining air quality if the program is altered or discontinued.

By March 30, 2027, the Director must compile the findings of the review into a report and submit it to the General Assembly. The Director also must make the report available to the public on OEPA's website.

## Air nuisance rule

(R.C. 3704.0310)

The act requires the OEPA Director, if Ohio's state implementation plan required under the federal Clean Air Act includes an air nuisance rule, to remove the air nuisance rule from the plan and to take such steps as are necessary to do so. Additionally, on or after September 30, 2025, the Director cannot include an air nuisance rule in the state implementation plan, or rely on an air nuisance rule to implement or enforce ambient air quality standards adopted pursuant to the federal Clean Air Act.

Under federal law, each state must adopt and submit a state implementation plan regarding national ambient air quality standards to the USEPA Administrator for approval. Any

person may commence a civil action against any person alleged to have violated or be in violation of an approved state implementation plan.

An "air nuisance rule" is a rule adopted by the Director that declares any of the following to be a public nuisance:

1. The emission or escape into the open air from any source or sources whatsoever, of smoke, ashes, dust, dirt, grime, acids, fumes, gases, vapors, or any other substances or combinations of substances, in such manner or in such amount as to endanger the health, safety, or welfare of the public, or cause unreasonable injury or damage to property;

2. The emission or escape into the open air from any source or sources of odors whatsoever that is subject to regulation under the air pollution control law and is operated in such a manner to emit such amounts of odor so as to endanger the health, safety, or welfare of the public, or cause unreasonable injury or damage to property; or

3. Activities that are substantially similar to those described in (1) and (2).[69]

## Community air monitoring

(R.C. 3704.01, 3704.03, 3704.031, 3704.09, and 3704.111)

The act establishes requirements governing community air monitoring, which is any measurement or quantification of ambient air concentrations of an air contaminant other than any of the following:

- Monitoring conducted using monitoring devices identified in the most recent approved version of the USEPA's "List of Designated Reference and Equivalent Methods";
- Monitoring conducted using monitoring devices identified in the most recent approved version of the USEPA's "Air Monitoring Network Plan" that are legally installed and operated;
- Any measurement or quantification of ambient air concentrations of an air contaminant that is specifically identified or described in and either required or allowed to be used for the particular air contaminant source or source category for which it is being used under federal law or an implementation plan, permit, variance, order issued prior to September 30, 2025; and
- Any monitoring system installed and used by the OEPA or by a local air pollution control authority under the terms of a delegation agreement.

For sources where no specific monitoring requirement is otherwise specified in law, the act prohibits the OEPA Director from imposing a condition in a permit that requires community air monitoring, unless otherwise agreed to by the owner or air operator and the Director. Additionally, the Director cannot require an applicant for a permit for an air contaminant source to conduct community air monitoring prior to the issuance or renewal of a permit or a variance.

[69] 42 U.S.C. 7410 and 7604.

Under the act, data produced from community air monitoring cannot be used as evidence to support either:

1. A fine, penalty, or notice of violation against any person for violations of or noncompliance with any federal or state air pollution regulation; or

2. An administrative, regulatory, or judicial enforcement action, lawsuit, or proceeding for violations of, or noncompliance with, any federal or state air pollution regulation.

In addition, OEPA or a local air pollution control authority may not consider or rely on data produced from community air monitoring in any rulemaking action or in any action relating to issuing an installation permit or operating permit, unless the consideration or reliance is requested by the owner or operator of the air contaminant source requesting the permit. Finally, the Director may not enter into a contract with a private agency for the establishment, operation, or maintenance of community air monitoring where the intended use of the data produced by the monitoring stations and other devices would violate (1) or (2) above or the prohibition against relying on community air monitoring data in a rulemaking action or other action related to issuing a permit.

# FACILITIES CONSTRUCTION COMMISSION

## School facilities programs

### Classroom Facilities Assistance Program

- Requires the calculation of a school district's share for a Classroom Facilities Assistance Program project to be based solely on the required percentage based on the district's equity ranking.
- Requires a district that segments its classroom facilities needs to calculate the required percentage based on equity ranking on the date the Controlling Board approves the first segment for both that segment and future segments.

### Vocational School Facilities Assistance Program

- Permits the Facilities Construction Commission (FCC) to set aside a portion of its school facilities funds each biennium to assist at least two joint vocational school districts.

## Public improvements contracts

### Electronic notices, advertisements, and filings

- Requires several types of notices or advertisements to be sent via electronic media.
- Requires FCC to make copies of the plans, details, estimates of cost, and specifications available electronically.
- Removes the requirement that a public authority file a notice of commencement of a public improvement in affidavit form.
- Permits a bidder for most contracts with the state or a political subdivision to file a bid guaranty by electronic verification through an electronic verification and security system, if the state or political subdivision accepts bids electronically.

### Declaration of exigency

- Requires that, when the FCC Executive Director issues a declaration of public exigency at the request of a state agency, the director of the state agency, at the determination of the FCC Executive Director, must enter into a contract with the proper persons to address the exigency.

### Building information modeling systems

- For public works contracts of $200,000 or more, permits a public authority to require an architect or engineer, in preparing plans, details, specifications, estimates, analyses, or other data, to use a building information model system, if the system is based on a nationally recognized standard for building information models.
- Defines "building information model" as a digital representation of physical and functional characteristics of a facility, and electronic files used to design and coordinate the project, whether it is a single model or multiple models used in the aggregate.

## Public improvements contracts retainage and escrow

- For partial payments on a public improvements contract, decreases the public authority's required retainage amount from 8% of the contractor's estimate to 4% or less, but repeals a requirement that the public authority retain 0% after the job is 50% completed.
- Prohibits contractors from paying subcontractors at a retainage rate lower than the rate being paid to the contractor by the public authority.
- Repeals law requiring the public authority to deposit the retained amount in an escrow account.
- Clarifies that retained funds and the interest accrued on them is property of the contractor, and must be paid to the contractor within 30 days after the substantial completion of the work, withholding only funds reasonably necessary to ensure final completion of the work.
- Requires the remaining funds, and interest, to be released to the contractor within 30 days of final completion of the work.

## Expedited processes for design-build firms and managers at risk

- For contracts between public authorities and construction managers at risk or design-build firms, creates an expedited proposal and selection process for projects under $4 million.
- Permits construction managers at risk or design-build firms, for contracts under $4 million, to submit both an initial qualification proposal or statement along with a pricing proposal, instead of sending them in separate rounds.
- Requires the public authority to have a pre-proposal meeting with any such contractors who desire to jointly submit a statement or proposal and pricing proposal.
- Exempts these contractors from the requirement to submit a sealed bid to self-perform a portion of work before accepting opening any bids for the same work when the public authority requests a guaranteed maximum price proposal due at the time of selection.

## School facilities programs

### Classroom Facilities Assistance Program

(R.C. 3318.032)

The act revises the calculation of a school district's share for its Classroom Facilities Assistance Program (CFAP) project. It requires that the district's portion be calculated solely using the percentage based on its equity ranking. Under former law, the district's portion was the greater of either the required percentage based on its equity ranking or an amount necessary to raise the school district's net bonded indebtedness to a prescribed level.

It also requires that, for a district that segments its classroom facilities needs, the district's portion for each segment be determined using the required percentage based on its equity ranking on the date the Controlling Board approves its first segment.

### Vocational school facilities assistance program

(R.C. 3318.40 and 3318.12)

The act changes how the Facilities Construction Commission (FCC) allocates funding for the Vocational School Facilities Assistance Program. Specifically, it eliminates FCC's authority to annually set aside up to 2% of its aggregate funds to provide school facilities assistance to joint vocational school districts (JVSDs). Instead, the act permits FCC to set aside "a portion" of its aggregate school facilities assistance funds each biennium to assist at least two JVSDs.

## Public improvements contracts

### Electronic notices, advertisements, and filings

(R.C. 9.312, 9.331, 153.07, 153.09, 153.54, and 1311.252)

The act requires certain notices, advertisements, and filings to be made via electronic media, rather than through various physical media like newspapers.

#### Competitive bidding notices

For contracts let by competitive bidding, when a state agency or political subdivision finds that a low bidder is not responsive or responsible, the act requires the state agency or political subdivision to send the bidder a notice in writing by an internet identifier of record associated with the bidder (such as an email address), and by certified mail only if an electronic method is not available. Former law permitted either method.

#### Public improvements notices and advertisements

For contracts to employ a construction manager or a construction manager at risk, the act requires a public authority to advertise its intended contract by electronic means, and permits advertising in news media available in the county. Former law was the opposite: it required advertisement in a newspaper and permitted electronic advertisement.

The act reduces the required advance publication of the notice from 30 days to 14 days.

For public improvements contracts, the act requires the public authority to give notice of the time and place where bids will be received by electronic means at least 14 days in advance, and permits the authority to publish the notice in other news media in the county where the work is to occur. Former law required publication in a newspaper at least eight days in advance.

The act also requires plans, details, estimates of cost, and specifications to be available electronically, as well for physical inspection at the FCC's office under continuing law.

When the public authority rejects all bids and re-advertises, the advertisement must be in electronic media, rather than newspaper, as FCC directs.

### Notices of commencement

The act removes the requirement that the notice of commencement be in affidavit form. A notice of commencement contains details about the work to be performed, the contractor, the public authority, and the bid guaranty.

### Bid guaranties

The act permits a bidder for most contracts with the state or a political subdivision to file a bid guaranty in the form of an electronic verification through an electronic verification and security system, if the state or political subdivision accepts bids electronically. Continuing law also permits the bidder to file it in the form of a bond, certified check, cashier's check, or letter of credit. Under continuing law, this requirement does not apply to contracts with construction managers at risk and design build firms.

## Declaration of exigency

(R.C. 123.10)

The act requires the director of a state agency, when the FCC Executive Director issues a declaration of public exigency at the state agency's request, and at the determination of the FCC Executive Director, to enter into a contract with the proper persons to address the exigency.

Continuing law permits the FCC Executive Director, upon the Director's own initiative or at the request of a state agency director, state institution of higher education, or state instrumentality, to issue a declaration of public exigency in the event of one of the following:

- An injury or obstruction that occurs in any public works of the state and that materially impairs its immediate use or places in jeopardy property adjacent to it;
- An immediate danger of such an injury or obstruction; or
- An injury or obstruction, or an immediate danger of an injury or obstruction, that occurs in any public works of the state and that materially impairs its immediate use or places in jeopardy property adjacent to it.

Former law required only the FCC Executive Director to contract with proper persons to alleviate or respond to the exigency.

The act continues to require the FCC Executive Director to enter into these contracts when the Executive Director issued the declaration of exigency at the Executive Director's own initiative. But it permits the Executive Director, when the Executive Director issued the declaration at the request of one of the state bodies listed above, to require the state body to enter into the contract instead.

## Building information modeling systems

(R.C. 153.01)

The act permits a public authority, for public improvements contracts worth $200,000 or more, to require an architect or engineer, in preparing plans, details, specifications, estimates,

analyses, or other data, to use a building information model system, if the system is based on a nationally recognized standard for building information models.

The act defines a "building information model" as a digital representation of physical and functional characteristics of a facility, and electronic files used to design and coordinate the project, whether it is a single model or multiple models used together.

## Public improvements contracts retainage and escrow

(R.C. 153.12, 153.13, 153.14, and 153.63)

The act makes changes to the process by which contractors are paid for completing public improvements contracts.

Under former law, the public authority had to pay 92% of the contract price for labor performed before and up to the point when the job was 50% completed. After it was 50% completed, the public entity had to pay 100% of the contract price during the remaining 50% of the project, and deposit the 8% that had been collected into an escrow account. When the major portion of the project was substantially completed and occupied, or in use, or otherwise accepted, the retained amount, with accumulated interest, was released from escrow and paid to the contractor within 30 days of completion of the contract.

The act changes this process in the following ways: first, instead of 8% being retained for the first half of the contract, 4% or less is retained for the entirety of the contract. The total amount being retained is the same, and perhaps less if the public authority so chooses.

Second, the act removes the escrow account requirement, instead merely specifying that the public authority must release the amount to the primary contractor upon, and within 30 days of, substantial completion of the work, retaining a portion of the funds as reasonably necessary for final completion of the project. These remaining withheld funds, and any interest, must then be released to the primary contractor within 30 days of final completion. The act clarifies that the retained funds and the accrued interest are the property of the contractor.

Finally, the act prohibits contractors from paying subcontractors at a retainage rate lower than the rate paid to the contractor by the public authority. For instance, if FCC is paying a contractor at a retainage rate of 97% (withholding 3%), the contractor is not permitted to pay a subcontractor at a retainage rate of 96% (withholding 4%). In other words, the contractor may not retain more from a subcontract than is being retained from the contractor's contract.

## Expedited processes for design-build firms and managers at risk

(R.C. 9.334, 153.501, and 153.693)

The act creates an expedited proposal and selection process for contracts between public authorities and construction managers at risk or design-build firms, for projects under $4 million.

Under the expedited process, the construction managers at risk or design-build firms may submit both an initial qualification proposal or statement, respectively, and a pricing proposal in the same submission. Former law required, and continuing law requires, in the case of contracts worth more than $4 million, the manager or firm to submit a proposal or statement, then for the public authority to rank and select at least three firms from the submissions, who then must

submit a pricing proposal. After the proposal is submitted, the public authority must hold discussions with each applicant before making a final selection.

The act permits these contractors to submit both proposal or statement and a pricing proposal at once for contracts under $4 million, and also requires a public authority to provide each such contractor using the expedited process with a pre-proposal meeting to explore the proposals further, in which the public authority provides the manager or firm with a description of the project, including the scope and nature of the proposed services and potential technical approaches.

Under the standard process, the manager or firm submits a proposal or statement of qualifications, is selected to move on, has a meeting with the public authority, and then submits a pricing proposal for final approval.

Under the expedited process, an interested manager or firm has a pre-proposal meeting with the public authority, then submits a proposal or statement of qualifications along with a pricing proposal. The public authority reviews the initial qualification proposal or statement, selects a certain number of managers or firms for the next round, reviews the pricing proposals only of those selected, and then continues the negotiation and selection process from there.

The act also exempts these contractors from the requirement to submit a sealed bid to self-perform a portion of the work if the public authority requests a guaranteed maximum price proposal due at the time of selection. This essentially means that a manager or firm may more easily subcontract with themselves if they have agreed to a certain price cap.

# GOVERNOR

- Would have prohibited the Governor from proposing a budget that carries into the new fiscal biennium a GRF cash balance that exceeds the required ending fund balance (VETOED).
- Authorizes the Governor and former Governors of Ohio to solemnize marriages.

## Governor's budget proposal – cash balance (VETOED)

(R.C. 107.03)

The act would have prohibited the Governor from submitting a state budget to the General Assembly that proposed a GRF beginning cash balance exceeding the ending fund balance required by law. Under continuing law, at the end of a fiscal year, OBM must determine the surplus revenue from the fiscal year and transfer most of the unobligated, unencumbered amount of that surplus revenue from the GRF first to the Budget Stabilization Fund and then to the Expanded Sales Tax Holiday Fund.[70]

## Governor solemnizing marriages

(R.C. 3101.08)

The act authorizes the Governor and former Governors of Ohio to solemnize marriages. Continuing law authorizes the following persons to solemnize marriages:

- An ordained or licensed minister of any religious society or congregation within Ohio who is licensed to solemnize marriages;
- A judge of a county court;
- A judge of a municipal court;
- A probate judge;
- The mayor of a municipal corporation within Ohio;
- The Superintendent of Ohio deaf and blind education services;

Any religious society in conformity with the rules of its church.

[70] R.C. 131.44, not in the act.

# DEPARTMENT OF HEALTH

## Nurse aide eligibility

- Establishes an alternative condition that an individual may satisfy to be eligible for employment as a nurse aide in a long-term care facility – that the individual has successfully completed both a training course provided in a nursing home operated by the U.S. Department of Veterans Affairs and a competency evaluation program conducted by the Department of Health (ODH).

## Health care facilities

### Residential care facility license – continued operation during application period

- Specifies that a residential facility or independent living facility that applies for a license to operate as a residential care (assisted living) facility may continue to operate as a residential facility or independent living facility while its application is pending.
- Restricts a residential facility or independent living facility from providing care to more than two residents while the application is pending.

### Facility fees – hospital-owned primary care medical practices

- Beginning January 1, 2028, prohibits, with certain exceptions, a hospital-owned primary care medical practice from requiring a self-pay individual or third-party payor to pay a facility fee in connection with any primary care service provided at the practice.

### Radiation-generating equipment inspection fees

- Increases inspection fees for certain radiation-generating equipment used in certain medical facilities.

## School-based health center funds

- Requires the funds earmarked to support school-based health centers to be used by ODH, in consultation with the Department of Education and Workforce, in high-need counties.
- Requires, prior to establishing a patient-provider relationship with a minor, a school-based health center to obtain general consent from the child's parent, guardian, or other person authorized to consent to the child's medical care.

## Youth homelessness funds (PARTIALLY VETOED)

- Prohibits the distribution of funds earmarked to address homelessness in youth and pregnant women to youth shelters that promote social gender transition.
- Would have additionally prohibited the distribution of these funds to youth shelters that affirm social gender transition (VETOED).

# Abortion

## Reporting changes

- Changes the annual deadline for ODH's report regarding abortions during the previous calendar year from September 30 to March 1.
- Clarifies that the physician abortion reporting requirement under continuing law (1) applies to abortions performed by both surgical procedure and abortion-inducing drugs, and (2) must include each pregnant woman's state of residence in addition to zip code.
- Requires hospital monthly and annual abortion reports under continuing law to include the total number of Ohio residents versus non-Ohio residents who have undergone a post-12-week abortion and received postabortion care.
- Changes the deadline for ODH's annual report on abortion data from the previous year to March 1 and clarifies that the report must include the number performed on Ohio residents and the number performed on nonresidents.
- Requires ODH to develop a public electronic dashboard and publish monthly abortion data that includes specified information.
- Requires the annual report and monthly dashboard to be updated to include the total number of abortions performed on minors by each facility in the categories of under age 16 and ages 16 and 17 .
- Requires that the annual report and monthly dashboard update and sort by age the total number of previous abortions the woman has undergone and the total number of in-state versus out-of-state women who had abortions.

## Genetic Services funds

- Eliminates the exception authorizing ODH Genetics Services funds to be used to counsel or refer for abortion in the case of a medical emergency.

# Deposit of vital statistics fees

- Transfers from the Treasurer of State to ODH the duty to deposit vital statistics fees into the state treasury to the credit of the Children's Trust Fund.

# Program for Children and Youth with Special Health Care Needs

- Extends the age limit for the Program for Children and Youth with Special Health Care Needs from 25 to 26.

# OhioSEE Program

- Requires ODH to establish the Ohio Student Eye Exam Program, or OhioSEE, to provide students in grades K to 3 with vision care services, including vision screenings, eye examinations, and glasses.

## Type 1 diabetes informational materials

- Requires ODH to create informational materials on type 1 diabetes for parents, guardians, educators, and other persons having care or charge of children.
- Requires schools that serve elementary school students to provide an electronic or paper copy of those materials to each student's parent or guardian.

## Medical certificates of death

- Revises the law governing medical certificates of death, including by (1) extending the timeline by which a certificate must be completed and signed and (2) authorizing in some circumstances the physician who last examined or treated a decedent to certify the decedent's cause of death.

## 340B covered entity reporting requirements (PARTIALLY VETOED)

- Imposes reporting requirements on covered entities participating in the federal 340B Drug Pricing Program.
- Would have required offsite facilities associated with the covered entities to also comply with the reporting requirements (VETOED).

## Lead abatement tax credit

- Increases from $10,000 to $40,000 the maximum lead abatement tax credit certificate that may be issued by the ODH Director.
- Reduces from $5 million to $3 million the total amount of lead abatement tax credit certificates the Director may issue in any fiscal year.

## Household sewage treatment systems (PARTIALLY VETOED)

### Evaluating sewage treatment system compliance (PARTIALLY VETOED)

- Would have required the ODH Director to adopt rules that establish statistical methods for evaluating sewage treatment system (STS) compliance for a 12-inch soil depth credit relative to bacterial parameters that are derived from a minimum of 144 consecutive data points (VETOED).
- Would have prohibited the ODH Director from implementing or enforcing any special device approval or similar policy that imposes additional requirements or restrictions on an STS or component of an STS that combines the treatment of effluent with subsurface dispersal of treated effluent directly to the soil (PARTIALLY VETOED).
- As a result of the Governor's partial veto, specifically authorizes the ODH Director to implement or enforce any special device approval or similar policy imposing additional requirements or restrictions on an STS or component of an STS that combines the treatment of effluent with subsurface dispersal of treated effluent directly to the soil.

### Household sewage treatment system – soil and slope inspection (VETOED)

- Would have prohibited the ODH Director from adopting rules requiring a soil evaluator or soil scientist to evaluate the soil type and slope with respect to a household sewage treatment system or a proposed household sewage treatment system (VETOED).

## Nurse aide eligibility

(R.C. 3721.32)

The act establishes an additional condition that an individual may satisfy to be eligible for employment as a nurse aide in a long-term care facility – in this case, the successful completion of both: (1) a training course provided by the U.S. Department of Veterans Affairs (VA) in a VA-operated community living center (a VA nursing home) that the Director of Health determines is similar to a training and competency evaluation program conducted by the Department of Health (ODH) and (2) an ODH-conducted competency evaluation program.

In general, to be listed on ODH's nurse aide registry and therefore eligible for employment in a long-term care facility, an individual must successfully complete both an ODH-approved training and competency evaluation program and an ODH-conducted competency evaluation program.

## Health care facilities

### Residential care facility license – continued operation during application period

(R.C. 3721.074)

The act specifies that when a residential facility or an independent living facility applies to the ODH Director for a license as a residential care facility (generally referred to as an assisted living facility), the facility may continue to operate while the application is under consideration by the Director. The act prohibits a residential facility or independent living facility from providing care to more than two residents while the application is pending.

### Facility fees – hospital-owned primary care medical practices

(R.C. 3727.46)

Effective January 1, 2028, the act prohibits a medical practice specializing in primary care that is owned or operated by a hospital or hospital system from requiring a self-pay individual or third-party payor to pay a facility fee in connection with any primary care service provided to a patient at the practice. The prohibition, however, applies only if both of the following are the case:

- The medical practice was owned or operated solely by a physician or group of physicians at the time of its purchase by the hospital or system;
- The hospital or system purchased the medical practice after January 1, 2010.

The act also states that the facility fee prohibition is not to be construed to apply to a medical practice specializing in primary care that is established by a hospital or hospital system.

For purposes of the prohibition, the act defines *facility fee* to mean the portion of a bill for health care treatment that covers all the costs of delivering patient care, except for those that are billed by one or more physicians and other professionals.

### Radiation-generating equipment inspection fees

(R.C. 3748.13)

The act doubles, as follows, inspection fee amounts for certain radiation-generating equipment used in facilities operated by medical practitioners or medical-practitioner groups:

- For a first dental x-ray tube, from $155 to $310;
- For each additional dental x-ray tube at the same location, from $77 to $154;
- For a first medical x-ray tube, from $307 to $614;
- For each additional medical x-ray tube at the same location, from $163 to $326;
- For each unit of ionizing radiation-generating equipment capable of operating at or above 250 kilovoltage peak, from $610 to $1,220;
- For a first nonionizing radiation-generating equipment of any kind, from $307 to $614;
- For each additional nonionizing radiation-generating equipment of any kind at the same location, from $163 to $326.

The act maintains the inspection fee schedules.

## School-based health center funds

(Section 291.20)

The act requires the funds earmarked to support school-based health centers to be used by ODH, in consultation with the Department of Education and Workforce, in high-need counties, as determined by those departments. Before establishing a patient-provider relationship with a minor, a school-based health center must obtain general consent to treat the child from the child's parent, legal guardian, grandparent acting under a caretaker authorization affidavit, or other person authorized to consent to the child's medical care. This does not apply in emergency situations, first aid, other unanticipated minor health care services, or health care services provided pursuant to a student's individualized education program (IEP) or a school district's obligation under Section 504 of the federal Rehabilitation Act.

## Youth homelessness funds (PARTIALLY VETOED)

(Section 291.20)

The act prohibits the distribution of funds earmarked to address homelessness in youth and pregnant women to youth shelters that promote social gender transition, in which an individual goes from identifying with and living as a gender that corresponds to the individual's biological sex to identifying with and living as a gender different from the individual's biological

sex. The Governor vetoed language that would have prohibited the distribution of these funds to youth shelters that affirm social gender transition.

# Abortion

## Reporting changes

(R.C. 2919.171 and 3701.79)

The act changes to March 1, from September 30 under former law, the date by which ODH must issue a public report required under law unchanged by the act on statistics for all abortion reports it receives from the previous calendar year. Under law unchanged by the act, ODH must ensure that none of the information in the report could reasonably lead to the identification of any pregnant woman upon whom an abortion is performed.

Continuing law requires a physician who performs or induces or attempts to perform or induce an abortion to complete an individual abortion report for each abortion. The act clarifies that the requirement applies to abortions performed by both surgical procedure and abortion-inducing drugs. Further, it specifies that the statutorily required information to be included in the report must include the pregnant woman's state of residence in addition to her zip code (as required under continuing law).

The monthly and annual abortion reports hospitals must file under continuing law for women who have undergone a post-12-week abortion and received postabortion care must, under the act, include the total number of Ohio residents and the total number non-Ohio residents.

The act changes the date to March 1, from October 1 under former law, by which ODH must issue its annual report on abortion data from the previous year. Additionally, it requires ODH to develop a public electronic dashboard to publish monthly the abortion data reported to it. The annual report and monthly dashboard update must include, in addition to information required under continuing law, the following information:

- The number of abortions performed on Ohio *residents* and *the number performed on* out-of-state residents, which under the act must be sorted by the age of the woman on whom the abortion was performed, as described below;
- The number of zygotes, blastocytes, embryos, or fetuses previously aborted by the woman must also be sorted by the woman's age;
- The number of abortions performed on minors by each facility in the categories of under age 16 and ages 16 to 17.

The act changes three of the age categories for reporting the ages of women on whom an abortion was performed to the following:

- Under 16, rather than under 15;
- 16 to 17, rather than 15 to 19;
- 18 to 24, rather than 20 to 25.

The remaining age categories are unchanged:

- 25 to 29;
- 30 to 34;
- 35 to 39;
- 40 to 45;
- 45 and older.

### Genetics Services funds

(R.C. 3701.511; Section 291.20)

The act prohibits the use of ODH Genetics Services funds to counsel or refer for abortion. Former law allowed the use of ODH Genetic Services funds to counsel or refer for abortion only in the case of a medical emergency.

## Deposit of vital statistics fees by ODH

(R.C. 3109.14)

The act transfers a requirement to deposit vital statistics fees into the state treasury to the credit of the Children's Trust Fund from the Treasurer of State to ODH. Under continuing laws, state and local officials must collect a $3 fee for each certified copy of a birth record, certification of birth, and copy of a death record and forward the fees to ODH. The act requires ODH to deposit the fees into the Children's Trust Fund within two days after receipt. ODH previously had to forward the fees to the Treasurer of State, who deposited them accordingly.

The act also requires ODH to deposit any penalty it receives in the state treasury to the credit of the Children's Trust Fund. Continuing law imposes a penalty of 10% of the fees on any person or government entity that fails to forward the vital statistics fees in a timely manner, as determined by ODH.

## Program for Children and Youth with Special Health Care Needs

(R.C. 3701.021; Section 291.10)

The act requires the ODH Director to increase from 25 to 26 the maximum age of an individual who can be served by the Program for Children and Youth with Special Health Care Needs. This increase does not apply to the diagnostic component of the program.

Also referred to as the Complex Medical Help Program by ODH, the program serves families of children and young adults with special health care needs, including AIDS, hearing loss, cancer, juvenile arthritis, cerebral palsy, metabolic disorders, cleft lip/palate, severe vision disorders, cystic fibrosis, sickle cell disease, diabetes, spina bifida, scoliosis, congenital heart disease, hemophilia, and chronic lung disease.

The program has three core components:

- Diagnostic – an individual under age 21 who meets medical criteria, regardless of income, may receive services from program-approved providers for up to six months to diagnose or rule out a special health care need or establish a plan of care;
- Treatment – an individual who meets both medical and financial criteria may receive treatment from program-approved providers for an eligible condition;
- Service coordination – the family of an individual who meets medical criteria, regardless of income, may receive assistance locating and coordinating services for the individual with the medical diagnosis.[71]

## OhioSEE Program

(Section 291.30)

The act requires ODH to administer the Ohio Student Eye Exam Program, to be known as the OhioSEE Program, to provide vision care services, including vision screenings, eye examinations, and glasses, to Ohio students in grades K to 3 in FYs 2026 and 2027. Participating students must have failed vision screenings and lack access to follow-up care. ODH must focus on improving the percentage of vision care referrals completed, increasing student access to eye examinations, and providing necessary eyewear to eligible students

## Type 1 diabetes informational materials

(R.C. 3313.7118, 3314.03, 3326.11, and 3707.61)

### ODH requirements

Under the act, ODH must create informational materials on type 1 diabetes for parents, guardians, educators, and other persons having care or charge of children. The materials must include pertinent information to inform and educate them about type 1 diabetes in children, including the following:

- A description of type 1 diabetes;
- A description of type 1 diabetes risk factors and warning signs;
- A recommendation that the parents or guardian of a student who is displaying type 1 diabetes warning signs should immediately consult with the student's primary care provider to determine if immediate screening is appropriate;

[71] Service coordination information published on the ODH website indicates that eligible applicants must be under age 21 (Service Coordination Program, which may be accessed by conducting a keyword "service coordination" search on ODH's website: odh.ohio.gov). However, R.C. 3701.023(D) requires ODH to authorize necessary service coordination for each eligible child, and R.C. 3701.021(D) prohibits the Director from specifying an age restriction that excludes from eligibility an individual who is younger than 25.

- A description of the type 1 diabetes screening process, the significance of the three stages of type 1 diabetes, and the implications of test results identifying the presence of each stage; and
- A recommendation that, following a diagnosis of type 1 diabetes, the student's parents or guardian should consult with the student's primary care provider to develop an appropriate treatment plan, which may include consultation with and examination by a specialty care provider, including a properly qualified endocrinologist.

ODH must make the informational materials available on its website in a format suitable for easy downloading and printing.

### School requirements

The act requires school districts, community schools, STEM schools, and chartered nonpublic schools that serve elementary school students to provide either an electronic or paper copy of the ODH type 1 diabetes informational materials to each student's parent or guardian upon the student's enrollment in elementary school.

## Medical certificates of death

(R.C. 3705.16 and 4731.22)

The act makes several changes to the law governing medical certificates of death. First, it clarifies that the coroner or medical examiner certifies the cause of death when a decedent dies as a result of criminal or other violent means, while an attending physician certifies the cause of death in all other circumstances.

Second, it authorizes the physician who last examined or treated a decedent to certify the decedent's cause of death and complete and sign the medical certificate of death, but only in the case of a decedent who did not have an attending physician (defined under continuing law to mean the physician in charge of a patient's care for the illness or condition that resulted in the patient's death).

Third, the act extends the prior law timeline by which a medical certificate of death must be completed and signed, from 48 hours after death to 48 hours after ***notice*** of the death.

Fourth, it revises the law that applies when a decedent's cause of death remains pending as follows:

- By eliminating the authority of a coroner or medical examiner, when specifying on the medical certificate that the cause of death is pending, to sign the certificate by stamping it with a stamp of the coroner's or examiner's signature;
- By maintaining the authority of a coroner or medical examiner to sign a medical certificate that specifies the cause of death as pending, while also eliminating references to signing the certificate in the coroner's or examiner's own hand;
- By maintaining provisions authorizing the coroner or medical examiner to sign any other medical certificate of death or supplementary medical certification, but eliminating the requirement that the signing be done in the coroner's or examiner's own hand;

- By requiring any other medical certificate of death or supplementary medical certification to be signed by the coroner or medical examiner within 48 hours after determining the cause of death.

Fifth, the act establishes the failure to comply with the law governing medical certificates of death as a ground upon which the Medical Board may take disciplinary action against a physician.

Finally, the act grants a coroner, medical examiner, or physician acting in good faith and upon reasonable belief immunity from civil liability and professional discipline for any act or omission in certifying the cause of death or in completing and signing the medical certificate of death.

# 340B covered entity reporting requirements (PARTIALLY VETOED)

(R.C. 3701.88)

The act imposes a new reporting requirement on 340B "covered entities," which are entities that participate in the federal 340B Drug Pricing Program. The reporting requirements apply to all 340B covered entities enumerated under federal law.[72]

## Report contents (PARTIALLY VETOED)

By July 1, 2026, and each July 1 annually thereafter, each 340B covered entity must submit a report to ODH. The Governor vetoed a requirement that each offsite facility associated with the 340B covered entity also comply with these new reporting requirements.

The report must contain information from the previous calendar year as follows:

1. For the covered entity and each pharmacy it contracts with to provide 340B drugs to patients on behalf of the covered entity pursuant to the 340B Program (contract pharmacy), the following data delineated by payor type (private insurance, Medicare, Medicaid, other coverage, uninsured, self-pay):

a. The aggregate acquisition costs for all 340B drugs dispensed or administered;

b. The aggregate payments received from third-party payors, including insurers, for all 340B drugs dispensed or administered;

c. The total number of prescriptions dispensed or administered, and the percentage that were 340B drugs.

2. The total payments made by the covered entity to contract pharmacies, third-party administrators, or any other entity, in administering and providing services under the 340B Drug Pricing Program.

3. Information regarding the covered entity's contract pharmacies, including:

[72] 42 U.S.C. 256(b).

a. Its total number of contract pharmacies;

b. The total number of prescriptions that were filled at a contract pharmacy.

4. A detailed accounting of the covered entity's expenditures from 340B Drug Pricing Program profits, including all programs, services, and equipment funded or purchased with those profits. The Governor vetoed language that would have required the detailed accounting to be itemized.

The Governor also vetoed a requirement that the following also be included in the report:

1. The percentage of patients served on a sliding fee scale for 340B drugs.

2. The total operating cost of the covered entity, including an itemized cost report of:

a. Implementing a direct pass-through of 340B profits to patients in the form of lower cost-sharing for 340B drugs;

b. Implementing a sliding fee scale for 340B drugs for low-income patients who have household incomes under 200% of federal poverty guidelines;

c. The covered entity's charity care costs (costs for free or discounted items and services provided to individuals meeting its financial assistance criteria and unable to pay, as reported in its Medicare cost report).

3. The number of the covered entity's contract pharmacies located outside Ohio and the state where they are located.

4. Of the covered entity's total number of prescriptions filled at a contracted pharmacy, (1) the percentage that are contract pharmacies located outside Ohio and the percentage of all of its prescriptions that were filled by a contract pharmacy and (2) the total reimbursement paid for any 340B drugs dispensed or administered on behalf of the covered entity, and the percentage change in that amount from the previous year.

### Form and manner of reports

340B covered entities must submit the report in the form and manner specified by ODH, in consultation with any other state agency ODH deems appropriate. ODH must then post the submitted reports on its public website.

## Lead abatement tax credit

(R.C. 3742.50)

The act increases (from $10,000 to $40,000) the maximum amount of a lead abatement tax credit certification that may be issued by the ODH Director. It also reduces from $5 million to $3 million the total amount of lead abatement tax credit certificates that the Director may issue in any fiscal year.

# Household sewage treatment systems (PARTIALLY VETOED)

## Evaluating sewage treatment system compliance (PARTIALLY VETOED)

(R.C. 3718.02 and 3718.04; Section 737.30)

The Governor vetoed provisions that would have required the ODH Director to adopt rules establishing statistical methods for evaluating sewage treatment system (STS) compliance for a 12-inch soil depth credit relative to bacterial parameters that are derived from a minimum of 144 consecutive data points. Those statistical methods would have had to include one of the following:

1. The upper confidence limit of the mean method using log-transformed data, with the upper confidence limit derived from one of the following:

a. A two-sided 95% confidence interval for the mean and the maximum number of individual data points exceeding the treatment standard being 5%; or

b. A two-sided 99% confidence interval for the mean and the maximum number of individual data points exceeding the treatment standard being 10%.

2. Any other statistical method that is equally protective of public health and welfare.

The ODH Director would have had to ensure that the rule specified that a soil depth credit be approved when the upper confidence limit of the mean using log-transformed data was less than the fecal coliform or E. coli. treatment standard set forth in the rules.

Furthermore, the Governor partially vetoed provisions that would have prohibited the ODH Director from implementing or enforcing any special device approval or similar policy imposing additional requirements or restrictions on an STS or components of an STS that combines the treatment of effluent with subsurface dispersal of treated effluent directly to the soil, sand bed, or gravel for any approval in effect as of December 31, 2020. If the Director issued an approval for such an STS and the approval was in effect as of December 31, 2020, the STS could have been modified upon request by the manufacturer if the STS met the intent of standards, guidelines, and protocols. However, the STS's approval otherwise would have remained valid under the original terms and conditions and could not have been revoked or subjected to any new application or monitoring requirements unless clear, independent statistically significant evidence demonstrated that the STS design consistently underperformed relative to gravel distribution trenches.

However, the Governor's partial veto results in a specific authorization for the ODH Director to implement or enforce any special device approval or similar policy imposing additional requirements or restrictions on an STS or component of an STS that combines the treatment of effluent with subsurface dispersal of treated effluent directly to the soil, sand bed, or gravel. Furthermore, as a result of the partial veto, if the Director issued an approval for such an STS and the approval was in effect as of December 31, 2020, the STS's approval remains valid under the original terms and conditions and may not be revoked unless evidence demonstrates that the STS design consistently underperforms. This provision does not apply to effluent discharged into waters of the state.

## Household sewage treatment system – soil and slope inspection (VETOED)

(R.C. 3718.02)

The Governor vetoed a provision that would have prohibited the ODH Director from adopting rules requiring a soil evaluator or soil scientist to evaluate the soil type and slope with respect to a sewage treatment system or a proposed sewage treatment system. A sewage treatment system is a household sewage system, a small flow on-site sewage treatment system, or both. A "household sewage treatment system" is any sewage treatment system, or part of such a system, that receives sewage from a single-family, two-family, or three-family dwelling.[73]

Current rules adopted by the Director require a soil scientist or soil classifier certified by the Soil Science Society of America to complete a soil evaluation for a sewage treatment system.[74]

[73] R.C. 3718.01, not in the act.

[74] O.A.C. 3701-29-07.

# DEPARTMENT OF HIGHER EDUCATION

## I. IN-STATE UNDERGRADUATE TUITION AND FEES

- Limits increases for in-state undergraduate tuition and general fee increases for FYs 2026 and 2027, as follows:
  - For each state university and university branch campus, tuition and fee increases for student cohorts entering each of those years may not increase more than 3% of what was charged to the student cohort entering in the previous academic year;
  - For each community, state community, and technical college, tuition and fees may not increase more than $10 per credit hour over what they charged in the previous academic year.

## II. STUDENT FINANCIAL AID PROGRAMS

### Ohio College Opportunity Grant Program

- Establishes maximum Ohio College Opportunity Grant amounts for FYs 2026 and 2027, as follows:
  - For students at state institutions of higher education, $4,000;
  - For students at private nonprofit colleges and universities, $5,000;
  - For students at private for-profit colleges and schools, $2,000.

### Governor's Merit Scholarship

- Extends, with changes, the operation of the Governor's Merit Scholarship Program to FYs 2026 and 2027, including expanding eligibility to students enrolled in nonchartered nonpublic schools who meet the other criteria to receive a scholarship.

### Ohio Work Ready Grant Program

- To qualify for a first-time Ohio Work Ready grant on or after September 30, 2025, requires a student to be enrolled in a program that meets alternative criteria established by the Chancellor of Higher Education based on Ohio's emerging workforce needs.

### Rural Practice Incentive Program

- Revises the Rural Practice Incentive Program's operation by expanding eligibility for the program, modifying the factors used to determine underserved communities, and requiring a participating attorney to sign a promissory note payable to the state for failing to satisfy service obligations.

## III. CONTINGENT SSI FUNDING (PARTIALLY VETOED)

- Earmarks $75 million in FY 2027 from the State Share of Instruction (SSI) funds reserved for the university traditional SSI formula to be distributed based on each state university's percent share of traditional SSI formula funding.

- Prohibits the Chancellor from distributing the FY 2027 set-aside funds to a state university unless the university has fully complied in the prior fiscal year with requirements enacted by S.B. 1 of the 136th General Assembly.
- Requires each state university to submit, by March 1, 2026, a report demonstrating compliance with the S.B. 1 requirements.
- Would have required the House and Senate higher education committees each to determine, by March 31, 2026, whether each state university is in full compliance and report that determination to the Office of Budget and Management (VETOED).
- Would have subjected the funds' release to Controlling Board approval (VETOED).

# IV. STATE INSTITUTIONS OF HIGHER EDUCATION

## Credential and work experience

- Requires each state institution to consider an applicant's work experience and credentials as part of its admissions process and grant credit for prior learning or experience or detail the opportunities and required documentation to gain that credit.

## General education requirements

- Requires each state institution board of trustees to formally review, evaluate, and adjust its general education criteria in specified subject areas.

## American civic literacy course exemptions

- Requires each state institution board of trustees to adopt a resolution specifying the conditions under which the institution's president or the president's designee may grant an exemption from the American civic literacy course requirement to a student.
- Eliminates the exemption after the 2030-2031 academic year.

## Guaranteed admission

- Guarantees each high school graduate in the top 10% of their graduating class admission to a state institution.
- Permits a state university to delay main campus admission and admit a high school graduate in the top 10% of the graduating class to a regional campus if the student does not meet the standards for unconditional admission.
- Guarantees admission to the main campus of a state institution of higher education for students who graduate in the top 5% of their graduating class, provided the student meets the application and acceptance deadlines for admission to the main campus.
- Requires the Chancellor, in consultation with the Director of Education and Workforce, to identify a process to provide each state institution with a list of all students who are eligible for guaranteed admission.

## Co-Op Internship Program

- Requires state institutions to develop and implement a Co-Op Internship Program by the 2027-2028 academic year,.
- Requires the Chancellor to consult with JobsOhio and other appropriate stakeholders to develop the goals, structure, and parameters of the program.
- Requires state institutions annually to report specified metrics.
- Eliminates the annual report on the academic and economic impact of the Co-Op/Internship Program.

## Curricular approval process

- Requires each state institution board of trustees to adopt a curricular approval process to establish and modify academic programs, curricula, courses, general education requirements, and degree programs.
- Grants a state institution board ultimate authority to establish new academic programs, schools, colleges, institutes, departments, and centers at the institution.
- Prohibits a state institution board from delegating its authority to adopt a curricular approval process or to approve or reject academic programs.

## Fiscal caution status

- Requires the Chancellor, in consultation with OBM, to adopt rules regarding:
  - Criteria for determining when to declare a state institution under fiscal caution;
  - Requirements for a state institution on fiscal caution to submit a financial recovery plan, submit a three-year forecast of revenues and expenditures, consult with the Auditor of State regarding steps to bring its financial accounting and reporting into compliance with the Auditor's requirements, and submit regular reports related to the fiscal caution; and
  - Criteria for determining when to terminate a fiscal caution.
- Permits the Chancellor to impose limitations on a state institution that fails to comply with requirements related to a fiscal caution or fails to take decisive action to improve the institution's financial condition.
- Expressly permits the Chancellor, OBM, or the Auditor of State to conduct any audit or analysis necessary to assess the fiscal condition of any state institution.

## Use of financial indicators to evaluate institutions

- Requires the Chancellor to use specified financial indicators to determine whether a state institution board of trustees has taken any action related to pausing or stopping enrollment, submitted a withdrawal of accreditation, or taken any other action indicating the institution will undergo a wind-down and dissolution.

### Governance authorities

- Requires a governance authority appointed for a state institution under conservatorship to include one member with expertise in academic affairs and accreditation and one member with expertise in either state agency budgets or state institution finances.
- If the governance authority determines closure is necessary or is appointed to facilitate an orderly closure, requires the governance authority to include in its quarterly report all matters related to compliance with institution closure requirements specified by the Chancellor.

## V. HIGHER EDUCATION PROGRAM REVIEW

- Requires each state institution and private nonprofit college or university annually to submit specified information to the Chancellor, including accreditation status, a plan for the indefinite preservation of student records in case of closure, external degree program evaluations, and degree programs eliminated in the previous year.
- Requires each for-profit career college or school to submit the same information to the State Board of Career Colleges and Schools and the Chancellor.
- Permits the Chancellor to rescind program approval or institutional authorization if a college, university, or state institution does not submit the required information.
- Permits the State Board to suspend, withdraw, or revoke a career college's or school's certificate of registration or program authorization if it fails to submit the required information.
- Requires each college, university, state institution, and for-profit career college or school to notify the Chancellor, and, in the case of a for-profit career college or school, the State Board, if specified events occur related to federal government or accrediting organization monitoring, accreditation findings, and financial issues.

## VI. EASTERN GATEWAY COMMUNITY COLLEGE

- Repeals the law establishing Eastern Gateway Community College on September 30, 2025, and requires the Chancellor to ensure continuity of postsecondary educational access in Eastern Gateway's former service district.
- Requires the Chancellor, or a third party authorized by the Chancellor, to serve indefinitely as the records custodian for Eastern Gateway upon that college ceasing operations.

## VII. CENTERS FOR CIVICS, CULTURE, AND SOCIETY

- Requires the directors of the Centers for Civics, Culture, and Society to approve the center's courses that meet the state university's general education requirements, in addition to overseeing, developing, and approving the center's curriculum.
- Eliminates the requirement that the Civics Centers be physically located in a specific college at the university.

- Requires each university to provide adequate and appropriate space for its respective Civics Center.
- Establishes the Ohio Civics Board, consisting of the directors of the Civics Centers, to support the Civics Centers to more effectively pursue their missions of teaching and research.

# VIII. OTHER

## Student record preservation plans

- Requires each state institution and each private nonprofit college or university annually to certify to the Chancellor, and each private for-profit career college or school annually to certify to the State Board of Career Colleges and Schools, a plan to preserve student records indefinitely if the institution were to close.

## Contracts with online program managers

- Establishes requirements for private nonprofit institutions of higher education, for-profit career colleges or schools, and state institutions of higher education that enter a contractual agreement with an online program manager to receive certain services to support an online degree program.

## College credit for military training, experience, and coursework

- Permits the Chancellor to require higher education institutions and schools to establish a process to evaluate military training, experience, and coursework and to award appropriate equivalent college credit to veterans.

## Strategic Square Footage Reduction Fund

- Creates the Strategic Square Footage Reduction Fund to make revolving loans to state higher education institutions for voluntary physical square footage reduction.
- Requires the Treasurer of State to transfer funds from the Ohio Tuition Reserve Fund to the Strategic Square Footage Reserve Fund.

## Direct Admissions Pilot Program

- Establishes the Direct Admissions Pilot Program to notify students in participating high schools if they meet the admissions criteria for participating postsecondary institutions.

## Higher Education Public Policy Research Consortium (PARTIALLY VETOED)

- Requires the Chancellor, in consultation with specified entities, to establish the Higher Education Public Policy Research Consortium to develop and maintain a biennial statewide research agenda.
- Establishes a process under which the Chancellor awards competitive research grants for faculty and post-graduate students whose research aligns with the biennial statewide research agenda.

- Would have limited research grant awards to a maximum of $10,000 (VETOED).

## Accelerated College and Career Pathways Program

- Establishes the Accelerated College and Career Pathways Program under which each state university must establish at least one accelerated 90-hour degree program that is aligned to an in-demand career area by the 2027-2028 academic year.
- Requires each state university to develop, in consultation with local and regional primary and secondary education partners, model College Credit Plus (CCP) pathways that are aligned with the university's accelerated 90-hour degree programs and regional and state workforce needs.
- Requires each public and participating nonpublic secondary school to include those CCP pathways in its CCP information annually provided to students and parents.
- Prohibits the Chancellor from distributing SSI allocations to a state university in any fiscal year in which the university does not comply with the program requirements.
- Requires the Chancellor to establish criteria for approval of accelerated degree programs, provide technical assistance to universities for the program, identify how previously earned credit may apply to an accelerated degree program, and annually publish program data online.

## AI Integration in Community Colleges Pilot Grant Program

- Establishes the Artificial Intelligence (AI) Integration in Community Colleges Pilot Program.
- Requires the Chancellor to award five $100,000 competitive grants in each fiscal year to community colleges, with preference to those with a strong commitment to integrating AI into education, workforce development, and industry alignment.
- Prescribes permissible uses of grant funds and requires the Chancellor to monitor performance and submit a report to the General Assembly.

## Funding for Ohio Veterans Education Council members

- Requires the Chancellor to award scholarships in FY 2026 and FY 2027 to students who serve as Military Community Advocates.
- Requires the Chancellor to provide grants to military and veterans offices at institutions of higher education to support growth in private philanthropy, in collaboration with the National Veterans Leadership Foundation (NVLF), and sponsor staff from those offices to attend the NVLF's Advancement Institute.
- Requires the Chancellor to use appropriated funds to support NVLF administrative costs, create a website to connect veterans to programs and offerings at Ohio Veterans Education Council-member colleges and universities, administer membership and Ohio Purple Star status, facilitate information sharing, and support any other expenses as determined appropriate by the Chancellor, in consultation with NVLF.

## Campus Community Grant Program

- Eliminates the Campus Community Grant Program.

## Statewide FAFSA support system

- Eliminates the statewide system of regional FAFSA support teams.

## "Teach CS" Grant Program

- Expands the scope of teachers to whom the "Teach CS" Grant Program applies.
- Clarifies the purposes for which grant funds may be used.

## Reports and data reporting

- Reinstates the requirement that the Chancellor issue an annual report on College Credit Plus Program outcomes.
- Eliminates the annual report regarding the progress the state is making in increasing the percentage of adults in the state with a postsecondary degree or credential.
- Requires the Chancellor, in collaboration with the Governor's Office of Workforce Transformation, to establish the level of attainment necessary to achieve identified performance targets across a range of degrees and credentials by December 31, 2025.
- Requires the Chancellor to submit reports regarding the Campus Security Support Program and the Campus Student Safety Grant Program to chairpersons of the House and Senate higher education committees by July 1, 2026.
- Permits the Chancellor to use data already submitted to the Higher Education Information System and other public data exchanges, if the information is materially consistent, to fulfill reporting requirements.

As used in this chapter of the analysis:

A **state institution of higher education** means any of the 14 state universities and each community college, state community college, technical college, and university branch campus.

The **state universities** are the University of Akron, Bowling Green State University, Central State University, University of Cincinnati, Cleveland State University, Kent State University, Miami University, Northeast Ohio Medical University, Ohio University, Ohio State University, Shawnee State University, University of Toledo, Wright State University, and Youngstown State University.

**Ohio technical centers** are career-technical centers and schools that provide adult education and are recognized as such by the Chancellor of Higher Education.

# I. IN-STATE UNDERGRADUATE TUITITION AND FEES

(R.C. 3345.48; Section 381.260)

## State universities

Under law unchanged by the act, each state university must establish an undergraduate tuition guarantee program. Under that program, each entering cohort of in-state undergraduate students pays an immediate increased rate for tuition and general fees, but that rate is guaranteed not to increase again for that particular cohort for the next four years.

For cohorts entering in the 2025-2026 and 2026-2027 academic years, the act requires each state university and university branch campus to limit tuition and fee increases to not more than 3% over what was charged to the cohort that entered in the previous academic year.

## Community colleges

For the 2025-2026 and 2026-2027 academic years, the act prohibits each community, state community, and technical college from increasing its tuition and general fees by more than $10 per credit hour over what it charged in the previous academic year. Those limits explicitly exclude student health insurance, fees for auxiliary goods or services provided to students at the cost incurred to the college, fees assessed to students as a pass-through for licensure and certification exams, fees for elective courses associated with travel experiences, elective service charges, fines, and voluntary sales transactions.

# II. STUDENT FINANCIAL AID PROGRAMS

## Ohio College Opportunity Grant Program

(Section 381.490)

The act establishes maximum Ohio College Opportunity Grant award amounts for FY 2026 and FY 2027 for each higher education institutional sector. Specifically, for both years, the maximum amounts are as follows:

| Institutional sector | Award amount |
|---|---|
| State institution of higher education | $4,000 |
| Private nonprofit college or university | $5,000 |
| Private for-profit career college or school | $2,000 |

The Ohio College Opportunity Grant Program is the state's main needs-based financial aid program for higher education students. For more information about the program, see the LSC Ohio College Opportunity Grant: Q&A (PDF) Members Brief, which is available on LSC's website: lsc.ohio.gov/publications.

## Governor's Merit Scholarship

(R.C. 3333.1210; Section 381.400)

The act extends the Governor's Merit Scholarship Program to FY 2026 and FY 2027. Under the program, the Chancellor of Higher Education awards merit-based, four-year, $5,000 scholarships to Ohio students in the top 5% of their high school graduating class who attend state institutions of higher education or private nonprofit colleges or universities in Ohio.

In addition to extending the program, the act:

1. Permits the Chancellor to use the program's appropriations to pay for the program's administrative costs;

2. Clarifies that, to qualify, a student must be in the top 5% of the student's graduating class at the end of the student's *junior year*;

3. Expands eligibility to students enrolled in nonchartered nonpublic schools who meet the other criteria to receive a scholarship;

4. Clarifies that public or nonpublic schools must determine student eligibility using criteria established by the Chancellor, in consultation with the Director of Education and Workforce;

5. Requires school districts and nonpublic high schools to provide information requested by the Chancellor regarding scholarship eligibility determinations;

6. Prohibits the Chancellor from placing per-institution limits on the number of students receiving a scholarship.

Additionally, beginning with first-time scholarships awarded for FY 2027, a student who accepts a scholarship must sign a statement of commitment to reside in Ohio for the three years following the individual's graduation.

## Ohio Work Ready Grant Program

(R.C. 3333.24)

The act changes student eligibility requirements for the Ohio Work Ready Grant Program. Beginning with first-time recipients on and after September 30, 2025, a student must be enrolled in a program that meets alternative criteria established by the Chancellor, in consultation with the Office of Workforce Transformation, based on Ohio's emerging workforce needs. Under prior law, a student had to be enrolled in a credit or noncredit program that leads to an industry-recognized credential and prepares a student for a job that is in-demand or critical as determined by the Office or submitted by a specified educational institution to meet approved regional workforce needs.

The act also specifies that the industry-recognized credential metric reported by the Chancellor includes technician-aligned associate degrees.

## Rural Practice Incentive Program

(R.C. 3333.131, 3333.132, 3333.133, 3333.134, and 3333.135)

The act revises the operation of the Rural Practice Incentive Program. Under that program, the Chancellor may repay up to $50,000 of an educational loan taken by an attorney in exchange for the attorney's employment as a service attorney in an underserved community.

### Expand attorney eligibility

The act expands eligibility for the program in several ways. Generally, in addition to meeting certain other conditions, continuing law qualifies for the program any attorney who agrees to employment in an underserved community and works in such a community for a specified amount of time each service year as a public defender, prosecuting attorney, or counsel appointed by a court or selected by an indigent person. The act expands eligibility by:

1. Qualifying an attorney who engages in the private practice of law, practices civil law, and works in an underserved community for a minimum of 520 hours each service year to participate;

2. Permitting an attorney to agree to *practice* in an underserved community, instead of agreeing to *employment* in it to participate;

3. Permitting an attorney who has been admitted to the practice of law in Ohio for less than 12 years, rather than eight years as under prior law, to participate; and

4. Permitting an individual enrolled in any other state or federally funded student loan repayment or debt forgiveness program to also participate in the Rural Practice Incentive Program, so long as the other program is not the federal Public Service Loan Forgiveness or the John R. Justice Loan Repayment programs. Prior law disqualified any individual enrolled in another state or federal program from participating.

### Loans eligible for repayment

Continuing law limits the Chancellor to making repayments only for educational loans to attend law school. Under the act, the law school must meet accreditation standards established by the Ohio Supreme Court. Prior law required that the law school be either a U.S. law school accredited by the American Bar Association or a foreign law school for which an individual received a foreign equivalency evaluation.

### Underserved community designation

Under continuing law, once every two years the Chancellor must designate by rule a county as an "underserved community" based on a ratio of attorneys to total county population. The act changes the factors in determining that ratio to include only attorneys who have trust accounts in which to deposit client funds (IOLTA accounts), and to change the ratio of these attorneys to county population to 1:1,500 from 1:700.

### Approval of an application

The act eliminates the requirement that the Chancellor approve individuals for the program in a manner that is proportionate to the number of different types of attorneys who

apply to the program, with an aim toward disbursing loan repayments equitably among attorneys employed by a county prosecuting attorney, attorneys employed by a state, county, or joint county public defender, and attorneys employed as a service attorney.

### Repayment under a promissory note

The act eliminates law that permitted the Chancellor to contract with an attorney participating in the program to establish the attorney's service obligations and obligation to repay the state in the event the attorney does not satisfy those obligations. Instead, it requires a participating attorney to sign a promissory note payable to the state if the individual does not satisfy those service obligations.

The amount payable to the state in the event the individual does not satisfy the service obligation must be the corresponding amount to the service obligation agreed upon in the promissory note – up to $30,000 for a three-year service obligation and up to an additional $20,000 for an additional fourth or fifth year of service.

The act requires an individual to remain employed and working as a service attorney in the underserved community for a time specified in the promissory note. The promissory note must include terms as prescribed by the Chancellor, including the individual's length of service in the underserved community and the maximum amount the Chancellor will repay on behalf of the individual.

The act eliminates the requirement that a contract include the number of weekly or yearly hours an attorney will be engaged in practice in the underserved community.

## III. CONTINGENT SSI FUNDING (PARTIALLY VETOED)

(Section 381.250)

The act earmarks $75 million from the remainder amount of the State Share of Instruction (SSI) line item reserved for the university traditional SSI formula to be distributed based on each state university's percent share of traditional SSI formula funding. The act prohibits the Chancellor from distributing funds from the set-aside amount unless the state university has fully complied with specified laws enacted by S.B. 1 of the 136th General Assembly, which took effect on June 27, 2025. The specified laws require the following:[75]

1. Completion of required trustee training provided by the Chancellor;

2. Syllabus posting requirements;

3. Incorporating specified statements into a statement of commitment;

4. Adopting a policy containing specified requirements and prohibitions regarding diversity, equity, and inclusion (DEI), intellectual diversity, and other concepts at the institution;

[75] See R.C. 3333.045, 3345.029, 3345.0216, 3345.0217, 3345.451, 3345.453, and 3345.591, not in the act, and R.C. 3345.382.

5. Developing an American civic literacy course and requiring completion of the course beginning with students graduating in the spring semester of the 2029-2030 academic year;

6. Establishing a written system of faculty evaluations;

7. Adopting and periodically updating a post-tenure review policy; and

8. A prohibition on accepting gifts or donations from the People's Republic of China and other related prohibitions and requirements.

The act requires each state university to submit a report demonstrating its compliance by March 1, 2026.

The Chancellor must distribute earmarked FY 2027 funds to compliant universities in monthly payments in the same manner as other SSI funds, and must reduce SSI payments for universities found noncompliant by the share of the earmarked FY 2027 funds calculated for that university.

The Governor vetoed provisions that would have done the following:

1. Required the compliance determination to be made by the House and Senate committees that consider higher education legislation;

2. Required state universities to submit reports on compliance to the committee chairs;

3. Required each committee to make a determination on compliance by March 31, 2026;

4. Permitted the Controlling Board to consider the release of the earmarked FY 2027 funds only for institutions found compliant; and

5. Subjected the release of earmarked funds to the Controlling Board's approval.

# IV. STATE INSTITUTIONS OF HIGHER EDUCATION

## Credential and work experience

(Section 381.740)

The act requires each state institution of higher education, prior to admitting any students applying after July 1, 2025, to consider the applicant's work experience and credentials as part of the institution's admissions process. The act states that an applicant's experience and credentials need not align to the program or discipline the applicant is pursing to be considered a positive reason for the state institution to admit the student.

Upon a student's acceptance, a state institution must either grant credit for prior learning or experience or detail the potential opportunities and required documentation to grant such credit based on the review of the information the student provided in an application.

## General education requirements

(Section 381.750)

Under the act, each state institution board of trustees must formally review and evaluate the components of its general education curriculum and adopt a resolution acknowledging it has done so by December 31, 2026. Each board must submit its resolution to the Chancellor.

By March 31, 2027, each board of trustees must formally evaluate its general education curriculum to enhance content that furthers the state's postsecondary education attainment and workforce goals. In conducting the evaluation, the board must consider adjusting that curriculum in:

1. Civics, culture, and society, including U.S. and Ohio history, the foundations of American representative government, how to disagree in a civil manner, and the principles of civil discourse;

2. Artificial intelligence, STEM, and computational thinking;

3. Entrepreneurship and the principles of innovation;

4. Workforce readiness, including fundamental skills necessary for Ohio's graduates to gain employment in in-demand occupations.

Each board of trustees must adopt a resolution by June 30, 2027, summarizing the changes made to its general education curriculum as a result of the evaluation process. A copy of that resolution must be submitted to the Chancellor. The act subjects any adjustments to the curriculum to the Chancellor's program approval process as well.

The Chancellor must provide a copy of each resolution to the Governor, Speaker of the House, and the Senate President.

## American civic literacy course exemptions

(R.C. 3345.382)

The act requires each state institution board of trustees to adopt a resolution specifying the conditions under which the institution's president or the president's designee may grant an exemption from the American civic literacy course requirement to a student who has completed at least three credit hours, or the equivalent, in a course in American history or American government. The act limits this exemption by requiring the alternative course to include the study of the same documents required for the American civic literacy course and by eliminating the exemption after the 2030-2031 academic year.

## Guaranteed admission

(R.C. 3345.06)

The act guarantees each high school graduate who is in the top 10% of their graduating class as determined by the Chancellor admission to any state institution. If the student does not meet the standards for unconditional admission, a state university may delay main campus admission and instead admit the student to a university branch campus.

The act also guarantees admission to the main campus of any state institution for each student who is in the top 5% of their graduating class, provided the student meets the application and acceptance deadlines for admission to the main campus.

The act requires the Chancellor, in consultation with the Director of Education and Workforce, to identify a process to provide each state institution with a list of all students who are eligible for guaranteed admission.

## Co-Op Internship Program

(R.C. 3345.83)

The act requires each state institution to develop and implement a Co-Op Internship Program by the 2027-2028 academic year. The program must align with JobsOhio's target economic sectors and connect students with Ohio-based employers to facilitate work-based learning opportunities related to the student's course of study. This may include apprenticeships, internships, externships, and co-ops. The act requires institutions to work with JobsOhio to develop and implement their program, including identifying industry and employer partners.

The Chancellor must consult with JobsOhio and other appropriate stakeholders to develop the goals, structure, and parameters of the program. The Chancellor may consult with other stakeholders as well.

Each institution annually must issue a report to the Chancellor on the status of the program beginning June 30 following the academic year in which the program is implemented. This report must include the number of participating students, which employers are partnering with the institution, and the number of participating students who have received or accepted offers of post-graduation employment as a direct result of their participation in the program.

## Co-Op/Internship annual report

(R.C. 3333.041)

The act eliminates the annual report on the academic and economic impact of the Ohio Co-Op/Internship Program.

## Curricular approval process

(R.C. 3345.457)

The act requires each state institution board of trustees to adopt a curricular approval process to establish and modify academic programs, curricula, courses, general education requirements, and degree programs. It declares that a board of trustees has ultimate authority to establish new academic programs, schools, colleges, institutes, departments, and centers at the institution. Further, the act prohibits a board of trustees from delegating its authority to adopt a curricular approval process or to approve or reject academic programs. The curricular approval process must do the following:

- Grant the faculty senate, or comparable representative body, the opportunity to provide advice, feedback, and recommendations on the establishment and modification of academic programs, curricula, courses, general education requirements, and degree programs;
- Clarify that all feedback and recommendations by the faculty senate, or comparable representative body, is advisory in nature; and
- Retain the board's final, overriding authority to approve or reject any establishment or modification of academic programs, curricula, courses, general education requirements, and degree programs.

Each board of trustees must develop its initial curricular approval process by March 30, 2026, and update it every five years. The act permits the state institution's president to grant a one-month extension to the initial six-month deadline. The board must submit each completed version of the curricular approval process to the Chancellor.

## Fiscal caution status

(R.C. 3345.71 and 3345.721)

The act requires the Chancellor, in consultation with OBM, to adopt rules that include:

1. Criteria for determining when to review and declare a state institution of higher education under fiscal caution which may include:

a. A significant drop in enrollment from the prior year;

b. A decline in enrollment for consecutive years;

c. A significant increase in enrollment;

d. A significant increase in adjunct faculty;

e. An increase in student complaints;

f. A substantial increase in the number of third-party service providers who are paid based on success;

g. Federal financial aid processing delays;

h. Reduced or increased reliance on SSI;

i. Receipt of substantial nonrecurring revenue, from any source, that could signify a structural budget deficit;

j. Failure to reconcile or file annual reports promptly, which may cause a delay in completing a yearly audit even if granted an extension;

k. A lack of proper institutional segregation of critical duties, functions, or responsibilities;

l. Significant turnover of faculty, staff, or administrators;

m. A significant amount of past due student receivables;

n. A significant increase in tuition or fee waivers;

o. Change in accreditation status by a nationally recognized accrediting agency;

p. A significant increase in indebtedness;

q. A federal program review or actions taken by a federal agency that adversely affects the institution's finances, cash management, or educational program offerings; and

r. Significant changes in an institution's educational program eligibility or compliance with satisfactory academic progress requirements in federal law, including an increase in the use of correspondence or asynchronous learning materials.[76]

2. A requirement that a state institution declared to be on fiscal caution submit a financial recovery plan, within a defined period of time after the declaration as determined by the Chancellor, that may include:

a. Projections of revenue and expenditures over a three-year time horizon and on other time horizons requested by the Chancellor;

b. A comprehensive review of current staffing levels, a comparison of staffing levels to the number of enrolled students, and a five-year historical summary of staffing levels;

c. A review of the most recent submission of institutional recommendations for courses and programs based on enrollment and duplication with other state institutions, as required under continuing law,[77] and submission of revised recommendations;

d. A review of any approved tuition waivers, tuition guarantees, reciprocity agreements, or scholarship programs;

e. A plan to reduce expenditures over a 6-month, 12-month, 18-month, and 24-month period, to align ongoing revenue with ongoing expenses;

f. A review of contracts that are the largest portion of the state institution's expenditures; and

g. A program viability analysis, or analyses.[78]

3. A requirement that a state institution declared to be on fiscal caution submit a three-year forecast of revenues and expenditures, approved in a resolution adopted by the institution's board of trustees. The three-year forecast must be structurally balanced based on a set of underlying assumptions, including enrollment projections, tuition revenue, and state funding levels, that are evidence-based and practicable.

4. A requirement that a state institution declared to be on fiscal caution consult with the Auditor of State regarding any necessary or appropriate steps to bring the books of account, accounting systems, and financial procedures and reports of the institution into compliance with requirements prescribed by the Auditor of State regarding desirable modifications and supplementary systems and procedures pertinent to the institution. The Auditor of State must provide a written report to the institution's board of trustees outlining the nature of the financial accounting and reporting problems of the institution and recommendations for actions to be undertaken to correct the financial accounting and reporting problems. If requested by the

[76] 34 C.F.R. 668.34.

[77] R.C. 3345.35, not in the act.

[78] R.C. 3333.073, not in the act.

institution or recommended by the Chancellor, the Auditor of State may additionally perform a performance audit of the institution.

5. A requirement that for the duration of a fiscal caution, a state institution must submit regular reports on any of the above matters or new matters identified by the Auditor of State or the Chancellor as contributing to the reason for the declaration, preventing the recovery of the institution, or the inability to be removed from fiscal caution; and

6. Criteria for determining when to declare the termination of the fiscal caution of a state institution.

The act requires a state institution to provide the Chancellor with all information requested in the time and manner determined by the Chancellor. Failure to comply in a satisfactory manner, as determined by the Chancellor, may result in a declaration of a fiscal watch.[79] The act also permits the Chancellor to impose limitations on a state institution that fails to comply with the law or rules adopted regarding fiscal cautions or that fails to take decisive action to improve the institution's financial condition. Those limitations may include:

1. Limitations on eligibility to participate in grants and programs administered by the Chancellor;

2. Limitations on approval of a new degree program or associated certificates;

3. Suspension of additional enrollment in an educational program;

4. Restriction of an increase in any special fee or a creation of a new fee;

5. Limitations on the power of the board of trustees to enter into any new or renewed contracts without prior approval from the Chancellor; and

6. Withholding approval of any Controlling Board request for capital projects.

Finally, the act expressly permits the Chancellor, OBM, or the Auditor of State to conduct any audit or analysis necessary to assess the fiscal condition of any state institution.

## Use of financial indicators to evaluate institutions

(R.C. 3345.74)

The act requires the Chancellor to use the financial indicators and standards adopted by the Chancellor under continuing law to determine if a state institution board of trustees has taken any action related to pausing or stopping enrollment, submitted a withdrawal of accreditation, or taken any other action indicating it will no longer offer educational activity or will undergo a wind down and dissolution of existence.

[79] R.C. 3345.72, not in the act.

Under continuing law, the Chancellor must adopt financial indicators and standards to determine whether a state institution under a fiscal watch is experiencing sufficient fiscal difficulties to warrant the appointment of a conservator.[80]

### Governance authorities

(R.C. 3345.75)

The act requires a governance authority appointed for a state institution under conservatorship to include one member with expertise in academic affairs and accreditation and one member with expertise in either state agency budgets or state institution finances.

The act also requires a governance authority to include in its quarterly report if the governance authority determines closure is necessary or, if the governance authority is appointed to facilitate an orderly closure, all closure compliance as specified by the Chancellor.

## V. HIGHER EDUCATION PROGRAM REVIEW

(R.C. 1713.041, 3332.21, and 3333.074)

### Annual reporting

The act requires each state institution of higher education, private nonprofit college or university, and for-profit career college or school to annually report information to the Chancellor and, for for-profit career colleges and schools, to the State Board of Career Colleges and Schools. This information includes the following:

1. Verification of current accreditation status and a copy of the most recent institutional report from the Higher Learning Commission, for state institutions, or from the institution's accrediting organization, for private nonprofit colleges or universities and for-profit career colleges and schools;

2. A plan to preserve student records indefinitely in the event of closure of the institution or discontinuation of service. The plan must include a method by which students and alumni of the institution may retrieve student records by request. The plan also must include a designation and signed confirmation of an official custodian of student records. Student records preserved under the plan must include academic transcripts, financial aid documents, international student forms, and tax information.

3. The results of any external degree program evaluations that occurred in the last year;

4. Any degree programs eliminated in the last year; and

5. Any other information requested by the Chancellor or, for for-profit career colleges and schools, the State Board.

Private nonprofit colleges and universities and for-profit career colleges and schools must also provide a list of current degree programs offered in Ohio and the latest financial statement

[80] R.C. 3345.73, not in the act.

for the most recent fiscal year compiled and audited by an independent certified public accountant, including any management letters provided by the independent auditor.

If a state institution fails to submit the required information, or if the Chancellor finds the information is insufficient, the Chancellor may rescind program approval. If a private nonprofit college or university fails to submit the required information or the Chancellor finds the submitted information is insufficient, the Chancellor may suspend, withdraw, or revoke the college or university's institutional authorization or a program's authorization. If a for-profit career college or school fails to submit the required information or the State Board or the Chancellor finds the submitted information is insufficient, the State Board may suspend, withdraw, or revoke a school's certificate of registration or program authorization.

## Notice requirements

The act requires each state institution, private nonprofit college or university, and for-profit career college or school to immediately inform the Chancellor and, for for-profit career colleges and schools, the State Board, if the institution does any of the following:

1. Receives notice from the federal government or an institutional accrediting organization that the institution is subject to heightened reporting standards or special monitoring status, such as the U.S. Department of Education's heightened cash monitoring process;

2. Receives preliminary or final accreditation findings;

3. Becomes the subject of an investigation by a government agency related to the institution's academic quality, financial stability, or student consumer protection;

4. Fails to make any payments to applicable retirement systems. For state institutions, the act presents the Public Employees Retirement System or the State Teachers Retirement System as examples;

5. Fails to make any scheduled payroll payments;

6. Fails to make any payments to vendors when due as a result of a cash deficiency or a substantial deficiency in the payment processing system of the institution;

7. Fails to make any scheduled payment of principal or interest for short- or long-term debt;

8. Makes budget revisions resulting in a substantially reduced ending fund balance or larger deficit; or

9. Becomes aware of significant negative variance between the most recently adopted annual budget and actual revenues or expenses as projected at the end of the fiscal year.

A state institution must also immediately notify the Chancellor if the institution requests an advance of a state subsidy.

The act clarifies that a document received by the Chancellor from a state institution, private nonprofit college or university, or for-profit career college or school pertaining to heightened reporting standards, special monitoring status, accrediting findings, or government

investigations that is confidential under federal law is not subject to release under a public record request until that document is released publicly by the appropriate entity. Further, for private nonprofit colleges and universities and for-profit career colleges and schools, financial documentation received by the Chancellor is not considered a public record under the act.

# VI. EASTERN GATEWAY COMMUNITY COLLEGE

(R.C. 3354.24, repealed; R.C 3333.053; conforming change in R.C. 3354.19; Sections 381.730 and 733.40)

The act addresses the recent decision to dissolve Eastern Gateway Community College, which had its main campus in Steubenville, in several ways. First, it repeals the law establishing Eastern Gateway. The Chancellor, or a third party authorized through an agreement with the Chancellor, must serve indefinitely as the records custodian for the college upon the college ceasing operations. The Chancellor also must, in consultation with postsecondary educational institutions and other stakeholders, monitor and evaluate the ongoing availability of postsecondary educational offers in Eastern Gateway's former four-county service district – Jefferson, Columbiana, Mahoning, and Trumbull counties.

To the extent practicable, the Chancellor must seek to ensure strong continuity of postsecondary educational access to residents of the district, with a particular focus on access to programs aligned with regional workforce priorities. The Chancellor may seek favorable outcomes by engaging with other postsecondary educational institutions to encourage access to educational opportunities, including outcomes associated with academic program offers, program-related equipment, or physical facilities.

Finally, the act specifically states that nothing prohibits any other community, state community, or technical college from serving Eastern Gateway's former district. Though, such college is still subject to the Chancellor's academic program approval process and must seek approval under rules adopted by the Chancellor.

Eastern Gateway announced a pause in registration and enrollment for future semesters on February 21, 2024. On May 15, 2024, it further announced it would dissolve by October 31, 2024. Its last day of instruction was July 28, 2024.[81]

# VII. CENTERS FOR CIVICS, CULTURE, AND SOCIETY

(R.C. 3335.39, 3339.06, 3344.07, 3345.58, 3352.16, and 3364.07)

The act makes several changes regarding the operation of the Cleveland State University Center for Civics, Culture, and Society; the Miami University Center for Civics, Culture, and Society; the Salmon P. Chase Center for Civics, Culture, and Society at Ohio State University; the Institute of American Constitutional Thought and Leadership at the University of Toledo; and the Wright State University Center for Civics, Culture, and Workforce Development ("Civics Centers").

[81] See Eastern Gateway Community College Information on the Department's website, highered.ohio.gov, and College Closure – Teachout on Eastern Gateway's website, egcc.edu.

## Curriculum

The act requires the directors of the Civics Centers to approve the center's courses that meet the university's general education requirements, in addition to overseeing, developing, and approving the center's curriculum.

## Civics Centers location

The act eliminates the requirement that the Salmon P. Chase Center for Civics, Culture, and Society within Ohio State University, the University of Toledo Institute of American Constitutional Thought and Leadership, the Miami University Center for Civics, Culture, and Society, and the Cleveland State University Center for Civics, Culture, and Society be physically located in the College of Public Affairs, the College of Law, the College of Arts and Sciences, and the Levin College of Public Affairs and Education, respectively.

The act requires each university to provide adequate and appropriate space for its respective Civics Center, as jointly determined by the center's director and either the university president or provost, and prohibits each university from charging or assessing overhead or indirect fees, costs, expenses, or charges to the center.

The act also eliminates the requirement that the director of each Civics Center must consult with a respective faculty member as follows: for Ohio State University, the Dean of the College of Public Affairs, for University of Toledo, the Dean of the College of Law, for Miami University, the Dean of the College of Arts and Sciences, for Cleveland State University, the Dean of the College of Public Affairs.

## Ohio Civics Board

The act establishes the Ohio Civics Board, consisting of the directors of the Civics Centers as ex officio members. No additional appointment or confirmation by any authority is required for membership.

The board must:

1. Support the Civics Centers to more effectively pursue their missions of teaching and research in the historical ideas, traditions, and texts that have shaped American and Ohio constitutional order and society;

2. Aid voluntary cooperation coordination between the centers, including coordinating intercollegiate efforts and initiatives among the centers to promote collaboration and serve the entire state of Ohio;

3. Advise the General Assembly and Chancellor on matters pertaining to civic education, including best practices, program development, and statewide initiatives to enhance civic literacy and engagement;

4. Advise the General Assembly and Chancellor on curriculum development and standards at state institutions of higher education and public primary and secondary education providers, and on the centers' operations;

5. Assist the academic councils of the centers in fulfilling their statutory duties, including facilitating the selection process for directors;

6. Serve without compensation, but requires a member be reimbursed for a member's actual and necessary expenses incurred in the performance of official board member duties;

7. Annually appoint a chair, who must preside over meetings and serve as the primary liaison to the Chancellor and the General Assembly, and a vice-chair; and

8. Meet as necessary at the call of the chairperson or on written request of three or more members of the board but must meet at least twice per year.

The board must submit an annual report to the General Assembly and the Chancellor by the December 1 each year. The report must detail the board's activities, recommendations, and findings related to civic education, higher education curricula, primary and secondary public education curricula, and the operations of the centers.

The board may, in consultation with the Chancellor, adopt rules as necessary to fulfill its requirements.

# VIII. OTHER

## Student record preservation plans

(R.C. 1713.033, 3332.17, and 3345.601)

The act requires each state institution and private nonprofit college or university to annually certify to the Chancellor, and each private for-profit career college or school to annually certify to the State Board of Career Colleges and Schools, a plan to preserve student records indefinitely if it were to cease operations. The plan must include the designation and signed confirmation of an official custodian of student records. If the Chancellor determines it necessary for a state institution or nonprofit college or university, or if the State Board determines it necessary for a career college or school, the Chancellor or the State Board may require an institution to produce an executed agreement with the designated custodian of students that is paid in full, to ensure the institution's plan can be implemented.

The act permits the Chancellor to consult with the Higher Learning Commission (HLC), the State Board of Career Colleges and Schools, and other appropriate entities to establish plans, processes, and procedures for institutions and schools to provide indefinite access to student records. Similarly, the State Board's Director may consult with the Chancellor, the HLC, and other appropriate entities for the same purposes.

## Contracts with online program managers

(R.C. 1713.03, 1713.032, 3332.22, and 3333.0420)

The act defines an "online program manager" as an entity that is not an institution of higher education as defined under The Higher Education Act of 1965[82] that enters into an

[82] 20 U.S.C. 1001.

agreement with (1) a private nonprofit institution of higher education, (2) a for-profit career college or school, or (3) a state institution of higher education, to provide marketing and recruitment services and at least one additional service, including course design, technology, or faculty training, to support an online degree program.

The act requires any institution that enters into a contract with an online program manager, to:

1. Ensure the contract is in compliance with relevant program standards and requirements;

2. Post on each online degree program website it maintains that it utilizes an online program manager for services; and

3. Require the online program manager to identify itself when providing services to students.

Further, the act prohibits any of those institutions from permitting an online program manager to control, make decisions regarding, administer, or disburse student financial aid.

Each private nonprofit institution must also disclose on its annual report to the Chancellor any contract entered with an online program manager. The act states that a contract specifically between a private nonprofit institution and an online program manager is not subject to the public records law.

## College credit for military training, experience, and coursework

(R.C. 3333.164)

The act permits the Chancellor to require a state institution of higher education, private nonprofit college and university, and private, for-profit career college and school to establish a process to systematically evaluate military training, experience, and coursework and to award appropriate equivalent college credit to a student who is a veteran of the armed forces.

## Strategic Square Footage Reduction Fund

(R.C. 3333.96 and 3334.11)

The act creates in the state treasury the Strategic Square Footage Reduction Fund to make revolving loans to state institutions of higher education that enable the voluntary reduction of physical square footage. The fund must consist of money credited or transferred to it, grants, gifts, and contributions made directly to it, or any funds transferred from the Ohio Tuition Trust Reserve Fund.

The Chancellor must administer and award the revolving loans, in consultation with the Ohio Facilities Construction Commission (FCC), and establish:

1. Procedures and forms by which state institutions may apply for a loan;

2. A competitive process for ranking applicants and awarding the loans, with priority consideration given to state institutions that have experienced a decrease in their general student population, as determined by the Chancellor; and

3. Procedures and timelines for distributing loans and collecting payments for the Strategic Square Footage Reduction Fund.

### Application

The act requires each state institution to include in its application:

1. The extent to which the square footage may have value if sold or reallocated to serve other purposes, which may include K-12, career-technical, or adult educational purposes, community interests, or business and industry partnerships;

2. The relative age and condition of the facilities to be deconstructed;

3. Historical enrollment patterns as well as future enrollment projections;

4. The composition of classes offered in person versus in an online format;

5. The level of deferred maintenance;

6. The prior level of state investment;

7. The amount of annual operating expenses defrayed by eliminating the square footage; and

8. A report from OBM detailing the extent and status of past capital budget appropriations supporting the project and the existence of any outstanding bonded debt derived from that support.

The Chancellor and the FCC must consider this information supplied by a state institution in its application when making final awards.

### Loan requirements

Each state institution that receives a loan must certify to the Chancellor a summary of financial information regarding the loan. Prior to a state institution using the loan to pay demolition costs of a facility, the following must occur:

1. The state institution board of trustees must adopt a resolution approving the demolition; and

2. Any net proceeds received from any demolition of property must, at the direction of the OBM Director, be credited to the Strategic Square Footage Reduction Fund.

The act prohibits each state institution receiving a loan for the reduction of physical square footage from constructing any new facility during the period in which demolition is occurring.

### Transfer of funds from the Ohio Tuition Trust Reserve Fund

The act requires the Treasurer of State, upon request by the Chancellor and approval by the OBM Director, to transfer funds from the Ohio Tuition Reserve Fund to the Strategic Square Footage Reduction Fund.

## Direct Admissions Pilot Program

(Section 381.770)

### Purpose

The act requires the Chancellor, in consultation with the Director of Education and Workforce, to establish the Direct Admissions Pilot Program. Under the pilot program, the Chancellor must determine whether high school seniors in participating schools meet the admissions criteria for participating postsecondary institutions. The Chancellor then must notify participating students of the determination. The act expressly prohibits requiring any student, school, or institution to participate in the pilot program.

### Operation

To facilitate the pilot program, the Chancellor must establish a process that uses a student's academic record to determine whether the student meets the admissions requirements. To the extent practicable, and in accordance with applicable law, the Chancellor must use existing student information systems to automate the process. The Chancellor also must use information held by the student's school to minimize the need for a student to provide additional information.

The Chancellor may establish eligibility requirements for students, schools, and postsecondary institutions who elect to participate in the pilot program. The Chancellor also may consult with stakeholders and form advisory councils as necessary to design and operate the pilot program.

The Chancellor must "endeavor" to implement the pilot program so students graduating in the 2026-2027 school year may participate in it. Conversely, the act also authorizes the Chancellor to terminate the pilot program if it is impracticable to operate.

### Participating schools and institutions

The act permits any public or chartered nonpublic school to apply to participate in the pilot program. Similarly, any state institution of higher education, private nonprofit college or university, or Ohio technical center may apply to participate. The Chancellor must approve the application of any school or institution that meets any eligibility requirements established by the Chancellor.

The governing body of a participating school may adopt a policy authorizing any high school it operates to participate in the pilot program. Within 90 days of adopting a policy, the governing body must transmit it to the Chancellor and the Director. The governing body also must develop a procedure to determine whether a student who wants to participate in the pilot program meets any eligibility requirements established by the Chancellor.

### Report

The Chancellor, in consultation with the Director, must issue a report on the pilot program at least once each school year. The report must include information about the number of students who participate in the program. It also must evaluate, to the extent practicable, the impact of the pilot program on postsecondary outcomes for students from populations

traditionally underserved in higher education. The Chancellor must submit the report to the Governor, the Senate President, the Speaker of the House, the Director of Education and Workforce, the OBM Director, and the Governor's Office of Workforce Transformation.

## Higher Education Public Policy Research Consortium (PARTIALLY VETOED)

(R.C. 3333.952)

The act requires the Chancellor, in consultation with the Department of Education and Workforce, Department of Job and Family Services, the Inter-University Council, the Association of Independent Colleges and Universities, and other relevant entities, to establish the Higher Education Public Policy Research Consortium. The Consortium must develop and maintain a biennial statewide research agenda that identifies key policy challenges and research priorities that are crucial to the state's future, drawing on input from policymakers, practitioners, and community stakeholders. The goals of the agenda are to:

1. Provide policymakers and practitioners with timely, relevant, and rigorous research findings on problems of significant importance to the state's citizens, enabling informed decision-making and effective policies;

2. Increase the active engagement of the state's higher education institutions in addressing real-world issues of direct relevance to the state's social, economic, and civic well-being, fostering a stronger connection between academia and public service; and

3. Cultivate the next generation of policy-focused researchers and practitioners by providing valuable research and opportunities to faculty and post-graduate students.

The act requires the Chancellor to:

1. Award competitive research grants to faculty and post-graduate students whose research aligns with the biennial statewide research agenda, with half of the grant to be disbursed upon grant approval and the remaining half released upon successful completion of the research and submission of the final report;

2. Award grants in a tiered structure based on project scope and complexity;

3. Establish a clear rubric to evaluate proposed research projects that contains a peer-reviewed process, involving both academic experts and relevant practitioners; and

4. Manage the grant process and disseminate research findings through the Department's website, policy briefs, annual presentations to the higher education committees of the House and Senate, and community forums.

The Governor vetoed a provision that would have limited research grant awards to $10,000.

## Accelerated College and Career Pathways Program

(R.C. 3333.97 and 3345.89)

The act establishes the Accelerated College and Career Pathways Program, under which each state university must establish at least one accelerated 90-hour degree program aligned to

an in-demand career area by the 2027-2028 academic year. Each university has authority over the number and types of accelerated degrees to be offered.

The act requires each state university to:

- Include accelerated 90-hour degree programs in course and program catalogues;
- Ensure accelerated 90-hour degree programs are properly accredited and meet the requirements set by the Chancellor for those programs; and
- Work collaboratively with local and regional business community partners to identify in-demand career areas during program development;

Each state university also must report to the Chancellor data related to accelerated degree programs, including:

- The accelerated 90-hour degree programs the state university offers;
- The number of students participating in each program;
- The number of students who complete each program;
- Any additional information required by the Chancellor.

### Model College Credit Plus pathways

The act requires each state university to develop, in consultation with local and regional primary and secondary education partners, model College Credit Plus (CCP) pathways that are aligned with the university's accelerated 90-hour degree programs and regional and state workforce needs. Each public and participating nonpublic secondary school must include those model CCP pathways as part of the CCP information schools must provide to students enrolled in grades 6-11 and their parents prior to February 1 each year under continuing law.

The act prohibits the Chancellor from distributing SSI funds to a state university in any fiscal year that the university does not comply with the Accelerated College and Career Pathways Program.

### Program criteria and technical support

The Chancellor must determine and provide the criteria for approving accelerated 90 hour degree programs established under the program. The Chancellor also must provide technical assistance to each state university during the development of accelerated 90-hour degree programs and aligned model CCP pathways. Finally, the Chancellor must publish annually on the Chancellor's website the information reported by the state universities.

### Credit transfer

The Chancellor also must identify how students can count credit earned in high school, a nontraditional training program, another state institution of higher education, or work experiences as part of a state university's 90-hour degree programs. Each university must then accept credit from incoming students that meet the Chancellor's criteria.

## AI Integration in Community Colleges Pilot Grant Program

(Section 381.165)

The act requires the Chancellor to create the Artificial Intelligence Integration in Community Colleges Pilot Grant Program to provide financial assistance to community colleges to implement artificial intelligence (AI) initiatives. It requires the Chancellor to award five competitive grants of $100,000 each in each year to community colleges, technical colleges, and state community colleges.

The Chancellor must establish procedures and criteria for awarding the grants, with preference given to community colleges that show a strong commitment and track record to integrating AI into education, workforce development and industry alignment. The act permits the funds to be used for:

1. Integrating AI curriculum into credential programs;

2. Establishing AI-based College Credit Plus Program offerings;

3. Training faculty and staff on the uses of AI technologies relevant to local industry or state needs;

4. Supporting students with practical AI skills through certifications and project-based learning;

5. Purchasing AI hardware and software;

6. Utilizing AI in streamlining administrative functions and student services; and

7. Contracting with vendors to provide any or all of these services.

The Chancellor must monitor grant recipient performance and submit a report with legislative recommendations for further development of the pilot program to the General Assembly upon the completion of the program.

## Funding for Ohio Veterans Education Council members

(Section 381.215)

The act requires the Chancellor to use appropriated funds to support higher education institutions that are members of the Ohio Veterans Education Council in FY 2026 and FY 2027. The Chancellor may consult with the Director of Veterans Services as needed.

The act requires the Chancellor to use up to $213,750 in each fiscal year to provide awards of $2,500 per student to students working as Military Community Advocates at institutions of higher education that are members of the Ohio Veterans Education Council. Specifically, the Chancellor must provide awards to up to six students at state universities and up to three students at community colleges or private nonprofit universities or colleges.

The Chancellor must use $255,000 in each fiscal year to provide grants for military and veterans offices at institutions of higher education to support growth in private philanthropy, in collaboration with the National Veterans Leadership Foundation.

The Chancellor must use $91,800 in each fiscal year to sponsor staff from military and veterans offices at institutions of higher education to attend the National Veterans Leadership Foundation's Advancement Institute.

The act requires the remaining funds to be used to:

1. Support the administrative costs of the National Veterans Leadership Foundation;

2. Create a website to connect veterans to programs and offerings at all colleges and universities that are members of the Ohio Veterans Education Council;

3. Administer membership and Ohio Purple Star status;

4. Facilitate information sharing; and

5. Support any other expenses as determined appropriate by the Chancellor, in consultation with the National Veterans Leadership Foundation.

## Campus Community Grant Program

(R.C. 3333.801, repealed)

The act abolishes the Campus Community Grant Program. Under the program, the Chancellor provided funding to institutionally sanctioned student organizations at state institutions of higher education and private colleges to support intergroup and interfaith outreach and cultural competency between institutionally sanctioned student organizations.

## Statewide FAFSA support system

(R.C. 3333.303, repealed)

The act eliminates the statewide system of regional Free Application for Federal Student Aid (FAFSA) support teams established to support public schools with FAFSA completion and college access programming.

## "Teach CS" Grant Program

(R.C. 3333.129)

The act expands the scope of teachers to whom the "Teach CS" Grant Program applies. It revises the stated purpose of the program as "to support increasing the number of teachers who qualify to teach computer science or expanding the knowledge of existing teachers." Under former law, the purpose was to fund coursework, materials, and exams to support the increasing number of existing teachers who qualify to teach computer science.

The act also clarifies that grant funds may be used for coursework, materials, exams, teacher stipends, performance-based incentives, and other purposes as determined by the Chancellor to support the expansion of computer science education.

# Reports and data reporting

## Annual College Credit Plus Program outcomes report

(R.C. 3365.15)

The act eliminates the December 2023 sunset on the law requiring the Chancellor and the Department of Education and Workforce to submit a report on the outcomes of CCP to the Governor, the Senate President, the Speaker of the House, and the chairs of the Senate and House education committees. As a result, the act permanently reinstates the requirement that that report be submitted by the end of December each year.

## Attainment level report

(R.C. 3333.0415, repealed and reenacted)

The act eliminates the requirement for the Chancellor, in collaboration with the Department of Education and Workforce, to prepare an annual report regarding the progress Ohio is making in increasing the percentage of adults in the state with a college degree, industry certificate, or other postsecondary credential to 65% by 2025. Instead, the act requires the Chancellor, in collaboration with the Department and the Governor's Office of Workforce Transformation, to establish the level of attainment necessary to achieve identified performance targets across a range of degrees and credentials by December 31, 2025.

## Campus security and safety programs reports

(Section 381.220)

The act requires the Chancellor to submit reports by July 1, 2026, regarding both the Campus Student Safety Grant Program and the Campus Security Support Program to the chairpersons of the House and Senate higher education committees. Each report must include at least information about the number of award recipients and how the funds have been spent under each program.

Under the Campus Security Support Program, the Chancellor distributes funds to institutionally sanctioned student organizations located on or off campus and affiliated with communities that are at risk for increased threats of violent crime, terror attacks, hate crimes, or harassment to enhance security measures and increase student safety.

Under the Campus Student Safety Grant Program, the Chancellor awards grants to institution of higher education to enhance security measures and increase student safety, with priority given to institutions that demonstrate increased threats of violent crime, terror attacks, hate crimes, or harassment toward students and institutionally sanctioned student organizations.[83]

[83] R.C. 3333.80, not in act.

## Higher education data reporting

(R.C. 3333.04)

The act permits the Chancellor, to reduce duplicative reporting, to use data or information submitted to the higher education information system and other public data exchanges, to fulfill reporting requirements, so long as the information is materially consistent.

# OHIO HISTORY CONNECTION

- Requires burial sites used by the Ohio History Connection (OHC) for the repatriating American Indian remains to have an easement, enforceable by OHC, to preserve the burial sites.
- Exempts records related to the burial sites from disclosure under the Ohio Public Records Act, and excludes them from the 75-year disclosure requirement.

## Burial sites

(R.C. 149.3010 and 149.43)

Continuing law allows the Ohio History Connection (OHC) to use land under its control as burial sites for repatriating American Indian human remains. The land must be owned or leased (as lessee or lessor) by OHC, or owned by the state and under OHC's custody and control. The act requires OHC – for any burial site established on or after September 30, 2025 (the act's effective date) – to include a perpetual easement to preserve the land as a burial site. For each burial site established before that date, OHC must include a perpetual easement if legally feasible. The easement is enforceable by OHC or by any person assigned by OHC.

The act also exempts records related to the burial sites from disclosure under the Ohio Public Records Act, which generally requires public offices to make public records available for inspection upon request. The records also are excluded from the 75-year disclosure requirement that makes an exempt record public after 75 years if that record is permanently retained.

# DEPARTMENT OF INSURANCE

## Licensing

- Eliminates the requirement that applications for a managing general agent (MGA) license or a public insurance adjuster certificate of authority be verified under oath.
- Aligns the deadline for completion of continuing education requirements for long-term care insurance agents with the agent's two-year license renewal period, as opposed to the two-year period beginning January 1.
- Makes selling, soliciting, or negotiating long-term care insurance before satisfying the continuing education requirement an unfair and deceptive practice in the business of insurance, in contrast to former law, under which failing to satisfy the continuing education requirement qualifies as such.

## Pharmacy benefit managers (VETOED)

### Reimbursement

- Would have prohibited a pharmacy benefit manager (PBM), other than the state PBM, from reimbursing an Ohio pharmacy less than either the amount the PBM reimburses its affiliated pharmacies for providing the same drug product or the pharmacy's actual acquisition cost for the drug dispensed (VETOED).
- Would have allowed an Ohio pharmacy to decline to provide a drug product if the pharmacy would be reimbursed less than the required amount (VETOED).

### Violations

- Would have permitted an Ohio pharmacy to file a formal complaint alleging a violation of the act's reimbursement requirements or requirements under continuing law concerning disclosure of maximum allowable cost pricing information (VETOED).
- Would have required the Superintendent, following notice and an opportunity for a hearing, to impose an administrative penalty on the PBM of $1,000 per day for each violation (VETOED).

### Retaliation

- Would have prohibited a PBM from retaliating against an Ohio pharmacy that reported an alleged violation of, or exercised a remedy under, the act (VETOED).

## Health care provider payment methods

- Requires a health plan issuer to offer all reasonably available methods of payment to a health care provider, including payment by check and electronic funds transfer.
- Prohibits a health plan issuer from charging a provider a fee for delivering payment through check or electronic funds transfer.

- Requires a health plan issuer to disclose fees charged by the health plan issuer or by an agent, affiliate, or third party contracted by the health plan issuer in connection with other methods of payment.
- Requires health plan issuers to allow providers to opt out of payment by credit card.
- Requires health plan issuers to implement requests to change a payment method within 31 business days.
- Prohibits health plan issuers from charging a fee for implementing a change to a health care provider's payment method.

## Reimbursement for certified registered nurse anesthetists

- Prohibits a health benefit plan from varying the reimbursement rate for a covered service based on whether the service was provided by a certified registered nurse anesthetist or a physician.
- Specifies that the requirement does not prohibit a health benefit plan from establishing varying reimbursement rates based on quality or performance measures.

## Ohio Assigned Risk Insurance Plan

- Requires insurance agents to take certain actions to confirm that a person seeking automobile insurance through the Ohio Assigned Risk Insurance Plan is unable to secure coverage through private insurers.

## Uninsured drivers

- Expands the persons who may report a driver or owner of a motor vehicle involved in an accident to the Bureau of Motor Vehicles for failure to maintain financial responsibility to include any person who suffers injury or property damage, as opposed to only persons who are also drivers of a vehicle involved in the accident.

## Private insurance outreach program

- Requires the Department of Insurance (ODI) to create and administer an outreach program to provide information, awareness, and assistance to Medicaid recipients to help them transition to private insurance.

## Assisting end-stage renal disease patients

- Requires ODI to take certain actions regarding Medicare benefits for individuals with end-stage renal disease.
- Requires ODI to submit a report to the General Assembly by September 1, 2026, detailing its findings, including whether it is feasible to assist patients with end-stage renal disease in applying for Medicare.

# Licensing

(R.C. 3905.72, 3923.443, and 3951.03)

The act eliminates the requirement that applications for a managing general agent (MGA) license or a public insurance adjuster certificate of authority be verified under oath of a notary public. An MGA is a specialized type of insurance agent that is vested with underwriting authority from an insurer. A public insurance adjuster is an insurance claimed adjuster employed by the policyholder for appraising and negotiating an insurance claim.

The act also adjusts the deadlines by which long-term care insurance agents must complete continuing education requirements. Under previous law, long-term care insurance agents must complete at least four hours of continuing education every two years beginning January 1 after the agent's license was issued. Under the act, the two-year period begins on the date an agent's license is issued.

Under previous law, not completing the continuing education by the deadline is an unfair and deceptive practice in the business of insurance. The act clarifies that failing to satisfy the requirement is not a violation in and of itself, but rather selling, soliciting, or negotiating long-term care insurance before satisfying the continuing education requirement is the violation.

# Pharmacy benefit managers (VETOED)

(R.C. 3959.111, 3959.121, and 3959.01)

## Reimbursement

The Governor vetoed an item that would have imposed restrictions on how pharmacy benefit managers reimburse nonaffiliated pharmacies. The act would have prohibited a pharmacy benefit manager (PBM) from reimbursing an unaffiliated Ohio pharmacy less than either the amount the PBM reimburses its affiliated pharmacies for providing the same drug product or the unaffiliated pharmacy's actual acquisition cost for the drug dispensed. An unaffiliated Ohio pharmacy would have been authorized to decline to provide a drug product if the pharmacy would have been reimbursed less than the amount required by the act.

The act specified that the reimbursement requirement would not have applied if it conflicted with a pre-existing contract or agreement. However, if the contract or agreement would have been renewed or amended after the provision's effective date, the PBM would have been required to ensure that the contract or agreement conformed to the requirement. The act did not prohibit a PBM from reimbursing an unaffiliated Ohio pharmacy more than the PBM reimburses its affiliated pharmacies.

## Violations

The act would have established a process by which an unaffiliated Ohio pharmacy could have filed a formal complaint against a PBM that the pharmacy believed to have violated the act's reimbursement requirement or requirements under continuing law concerning disclosure of information used to determine maximum allowable cost pricing. The Superintendent would have been required to evaluate all such complaints based on the information included in the complaint and other information available to the Superintendent.

If the Superintendent had determined that a violation occurred, the Superintendent would have been required to issue a notice to the PBM with a clear explanation of the violation. Furthermore, after giving the PBM an opportunity for an adjudication hearing in accordance with the Administrative Procedure Act, the Superintendent would have had to impose an administrative penalty of $1,000 for each violation. Each day the violation continued after the PBM received notice would have been considered a separate violation.

### Retaliation

If an Ohio pharmacy reported an alleged violation of the reimbursement or disclosure requirements, or refused to provide a drug product as described above, the following "retaliatory" actions by a PBM would have been prohibited:

- Terminating or refusing to renew a contract with the Ohio pharmacy without at least 90 days notice;
- Increasing audits of the Ohio pharmacy without providing notice and a detailed description of the reason for the audits at least 90 days in advance;
- Failing to comply with prompt pay laws.

## Health care provider payment requirements

(R.C. 3901.3815)

The act requires health plan issuers to offer all reasonably available methods of payment to a health care provider, including payment by check and electronic funds transfer. Under continuing law, a "health care provider" is a hospital, ambulatory care facility, long-term care facility, pharmacy, emergency facility, or health care practitioner. The act defines "health plan issuer" to include any entity subject to Ohio insurance laws or the jurisdiction of the Superintendent of Insurance that contracts, or offers to contract to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services under a health benefit plan. The term includes a sickness and accident insurance company, a health insuring corporation, a fraternal benefit society, a self-funded multiple employer welfare arrangement, a nonfederal, government health plan, or a third-party administrator (such as a Pharmacy Benefit Manager) and any vendor contracted by the foregoing. The term excludes plans regulated by the federal "Employee Retirement Income Security Act of 1974" (ERISA), which preempts most state insurance regulations.[84]

The act prohibits health plan issuers from charging a health care provider a fee for delivering payment through check or electronic funds transfer, either directly or indirectly through an agent, affiliate, or third party contracted by the health plan issuer in connection with the method of payment. Additionally, a health plan issuer that offers payment by credit card, defined by the act as a single-use or virtual payment card provided in an electronic, digital,

[84] 29 U.S.C. 1144.

facsimile, physical, or paper format, must provide a process by which a health care provider can opt out of that method and select another method of payment.

If a health plan issuer or an agent, affiliate, or third party contracted by a health plan issuer in connection with one of the available payment methods, other than payment by check or electronic funds transfer, charges a fee, the health plan issuer, prior to initiating the first payment or upon changing the payment methods available, must both:

- Notify the health care provider about potential fees associated with a particular payment method, disclose any charges by the health plan issuer, and advise the provider to contact their financial institution, credit card issuer, or payment processor about applicable fees;
- Provide the provider with clear instructions as to how to select each payment method either on the health plan issuer's website or through a means other than the contract offered to the health care provider.

If a health care provider requests a change in payment method, the health plan issuer must implement the change within 31 business days. The payment method selected by the provider remains in effect until the provider requests a different method or until the health plan issuer has not generated a payment to the provider for more than one year. The act prohibits a health plan issuer from charging a fee to change a payment method.

## Reimbursement for certified registered nurse anesthetists

(R.C. 3902.631)

The act prohibits a health benefit plan issued, amended, or renewed on or after September 30, 2025, from varying the reimbursement rate for a covered service based on whether the service was provided by a certified registered nurse anesthetist or a physician. The requirement applies only to covered services that a certified registered nurse anesthetist is authorized to provide. It does not prohibit an insurer from establishing varying reimbursement rates based on quality or performance measures. Under continuing law, a "health benefit plan" is an agreement offered to provide or reimburse the costs of health care services. The term includes a limited benefit plan, except for a policy that covers only accident, dental, disability income, long-term care, hospital indemnity, supplemental coverage, specified disease, vision care, and other specified types of coverage. The term does not include a Medicare, Medicaid, or federal employee plan.[85]

## Ohio Assigned Risk Insurance Plan

(R.C. 4509.70)

The act requires insurance agents to meet certain due diligence requirements prior to submitting an application for automobile insurance to the Ohio Assigned Risk Insurance Plan (OARIP). OARIP provides automobile insurance to licensed drivers who are unable to purchase

[85] R.C. 3922.01, not in the act.

automobile insurance through Ohio's voluntary market due to a variety of factors, such as driving history or first-time driver status.

Due diligence under the act requires an insurance agent to contact at least five of the insurers the agents represents or, if the agent does not represent five insurers that generally provide automobile insurance, as many of such insurers as the agent represents. An insurance agent may assume that insurance coverage cannot be obtained after each insurer contacted declines coverage. An insurer is deemed to have declined coverage if it fails to respond within ten days after the agent makes contact. Insurance agents are further prohibited from submitting an application to OARIP if any other insurer eligible to do business in Ohio has in any way communicated a willingness to insure the applicant, even if the coverage provided by OARIP costs less than other insurers.

OARIP may revoke the authority of any agent who fails to comply with these requirements to submit applications to OARIP, with OARIP having sole authority over making final determinations as to whether an insurance agent has met the due diligence requirement.

## Uninsured drivers

(R.C. 4509.06)

The act expands the list of persons who may report a driver or owner of a motor vehicle involved in an accident to the Bureau of Motor Vehicles (BMV) for failure to maintain financial responsibility. Under previous law, the driver of any motor vehicle which is in any manner involved in a motor vehicle accident may, within six months after the accident, forward a written report of the accident to the BMV alleging that the driver or owner of any other vehicle involved in the accident was uninsured at the time of the accident. Under the act, any person who is involved in such an accident, including as the driver of a motor vehicle, the owner of property, or any other person sustaining bodily injury or property damage as a result of the accident, may make such a report to the BMV.

## Private insurance outreach program

(Section 739.20)

The act requires the Department of Insurance (ODI), during FY 2027, to create and administer an outreach program to provide information, awareness, and assistance to Medicaid recipients to help them transition from Medicaid to private insurance.

## Assisting end-stage renal disease patients

(R.C. 3901.047)

The act requires ODI to do the following regarding individuals with end-stage renal disease:

- Evaluate Medicare application requirements and review state policies and procedures related to patients who are age 65 or younger and have end-stage renal disease;

- Review and identify whether there exist Medicare eligibility gaps for individuals with end-stage renal disease and take steps to address any identified gaps to improve patient access to Medicare benefits;
- Develop a process to assist patients with end-stage renal disease in applying for Medicare benefits.

ODI must submit a report to the General Assembly by September 1, 2026, detailing the review, including the feasibility of developing a process to help patients with end-stage renal disease apply for Medicare benefits. If ODI determines it is not feasible to do so, the report must state the results of those findings and the steps taken to reach that conclusion.

# DEPARTMENT OF JOB AND FAMILY SERVICES

## Public Assistance

### Supplemental Nutrition Assistance Program (SNAP)

#### Able-bodied adults without dependents work requirements

- Prohibits the Department of Job and Family Services (JFS) from seeking, applying for, or renewing a waiver from the work requirements that apply to able-bodied adults without dependents receiving SNAP benefits.
- Prohibits JFS from implementing a federal option under which it may grant exemptions from the work requirements, unless implementing the option is necessary to prevent a federal penalty and to maintain compliance with federal rules.
- Prohibits JFS from delegating to a county department of job and family services (CDJFS) the authority to waive work requirements or grant exemptions.
- Requires JFS to notify the chairpersons of the House and Senate committees with relevant jurisdiction when implementing the federal option described above.

#### EBT card hotline

- Requires JFS to establish a process under its existing customer service hotline that allows SNAP participants to lock or unlock an EBT card that has been lost or stolen.

#### High balance accounts

- Requires JFS to periodically monitor the balances of SNAP accounts.
- Requires JFS to take steps to determine if a SNAP account with a balance of more than $5,000 is inactive and identify the causes for the accruing balance.

#### Exclusion of sugar-sweetened beverages (PARTIALLY VETOED)

- Requires the JFS Director to seek a federal waiver to exclude sugar-sweetened beverages as items that may be purchased under SNAP.
- Requires the Director to reapply for that waiver annually if it is not approved.
- Would have defined which products constitute "sugar-sweetened beverages" for this purpose (VETOED).

### Ohio Benefits Program transfer

- Authorizes the Director of Administrative Services to transfer the Director's responsibility for administering the Ohio Benefits Program to the JFS Director.
- Authorizes the OBM Director to make budget and accounting changes to implement the program's transfer and makes an appropriation based on those changes.

### Public assistance benefits eligibility systems

- Requires JFS to update the systems used to determine eligibility for public assistance benefits, in a manner that allows information input by individual caseworkers to be tracked and audited.
- Requires CDJFSs to provide caseworker training about improper determinations.

### Vocational rehabilitation assessment and support services

- Permits the JFS Director to refer certain recipients of SNAP and Ohio Works First (OWF) benefits for vocational rehabilitation assessment and support services.
- Exempts certain benefits recipients from the requirements if they are determined to be unable to work by the Opportunities for Ohioans with Disabilities agency, or otherwise meet minimum SNAP and OWF work requirements.
- Terminates SNAP or OWF benefits for recipients required to participate in vocational rehabilitation assessment and support services who fail to do so and do not satisfy minimum work requirements for SNAP and OWF.

### Notice of waiver or state plan amendment

- Requires the JFS Director to submit a copy of any public assistance waiver or state plan amendment to the Speaker of the House, Senate President, and the chairpersons of the relevant committees of the House and Senate at least 30 days prior to submitting it to the federal government.

## Adult Protective Services funding formula

- Requires JFS to allocate funds for counties' Adult Protective Services costs according to a specified funding formula based on previous allocations, the percentage of older adults in the county, and the percentage of county residents in poverty.
- Allows the Director to adopt rules on the allocation of funds and expenditure reports.

## Youth and Family Ombudsmen Office

- Changes "Youth and Family Ombudsman Office" to "Youth and Family Ombudsmen Office."
- Requires the Ombudsmen Office to establish procedures for investigating complaints and to submit its annual report to the DCY Director.
- Allows the Ombudsmen Office to access DCY records.

## Unemployment

### Technology and customer service fee

- Requires the JFS Director, from December 31, 2025, to December 31, 2027, to collect a technology and customer service fee of no more than 0.15% of wages paid per covered

employee from each contributory employer at the same time and in the same manner as the Director collects employer contributions under continuing law.

- Requires the Director, from December 31, 2025, to December 31, 2027, to collect a technology and customer service fee of no more than $13.50 whenever a nonprofit organization, or group of such organizations, that is a reimbursing employer files or renews a surety bond required under continuing law.
- Requires technology and customer service fees to be deposited into the Unemployment Compensation Special Administrative Fund.

## Temporary employees

- Disqualifies certain temporary employees who fail to inquire about available work assignments from serving a waiting period or receiving unemployment benefits for the duration of the individual's unemployment (instead of just for any week as under prior law).

## Deadline for unemployment compensation reports

- Establishes August 1 as the deadline by which the JFS Director annually must submit to the Governor and General Assembly specified reports regarding unemployment compensation that are required under continuing law.

## Interest on late unemployment employer payments

- Beginning January 1, 2026, changes the annual interest rate for late unemployment employer payments from 14% to the rounded federal short-term rate, not to exceed 15%.

## Covered public employers

- Expands the definition of "employer" for purposes of unemployment compensation to include any state, its instrumentalities, and its political subdivisions and their instrumentalities (rather than Ohio, its instrumentalities, and its political subdivisions and their instrumentalities as under prior law).

## Seasonal employment determinations

- Requires the JFS Director to determine whether employment is seasonal based on the application for a determination filed by the employer and any other information available.

## Income and Eligibility Verification System

- Requires the JFS Director to disclose wage and claim information, on request, to any state or local agency administering a program included in the Income and Eligibility Verification System (IEVS) that has entered a written data sharing agreement with the JFS Director that meets federal standards.
- Eliminates a requirement that the Director adopt rules implementing the IEVS.

### Unemployment Compensation Review Commission

- Allows the Department of Public Safety's digitalized photographic records to be released to the Unemployment Compensation Review Commission (UCRC).
- Allows a UCRC hearing officer to conduct a hearing by interactive video conference.

### Unemployment Compensation Integrity Board

- Creates the Unemployment Compensation Integrity Board to advise and consult with the JFS Director in the administering and enforcing Ohio's Unemployment Compensation Law, including making recommendations to the Director regarding proposed rules or public-private partnerships.

### Worker Adjustment and Retraining Notification (WARN) Act

- Expressly states that Ohio employers subject to the federal Worker Adjustment and Retraining Notification (WARN) Act (those with 100 or more employees) must comply with that act, which requires certain employers to provide written notice 60 days before commencing a plant closing or mass layoff as those terms are defined in the WARN Act.
- Allows the JFS Director to issue guidance and procedures to Ohio employers for the submission and review of notices provided under the WARN Act.

## Public assistance

### Supplemental Nutrition Assistance Program (SNAP)

#### Able-bodied adults without dependents work requirements

(R.C. 5101.548)

Federal law imposes work-related eligibility requirements on SNAP recipients who are classified as able-bodied adults without dependents. The group consists of individuals between the ages of 18 and 55 who have no dependents and are not disabled. These individuals are eligible to receive SNAP benefits for only up to three months every three years unless they satisfy federally specified work requirements.

Under federal law and regulations, states can apply for a waiver to exempt from the time limit described above certain geographic areas of the state that have an unemployment rate higher than 10% or do not have enough jobs available.[86] Ohio did not have such a waiver in place for FY 2025. The act prohibits the Department of Job and Family Services (JFS) from requesting, applying for, or renewing such a waiver. The act also generally prohibits JFS from exercising an option under federal law to exempt individuals from the three-month time limit who are not meeting the SNAP work requirements. States are permitted under federal law to exempt up to

[86] 7 U.S.C. 2015(o)(4).

8% of covered individuals.[87] Notwithstanding the prohibition described above, the act permits JFS to exercise the exemption option if doing so is necessary to prevent a federal penalty and maintain compliance with federal rules. JFS must notify the chairpersons of the standing committees of relevant jurisdiction in the House and the Senate before implementing this option. Further, the act prohibits JFS from delegating to a county department of job and family services (CDJFS) the authority to waive individual work requirements or grant exemptions.

### EBT card hotline

(R.C. 5101.542)

For households participating in SNAP, monthly benefits are loaded onto an electronic benefit transfer (EBT) card. EBT cards may be used like a credit or debit card to buy permissible food products under SNAP. The act requires JFS to establish a process as part of its existing customer service hotline that allows SNAP participants to lock or unlock an EBT card that has been lost or stolen.

### High balance accounts

(R.C. 5101.543)

The act requires JFS, to ensure integrity within SNAP, to periodically monitor the balance of SNAP accounts. If JFS discovers an account with a balance of more than $5,000, the act requires JFS to take steps to determine whether that account is inactive. If the account is inactive, JFS must identify the causes for the accruing balance.

### Exclusion of sugar-sweetened beverages (PARTIALLY VETOED)

(R.C. 5101.549)

The act requires the JFS Director to submit a request to the U.S. Department of Agriculture for a waiver to exclude sugar-sweetened beverages as items that can be purchased in the state under SNAP. If the waiver is not approved, the Director must resubmit a waiver request annually.

The Governor vetoed a provision that would have defined "sugar-sweetened beverages" to include nonalcoholic beverages that are made with carbonated water that is flavored, contain a food additive, and are sweetened with sugar or artificial sweeteners. The definition would have excluded beverages that contain milk, milk products, soy, rice, or other milk substitutes, as well as beverages that (1) contain greater than 50% vegetable or fruit juice by volume or (2) contain less than five grams of added sugar.

On June 30, 2025, the Governor issued Executive Order 2025-03D creating the Working Group on the Submission of a Waiver Excluding Certain Beverages from SNAP in Ohio to make recommendations regarding the proposed waiver by September 28, 2025.

[87] 7 U.S.C. 2015(o)(6).

## Ohio Benefits Program transfer

(Section 525.10)

The act authorizes the Director of Administrative Services to transfer the Director's responsibility for administering the Ohio Benefits Program to the JFS Director by July 1, 2027. The Ohio Benefits Program is the integrated enterprise solution administered by the Department of Administrative Services (DAS) that assists individuals in verifying eligibility for, and applying for, benefits offered through various programs administered by JFS and the Department of Medicaid, including Medicaid, SNAP, and the Temporary Assistance for Needy Families block grant. By July 1, 2026, the DAS Director and JFS Director must develop a detailed organizational plan and enter into a memorandum of understanding regarding the program's transfer.

Regardless of any contrary law, if the DAS Director transfers the Ohio Benefits Program, the OBM Director must make budget and accounting changes to implement the transfer. The OBM Director may rename funds, create new funds, transfer funds, consolidate funds, or make other administrative changes. If necessary, the OBM Director may cancel or establish encumbrances or parts of encumbrances in the appropriate funds and appropriation items for the same purposes and for payments to the same vendors. The act makes an appropriation with respect to any encumbrances the OBM Director establishes.

If necessary for the program's continued efficient administration, the OBM Director may transfer appropriations between JFS and DAS to continue levels of program services and efficiently deliver funding to the program as appropriated. The act makes an appropriation based on the OBM Director's changes.

### Transfer of employees

Subject to continuing law layoff provisions, if the DAS Director transfers the Ohio Benefits Program, all DAS employees whose primary responsibilities include administering the program, as identified by the DAS Director, are transferred to JFS. Except as described below, transferred employees retain their positions and benefits. Any changes to an employee's position or benefits that occur after the employee is transferred are subject to the State Personnel Law. Actions taken in connection with transferring these employees are not appealable to the State Personnel Board of Review.

If the DAS Director transfers the program, the JFS Director may do the following:

- Establish, change, or abolish positions within JFS;
- Assign, reassign, classify, reclassify, transfer, reduce, promote, or demote JFS employees who are not subject to the Public Employees' Collective Bargaining Law;
- With respect to an employee exempt from collective bargaining, assign or reassign that employee to a collective bargaining unit.

If the JFS Director assigns, reassigns, classifies, reclassifies, transfers, reduces, or demotes an employee paid in accordance with schedule E-1 to a position in a lower classification, both of the following apply:

- The JFS Director, or if the employee is transferred outside of JFS, the DAS Director, must place the employee in pay step X and assign the employee to the appropriate classification.
- The employee cannot receive an increase in compensation until the maximum pay rate for that classification exceeds the employee's compensation.

The JFS Director, with the OBM Director's approval, may establish a retirement incentive plan for employees transferred to JFS. If the Director establishes a plan, it must remain in effect until December 31, 2027.

The transfer of the program and employees, and the reassignment of administering the program, are not appropriate subjects for collective bargaining, regardless of any contrary law specifying matters subject to collective bargaining.[88]

### Staff training and development

If the DAS Director transfers the program, the DAS and JFS Directors, jointly or separately, may contract with a public or private entity for staff training and development to facilitate the transfer. The contract is not subject to the competitive bidding requirements.[89]

## Public assistance benefits eligibility systems

(R.C. 5101.042)

The act requires JFS to update the systems used by the Department and CDJFSs to determine eligibility for (1) SNAP benefits, (2) benefits funded in part by the TANF block grant, (3) cash assistance provided through the Ohio Works First program, (4) Medicaid benefits, and (5) publicly funded child care. The updates must include a mechanism by which application information input by individual caseworkers can be tracked and audited. Additionally, the act requires CDJFSs to provide caseworker training regarding improper eligibility determinations.

## Vocational rehabilitation assessment and support services

(Section 307.150)

The act authorizes the JFS Director to refer to vocational rehabilitation assessment and support services recipients of SNAP benefits and participants in the Ohio Works First (OWF) program who have indicated that they have a mental or physical illness or impairment. OWF is the portion of Ohio's Temporary Assistance for Needy Families (TANF) Program that provides cash assistance to needy families for up to 36 months. Federal law gives states broad discretion in establishing TANF cash assistance programs. To receive benefits, adults must sign a self-sufficiency contract that explains the participant's rights and responsibilities. Participating adults must generally complete qualified work activities, including job training, education, work

[88] By reference to R.C. 124.152, 4117.08, and 4117.10 and R.C. 124.321 to 124.328 and 145.297, not in the act.

[89] By reference to R.C. 127.16.

experience, and job search and readiness activities. Under SNAP, recipients classified as able-bodied adults without dependents are subject to work requirements.

Upon referral, the act requires an individual to continue with vocational rehabilitation assessment and support services to meet SNAP or OWF work requirements, unless the Opportunities for Ohioans with Disabilities agency determines that the individual is unable to work. If the individual fails to continue with vocational rehabilitation assessment and support services and does not otherwise meet minimum work requirements for SNAP or OWF, the individual will have their SNAP or OWF benefits terminated in accordance with federal regulations.

### Notice of waiver or state plan amendment

(R.C. 5101.95)

The act requires the JFS Director, not later than 30 days prior to submitting a waiver or state plan amendment related to a public assistance benefit program to the federal government, to submit a copy of the waiver or state plan amendment to (1) the Speaker of the House, (2) the Senate President, and (3) the chairpersons of the standing committees in the House and Senate with jurisdiction over the subject matter of the waiver or state plan amendment.

## Adult Protective Services funding formula

(R.C. 5101.612)

The act generally codifies the Adult Protective Services funding formula that exists in JFS rules[90] for allocating funds for Adult Protective Services to counties, except that the act's formula is based on the number of county residents aged 60 or older, rather than the number of residents under age 18.

Within available funds, JFS must distribute funds to the counties no later than 30 days after the beginning of each calendar quarter for a part of the counties' costs for Adult Protective Services. Funds provided to a county must be deposited into the Public Assistance Fund.

In each fiscal year, the amount available for distribution must be allocated to counties as follows:

1. If the amount is less than the amount initially appropriated for the preceding fiscal year, each county generally must receive an amount equal to the percentage of the funding it received that year;

2. If the amount equals the amount initially appropriated for the preceding fiscal year, each county generally must receive that amount;

3. If the amount exceeds the amount initially appropriated for the preceding fiscal year, each county must receive the amount it received that year as a base allocation, plus a percentage of the excess amount, which must be allocated as follows:

[90] O.A.C. 5101:9-6-14.

a. 12% divided equally among all counties;

b. 48% in the ratio that the number of county residents aged 60 or older bears to the total number of Ohio residents 60 or older (under JFS rules, 48% was distributed based on the number of county residents under age 18 as compared to statewide residents under 18);

c. 40% in the ratio that the number of county residents with incomes under the federal poverty line bears to the number of Ohio residents in poverty.

No later than 90 days after the end of each state fiscal biennium, each county must return any unspent funds to JFS. The JFS Director may adopt rules to allocate funds and prescribe reports on expenditures to be submitted by the counties.

# Youth and Family Ombudsmen Office

(R.C. 5101.891, 5101.892, and 5101.899, with conforming changes in R.C. 5101.893, 5101.894, 5101.895, and 5101.897)

The act changes the name of the "Youth and Family Ombudsman Office" to "Youth and Family Ombudsmen Office." Additionally, it requires the Ombudsmen Office to establish procedures for investigating complaints related to government services regarding child protective services, foster care, and adoption. Continuing law requires it to establish procedures for receiving and resolving complaints, consistent with state and federal law.

Finally, the act allows the Ombudsmen Office to access Department of Children and Youth (DCY) records, in addition to JFS records as in continuing law, that are necessary for the administration of the Ombudsmen Office and the performance of its official duties. The Office has the right to request from the DCY Director, and from the JFS Director under continuing law, necessary information from any work unit of the department having information.

# Unemployment

## Technology and customer service fee

(Section 741.10)

The act requires, from December 31, 2025, to December 31, 2027, the JFS Director to collect a technology and customer service fee from the following types of employers:

- Employers that pay contributions to the unemployment system ("contributory employers"); and
- Nonprofit organizations and nonprofit organization groups, that are reimbursing employers (they reimburse the system for benefits paid out on their behalf).

The state, its political subdivisions, and other public entities that are reimbursing employers do not pay the fee.

For contributory employers, the technology and customer service fee may be no more than 0.15% of wages paid per covered employee. The JFS Director collects the fee on a quarterly

basis in the same manner as the Director collects the employer's contributions.[91] Most employers in Ohio are contributory employers.

For a reimbursing nonprofit organization or nonprofit organization group, the fee may be no more $13.50 per organization or group. The JFS Director must collect the fee whenever the organization or group of organizations files or renews a surety bond required under continuing law. A surety bond filed must be in force for no less than two calendar years. Bond renewals are approved by the Director at times prescribed by the Director.[92]

The act requires the JFS Director to deposit technology and customer service fees into the Unemployment Compensation Special Administrative Fund. Under continuing law, the fund includes interest, fines, and forfeitures collected under the Unemployment Compensation Law, as well as money from the sale of certain real estate. The Director uses the fund to pay certain administrative costs associated with the unemployment compensation system.[93]

## Temporary employees

(R.C. 4141.29; Section 801.10)

The act specifies that, for an initial unemployment benefits claim filed on or after September 30, 2025, an individual is considered to have quit work without just cause, thus disqualifying the individual from serving a waiting period or receiving unemployment benefits for the duration of the individual's unemployment, if all the following apply:

- The individual is provided temporary work assignments by the individual's employer under agreed terms and conditions of employment;
- The individual is required pursuant to those terms and conditions to inquire with the individual's employer for available work assignments on the conclusion of each work assignment;
- Suitable work assignments are available with the employer, but the individual fails to contact the employer to inquire about work assignments.

Prior law specified that such an individual was not considered unable to obtain suitable employment. Under continuing law, an individual is prohibited from serving a waiting period or receiving unemployment benefits for any week that the individual is not unable to find suitable employment. Thus, the act disqualifies an individual described above from serving a waiting period or receiving unemployment benefits for the duration of the individual's unemployment, instead of just for any week as under prior law.

[91] R.C. 4141.20(B), not in the act.

[92] R.C. 4141.241(C), not in the act.

[93] R.C. 4141.11, not in the act.

## Deadline for unemployment compensation reports

(R.C. 4141.56 and 4141.60)

The act establishes August 1 as the annual deadline for the JFS Director to submit the annual report, required by continuing law, on each of the following topics involving unemployment compensation:

- Utilization of the SharedWork Ohio Program;
- Calls received at Director-operated call centers, the total number of benefit claims, the number of potentially fraudulent claims, the number of complaints submitted through the Director's uniform complaint process, and a summary of technology updates or changes.

Under former law, it appeared that the annual deadlines for submitting the reports were inconsistent.

Under continuing law, the Director must submit the reports to the Governor, the Senate President, and the Speaker of the House. In addition, the Director must submit the SharedWork Ohio report to the Minority Leaders of the House and Senate.

Finally, the act eliminates the Unemployment Modernization and Improvement Council as a recipient of the second report because the Council no longer exists.

## Interest on late unemployment employer payments

(R.C. 4141.23)

The act changes the annual interest rate for late unemployment employer contributions, payments in lieu of contributions (reimbursements), interest, forfeitures, or fines not paid by an employer when due. Beginning January 1, 2026, a late payment bears interest at the rounded federal short-term rate, not to exceed 15% (if in effect for 2025, the interest rate for late payments would be 8%).[94] Before that date, a late unemployment employer payment bears interest at the annual rate of 14% compounded monthly on the aggregate receivable balance due.

The act also removes an obsolete provision that established the annual interest rate for late unemployment employer contributions or reimbursements due before January 1, 1993.

## Covered public employers

(R.C. 4141.01, 4141.011, and 4141.02)

The act expands the definition of "employer" for purposes of the Unemployment Compensation Law to include *any* state, its instrumentalities, and its political subdivisions and

[94] Annual Certified Interest Rates, which is available by conducting a keyword "Interest rates" search on the Ohio Department of Taxation website: tax.ohio.gov.

their instrumentalities. The prior law definition of "employer," with respect to public employers, included Ohio, its instrumentalities, and its political subdivisions and their instrumentalities.

The act reorganizes the definition of "employer" for purposes of the Unemployment Compensation Law and eliminates outdated provisions.

## Seasonal employment determinations

(R.C. 4141.33)

The act requires the JFS Director to determine whether employment is seasonal using an application filed by an employer and any other information available to the Director. Formerly, after an employer filed the application for a determination, the Director was required to perform an investigation, provide notice, and hold a hearing before determining whether employment is seasonal in nature.

Under continuing law, employment is seasonal in an industry if, because of climatic conditions or the seasonal nature of the industry, it is customary to operate only during regularly recurring periods of 40 weeks or less in any consecutive 52 weeks. Any employer who claims to have seasonal employment in a seasonal industry may file a written application requesting the JFS Director to classify the employment as seasonal for purposes of the Unemployment Compensation Law.

When the JFS Director determines that a type of employment is seasonal, unemployment benefits for loss of work from the employment are payable only during the longest seasonal periods that the best practices of the industry reasonably permit. The Director establishes seasonal periods and the proportionate number of weeks of employment and earnings required to qualify for seasonal benefit rights. The number of weeks of employment and earnings established by the Director in a seasonal determination replace the weeks of employment and earnings required to receive ordinary benefits.

## Income and Eligibility Verification System

(R.C. 4141.162)

The act requires the JFS Director to disclose wage and claim information, on request, to any state or local agency administering a program included in the Income and Eligibility Verification System (IEVS) that has entered into a written data sharing agreement with the Director that meets federal standards. The IEVS is required by federal law and is used to determine eligibility and benefit amounts for unemployment compensation and other benefit programs.[95]

The act also eliminates a requirement that the JFS Director adopt rules implementing the IEVS.

[95] 42 U.S.C. 1320b-7 and 20 C.F.R. 603.10.

## Unemployment Compensation Review Commission

### Access to digital photographic records

(R.C. 4507.53)

The act allows the Department of Public Safety's digitalized photographic records to be released to the Unemployment Compensation Review Commission (UCRC) (the agency that hears unemployment claim appeals) for the purpose of carrying out its functions under the Unemployment Compensation Law. Under continuing law, records may be released to JFS for the purpose of carrying out its functions under the Law.

### UCRC hearings

(R.C. 4141.281)

The act allows a UCRC hearing officer to conduct a hearing by interactive video conference. Under continuing law, a hearing officer may conduct a hearing in person or by telephone.

## Unemployment Compensation Integrity Board

(R.C. 4141.08)

The act creates the Unemployment Compensation Integrity Board to advise and consult with the JFS Director in the administration and enforcement of Ohio's Unemployment Compensation Law, including making recommendations to the Director regarding proposed rules or public private partnerships. The Board consists of the following members:

- The JFS Director, or the Director's authorized representative;
- One member of the House appointed by the Speaker;
- One member of the Senate appointed by the Senate President;
- The following members to be appointed by the JFS Director:
  - A representative from the Ohio Chamber of Commerce or its successor organization;
  - A representative from the National Federation of Independent Business or its successor organization;
  - A third-party administrator that is a third-party commercial consumer reporting agency in accordance with federal law;
  - A representative from the Ohio Federation of Labor or its successor organization;
  - A representative from the Affiliated Construction Trades of Ohio or its successor organization;
  - A representative from the Ohio Conference of Teamsters or its successor organization.

The JFS Director, or the Director's authorized representative, serves as the Board's chairperson. The Board must meet at least two times each calendar year.

Each member appointed by the JFS Director serves three-year terms that expire on December 31, must continue in office for the entirety of the member's term unless removed for misfeasance, malfeasance, or nonfeasance, and must continue in office after the term expires until the member's successor takes office or a period of 60 days has elapsed, whichever occurs first.

Board members who are Senate and House members must serve during their terms as members of the General Assembly and until their successors are appointed and qualified, notwithstanding the adjournment of the General Assembly of which they are members or the expiration of their terms.

The Board's meetings must comply with Ohio's Open Meetings Law.[96] Board members must comply with the Ohio Ethics Law.[97]

## Worker Adjustment and Retraining Notification (WARN) Act

(R.C. 4113.31)

The act expressly states that Ohio employers subject to the federal Worker Adjustment and Retraining Notification (WARN) Act (those with 100 or more employees) must comply with that act. Unless an exception applies, the WARN Act requires a covered employer to provide specified individuals with written notice 60 days before a mass layoff or plant closing. If the employer fails to provide the required notice, the employer may be liable for damages, civil penalties, and attorney's fees.[98]

As stated in the act, the WARN Act's notice requirement applies to any private sector employer and any public or quasi-public employer that engages in business, such as taking part in a commercial enterprise, if the employer:

- Employs 100 or more employees, excluding part-time employees (an employee who works less than 20 hours per week or who has worked for fewer than six months in the 12 months preceding the date of the notice); or
- Employs 100 or more employees who work at least a combined 4,000 hours a week.[99]

For additional details about the WARN Act, including the content of the notice, remedies for violations, and instances where the 60-day period can be reduced or waived, see the LSC Plant Closure and Layoff Notices (PDF) Members Brief, which is available on LSC's website: lsc.ohio.gov/Publications.

The act specifies that it does not establish different requirements or remedies than those established by federal statutes and regulations. Because the act applies to the same employers

[96] R.C. 121.22.

[97] R.C. Chapter 102.

[98] 29 U.S.C. 2102 and 2104.

[99] 29 U.S.C. 2101.

as the WARN Act and does not create new requirements or remedies, it is not clear what effect it will have.

Additionally, if the WARN Act is amended after September 30, 2025 (the act's effective date), the differences between the act and the amended WARN Act may trigger legal questions, including preemption under the Supremacy Clause of the U.S. Constitution.[100]

[100] U.S. Constitution, Article VI, Clause 2.

# JOINT COMMITTEE ON AGENCY RULE REVIEW

## Restatement of principle of law or policy in rule (VETOED)

- Would have required state agencies with a continuing law duty to review their operations for principles of law or policies that should be restated in administrative rule to complete a review and file a report with the Joint Committee on Agency Rule Review (JCARR) no later than November 30, 2025 (VETOED).
- Would have reduced, from six months to three months, the time in which an agency must begin the rulemaking process when it identifies a principle of law or policy that should be restated as a rule or is informed of such a principle or policy through a recommendation from JCARR (VETOED).
- Would have prohibited an agency in the process of supplanting a principle of law or policy with a rule from relying on the principle or policy during the rulemaking process if the agency failed to file the rule in final form within one year after specified events occur or if the agency notified JCARR of its intention to file a revised proposed rule (VETOED).

## Regulatory restrictions in administrative rules (VETOED)

- Would have defined a "regulatory restriction" as "any part of a rule that requires or prohibits an action" for purposes of the law requiring certain state agencies to identify and reduce regulatory restrictions in their administrative rules (VETOED).
- Would have required an agency subject to the reduction requirement that achieved its statutorily required reduction to eliminate one regulatory restriction for each new regulatory restriction the agency adopted (VETOED).
- Would have specified, for an agency that must eliminate two regulatory restrictions for each new regulatory restriction because it failed to meet the reduction deadline, that removing or replacing "shall," "must," "require," or similar words from a rule would not eliminate a regulatory restriction unless the removal eliminated a requirement or prohibition (VETOED).
- Would have allowed JCARR to recommend the General Assembly adopt a concurrent resolution invalidating a rule proposed by a covered agency if the agency proposed removing or replacing "shall," "must," "require," or similar words in the rule without removing a regulatory restriction (VETOED).
- Would have allowed a state agency subject to a statewide cap on regulatory restrictions to appear before JCARR to show cause why it should be permitted to adopt a rule that would cause the number of restrictions to exceed the cap (VETOED).
- Would have eliminated a requirement that a state agency contact JCARR before submitting a proposed rule containing a regulatory restriction for a determination whether adopting the restriction would cause the agency to exceed the statewide limit (VETOED).

## Proposed rules and revised proposed rules (VETOED)

- Would have allowed JCARR to request an agency designee to appear and answer questions when a rule summary and fiscal analysis (RSFA) for a rule proposed by the agency indicated the rule would have specified economic effects (VETOED).
- Would have required the JCARR Executive Director to inform members of the General Assembly when the RSFA for a proposed rule filed by an agency indicated the rule would have specified economic effects (VETOED).
- Would have allowed JCARR to take one of several actions, including referring a proposed rule for review by the full General Assembly, after an agency designee appeared (or failed to appear) to answer questions about a proposed rule when the RSFA indicated the rule would have specified economic effects (VETOED).
- Would have required the General Assembly to enact a bill approving the adoption of a rule referred to it by JCARR before the rule could take effect (VETOED).

## Rule review and recission (VETOED)

- Would have automatically invalidated a rule, and prohibited enforcement or reliance on it, if the adopting agency failed to review the rule in accordance with continuing law for one year after the rule's assigned review date (VETOED).
- Would have required JCARR to solicit an explanation of a rule's rescission from the agency proposing the recission, including a statement as to whether the agency intended to continue relying on a principle of law or policy stated in the rescinded rule (VETOED).

## Restatement of principle of law or policy in rule (VETOED)

(R.C. 101.352, 121.93, and 121.931; Section 701.110)

The Governor vetoed a provision that would have required each state agency with a continuing law duty to review its operations for principles of law and policies that should be restated in an administrative rule to complete a review and file a report with the Joint Committee on Agency Rule Review (JCARR) no later than November 30, 2025. Under continuing law, these agencies must perform similar reviews at least once during a governor's term. The act would have applied the continuing law review requirements to this review. The requirement applies to all state agencies, except legislative agencies, the Governor, Lieutenant Governor, Secretary of State, Auditor of State, Treasurer of State, Attorney General, state institutions of higher education, and the state retirement systems.[101]

The Governor also vetoed provisions that would have both:

[101] R.C. 121.933, not in the act.

- Made changes to the timing and processes a state agency uses when it determines a principle of law or policy must be restated in a rule; and
- Prescribed additional reasons for which an agency must stop relying on a principle or policy after beginning the rulemaking process, including a time limit.

A detailed description of the vetoed provisions related to reviewing principles of law or policies and restating them in rules is available in the Joint Committee on Agency Rule Review chapter of LSC's analysis of H.B. 96, As Passed by the Senate (PDF), which is available on the General Assembly's website at legislature.ohio.gov.

## Regulatory restrictions in administrative rules (VETOED)

(R.C. 106.021, 121.95, 121.951, and 121.931)

The Governor vetoed several provisions related to the law requiring cabinet-level state agencies and certain other state agencies to identify and reduce regulatory restrictions in their administrative rules. But for the Governor's veto, the act would have done the following with respect to the requirement:

- Defined "regulatory restriction" as "any part of a rule that requires or prohibits an action" and eliminated a specification that any rule including the words "shall," "must," "require," "shall not," "may not," or "prohibit" is considered to contain a regulatory restriction.
- Prohibited an agency required to remove two or more existing regulatory restrictions for each new regulatory restriction adopted because it failed to reach a 30% reduction by June 30, 2025, from removing or replacing "shall," "must," "require," "shall not," "may not," "prohibit," or similar words in a portion of a rule and claiming the removal or replacement as a reduction.
- Prohibited an agency that did achieve the required reduction by that date from adopting a new regulatory restriction unless it simultaneously removed at least one existing regulatory restriction.
- For any rule proposed for adoption on or after the act's effective date, allowed JCARR to recommend the General Assembly adopt a concurrent resolution invalidating the proposed rule, or a part thereof, if the rule removed or replaced "shall," "must," "require," "shall not," "may not," "prohibit," or similar words but did not remove a regulatory restriction as defined under the act.
- Allowed a state agency to appear before JCARR to show cause why the agency should be permitted to adopt a rule that would cause the number of regulatory restrictions to exceed a statewide limit on regulatory restrictions in continuing law.
- Required JCARR to prepare and transmit to the Speaker of the House and Senate President a report summarizing all the rules it authorized a state agency to adopt above the statewide limit.

A detailed description of the vetoed provisions is available in the Joint Committee on Agency Rule Review chapter of LSC's analysis of H.B. 96, As Passed by the Senate (PDF), which is available on the General Assembly's website at legislature.ohio.gov.

The Governor also vetoed a provision that would have eliminated a requirement that an agency subject to the statewide limit on regulatory restriction in administrative rules contact JCARR before submitting a proposed rule containing a regulatory restriction for a determination whether adopting the restriction would cause the agency to exceed the limit.

## Proposed rules and revised proposed rules (VETOED)

(R.C. 106.02, 106.021, 106.025, 106.26, 106.023, 111.15, and 119.03)

The Governor vetoed several provisions that would have added optional, additional levels of legislative oversight to an administrative rule proposed by a state agency under the agency's general rulemaking authority if the rule summary and fiscal analysis (RSFA) for the rule prepared by the agency indicated any of the following:

- The proposed rule would increase the agency's expenditures during the current biennium by $100,000 or more;
- The cost to comply with the proposed rule for a directly affected person would be $100,000 or more; or
- The rule would impose an annual effect on Ohio's economy of $1 million or more.

With some exceptions, continuing law requires legislative oversight where an agency proposes adopting, amending, or rescinding an administrative rule. Generally, the agency proposing the rule must (among other actions) submit the rule to JCARR for legislative review at least 65 days before adopting it.

During the 65-day period, JCARR may, for reasons specified in continuing law, recommend the General Assembly adopt a concurrent resolution invalidating the proposed rule. Each chamber has until the later of 65 days after the agency filed the proposed rule with JCARR, or the fifth voting session occurring after the date JCARR recommends invalidation, to adopt the resolution. If both chambers adopt the resolution, the agency proposing the rule must cease all rulemaking activity related to it for the remaining General Assembly term. If one or both chambers fails to adopt the resolution, the agency may adopt the proposed rule.

But for the Governor's veto, if the RSFA for a proposed rule indicated the rule would have any of the economic effects listed above, the JCARR Executive Director would have been required to notify members of the General Assembly of the rule filing and provide all documentation submitted to JCARR related to the rule. The JCARR chairperson would have been authorized to request a designee of the proposing agency to appear before JCARR to answer questions about the rule's fiscal effects. The request would have been transmitted to the agency electronically and specified the time and place for the appearance. On receiving the request, the agency would have been required to designate a suitable agency officer or employee to appear on behalf of the agency. The agency would have been required to electronically provide JCARR with the designee's name, title, telephone number, and email address.

After the designee appeared and answered questions, or if the designee failed to appear, JCARR would have been permitted to do any of the following:

- Allow the time for legislative review to expire (thereby permitting the agency to adopt the rule);
- Recommend the adoption of a concurrent resolution invalidating the proposed rule; or
- By a majority vote, refer the rule for consideration by the full General Assembly.

The additional oversight by JCARR would not have been allowed if the proposed rule was based on specific statutory language authorizing or requiring an agency to adopt the rule.

If JCARR voted to refer a proposed rule to the full General Assembly, but for the Governor's veto, the JCARR chairperson would have been required to immediately transmit the proposed rule and RSFA to the House and Senate Clerks. After the transmittal, all the following would have applied:

- JCARR would have been prohibited from taking further action with respect to the proposed rule until after it was adopted or refiled as described below;
- The agency would have been prohibited from filing a revised version of the proposed rule as permitted under continuing law for proposed rules that would not have been subject to review by the full General Assembly; and
- The agency would have been prohibited from adopting the proposed rule unless adoption was authorized by a subsequently enacted law.

As soon as practicable after receiving a proposed rule transmitted in accordance with the vetoed provisions, the House and Senate clerks would have been required to make the proposed rule and RSFA available to all members of the clerks' respective chambers.

Any member of the General Assembly would have been permitted to introduce legislation authorizing the agency to adopt the rule. If a law authorizing the proposed rule were enacted before the General Assembly adjourned sine die, any review by JCARR would have ended and the agency would have been permitted, on or after the law's effective date, to adopt the rule in compliance with continuing law. If a law authorizing the rule were not enacted before the General Assembly adjourned sine die, the proposed rule would have been invalidated. The agency would have been permitted to refile the rule and RSFA with JCARR.

The vetoed provisions specified that a law enacted by the General Assembly authorizing an agency to adopt a proposed rule would not:

- Grant the proposing agency additional rulemaking authority or modify its existing rulemaking authority; or
- Extinguish or modify any claim against an agency arising from the rule.

In addition, a law authorizing an agency to adopt a proposed rule could not be used as evidence in any proceeding concerning the rule except for the purpose of determining whether the rule was in effect.

## Rule review and recission (VETOED)

The Governor also vetoed several provisions related to rule review and recissions. Under continuing law, every state agency must review each rule it adopts no less than once every five years. During the review, the agency must evaluate whether the rule should be amended or rescinded for reasons specified in statute. If the agency determines the rule needs to be amended or rescinded, it must start the amendment or rescission process using the same procedure it used to adopt the rule. If the agency determines the rule does not need to be amended or rescinded (referred to as a "no change rule"), the agency must submit its determination to JCARR. After the agency files a no change rule, JCARR has a statutorily established amount of time to review the rule and recommend that the General Assembly adopt an invalidating resolution. If the General Assembly does not adopt an invalidating resolution, the agency may renew the rule for up to an additional five years.

Under the vetoed provisions, if an agency failed to perform a required review of a rule for one year after the rule's assigned review date, the rule would have been automatically invalidated. The agency that adopted the rule would have been prohibited from enforcing the rule or relying on a principle of law or policy stated in the rule.

The vetoed provisions also would have required JCARR, in the RSFA form it designs, to solicit from an agency proposing to rescind a rule an explanation of the rescission. The agency would have been required to include in the explanation a statement as to whether it intended to continue relying on a principle of law or policy stated in the rescinded rule.

# JOINT MEDICAID OVERSIGHT COMMITTEE

- Transfers legislative oversight for the Medicaid program from the Joint Medicaid Oversight Committee (JMOC) to the standing committees in the House and Senate that primarily consider Medicaid legislation, and transfers support for that work from JMOC staff to the Legislative Service Commission; see the LSC chapter for more information.

# JUDICIARY/SUPREME COURT

## Dissemination of fabricated and private sexual images

- Creates the offenses of nonconsensual dissemination and nonconsensual creation of fabricated sexual images.
- Modifies continuing law to allow the dissemination of an image or a fabricated sexual image if the person in the image is age 18 or older and the person is knowingly and willingly in a state of nudity or engaged in sexual conduct and is knowingly and willingly in a location where the person does not have a reasonable expectation of privacy.
- Allows for the dissemination of fabricated sexual images under certain circumstances.
- Allows a victim of nonconsensual dissemination or nonconsensual creation of fabricated sexual images to commence a civil action against the offender.
- Allows the court to order a person who is convicted of nonconsensual dissemination or nonconsensual creation of fabricated sexual images or who is adjudicated a delinquent child by reason of committing that offense to criminally forfeit specified property acquired or maintained as a result of committing the offense.

## Criminal general docket – online availability

- Requires the common pleas clerk to make available online the court's general docket pertaining to criminal cases.

## Probate general docket – online availability

- Requires that the general docket of each probate court be made available online on the clerk of court's website.

## Reduction of fees for computerization of court

- Effective December 30, 2025, reduces the fees that that the clerk of courts of a common pleas court can charge for deposit into the computerization fund by 50% if the court fails to make civil, criminal, and probate dockets available online.

## Clerk of the court of common pleas

- Requires clerk of the common pleas court to determine and implement the best means and methods for storing, maintaining, and retrieving all papers delivered to the clerk.

## Special projects funds

- Prohibits fees collected by municipal, county, common pleas, and appeals courts for special projects of the court from being used for training or education that takes place outside of the state.

## Payment for acting judges

- Removes the requirement that county and municipal courts submit quarterly requests to the Administrative Director of the Supreme Court for reimbursements of per diem compensation paid to acting judges.

## Sealing and expungement

- Removes a reference to records of conviction that cannot be sealed or expunged that previously applied to sealing and expunging official records in which a person is found not guilty, proceedings are dismissed, a grand jury no bill is entered, or a pardon is granted.

## Sealing juvenile records

- Requires the juvenile court to seal certain juvenile records if the court finds that the harm to the person in having the records pertaining to the case disclosed is not outweighed by the potential benefits to the public in having access to those records.

## Dissemination of fabricated and private sexual images

(R.C. 2307.66 and 2917.211)

### Criminal prohibition and penalty

The act prohibits a person from knowingly disseminating a fabricated sexual image of another person without the other person's consent. A violation of this prohibition is nonconsensual dissemination of fabricated sexual images, a fourth degree felony. If the offender has previously been convicted of or pleaded guilty to nonconsensual dissemination of fabricated sexual images, a sexually oriented offense, or a child-victim oriented offense, nonconsensual dissemination of fabricated sexual images is a third degree felony.

The act defines "fabricated sexual image" as a created, adapted, or modified image that depicts another person, the other person is recognizable in the image by the other person's face, likeness, or other distinguishing characteristic, and the other person depicted in the image is in a state of nudity or is engaged in a sexual act.

The act also prohibits a person, without the consent of the depicted person, in order to harass, extort, threaten, or cause physical, emotional, reputational, or economic harm to a person falsely depicted, from knowingly doing either of the following: (1) creating a fabricated sexual image with intent to distribute or (2) soliciting the creation of a fabricated sexual image with intent to distribute.

A violation of this prohibition is nonconsensual creation of fabricated sexual images, a fourth degree felony. If the offender has previously been convicted of or pleaded guilty to nonconsensual creation of fabricated sexual images, a sexually oriented offense, or a child-victim oriented offense, nonconsensual creation of fabricated sexual images is a third degree felony.

The act modifies continuing law by increasing the penalty for nonconsensual dissemination of private sexual images from a third degree misdemeanor to a fifth degree felony

and increases the penalty from a second degree misdemeanor to a fourth degree felony if the offender was previously convicted of or pleaded guilty to nonconsensual dissemination of private sexual images, as well as a sexually oriented offense, or a child-victim oriented offense.

## Exceptions

The act modifies continuing law by specifying that the dissemination of a fabricated sexual image is not prohibited if any of the following apply:

- The fabricated sexual image is disseminated for the purpose of a criminal investigation that is otherwise lawful;
- The fabricated sexual image is disseminated for the purpose of, or in connection with, the reporting of unlawful conduct;
- The fabricated sexual image is part of a news report or commentary or an artistic or expressive work, such as a performance, work of art, literary work, theatrical work, musical work, motion picture, film, or audiovisual work;
- The fabricated sexual image is disseminated by a law enforcement officer, or a corrections officer or guard in a detention facility, acting within the scope of the person's official duties;
- The fabricated sexual image is disseminated for another lawful purpose;
- If the person in the image or fabricated sexual image is age 18 or older, the person in the image or fabricated sexual image is knowingly and willingly in a state of nudity or engaged in a sexual act and is knowingly and willingly in a location in which the person does not have a reasonable expectation of privacy;
- The fabricated sexual image is disseminated for the purpose of medical treatment or examination.

Continuing law provides the same exceptions for photographs, film, videotape, digital recording, or other depiction or portrayal of a person.

The act also specifies that the providers of interactive computer services, mobile services, telecommunication carriers, internet providers, cable service providers, direct-to-home satellite services, or video service providers are not liable for dissemination of fabricated sexual images solely as a result of a fabricated sexual image along with an image under continuing law or other information is provided by another person.

## Civil action for nonconsensual dissemination of fabricated sexual images

Continuing law allows a victim of the offense of nonconsensual dissemination of private sexual images to commence a civil action against the offender for any of the following, in addition to reasonable attorney's fees and the costs of bringing the action:

- An injunction or a temporary restraining order prohibiting further dissemination of the image;

- Compensatory and punitive damages for harm resulting from the violation.

The act allows a victim of the offense of nonconsensual dissemination of fabricated sexual images to commence such a civil action as well.

The act specifies that the victim is presumed to have suffered harm as a result of the nonconsensual dissemination of fabricated sexual images. The civil action must be brought within four years after the victim discovers the private sexual image or fabricated sexual image.

### Forfeiture

(R.C. 2981.02)

The act modifies the Criminal and Civil Forfeiture Law by allowing the court to order any person who is convicted of nonconsensual dissemination of fabricated sexual images or of nonconsensual creation of fabricated sexual images, or who is adjudicated a delinquent child by reason of committing the offense, to criminally forfeit the following property to the state under the Criminal and Civil Forfeiture Law:

- Any profits or proceeds and any property the person has acquired or maintained in violation of the offense that the sentencing court determines to have been acquired or maintained as a result of the violation;
- Any interest in, securities of, claim against, or property or contractual right of any kind affording a source of influence over any enterprise that the person has established, operated, controlled, or conducted as a result of committing the offense that the sentencing court determines to have been acquired or maintained as a result of the violation.

## Criminal general docket – online availability

(R.C. 2303.12)

Not later than March 30, 2027, the act requires the common pleas clerk of court make available on the clerk of court's website the "general docket" of the court pertaining to criminal cases. The public must be able to remotely access and print the information in that docket, including all individual documents in each "case file," pertaining to criminal cases filed on or after September 30, 2025.

The clerk of court is not required to make available online the general docket of the juvenile court.

### Definitions

The act modifies the definition of "case file" to include criminal actions or proceedings. "Case file" means the compendium of original documents filed in a civil or criminal action or proceeding in the court of common pleas, including the pleadings, motions, orders, and judgments of the court on a case-by-case basis.

"General docket" means the appearance docket, trial docket, and case files in relation to those dockets and journal.

## Probate general docket – online availability

(R.C. 2101.11 and 2303.12)

The act requires the general docket of each probate court to be made available on the clerk of court's website not later than March 30, 2027. The public must be able to remotely access and print the information in that docket, including all individual documents in each case file, pertaining to probate cases filed on or after the act's effective date. This requirement does not apply to the following documents:

- Internal documents such as notes, electronic mails, drafts, recommendations, advice, or research of judicial officers and court staff;
- Any document or information in a case file the public access to which the court has ordered restricted under the Rules of Superintendence for the Courts of Ohio.

## Reduction of fees for computerization of court

(R.C. 2303.201; Section 820.90)

### Online availability of general dockets

Under continuing law, a common pleas clerk of court is required to make available online the court's general docket pertaining to civil cases. Under the act, the common pleas clerk of court is also required to make available online the court's general docket pertaining to criminal cases (see "**Criminal general docket – online availability**," above).

### Computerization of the common pleas court

If a common pleas court fails to make civil or criminal general dockets available online, the act reduces the fees that the clerk of courts can charge for deposit into the computerization fund by 50%.

The common pleas court of any county may determine that for the efficient operation of the court, additional funds are required to computerize the court, to make available computerized legal research services, or both. Upon making the determination that additional funds are required for either or both of those purposes, the act requires the court to do one of the following:

- If the common pleas court has complied with the requirement to make available online the court's general docket pertaining to civil or criminal cases, the court must authorize and direct the clerk of the common pleas court to charge one additional fee, not to exceed $6, on the filing of each specified cause of action or appeal (prior law allowed this additional fee regardless of whether the court complied with the requirement to make available online the court's general docket pertaining to civil cases).
- If the common pleas court has not complied with the requirement to make available online the court's general docket pertaining to civil or criminal cases, the court must authorize and direct the clerk of the common pleas court to charge one additional fee, not to exceed $3, on the filing of each specified cause of action or appeal.

### Computerization of the clerk of the common pleas court

The clerk of the common pleas court of any county may determine that for the efficient operation of the office of the clerk of the common pleas court, additional funds are required to make technological advances in or to computerize the office of the clerk of the court. Upon making that determination, the act requires the court to do one of the following:

- If the common pleas court has complied with the requirement to make available online the court's general docket pertaining to civil or criminal cases, the court must authorize and direct that an additional fee, not to exceed $20, on the filing of each specified cause of action or appeal, on the filing, docketing, and endorsing of each certificate of judgment, or on the docketing and indexing of each aid in execution or petition to vacate, revive or modify a judgment and not to exceed $1 for specified services, be charged (prior law allowed this additional fee regardless of whether the court has complied with the requirement to make available online the court's general docket pertaining to civil cases).
- If the common pleas court has not complied with the requirement to make available online the court's general docket pertaining to civil or criminal cases, the court must authorize and direct that an additional fee, not to exceed $10, on the filing of each specified cause of action or appeal, on the filing, docketing, and endorsing of each certificate of judgment, or on the docketing and indexing of each aid in execution or petition to vacate, revive or modify a judgment and not to exceed 50¢ for specified services, be charged.

### Effective date

The act delays the effective date of these provisions until March 30, 2026.

## Clerk of the court of common pleas

(R.C. 2303.26)

The act specifies that the clerk of the common pleas court is responsible for determining and implementing the best means and methods for storing, maintaining, and retrieving all papers delivered to the clerk, whether delivered in writing or electronic form. The clerk must do so in furtherance of the performance of the duties enjoined upon the clerk by statute, common law, and the Rules of Superintendence of the Courts of Ohio, and in compliance with Rule 26 of the Rules of Superintendence of the Courts of Ohio.

## Special projects funds

(R.C. 1901.26, 1907.24, 2303.201, and 2501.16)

The act prohibits fees collected by municipal, county, common pleas, and appeals courts for special projects of the court from being used for training or education that takes place outside of the state.

## Payment for acting judges

(R.C. 1901.123 and 1907.143)

The act removes the requirement that county and municipal courts submit quarterly requests to the Administrative Director of the Supreme Court for reimbursements of per diem compensation paid to acting judges.

## Sealing and expungement

(R.C. 2953.32)

Under continuing law, specified records of conviction cannot be sealed or expunged. This provision applies to the following: (1) the sealing and expungement of records of conviction, (2) the sealing and expungement of official records for a not guilty, dismissal, no bill, or pardon, and (3) general sealing and expungement provisions relating to both (1) and (2).

The act removes the application of the above provision to (2). The sealing and expungement provisions in (2) apply to official records in which a person is found not guilty, proceedings are dismissed, a grand jury no bill is entered, or a pardon is granted, rather than to conviction records. As such, the application of the provision seems unnecessary.

## Sealing juvenile records

(R.C. 2151.356)

Under continuing law, the juvenile court must promptly order the immediate sealing of records pertaining to a juvenile in any of the circumstances below. For (4) and (5) below, the act requires the juvenile court to seal juvenile records if the court finds that the harm to the person in having the records pertaining to the case disclosed is not outweighed by the potential benefits to the public in having access to those records:

1. Under continuing law, if the court receives a record from a public office or agency;

2. Under continuing law, if a person was brought before or referred to the court for allegedly committing a delinquent or unruly act and the case was resolved without the filing of a complaint against the person with respect to that act;

3. Under continuing law, if the person was charged with underage consumption or possession of alcohol and the person has successfully completed a diversion program with respect to that charge;

4. Under the act, if a complaint was filed against a person alleging that the person was a delinquent child, an unruly child, or a juvenile traffic offender and the court does both of the following:

a. Dismisses the complaint after a trial on the merits of the case or finds the person not to be a delinquent child, an unruly child, or juvenile traffic offender;

b. Finds that the harm to the person alleged to be a delinquent child, an unruly child, or a juvenile traffic offender in having the records pertaining to the case disclosed is not outweighed by the potential benefits to the public in having access to those records.

5. Subject to certain exceptions, if a person has been adjudicated an unruly child, and both of the following apply:

a. The person is 18 years old, and the person is not under the jurisdiction of the court in relation to a complaint alleging the person to be a delinquent child;

b. The court finds that the harm to the person in having the records pertaining to the case disclosed is not outweighed by the potential benefits to the public in having access to those records.

# LEGISLATIVE SERVICE COMMISSION

- Transfers legislative oversight of the state's Medicaid program from the Joint Medicaid Oversight Committee (JMOC) to the standing committees in the House and Senate that primarily consider Medicaid legislation and support for that work from JMOC staff to LSC.
- Requires LSC to research and review Medicaid reports, legislation, and other related materials and present this information to the standing Medicaid committees at joint meetings of the committees.
- Requires LSC, instead of JMOC, to contract biennially with an actuary to calculate the projected medical inflation rate and for the standing committees, rather than JMOC, to approve or reject the actuary's calculated rate.
- Updates and modernizes LSC duties related to rule codification and maintaining a uniform Ohio Administrative Code.
- Transfers from LSC's administrative rules to statute the required formats for presenting changes in bills and resolutions.
- Abolishes four LSC funds and transfers the cash balances to the GRF.

## Transfer of Medicaid oversight to Medicaid committees and LSC

(R.C. 103.13, 103.41 through 103.412; Section 525.70; conforming changes in 103.65, 121.93, 355.04, 3901.90, 5119.89, 5162.08, 5162.13, 5162.132, 5162.133, 5162.134, 5162.136, 5162.1310, 5162.70, 5162.82, 5163.04, 5167.24, 5168.90, 5180.17, and 5180.20; Sections 209.20, 313.10, 313.20, 333.85, 751.70, 751.111, and 751.130)

The act transfers legislative oversight of the state's Medicaid program from the Joint Medicaid Oversight Committee (JMOC) to the standing committees in the House and Senate that primarily consider Medicaid legislation. Relatedly, support for the oversight work transfers from JMOC's staff to LSC staff. The act calls for the standing committees to meet jointly, at the call of the House chairperson in even-numbered years and the Senate chairperson in odd-numbered years. At the committees' request, LSC staff will prepare and present Medicaid updates and research to the committees during the joint meetings. Additionally, LSC will take over the responsibility of contracting with an actuary to calculate the projected medical inflation rate each fiscal biennium and work with the standing committees to relay that recommended rate to the Governor ahead of the Governor's biennial budget recommendation.

The act abolishes JMOC effective September 29, 2025. JMOC acted as a standalone, joint legislative committee with its own executive director and staff. For more detailed information on JMOC's set up and operations prior to the act, please consult its enacting legislation, S.B. 206 of the 130th General Assembly (2013).[102]

[102] Available on the General Assembly's website, legislature.ohio.gov.

## LSC presentations to standing committees

At the request of the chairperson who calls the joint meeting and to assist the standing committees, LSC staff must research, review, and summarize the following to the joint standing committees:

- How the Medicaid program relates to the public and private provision of health care coverage in Ohio and the U.S.;
- Reports received by LSC from agencies that participate in the Medicaid program;
- Policies and strategies related to:
  - Medicaid recipients being able to join and stay in the workforce and becoming self-sufficient;
  - Less use of the Medicaid program.
- Newly adopted Medicaid rules;
- Pending Ohio Medicaid legislation;
- Medicaid legislation and innovation in other states;
- Local Healthier Buckeye Council reports submitted to LSC.

## Actuary contract – medical inflation rate

The act transfers to LSC the duty to contract every other year with an actuary to determine the projected medical inflation rate for the upcoming fiscal biennium. The Medicaid Director is required to limit growth of the Medicaid program to the projected medical inflation rate or an alternate rate under continuing law.[103] Once LSC receives the actuary's report, LSC must share the report with the standing committees. The committees, acting jointly, must then determine whether they agree with the actuary's recommended inflation rate. If they do not, they will work with LSC to determine a different inflation rate.

At least 90 days before the Governor is required to submit a state budget for the upcoming fiscal biennium to the General Assembly (between mid-November to mid-December of each even-numbered year, depending on whether the Governor is newly elected), LSC must submit a report to the Governor, Medicaid Director, and the standing committees that includes:

1. The projected medical inflation rate recommended by the standing committees;

2. If the committees recommended an alternate rate to the actuary's proposal, an explanation for rejecting the actuary's rate;

3. A copy of the actuary's report.

[103] R.C. 5162.70.

### Conforming changes

The act transfers the remainder of JMOC's duties either to the standing Medicaid committees or to LSC. Examples of transferred duties mostly involve receiving reports, such as:

1. Local Healthier Buckeye Council reports (R.C. 355.04);

2. Medicaid coverage of doula services reports and the data used to calculate the information in the report (R.C. 5162.13);

3. Medicaid cost containment reform reports (R.C. 5162.70).

## Ohio Administrative Code duties

(R.C. 103.05, 111.15, and 119.04)

The act updates the law governing LSC's duties to advise and oversee the preparation and codification of administration rules adopted by state agencies. In general, the act carries over to statute much of the duties expressed in LSC administrative rules on these matters, but also makes updates to reflect electronic versus paper rule filing practices. In 2017, a major update to the electronic rule filing system used by agencies led to process changes that were not reflected in the statute. The act's changes address the following:

- Require the LSC Director to publish and revise, as needed, a Rule Drafting Manual that takes into account the principles of statutory construction and provides basic rule drafting information for filers to follow;
- Clarify the procedures for how and when LSC reviews rules that have been filed for compliance with the Manual and how rules that are not in compliance are addressed with the filer.

### Publishing the O.A.C.

The act updates LSC's statutory duties in publishing the Ohio Administrative Code (O.A.C.) to reflect electronic publishing. In 2018, the General Assembly designated LSC as the official publisher of the Ohio Revised Code and O.A.C. as part of Ohio's adoption of the Uniform Electronic Legal Materials Act (UELMA).[104] The act conforms LSC's statutory duties with UELMA, but retains the current law pathway for other publishers to publish an "acceptable" version of the O.A.C. if the LSC Director determines it meets standards prescribed in statute, which are unchanged by the act. Moreover, the act deletes standards authorizing the Director to publish some rules in the O.A.C. by number and title only, omitting the text. This practice, formerly known as "rules by reference," was discontinued in electronic publishing.

[104] S.B. 139 of the 132nd General Assembly, R.C. 149.21 to 149.27, not in the act.

## Format for bills and resolutions

(R.C. 101.53)

The act transfers from LSC administrative rules[105] to statute the formats for how changes to the law are presented in bills and resolutions. There is no change to the required formatting in the transfer.

## Abolishment of LSC funds

(Repealed R.C. 103.053, 103.054, and 103.24; conforming change in R.C. 103.051; Section 516.10)

The act abolishes the following funds used by LSC and transfers the cash balances to the GRF:

| Abolished LSC funds | |
|---|---|
| **Fund name** | **Purpose** |
| Sale of Publications Fund | Support the publication of LSC documents |
| Legislative Budget Services Fund | Previously funded health care analysis services by LSC, but the funding was discontinued in 2015[106] |
| Legislative Agency Telephone Usage Fund | Pay telephone carriers for telephone calls made by legislative agencies |
| Register of Ohio Fund | Defray costs of publishing the Register of Ohio |

[105] O.A.C. 103-5-01 and 103-5-02.

[106] H.B. 64 of the 131st General Assembly, the FY 2016-FY 2017 biennial appropriations act.

# LOTTERY COMMISSION

## Cashing out lottery prize annuities

- Allows a lottery prize winner who previously agreed to be paid in installments via an annuity to cash out the full amount of the annuity only in a single transaction, unless the Lottery Commission's (LOT) rules permit additional transfers.
- Prohibits a transferee from then transferring the annuity rights to a third person.
- Modifies the type of independent professional advice a winner must receive, and from whom the winner may receive it, before the transfer can occur.
- Requires signed documentation that the winner received independent professional advice.

## Withholding from gambling winnings

- Changes the person responsible for withholding taxes and certain debts from lottery sports gaming and video lottery terminal (VLT) winnings that meet or exceed a threshold amount.
- Specifies that the sports gaming proprietor generally is responsible for withholding all amounts from lottery sports gaming winnings, including in a VLT facility (racino).
- Requires LOT to withhold all amounts from lottery sports gaming winnings won on a terminal that also offers other lottery games.
- Clarifies that the video lottery sales agent who operates a VLT facility must withhold all amounts from VLT prize winnings.
- Applies the changes described above beginning on January 1, 2026.
- Eliminates requirements that at the end of each calendar year, a video lottery sales agent, casino operator, or sports gaming proprietor give the Tax Commissioner a copy of each patron's IRS Form W-2G for the year.

## Cashing out lottery prize annuities

(R.C. 3770.072, 3770.10, 3770.12, 3770.121, and 3770.13)

The act makes several changes to the process by which a lottery prize winner may cash out the winner's annuity for a one-time payment by selling it to a third party.

### Background on lottery prize annuities

Under continuing law, a lottery winner who wins a large sum can choose between two options:

- Receive the full prize amount from the Lottery Commission (LOT) in the form of regular payments over a set period of time or over the winner's lifetime (an annuity);

- Receive a smaller lump sum – about half the full prize amount – from LOT immediately.

When a winner chooses an annuity, LOT puts the full value of the prize in the Deferred Prizes Trust Fund for investment by the Treasurer of State. Then, LOT makes regular payments to the winner. Any excess interest earned by the Deferred Prizes Trust Fund, above what is needed to cover annuity payments to winners, goes to the Lottery Profits Education Fund.[107]

A winner who initially chooses an annuity might later wish to cash out the remaining value of the annuity in the form of a lump sum received immediately. LOT does not offer this service, but many private companies do. In what the Revised Code calls a "transfer agreement," a winner can sign over the right to receive future LOT annuity payments to another person, the "transferee," in exchange for an agreed upon payment from the transferee. The transferee then has the right to receive ongoing annuity payments from LOT in place of the winner.

The transferee must apply to a court in advance for approval of the transfer based on several factors. If the factors are met, the transfer is presumed to be fair and reasonable and in the winner's best interests. The transferee also must notify LOT of the application, and LOT has the right to intervene in the proceeding.

## Annuity transfer changes under the act

### Number of transfers

The act makes several changes to the transfer process. First, it allows a winner to cash out the full amount of the annuity only in a single transaction, unless LOT's rules permit additional transfers. Prior law allowed a winner to cash out a single prize annuity through a maximum of three partial transfers, unless LOT permitted a greater number of transfers by rule. However, a partial transfer was allowed only if the value of each portion of the annuity to be transferred was at least $500,000.

Second, the act prohibits a transferee from then transferring the annuity rights to a third person in a manner that would require LOT to make annuity payments to that third person. The previous law included several provisions that accounted for this possibility and laid out procedures for taxing the parties involved, depending on their business structures. LOT was able to object to a transfer to a third person if the annuity had been transferred within the last 12 months. If LOT objected, and the court found that the prize was transferred within the last 12 months, the court was required to disapprove the transfer.

### Independent professional advice

Finally, the act modifies the law that requires a winner to receive independent professional advice before the court can approve a transfer. Under continuing law, as a condition of approval, the court must find that the winner has received independent professional advice regarding the legal and other implications of the transfer. The adviser must not be affiliated in

[107] R.C. 3770.06, not in the act, and Ohio Lottery, Cash Option Values, available at ohiolottery.com under "Claim Prizes."

any manner with, or compensated in any manner by, the transferee. And, the adviser's compensation must not be affected by whether the transfer occurs.

The act adds a requirement that the independent professional advice include advice concerning the financial implications of the transfer, in addition to the "legal and other" implications. Further, under the act, the adviser must be one of the following:

- An attorney;
- A certified public accountant;
- An actuary;
- A financial planner who is accredited by a nationally recognized accreditation agency.

Prior law required the adviser to be "an attorney, a certified public accountant, an actuary, or any other licensed professional adviser," and did not mention a financial planner.

For a court to approve a transfer, the act requires the transferee to submit a statement, signed under penalty of perjury by the winner and the winner's licensed professional adviser, evidencing that the winner received the required advice. Under prior law, the court had to determine that the winner received that advice, but the law did not require documentation.

# Withholding from gambling winnings

(R.C. 718.031, 3121.441, 3123.89, 3123.90, 3770.071, 3770.072, 3770.073, 3770.074, 3770.075, 3770.10, 3770.25, 3775.16, 5747.062, 5747.063, and 5747.064; Section 801.120)

## Background on gambling winnings withholding

Under continuing law, when a person's winnings from the Ohio Lottery, sports gaming, or casino gaming meet or exceed a given dollar threshold (in most cases, $600), the agency or business that pays out the winnings first must collect identifying information from the winner and withhold the following amounts:

- State income tax;
- Municipal income tax, in the case of casino winnings, winnings at a physical sports gaming facility, or winnings at a video lottery terminal (VLT) facility located at a horse racetrack, also known as a racino;
- Any past due child or spousal support the winner owes, according to a database maintained by JFS;
- Any debts the winner owes to the state or a political subdivision, according to a database maintained by the Attorney General.

For all four categories, the withholding threshold is the dollar threshold at which the agency or business paying out the winnings also must report the payout to the Internal Revenue

Service (IRS) on Form W-2G.[108] A person whose payout is less than the threshold amount still must pay income taxes on the person's net gambling winnings for the year, but the taxes are due when the person files a tax return instead of being withheld up front.

## Responsibility for withholding under the act

The act makes changes and clarifications to specify whether LOT, a video lottery sales agent, or a sports gaming proprietor is responsible for withholding from winnings, based on the type of game. The act assigns responsibility for withholding from winnings as follows:

- LOT generally must withhold amounts from lottery winnings, such as from scratch-off tickets, drawings, KENO, and instant games (continuing law);
- Video lottery sales agents must withhold amounts from VLT winnings;
- Sports gaming proprietors generally must withhold amounts from lottery sports gaming winnings;
- But, in the case of lottery sports gaming conducted on a terminal that also offers other lottery games, LOT must withhold amounts from winnings from bets placed through the terminal.

Prior law was unclear or contradictory in some places regarding who actually paid out winnings from lottery sports gaming and from VLTs, and thus who was responsible for withholding. Both types of gaming are administered by LOT in conjunction with private businesses – sports gaming proprietors in the case of lottery sports gaming, and video lottery sales agents in the case of VLTs.

In particular, the act removes language that required that when a VLT facility offered lottery sports gaming, the video lottery sales agent had to withhold amounts from lottery sports gaming payouts. The act also adds references to withholding procedures for video lottery sales agents to clarify that those agents, not LOT, conduct all types of withholding from VLT winnings.

Further, the act clarifies that a sports gaming proprietor is responsible for withholding all amounts from lottery sports gaming winnings. But, under the act, if the lottery sports gaming is operated on a terminal that also offers other lottery games (such as instant games), LOT must handle the withholding for all payouts won on the terminal. The act's withholding changes apply beginning on January 1, 2026.

## Copies of Form W-2G filed with TAX

The act also eliminates requirements that at the end of each calendar year, a VLT agent, casino operator, or sports gaming proprietor give the Tax Commissioner a copy of each patron's IRS Form W-2G for the year. Gambling operators still must file those forms with the IRS and provide copies to their patrons.

[108] 26 U.S.C. 6041 and Internal Revenue Service, Instructions for Forms W-2G and 5754, Revised January 2021 (PDF), available at irs.gov under "Forms & Instructions."

# DEPARTMENT OF MEDICAID

## Medicaid eligibility

### Federal medical assistance percentage for expansion eligibility group

- Requires the Department of Medicaid (ODM) to immediately terminate medical assistance for members of the Medicaid expansion eligibility group (Group VIII) if the federal government sets the federal medical assistance percentage (FMAP) below 90%.
- Requires ODM, not later than 15 days following a change in the FMAP as described above, to certify the state and federal shares of the total actual expenditures for Group VIII for the most recently completed month before the change.
- Establishes procedures for keeping those state share amounts within the General Revenue Fund during each fiscal year in the biennium, before transferring those amounts to the Budget Stabilization Fund or Expanded Sales Tax Holiday Fund under continuing law.
- If medical assistance is terminated as described above during FY 2026 or FY 2027, requires ODM to establish a phased transition plan to assist former members of Group VIII by redirecting them to private insurance subsidies or charity care programs.

### Group VIII eligibility redeterminations

- To the extent permissible under federal law, requires ODM to conduct eligibility redeterminations for members of Group VIII every six months.

### Medicaid coverage of aged, blind, and disabled (ABD) individuals

- Eliminates outdated law that (1) permits Medicaid eligibility requirements for the aged, blind, and disabled (ABD) population to be more restrictive than those under the Supplemental Security Income Program and (2) requires those more restrictive requirements to be consistent with the federal 209(b) option for Medicaid eligibility.

### Change in circumstances eligibility verification

- Requires ODM to issue one or more requests for information relating to Medicaid eligibility data and operations, to identify and assess systems and solutions that may be able to improve or augment the management, efficiency, frequency, and accuracy of Medicaid eligibility determinations and processing.
- Requires ODM to consider augmenting existing vendor arrangements relating to processing and managing Medicaid eligibility cases.
- Authorizes ODM to procure one or more vendors to implement any solutions identified as cost effective and feasible.
- Requires any vendor compensation to be performance based.

- Requires ODM to prepare and submit a report to the chairpersons of the House and Senate committees overseeing Medicaid detailing findings from the requests for information and any considerations related to those requests.

### Medicaid waiver for reentry services

- Requires ODM to establish a Medicaid waiver component to provide services to Medicaid-eligible inmates for 90 days prior to release.

### Continuous Medicaid enrollment for children (VETOED)

- Would have repealed law that requires ODM to seek approval to provide continuous Medicaid enrollment for Medicaid-eligible children from birth through age three (VETOED).

### Medicaid eligibility fraud restitution

- Permits a court to order restitution of 200% of the amount paid for Medicaid services provided for a person found guilty of Medicaid eligibility fraud, instead of requiring restitution of 100% of the amount paid.

### Medicaid workforce development study

- Requires ODM to conduct a comprehensive study on the feasibility, legality, and potential cost savings of establishing a Medicaid waiver component imposing work requirements for Medicaid recipients and includes additional supplemental workforce development requirements.
- Requires the Medicaid Director to submit a report by September 1, 2026, detailing ODM's findings and any policy recommendations.

## Nursing facilities

### Case-mix score grouper methodology for nursing facilities

- When determining a nursing facility's case-mix score, requires ODM to use the grouper methodology used on October 1, 2019 (instead of June 30, 1999), for the patient driven payment model nursing index for prospective payments of skilled nursing facilities under the Medicare program.
- Adds a multiplier to nursing facility direct care cost per case-mix units, due to the difference in scale between the old resource utilization group (RUG) model and the new patient driven payment model (PDPM).
- Modifies the authority of ODM to adopt rules concerning case-mix scores.

### Gradual implementation of the patient driven payment model

- Provides for a gradual implementation of the PDPM by providing an alternative calculation for the first half of FY 2026.
- Requires ODM to report quarterly to the General Assembly on the progress of transitioning to the patient driven payment model.

- States that these changes are intended to be budget neutral during FYs 2026 and 2027.

### Nursing facility quality incentive payment

- Eliminates law specifying that if a nursing facility undergoes a change of owner with an effective date of July 1, 2023, or later, the facility cannot receive a Medicaid quality incentive payment for a specified period of time.
- Extends from July 1, 2023, to July 1, 2025, the law prohibiting a nursing facility from receiving a Medicaid quality incentive payment for a specified period of time if the facility undergoes a change of operator.

### Personal needs allowance (VETOED)

- Would have increased the Medicaid personal needs allowance for nursing facility and ICF/IID residents on Medicaid from $50 to $75 for individuals and from $100 to $150 for married couples (VETOED).

### Waiver of ineligibility period

- Permits, rather than requires, ODM under certain circumstances to grant a waiver to a resident of a nursing facility who is ineligible to receive nursing facility services due to the individual or individual's spouse disposing of assets for less than fair market value.

### Nursing facility dialysis services (VETOED)

- For FY 2026 and FY 2027, would have required ODM to provide a rate add-on of $110 per treatment for dialysis services provided in a nursing facility to a Medicaid recipient (VETOED).

## Medicaid providers

### Home and community-based services (HCBS) direct care worker wages

- Requires ODM, jointly with the Department of Aging and the Department of Developmental Disabilities, to collect provider data regarding direct care worker wages paid for services provided under Medicaid HCBS waivers, and submit a report to the Governor and specified members of the General Assembly.

### Freestanding birthing centers (VETOED)

- Would have required a hospital with a maternity unit that accepts Medicaid to enter into a transfer agreement with any freestanding birthing center located within a 30-mile radius that requests one (VETOED).

## Medicaid services

### Social gender transition

- Prohibits the distribution of Medicaid funds to provide mental health services that promote or affirm social gender transition.

### Rapid whole genome sequencing

- Requires the Medicaid Director to provide Medicaid reimbursement for rapid whole genome sequencing to infants under one year old with complex or acute unexplained illnesses.

## Care management system

### Medicaid MCO data cross checks

- Requires ODM to conduct a request for information to establish the feasibility of requiring Medicaid managed care organizations (MCOs) to conduct internal data cross checks.

### Automatic enrollment in Medicaid MCO plan (VETOED)

- Would have permitted individuals participating in the Medicaid care management system to select a Medicaid MCO plan in which to enroll (VETOED).
- Would have required ODM to randomly assign the individual to a plan without giving preference to a specific MCO plan or group of plans, if an individual does not select a Medicaid MCO plan (VETOED).
- Would have required ODM to notify the General Assembly, the LSC Director, and the Auditor of State within 30 days if it determines it cannot satisfy those requirements (VETOED).

### Managed care financial dashboard

- Requires ODM to include on its managed care financial dashboard both (1) actuarial metrics for annual and quarterly cost reports for specified Medicaid populations and (2) quarterly and annual composite per member per month category of service reports.

## Special programs

### Medicaid buy-in for workers with disabilities program premiums

- Eliminates the requirement that individuals whose income exceeds 150% of federal poverty guidelines must pay an annual premium as a condition of qualifying for the Medicaid buy-in for workers with disabilities program.

### Hospital Additional Payments Program

- Establishes the Hospital Additional Payments Program for inpatient and outpatient hospital services provided to enrollees in the Medicaid care management system at in-state hospitals.

### Rural Ohio Hospital Tax Pilot Program and assessment

- Permits the Medicaid Director to establish the Rural Ohio Hospital Tax Pilot Program for directed payments to certain rural Ohio hospitals.

- Permits counties in which the pilot program operates to establish a local hospital assessment to provide the nonfederal share of Medicaid payments made under the pilot program.

## Medicaid state directed payment programs

- Establishes conditions that must be satisfied upon the creation of a Medicaid state directed payment program that is funded in a manner other than by ODM or the hospital franchise fee program.
- Generally limits state directed payment programs to those established for hospital providers and services or professional services provided by hospitals, and to one state directed payment program per identified provider class.
- Prohibits ODM from establishing more than 50 state directed payment programs during a fiscal biennium.
- Prohibits the Medicaid Director from establishing a state directed payment program if there is no available or sufficient federal or local funding to sustain the program or the federal government requires the state to utilize general revenue funds as a condition of establishing the program.
- Prohibits ODM from utilizing more than 2% of funds received to support a state directed payment program for administration of state directed payment programs, and not more than 2% of those funds for administration of ODM and the Medicaid program.
- Requires ODM to prepare and submit quarterly reports to LSC and the chairpersons of the House and Senate standing committees overseeing Medicaid regarding any new state directed payment programs.

## 340B grantees

- For purposes of the interaction between Medicaid MCOs, third-party administrators, and 340B covered entities under the federal 340B Drug Pricing Program, removes certain hospitals from the list of entities included as 340B covered entities and instead refers to these entities as 340B grantees.
- Prohibits a contract between a Medicaid MCO, third-party administrator, and 340B grantee from including a payment rate for a prescribed drug provided by a 340B grantee that is less than the payment rate for health care providers that are not 340B grantees.
- Requires a Medicaid MCO or third-party administrator to provide a payment rate for all prescribed drugs obtained through the federal 340B Pricing Program by providers that are not 340B grantees that equals the payment rate for those drugs under the Medicaid state plan.
- Specifies that payments made under payment rates specified in a contract between Medicaid MCOs, third-party administrators, and 340B grantees are subject to audit by ODM.

# General

## Diversity, equity, and inclusion

- Prohibits Medicaid funds from being used for diversity, equity, and inclusion initiatives.

## Medicaid separate health care services line items

- Requires the OBM Director, in consultation with the Medicaid Director, to request and propose multiple Medicaid health care services GRF appropriation line items in subsequent state budgets.

## Right of recovery for cost of medical assistance

- Permits an individual who was a recipient of medical assistance and repaid money between April 6, 2007, and September 28, 2007, to ODM or a county department of job and family services pursuant to a right of recovery, to request a hearing regarding those payments.
- Authorizes any of the following to request a hearing: (1) a medical assistance recipient, (2) the authorized representative, (3) the executor or administrator of the estate, (4) a court-appointed guardian, or (5) an attorney directly retained by a recipient, or the recipient's parent, or legal or court-appointed guardian.

## MyCare Ohio

- Requires the Director to continue to expand the Integrated Care Delivery System (ICDS, also known as "MyCare Ohio"), or its successor program, to all Ohio counties.
- Requires the Director to select the entities for the expanded program.
- Requires ODM to establish requirements for care management and coordination of waiver services, subject to enumerated requirements.
- Authorizes ODM to include a Fully Integrated Dual Eligible Special Needs Plan established in accordance with federal law as a replacement for the ICDS.

## Hospital Care Assurance Program; franchise permit fee

- Eliminates the sunset of the Hospital Care Assurance Program and franchise permit fee that were set to terminate the program and assessment on October 16, 2025.

## Appeal of hospital assessment or audit

- Specifies that a final reconciliation of an annual hospital assessment constitutes an interim final order.
- Permits a hospital that requests reconsideration of a preliminary determination of an assessment imposed on the hospital to submit its written materials to ODM by (1) regular mail, (2) electronic mail, or (3) in-person delivery.

- Eliminates a requirement that ODM hold a public hearing if one or more hospitals requests a reconsideration of a preliminary determination of an assessment to be imposed upon the hospital.
- When a hospital appeals a final determination of its annual assessment, clarifies that the complete record of the proceedings includes all documentation considered by ODM in issuing the final determination.
- Requires a hospital to seek a declaratory judgment, rather than appeal the results of an audit conducted by ODM, when the audit determines the hospital paid amounts to ODM that the hospital should not have been required to pay or paid amounts it should have been required to pay.
- When seeking a declaratory judgment, requires a hospital to deposit any funds that are not in dispute into the Hospital Care Assurance Program fund while judicial proceedings are pending.

### Medicaid visit verification system (VETOED)

- Would have imposed duties on, and granted authority to, ODM, the Department of Developmental Disabilities, Medicaid MCOs, and other entities authorized to pay Medicaid claims in the event the Medicaid Director established an electronic visit verification system in rule.

## Reports, notifications, and audits

### Audit and corrective action plan for Medicaid ABD group

- Requires the Auditor of State to conduct an audit of the Medicaid program to determine whether individuals in the ABD group are ineligible for Medicaid.
- Requires the audit to specifically examine if individuals in the ABD group have countable assets that exceed the federal asset limits for Medicaid.
- Upon the conclusion of the audit, requires ODM to implement a corrective action plan including enumerated components, designed to reduce spending for individuals in the ABD group.

### Quarterly Medicaid statement of expenditures form

- Requires the Director to immediately provide notice if the federal government takes certain actions related to the Quarterly Medicaid Statement of Expenditures Form submitted by ODM

### Medicaid reports regarding fraud, waste, and abuse

- Modifies ODM's existing reporting requirements regarding fraud, waste, and abuse in the Medicaid program to require additional information.
- Requires that these reports be submitted to LSC and the chairs and ranking members of the House and Senate committees overseeing Medicaid.

- Removes a requirement that ODM's report be made available to the public on request.

### Presumptive eligibility error rate quarterly report

- Requires ODM to submit a quarterly report to the General Assembly detailing the presumptive eligibility error rate for the previous quarter.

### Legislative notice of amendments and waivers

- Requires ODM to provide notice to LSC and the House and Senate committees overseeing Medicaid before seeking an amendment to the Medicaid state plan or a Medicaid waiver that would (1) expand Medicaid coverage to any additional class of individuals or (2) increase any net costs to the state.
- Requires ODM to provide those committees with updates regarding the status of any amendment or waiver.

### Audit of Next Generation

- Requires the Auditor of State to conduct a performance and fiscal audit of ODM's Next Generation system and submit copies of the audit report to the standing committees of the House and the Senate that oversee Medicaid and to LSC by December 31, 2027.

## Medicaid eligibility

### Federal medical assistance percentage for expansion eligibility group

(R.C. 5163.04; Sections 333.360 and 513.10)

Under current federal law, the federal medical assistance percentage (FMAP) for services provided to Medicaid enrollees in Group VIII (nondisabled adults under age 65 with no dependents and incomes at or below 138% of federal poverty guidelines) is 90%.[109] The act specifies that if the FMAP for medical assistance provided to Group VIII enrollees is set below 90%, ODM must immediately terminate medical assistance for members of the group.

In addition to terminating medical assistance for members of Group VIII, the act additionally requires ODM, within 15 days after such a change to the FMAP, to certify to (1) the OBM Director, (2) LSC, (3) the Speaker of the House, and (4) the Senate President the total state and federal shares of Medicaid expenditures for Group VIII in the most recently completed month before the change to the FMAP.

The act specifies that the state share amount certified by ODM is to be multiplied by the number of months remaining in the fiscal year. This amount is to remain in the General Revenue Fund until the end of the fiscal year, at which time it must be transferred in accordance with continuing law to the Budget Stabilization Fund or Expanded Sales Tax Holiday Fund. If the change

[109] 42 U.S.C. 1396d(y).

to the FMAP occurs in the first year of a fiscal biennium, the state share amount is multiplied by 12 to calculate the amount for the second fiscal year of the biennium. The act exempts these transfers from its general requirement that the balance of the General Revenue Fund on June 30, 2025, and June 30, 2026, remain in the General Revenue Fund.

If the FMAP for Group VIII is set below 90% during FY 2026 or FY 2027, ODM must establish a phased transition plan to assist former Group VIII enrollees by redirecting them to private insurance subsidies or charity care programs that provide medical assistance.

## Group VIII eligibility redeterminations

(R.C. 5163.11)

The act requires ODM, to the extent permissible under federal law, to conduct eligibility redeterminations for members of Group VIII every six months. Current federal Medicaid regulations restrict eligibility redeterminations for Medicaid enrollees to once every 12 months.[110] However, H.R. 1 (the 2025 federal budget reconciliation bill, signed on July 4, 2025) implements six-month eligibility redeterminations for members of Group VIII beginning for redeterminations on or after December 31, 2026.

## Medicaid coverage of aged, blind, and disabled individuals

(R.C. 5163.05, repealed; conforming changes in R.C. 5163.03)

The act eliminates outdated language granting ODM authority to impose more restrictive Medicaid eligibility requirements for the aged, blind, and disabled (ABD) eligibility group than the eligibility requirements for individuals receiving benefits under the Supplemental Security Income (SSI) Program. The act also eliminates a related requirement that any more restrictive eligibility requirements established for the ABD group must be consistent with the federal 209(b) option for Medicaid eligibility. ODM has not exercised this option since 2016 and has instead based eligibility for individuals in the ABD eligibility group on SSI eligibility requirements.

## Change in circumstances eligibility verification

(R.C. 5163.50)

The act requires ODM to issue one or more requests for information related to Medicaid eligibility data and operations, to identify and assess systems and solutions that may be available to improve or augment the management, efficiency, frequency, and accuracy of Medicaid eligibility determinations and processing. The requests for information must include data systems related to: (1) Medicaid enrollee or applicant identity verification, (2) Medicaid enrollee death verification, (3) employment and wages, (4) lottery winnings, (5) residency verification including residency relating to concurrent enrollment in Medicaid in other states, (6) household composition, (7) Medicaid enrollee incarceration status, (8) third-party liability verification, (9) asset verification, and (10) any other records or systems ODM considers appropriate to strengthen program integrity, reduce costs, and to reduce fraud, waste, and abuse in Medicaid.

[110] 42 C.F.R. 435.916.

As part of the considerations, ODM must consider augmenting existing vendor arrangements relating to processing and managing Medicaid eligibility cases. The act further authorizes ODM to procure one or more vendors to implement any solutions identified as cost effective and feasible, but requires that any vendor compensation must be performance-based.

ODM must submit a report to the chairpersons of the House and Senate committees with jurisdiction over Medicaid detailing any findings from the requests for information issued and the considerations related to them.

## Medicaid waiver for reentry services

(R.C. 5166.50)

By September 30, 2026, the act requires ODM to apply for a Medicaid waiver component that provides reentry services to Medicaid-eligible imprisoned individuals for 90 days prior to their expected release date. The reentry services include mental and behavioral health services and substance use disorder treatment and related services. The act also requires the provision of a 30-day supply of prescription medicine to an eligible inmate who is being released, including medication administered by injection. ODM must implement the waiver component within one year of federal approval.

If ODM is unable to apply for the waiver by September 30, 2026, it may request an extension of up to 30 days from the Speaker of the House and the Senate President. Similarly, if ODM is unable to implement the waiver in the required timeframe, it may request an extension.

If the federal Centers for Medicare and Medicaid Services (CMS) does not approve the waiver, ODM must reapply before September 30, 2029.

Although federal law prohibits Medicaid payment for most health care services to incarcerated individuals,[111] recently, CMS released guidance encouraging states to apply for a Section 1115 demonstration waiver to test strategies to support community reentry for incarcerated individuals.[112]

## Continuous Medicaid enrollment for children (VETOED)

(R.C. 5166.45)

The Governor vetoed the act's repeal of law that requires ODM to seek CMS approval to provide continuous Medicaid enrollment for Medicaid-eligible children from birth through age three. Thus, ODM will continue to be required to establish a Medicaid waiver component that allows a Medicaid-eligible child to remain eligible until the earlier of (1) the end of a continuous 48-month period, or (2) the date the child exceeds age four.

[111] 42 U.S.C. 1396d(a)(A), not in the act.

[112] As of July 1, 2025, according to the KFF Medicaid Waiver Tracker, CMS has approved waivers for 19 states: AZ, CA, CO, HI, IL, KY, MD, MA, MI, MT, NH, NM, NC, OR, PA, UT, VT, WA, and WV.

### Medicaid eligibility fraud restitution

(R.C. 2913.401)

Regarding Medicaid eligibility fraud, the act *permits* a court to order restitution of *200%* of the amount of Medicaid services paid for which the individual was not eligible plus interest. Former law *required* a court to impose restitution of the full amount of the payment plus interest.

### Medicaid workforce development study

(Section 751.20)

The act requires ODM to conduct a comprehensive study on the feasibility, legality, and potential cost savings of establishing a Medicaid waiver component that imposes work requirements for Medicaid recipients and includes additional supplemental workforce development requirements. As part of the study, ODM must evaluate the impact of requiring Medicaid recipients who maintain eligibility through satisfying work requirements for 12 consecutive months to enroll in a workforce development program that is either (1) a state-sponsored program that can be completed within 12 months or (2) is a program offered through a private or public training facility, community college, or university and can be completed within 12 months.

Through the study, ODM must assess the following:

- The legal feasibility of implementing work and supplemental workforce development requirements;
- Ohio's workforce development training capacity;
- The potential cost savings associated with implementing work and supplemental workforce development requirements;
- The projected impact on Medicaid enrollment if the requirements were to be implemented.

By September 1, 2026, ODM must submit a report detailing its findings from the study, as well as any policy recommendations, to the Governor, Speaker of the House, Senate President, and the chairpersons of the House and Senate Finance Committees.

## Nursing facilities

### Case-mix score grouper methodology for nursing facilities

(R.C. 5195.19 and 5165.192; Section 333.280)

The act requires ODM, when determining case-mix scores for a nursing facility, to use the federal grouper methodology used for the patient driven payment model index on October 1 2019, for prospective payment of skilled nursing facilities under the Medicare program, rather than the grouper methodology used on June 30, 1999, as required under former law.

As part of this change, the act includes an adjustment to nursing facility direct care cost per case-mix units, due to the difference in scale between the old resource utilization group (RUG) model and the new patient driven payment model (PDPM). ODM must multiply each cost

per case-mix unit by the nursing facility's peer group average case-mix score for the semiannual period beginning January 1, 2026. That product is the cost per case-mix unit used to determine the nursing facility's direct care costs beginning January 1, 2026, and continuing until ODM's next rebasing takes effect.

Additionally, the act eliminates ODM's authority to adopt rules concerning any of the following:

- Adjusting case-mix values to reflect changes in relative wage differentials that are specific to Ohio;
- Expressing case-mix values in numeric terms that are different from the terms specified by HHS but that do not alter the relationship of case-mix values to one another;
- Modifying the grouper methodology by (1) establishing a different hierarchy for assigning residents to case-mix categories under the methodology, and (2) allowing the use of the index maximizer element of the methodology.

## Gradual implementation to patient driven payment model

(Section 333.280)

Due to the transition to the PDPM for nursing facility case-mix scores for direct care costs, the act provides for a gradual implementation of these new rates.

Due to H.B. 33's modifications to nursing facility direct care costs for FY 2024 and FY 2025, the act adjusts the rates calculated last biennium. From July 1, 2025, through December 31, 2025 (the first half of FY 2026), a nursing facility's direct care rate is to be determined by multiplying its cost per case-mix unit determined under the direct care rate formula for the nursing facility's peer group by the case-mix score under the standard formula, or, if the facility's case-mix score for FY 2025 was the alternate score above, then its semiannual case-mix score for the semiannual period beginning July 1, 2025. Additionally:

- From January 1, 2026, through the remainder of FY 2026, the increase or decrease to a nursing facility's direct care rate must equal ⅓ of the difference between the direct care rate in effect on January 1, 2025, and the direct care rate determined utilizing case-mix scores calculated in accordance with the changes to grouper methodology under the act.
- For FY 2027, the increase or decrease to a nursing facility's direct care rate is ⅔ of the difference between the direct care rate in effect on January 1, 2025, and the direct care rate determined utilizing case-mix scores calculated in accordance with the changes to grouper methodology under the act.

The act notes that the transition to the PDPM is intended to be budget neutral during FYs 2026 and 2027 and to not increase nursing facility payment rates during the fiscal biennium.

### PDPM transition report

Beginning October 1, 2025, and quarterly during the fiscal biennium, ODM must report to the General Assembly on the progress of transitioning to the patient driven payment model. The report must cover the progress made during the previous quarter and must be submitted to the

chairperson and ranking member of the standing committees overseeing Medicaid in the House and Senate.

## Nursing facility quality incentive payment

(R.C. 5165.26)

The act eliminates law that if a nursing facility underwent a change of owner with an effective date of July 1, 2023, or later, the facility was ineligible to receive a Medicaid quality incentive payment for a period of time. The facility could not receive a quality incentive payment until the earlier of the first day of January or the first day of July, at least six months after the effective date of the change of owner, if within one year after the change of owner, there was an increase in the lease payments or other financial obligations of the operator to the owner above the payments or obligations specified by the agreement between the previous owner and the operator.

The act extends from July 1, 2023, to July 1, 2025, law that if a nursing facility underwent a change of operator on or after that date, the facility was ineligible to receive a quality incentive payment until the earlier of the first day of January or the first day of July, at least six months after the effective date of the change of operator.

## Personal needs allowance (VETOED)

(R.C. 5163.33)

The Governor vetoed a proposed increase to the Medicaid personal needs allowance for individuals and married couples. Federal law requires states to set personal needs allowances of at least $30. The act would have increased Ohio's nursing home personal needs allowance for nursing facility and ICF/IID residents to at least $75 (from at least $50) for an individual and to at least $150 (from at least $100) for married couples.

## Waiver of ineligibility period

(R.C. 5163.30)

Under continuing law unchanged by the act, an institutionalized individual is ineligible to receive nursing facility services, nursing facility equivalent services, and home and community-based services under Medicaid for a period of time determined by ODM, if the individual or individual's spouse disposes of assets for less than fair market value on or after the designated look-back period.

The act makes it discretionary, rather than mandatory, that ODM grant a waiver of all or a portion of the ineligibility period if the administrator of a nursing facility in which the individual resides has notified the institutionalized individual of a proposed transfer or discharge from the facility for failure to pay for the care provided to the individual, and the transfer or discharge has been upheld by a final determination. Prior law required ODM to grant the waiver.

### Nursing facility dialysis services (VETOED)

(Section 333.263)

The Governor vetoed a provision that, for FY 2026 and FY 2027, would have required that ODM provide a rate add-on of $110 per treatment for dialysis services provided in a nursing facility to a Medicaid resident.

## Medicaid providers

### Home and community-based services (HCBS) direct care worker wages

(Section 333.270)

The act requires ODM, jointly with the Department of Aging and the Department of Developmental Disabilities, to collect data from providers regarding the wages paid to direct care workers providing direct care services under Medicaid HCBS waiver components administered by the departments. Not later than December 31, 2025 and 2026, ODM must submit a report to the Governor, the Speaker and Minority Leader of the House, the President and Minority Leader of the Senate, and the chairpersons of the standing committees handling Medicaid matters in the House and Senate.

### Freestanding birthing centers (VETOED)

(R.C. 3722.15)

The Governor vetoed a provision that would have required a hospital that is a Medicaid provider and that operates a maternity unit to agree to a transfer agreement with any freestanding birthing center within a 30-mile radius that requests one. The transfer agreement would have needed to specify an effective procedure for the safe and immediate transfer of a patient from the birthing center to the hospital. Transfers occur when medical care is needed beyond the care that can be provided at the center, including when emergency situations or medical complications arise. The center would have been responsible for filing a copy of the transfer agreement with the Director.

## Medicaid services

### Social gender transition

(Section 333.13)

The act prohibits the distribution of Medicaid funds to provide mental health services that promote or affirm social gender transition (to living as a gender different from the individual's biological sex).

### Rapid whole genome sequencing

(R.C. 5164.093)

The act requires Medicaid, with federal approval, to cover rapid whole genome sequencing (an investigation of the entire human genome to identify genetic changes) for Medicaid patients under one year old who have an unexplained complex or acute illness and who

are receiving hospital services in an intensive care unit or other high acuity care unit. The Director may also provide coverage for other next-generation sequencing and genetic testing.

Any of the following medical necessity criteria may be required for Medicaid reimbursement of rapid whole genome sequencing:

- Symptoms that suggest a broad differential diagnosis that would require an evaluation by multiple genetic tests if whole rapid genome sequencing is not performed;
- Timely identification of a molecular diagnosis is necessary to guide clinical decision-making, and testing results may guide condition treatment or management;
- Relevant family genetic history;
- Complex or acute illness with an unknown cause including at least one of the following conditions:
  - Congenital anomalies involving at least two organ systems or complex multiple congenital anomalies in one organ system;
  - Specific organ malformation highly suggestive of a genetic etiology;
  - Abnormal laboratory tests or chemistry profiles suggesting the presence of a genetic disease, complex metabolic disorder, or inborn error of metabolism;
  - Refractory or severe hypoglycemia or hyperglycemia;
  - Abnormal response to therapy related to an underlying medical condition affecting vital organs or bodily systems;
  - Severe muscle weakness, rigidity, or spasticity;
  - A high-risk stratification for a brief, resolved, unexplained, and recurrent event that is any of (1) an event without respiratory infection, (2) a witnessed seizure-like event, or (3) a cardiopulmonary resuscitation event;
  - Refractory seizures;
  - Abnormal cardiac diagnostic testing results suggestive of possible channelopathies, arrhythmias, cardiomyopathies, myocarditis, or structural heart disease;
  - Abnormal diagnostic imaging studies or physiologic function studies suggestive of an underlying genetic condition;
  - Any other condition added by the Director based on new medical evidence.

A laboratory performing rapid whole genome sequencing for an infant through Medicaid must return preliminary positive results within seven days of receiving a sample and must return final results within 15 days.

Genetic data generated as a result of performing rapid whole genome sequencing is protected health information subject to the requirements established by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The primary use of the data is to assist health care professionals in diagnosing and treating a patient. The patient, the patient's legal guardian,

or the patient's health care provider may request access to testing results for use in other clinical settings. A health care provider may charge a fee equal to the direct cost of producing the results for use in another clinical setting.

The genetic data may be used for scientific research if the patient's guardian consents. A patient or a patient's legal guardian may rescind consent at any time, and upon receiving written revocation of consent the entity using the data for research must cease use and expunge the patient's information from any data repository where it is held.

The Director may adopt rules or take other administrative action as necessary to implement Medicaid coverage of rapid whole genome sequencing for infants.

# Care management system

## Medicaid MCO data cross checks

(Section 751.120)

The act requires ODM to conduct a request for information to study the feasibility of requiring Medicaid managed care organizations (MCOs) to conduct internal data cross checks.

## Automatic enrollment in Medicaid MCO plan (VETOED)

(R.C. 5167.03)

The Governor vetoed provisions that would have permitted an individual participating in Medicaid through the care management system to select a Medicaid MCO plan in which to enroll, during a time period specified by ODM. If an individual did not select a MCO plan during that period, ODM would have been required to randomly assign the individual to a plan without giving deference to any specific MCO plan or group of plans.

If ODM were unable to satisfy these requirements, it would have to notify the General Assembly, the LSC Director, and the Auditor of State within 30 days after making its determination. As part of the notice, ODM would have had to provide an explanation as to why it was unable to satisfy the requirements.

## Managed care financial dashboard

(R.C. 5167.09)

The act requires ODM to include actuarial metrics for annual and quarterly cost reports on its managed care financial dashboard. These metrics must be delineated as follows:

- Adults for whom financial eligibility for Medicaid is determined utilizing the modified adjusted gross income standard, and who are not members of Group VIII;
- Children for whom financial eligibility for Medicaid is determined utilizing the modified adjusted gross income standard;
- Individuals in the ABD eligibility group who are age 21 or older;
- Individuals in the ABD eligibility group who are age 20 or younger;
- Individuals who are members of Group VIII;

- Individuals who are members of the adoption and foster kids eligibility groups;
- All other individuals eligible for Medicaid benefits.

The dashboard must also include quarterly and annual composite per member per month category of service reports for each Medicaid MCO, delineated by: (1) inpatient services, (2) outpatient facility services, (3) professional services, (4) radiology, pathology, and laboratory services, (5) pharmacy services, (6) behavioral health services, and (7) all other services.

# Special programs

## Medicaid buy-in for workers with disabilities program premiums

(R.C. 5162.133, 5163.091, 5163.093, 5163.094, and 5163.098)

The act eliminates a requirement that individuals whose income exceeds 150% of federal poverty guidelines must pay an annual premium as a condition of qualifying for the Medicaid buy-in for workers with disabilities (MBIWD) program, which allows certain disabled individuals who are employed to enroll in Medicaid so long as their income does not exceed 250% of federal poverty guidelines.

## Hospital Additional Payments Program

(Section 333.140)

The act establishes the Hospital Additional Payments Program as a state directed payment program for inpatient and outpatient hospital services provided to enrollees in the Medicaid care management system who receive care at in-state hospitals. Under the program, participating hospitals and hospital industry representatives must work collaboratively with ODM to establish quality improvement initiatives that align with and advance the goals of ODM's quality strategy required under federal law. Participating hospitals will receive direct payments for services provided under the program.

## Rural Ohio Hospital Tax Pilot Program and assessment

(Sections 333.290 and 333.300)

### Pilot program

The act authorizes the Medicaid Director to establish the Rural Ohio Hospital Tax Pilot Program to provide directed payments to certain rural Ohio hospitals and their related health systems. To be eligible to participate, a hospital must (1) be enrolled as a provider in the Medicaid program, and (2) be either a rural hospital or a critical access hospital. For purposes of the pilot program, a "rural hospital" includes any hospital located in Fayette, Greene, Highland, Hocking, Muskingum, Perry, Pike, Ross, Scioto, or Washington County.

The pilot program must comply with all federal laws governing state directed payment programs, including all of the following:[113]

[113] 42 C.F.R. 438.6(c).

- The pilot program must be approved by CMS, and the Medicaid Director must seek approval for the pilot program in accordance with existing law.
- Directed payments may not exceed the average commercial rate under a preprint form as approved by CMS.
- The pilot program must be subject to an evaluation plan.

As a condition of participation in the pilot program, a hospital must enter into one or more contracts that ODM considers necessary. The act specifies that any required contracts must be executed by October 1 preceding the first fiscal year of a biennium (i.e., by October 1, 2026). Additionally, a hospital must comply with (1) average commercial rate reporting requirements established by ODM and (2) ODM's quality measure set, including the metrics and targets set by ODM to advance the goals and objectives of ODM's quality strategy, as required under federal regulations. Hospitals must also cooperate with any evaluation or reporting requirements established by ODM.

No hospital provider may participate in the pilot program unless sufficient tax funds are assessed, collected, obligated, and appropriated. The Medicaid Director may terminate or decline to establish the pilot program if federal or local tax funding is not available or sufficient to sustain the program, and at no time is ODM required to provide funding for the program. If at any time ODM is informed that the assessment established to fund the nonfederal share of the pilot program is an impermissible health care related tax, it must promptly refund the amounts paid by each hospital.

### Local assessment

To provide the nonfederal share of payments made under the pilot program, the act permits counties in which the program will operate to establish a local hospital assessment. If a local hospital assessment is established, it must meet all federal requirements that apply to provider assessments.

Counties may set the annual rate of the local hospital assessment. An assessment must apply uniformly to all nonpublic hospitals with the jurisdiction of the county, and at the discretion of the counties, may also apply to public hospitals. The rate of an assessment, in the aggregate, must be sufficient to cover (1) the nonfederal share of Medicaid payments that benefit hospitals in the counties, and (2) the administrative expenses for administering the local hospital assessment, up to $150,000 annually. The act requires a local hospital assessment to further Ohio's evolving quality goals, including (1) improving mental health, (2) substance abuse prevention, and (3) advancing maternal health. Counties may impose penalties on hospitals that fail to pay the assessment in a timely manner.

Contiguous counties participating in the pilot program, which each contain two or fewer rural hospitals, may establish a multi-county funding district for the purposes of a local hospital assessment. The boundaries of a multi-county funding district are the combined boundaries of the counties that comprise the funding district. The act specifies that a multi-county funding district is a governmental entity.

To establish a multi-county funding district, the board of county commissioners of each county within the proposed district must pass a resolution or ordinance establishing the county's participation in the district and appointing a county commissioner to serve on the district's governing board. Before a new county may join the district, the resolution or ordinance of each county in the district must be amended. The appointed county commissioner from each member county constitutes the district's governing board. The act authorizes a governing board to delegate the operational and administrative burdens of the funding district to the counties within the district. Within 60 days after a funding district is established, a governing board must designate at least one county to serve as the operational and administrative lead. The designation may be changed at any time.

## Medicaid state directed payment programs

(R.C. 5162.25 and 5162.251)

The act establishes conditions that must be satisfied upon the creation of a state directed payment program that is funded in a manner other than by ODM or the hospital franchise permit fee program. All new and existing state directed payment programs subject to the act's requirements must comply with all federal requirements governing state directed payment programs, including:[114]

- The program must be approved by CMS, and the Medicaid Director must seek approval in accordance with existing law.
- Directed payments may not exceed the average commercial rate for all providers participating under a preprint form approved by CMS, unless the payments are exempted by a value-based purchasing agreement approved by CMS.
- The program must be subject to an evaluation plan.

The act limits state directed payment programs to hospital providers and services or professional services provided by hospitals. At the discretion of the Director, one state directed preprint form approved by CMS may be approved for (1) inpatient and outpatient hospital services, (2) physician services, and (3) children's hospitals participating in the Acceleration for Kids Quality Initiative. Moreover, the act prohibits ODM from establishing more than 50 state directed payment programs during a fiscal biennium.

As a condition of participating in a state directed payment program, a hospital provider must enter into one or more contracts related to the program, as ODM considers necessary. The act specifies that, beginning for any preprint effective for a rating period beginning on or after January 1, 2027, any required contract must be executed not later than October 1 preceding the first fiscal year of a biennium.

Additionally, a hospital must comply with (1) average commercial rate reporting requirements established by ODM and (2) ODM's quality measure set, including the metrics and targets set by ODM to advance the goals and objectives of the Department's quality strategy, as

[114] 42 C.F.R. 438.6(c).

required under federal regulations. Hospitals must also cooperate with any evaluation or reporting requirements established by ODM.

The act requires ODM to enter into an agreement with the authorized representative of each entity participating in a state directed payment program. No agreement between ODM and an entity is valid and enforceable unless the OBM Director first certifies that there is a balance in the appropriation used to support state directed payment programs that is not already obligated under existing programs, in an amount at least equal to the cost of the program.

A hospital provider may not participate in a state directed payment program unless sufficient funds are obligated and appropriated. ODM is prohibited from providing general revenue funds or other state funds for a state directed payment program. The ODM Director must terminate or decline to establish a state directed payment program if (1) local funding is not available or sufficient to sustain the program, or (2) the federal government restricts or otherwise limits the availability of federal funds to support state directed payment programs or requires the state to utilize general revenue funds as a condition of establishing or maintaining a state directed payment program.

The act prohibits ODM from using more than 2% of funds received to support a state directed payment program for administration of such programs. The Director also may not use more than 2% of those funds for administration of ODM or the Medicaid program.

ODM must prepare and submit quarterly reports to LSC and the chairpersons of the House and Senate standing committees with jurisdiction over Medicaid regarding any newly established state directed payment programs.

## 340B grantees

(R.C. 5167.01 and 5167.123; conforming changes in R.C. 3902.70 and 4729.29)

The act includes provisions relating to the pricing of prescribed drugs under the Medicaid care management system obtained under the federal 340B Drug Pricing Program. For purposes of the interactions between a Medicaid MCO, third-party administrator, and 340B covered entity, the act removes most hospitals from the entities that are included as 340B covered entities. In making this change, the act instead refers to 340B covered entities as 340B grantees and specifies that to be considered a 340B grantee, an entity must be designated as an active entity under the Health Resources and Services Administration covered entity daily report. The act maintains the continuing law definition of a 340B covered entity outside the Medicaid program, for purposes of a contract between a health plan issuer, third-party administrator, and 340B covered entity, and for purposes of a contract between a terminal distributor of dangerous drugs and a 340B covered entity.

The act eliminates a prohibition against a contract between a Medicaid MCO, third-party administrator, and 340B grantee including a payment rate for a prescribed drug that is less than the national average drug acquisition costs rate for the drug as determined by CMS, or if no rate is available, a reimbursement rate that is less than the wholesale acquisition cost of the drug. Instead, the act prohibits a contract between these entities from including a provision for a payment rate for a prescribed drug provided by a 340B grantee to an individual as a result of

health care services provided by the grantee directly to the individual, that is less than the payment rate applied to health care providers that are not 340B grantees.

In addition, the act requires a Medicaid MCO or third-party administrator to provide a payment rate for all prescribed drugs obtained under the 340B Drug Pricing Program by providers that are not 340B grantees that equals the payment rate for those prescribed drugs under the Medicaid state plan. Any payment made under payments rates specified in contracts between Medicaid MCOs, third-party administrators, and 340B grantees are subject to audit by ODM.

# General

## Diversity, equity, and inclusion

(Section 333.12)

The act prohibits Medicaid funds from being used for diversity, equity, and inclusion initiatives, to the extent permitted by federal law. This prohibition does not apply to funds appropriated to provide services that support access to the community for Medicaid recipients with intellectual and developmental disabilities.

## Medicaid separate health care services line items

(R.C. 126.024)

Beginning with the biennial state budget after H.B. 96, the act requires the OBM Director, in consultation with the Medicaid Director, to request and propose multiple Medicaid health care services general revenue fund appropriation items. At a minimum, the act requires that the Directors propose separate health care services appropriation items for the following:

- Services provided under the care management system;
- Nursing facility services;
- Hospital services;
- Behavioral health services;
- Services provided under Medicaid waiver components administered by ODA;
- Prescription Drug Services;
- Physician services;
- Services provided under the Ohio Home Care Waiver Program;
- Services provided under Medicaid waiver components administered by the Department of Developmental Disabilities;
- Services provided under the OhioRISE Medicaid waiver component;
- Any other services the Directors determine should have a separate appropriation item.

## Right of recovery for cost of medical assistance

(R.C. 5160.37)

Under continuing law, ODM and county departments of job and family services have an automatic right of recovery against the liability of a third party that pays for the cost of medical assistance provided to a Medicaid recipient. There is a rebuttable presumption that ODM or the county department is entitled to the lesser of (1) one-half of the remaining amount after fees, costs, and expenses are deducted from the total judgment, award, settlement, or compromise, or (2) the actual amount of medical assistance paid.

The act permits an individual who was a recipient of medical assistance who repaid money to ODM or a county department under this automatic right of recovery, between April 6, 2007, and September 28, 2007, to request a hearing to rebut the presumption about the amount the individual repaid. A request must be made within 180 days after September 30, 2025. The presumption is successfully rebutted if the requestor demonstrates by clear and convincing evidence that a different allocation is warranted.

Any of the following may submit a request for a hearing:

- The medical assistance recipient;
- The recipient's authorized representative;
- The executor or administrator of a recipient's estate who is authorized to make or pursue a request;
- A court-appointed guardian;
- An attorney who has been directly retained by the recipient, or the recipient's parent, legal guardian, or court-appointed guardian.

## MyCare Ohio expansion

(Section 333.250)

The act requires the Medicaid Director, in accordance with law established in 2023 in H.B. 33 of the 135th General Assembly, to continue to expand the Integrated Care Delivery System (ICDS, known as "MyCare Ohio") to all Ohio counties during FY 2026 and FY 2027. If the Director terminates MyCare Ohio, the successor program must serve all Ohio counties as well. ODM must establish requirements for care management and coordination of wavier services in the expanded program, subject to the following:

- The selected entities must employ the local area agency on aging to be coordinators of home and community-based services under a Medicaid waiver component available for eligible individuals over age 59.
- The entities may delegate to the area agency on aging full care coordination function for home and community-based services and other health care services received by those eligible individuals.

- Individuals enrolled in an entity's plan may choose the entity or its designee as the care coordinator, as an alternative to the area agency on aging.
- ODM may specify an alternative approach to care management and coordination of waiver services if the area agency on aging's performance does not meet the program requirements or if ODM determines that the needs of a defined group of individuals require an alternative approach.

## MyCare Ohio successor program

(R.C. 5167.01 and 5167.03)

The act permits ODM to include a Fully Integrated Dual Eligible Special Needs Plan (FIDE SNP) as a replacement, successor program for MyCare Ohio.

## Hospital Care Assurance Program; franchise permit fee

(Section 610.10)

The Hospital Care Assurance Program (HCAP) is a program that distributes funds to hospitals that provide a disproportionate share of services to low-income individuals. To raise funds necessary to make payments under HCAP, ODM imposes annual assessment fees on all hospitals. In addition to the HCAP annual assessment, ODM also imposes a separate annual assessment on hospitals to help pay for the Medicaid program. To distinguish that assessment from HCAP, the assessment is sometimes called a hospital franchise permit fee.

H.B. 870 of the 119th General Assembly (1992) imposed a sunset (a delayed repeal) on HCAP and the hospital franchise permit fee. The initial sunset was scheduled for October 1, 1995. However, the sunset has been extended every two years by each subsequent General Assembly, most recently to October 16, 2025. The act repeals the sunset, thereby making the continued operation of HCAP and the hospital franchise permit fee permanent.

## Appeal of hospital assessment or audit

(R.C. 5168.08, 5168.11, and 5168.22)

### Hospital assessments

#### *HCAP*

The act makes substantive changes to the HCAP annual assessment imposed on all hospitals as a funding mechanism for the program. Continuing law, unchanged by the act, requires ODM to issue a preliminary determination of the amount the hospital is to be assessed during the program year. Upon receiving a preliminary determination, a hospital may request reconsideration of the preliminary determination. The act specifies that a final reconciliation constitutes a final interim order that may be subject to adjustments made by CMS. Under continuing law, if a hospital does not request reconsideration of the preliminary determination, the preliminary determination constitutes final reconciliation of the assessment.

The act expands the notice provisions by permitting delivery of the written materials by (1) regular mail, (2) electronic mail, or (3) in-person delivery. It also eliminates a requirement that ODM hold a public hearing if one or more hospitals seek redetermination of a preliminary

determination. The act's provisions specifying that a final reconciliation constitutes a final interim order that may be subject to adjustments made by CMS also apply to final reconciliations that are the result of a redetermination (continuing law provides that the redetermination result constitutes final reconciliation of a hospital's assessment).

Under continuing law unchanged by the act, ODM must issue each hospital a written notice of its assessment under the final reconciliation, and a hospital may appeal the final reconciliation to the Franklin County court of common pleas. The act clarifies that the complete record of the appeal proceedings includes all documentation considered by ODM in issuing the final reconciliation.

### *Hospital franchise permit fee*

In addition to the HCAP assessment, Ohio law also imposes the hospital franchise permit fee upon hospitals. The act makes similar changes to the law governing the additional assessment to those made concerning the assessment imposed under HCAP, including (1) that written materials submitted to ODM by a hospital seeking redetermination of a preliminary determination of the assessment may be delivered to ODM by regular mail, electronic mail, or in-person delivery, and (2) that if a hospital appeals a final determination of its assessment, the complete record of the proceedings includes all documentation considered by ODM in issuing the final determination.

### Hospital audit

Under continuing law unchanged by the act, funds paid by a hospital pursuant to the HCAP assessment are deposited into the Hospital Care Assurance Program fund. ODM may audit the amounts of payments made by a hospital and (1) make payments to a hospital that paid amounts it should not have been required to pay or did not receive amounts it should have, and (2) take action to recover from a hospital any amounts the hospital should have been required to pay but did not or that it should have not received but did.

The act eliminates the ability of a hospital to appeal the results of an audit and instead requires a hospital that disagrees with the results of an audit to seek a declaratory judgment in Franklin County court. While judicial proceedings are pending, the hospital must pay to the fund any amounts identified by an audit that are not in dispute.

## Medicaid visit verification system (VETOED)

(Section 751.160)

The Governor vetoed provisions that would have established requirements pertaining to a Medicaid visit verification system during the fiscal biennium if the Director established an electronic visit verification (EVV) system. Through June 30, 2027, the act would have imposed duties on, and granted authority to, ODM, the Department of Developmental Disabilities, Medicaid MCOs, and other entities authorized to pay Medicaid claims in the event the Director established an EVV system in rule, including the following:

- Prohibiting the EVV system from exceeding minimum requirements specified in federal law;

- Requiring ODM and the Department to provide education and technical assistance to Medicaid providers to aid them in complying with the EVV system;
- Requiring a Medicaid provider to be notified if a claim submitted is not supported by evidence in the EVV system;
- Requiring ODM, the Department, a Medicaid MCO, or other entity authorized to pay a Medicaid claim to offer the Medicaid provider the opportunity to review and correct such a claim and data in the EVV system;
- Prohibiting ODM, the Department, a Medicaid MCO, or other entity from denying a claim that is not supported by information in the EVV system;
- Allowing ODM, the Department, a Medicaid MCO, or other entity authorized to conduct a post-payment audit or review to consider information in the EVV system as part of its audit or review protocol;
- Prohibiting ODM, the Department, a Medicaid MCO, or other entity to conduct a post-payment audit or review based solely on information in the EVV system.

# Reports, notifications, and audits

## Audit and corrective action plan for Medicaid ABD group

(Section 751.170)

The act requires the Auditor of State to conduct an audit of the Medicaid program to determine whether any individuals enrolled in the program on the basis of being members of the ABD eligibility group are ineligible to participate in Medicaid. The audit must specifically examine if ABD members have countable assets that exceed the Medicaid asset limits prescribed under federal law (generally $2,000 for an individual and $3,000 for an individual and spouse).[115]

After the audit, ODM must initiate a corrective action plan to reduce Medicaid spending for individuals in the ABD group. The corrective action plan must:

- Address individuals determined by the audit to be ineligible for continued participation in Medicaid;
- Establish and implement an electronic asset verification system for all ABD applicants and enrollees;
- Undertake other initiatives to reduce Medicaid spending for ABD enrollees.

ODM must then submit a copy of the corrective action plan to LSC and the chairpersons of the standing committees in the House and Senate that primarily consider legislation governing Medicaid.

[115] 20 C.F.R. 416.1205.

## Quarterly Medicaid statement of expenditures form

(R.C. 5162.14)

The act requires the Medicaid Director to immediately notify (1) the Speaker of the House, (2) the Senate President, (3) the LSC Director, and (4) the chairpersons of the relevant standing committees in the House and Senate if CMS takes certain actions related to the Quarterly Medicaid Statement of Expenditures Form submitted to CMS by ODM to report its Medicaid costs. The Director must provide the notice if CMS does any of the following related to a CMS-64 Form submitted by ODM:

- Determines that the form has a variance of expenditures of 8% or greater;
- Asks any questions related to the form;
- Refuses to certify the information provided on the form;
- Refuses to release any funds to the state.

When providing the notice, the Director must include any letter or information provided to ODM by CMS related to its questioning or decision not to certify a CMS-64 Form. Additionally, the Director must include any correspondence from ODM to CMS as part of the notice provided.

## Medicaid reports regarding fraud, waste, and abuse

(R.C. 5162.132 (primary) and 5101.98)

Continuing law requires ODM to prepare and submit a report regarding its efforts to minimize fraud, waste, and abuse in the Medicaid program. The act adds that the report must be prepared and submitted by December 31 of each year, and include the following information for the most recently concluded state fiscal year:

- Improper Medicaid payments and expenditures, including the individual and total dollar amounts for claims that were determined to be the result of fraud, waste, and abuse;
- Federal and state recovered funds, including the dollar amount per claim and the total dollar amounts concerning Medicaid fraud, waste, and abuse;
- Aggregate data concerning improper payments and ineligible Medicaid recipients who received Medicaid services as a percentage of the claims investigated or reviewed;
- The number of payments made in error, the dollar amount of those payments within Medicaid, and the number of confirmed cases of intentional program violation and fraud (instead of JFS as under prior law).

In addition to making this report available on ODM's website as required under continuing law, the act requires ODM to also provide copies of the report to the chairpersons and ranking members of the House and Senate committees with jurisdiction over Medicaid and to LSC. The act removes the requirement that the report be submitted to the Governor, the General Assembly generally, and to the public upon request.

## Presumptive eligibility error rate quarterly report

(R.C. 5163.104)

The act requires ODM to submit a quarterly report to the General Assembly regarding the presumptive eligibility error rate for presumptive eligibility determinations made during the previous quarter. Continuing law unchanged by the act defines the "presumptive eligibility error rate" as the rate at which a qualified entity or qualified provider deems an individual presumptively eligible for Medicaid, when the individual is not eligible to participate in Medicaid.

## Legislative notice of amendments and waivers

(R.C. 5162.08 and 5166.03)

The act prohibits ODM from seeking to implement an amendment to the Medicaid state plan or an 1115 or 1915 Medicaid waiver that would (1) expand Medicaid coverage to any additional individuals or class of individuals or (2) increase any net costs to the state, unless ODM first provides notice to LSC and the standing committees of the House and Senate with jurisdiction over Medicaid. The act further requires ODM to provide updates to those committees regarding the status of any amendment or waiver submitted.

Continuing law requires the ODM Director to provide written notice to the Speaker of the House and Senate President at least ten days before submitting a request for an 1115 Medicaid waiver. The act requires that this notice also include confirmation that ODM has informed the committees as described above, if doing so is required for the proposed waiver.

## Audit of Next Generation

(Section 751.70)

The act requires the Auditor of State to conduct a performance and fiscal audit of ODM's Next Generation system and submit copies of the audit report to the standing committees of the House and the Senate that oversee Medicaid and to LSC by December 31, 2027. In conducting the audit, the Auditor may examine:

- The Provider Network Management;
- The Ohio Medicaid Enterprise System;
- The Ohio Resilience Through Integrated Systems and Excellent (OhioRISE) program;
- The Electronic Data Interchange;
- The Medicaid single state pharmacy benefit manager;
- Centralized provider credentialing;
- Prior authorization requirements;
- Issues with late payments to Medicaid providers;

Any other aspects of the system the Auditor considers relevant.

# STATE MEDICAL BOARD

## Summary suspensions

- Revises the law authorizing the State Medical Board to issue summary suspensions against its license holders, including by specifying that a summary suspension is not a final appealable order and is not an adjudication that may be appealed under the Administrative Procedure Act.

## Certified mental health assistants

- Revises the law governing certified mental health assistants to correspond with the law governing other health care professionals licensed by the Board.

## Medical Quality Assurance Fund

- Establishes procedures for transferring money in the Medical Quality Assurance Fund to the Board's monitoring organization under contract to operate the Confidential Monitoring Program for impaired practitioners.
- Requires the monitoring organization, in collaboration with the Ohio State Medical Association and Ohio Hospital Association, to create a foundation to be operated solely for supporting programs for impaired practitioners.
- Requires the monitoring organization to transfer the money it receives from the Medical Quality Assurance Fund to the foundation's governing board.
- Requires the foundation's governing board to approve an annual plan for disbursement of funds held by the foundation, with the initial disbursement to occur by January 1, 2026.

## Summary suspensions

(R.C. 4730.25, 4731.22, 4759.07, 4760.13, 4761.09, 4762.13, 4772.20, 4774.13, and 4778.14)

The act revises in the following ways the law authorizing the State Medical Board, in limited circumstances, to issue summary suspensions against its license holders:

- It eliminates provisions specifying that an order is not subject to suspension by a court before the Board issues its final adjudicative order and, instead, specifies:
  - That a summary suspension is not a final appealable order and is not an adjudication that may be appealed under the Administrative Procedure Act (R.C. Chapter 119); and
  - That once a final adjudicative order has been issued, any party adversely affected by it may file an appeal in accordance with the requirements of the Administrative Procedure Act.
- It eliminates law specifying that a summary suspension remains in effect unless reversed on appeal.

- In the case of acupuncturists, anesthesiologist assistants, certified mental health assistants, genetic counselors, and radiologist assistants, it extends to 75 days (from 60) the number of days by which the Board must issue its final adjudicative order after its hearing regarding the summary suspension. (The 75-day timeline corresponds with that for other practitioners regulated by the Board.)

## Certified mental health assistants

(R.C. 4731.2210, 4772.20, 4772.21, 4772.23, and 4772.99; conforming changes in R.C. 4759.99, 4760.99, 4761.99, 4762.99, 4772.99, and 4774.99)

The act revises in the following ways the law governing certified mental health assistants (CMHAs) in order to correspond with recently enacted changes to the law governing other health care professionals also licensed by the Board:

- It authorizes the Board to recommend that a CMHA's license be suspended without a prior hearing if the Board receives verifiable information that the CMHA has been charged with a felony and the conduct charged constitutes grounds for Board disciplinary action.
- It requires a CMHA who has reasonable cause to suspect that a licensee of the Board has committed or participated in criminal conduct or sexual misconduct to report that information to the Board.
- It requires a CMHA to self-report criminal charges regarding criminal conduct, sexual misconduct, or any conduct involving the use of a motor vehicle while under the influence of drugs or alcohol.
- It reduces from 60 to 30 the number of days by which a health facility must report various conduct of a CMHA to the Board.
- It authorizes the Board to require a CMHA subject to a probationary order related to sexual misconduct or patient harm to provide a written disclosure to each patient, the patient's guardian, or a key third party.

Regarding the description of criminal penalties under the CMHA law as well as other laws administered by the Board, the act makes adjustments to conform with standard bill drafting conventions.

## Medical Quality Assurance Fund

(R.C. 4731.256 (primary) and 113.78; Sections 105.30, 620.40, and 620.41)

The act establishes a process for transferring the money in the Medical Quality Assurance Fund, which is a custodial fund, to the monitoring organization that contracts with the Board to operate the Confidential Monitoring Program for impaired practitioners. The fund was created to receive money that the Ohio Medical Quality Foundation was required to transfer to it by April 1, 2025.[116]

[116] See Section 14 of H.B. 238 of the 135th General Assembly.

The following steps apply to the fund-transfer process:

1. By October 30, 2025, the monitoring organization must create a foundation to be operated for the sole purpose of supporting monitoring programs for impaired practitioners. The foundation must be created in collaboration with the Ohio State Medical Association and Ohio Hospital Association. It must include a three-member governing board consisting of one individual appointed by the chief executive officer of each of the creating entities.

2. Once the foundation is created, the monitoring organization must notify the Treasurer of State.

3. Within 30 days after receiving the notice, the Treasurer of State must transfer all unencumbered money in the fund to the monitoring organization. Until the transfer occurs, all investment earnings are to be credited to the fund.

4. Within 30 days after receiving the money, the monitoring organization must submit the money to the governing board of the foundation created as described above.

5. On January 1, 2026, or the 30th day after the governing board receives the money, whichever is later, the governing board must complete its initial disbursement.

6. On July 1, 2026, the Medical Quality Assurance Fund is abolished.

## Annual disbursement plan

The foundation's governing board must hold at least one meeting each year to approve an annual plan for disbursing funds held by the foundation. In determining the amount to be disbursed, the governing board must consider factors related to the cost of providing monitoring services, the revenue generated from participants who receive services from the monitoring organization, and the extent to which the monitoring organization's services are being used, particularly by individuals under the Board's jurisdiction as practitioners and license applicants. Only the governing board is given the power and duty to determine the amount to be disbursed.

# DEPARTMENT OF NATURAL RESOURCES

## Division of Wildlife

- Increases, from $74 to $210, the fee for each nonresident deer permit.
- Increases various fishing license fees charged to a nonresident who is not a resident of a reciprocal state.
- Expands the allowable uses for hunting and fishing related gift certificates.
- Makes permissive, instead of mandatory, the Chief of the Division of Wildlife's authority to adopt rules governing hunting and fishing related gift certificates.
- Eliminates the requirement that the Chief establish fees for gift certificates that equal the total fee for the applicable license, permit, or stamp.
- Eliminates the requirement that a gift certificate expire one year after purchase.
- Allows a resident landowner's parents to hunt and trap on the landowner's property without a hunting license, deer permit, wild turkey permit, or fur taker permit.
- Allows a resident landowner's grandchildren under 18 to hunt and trap on the landowner's property without a deer permit, wild turkey permit, or fur taker permit.
- Clarifies that, for both in-state and out-of-state residents who own land in Ohio, the landowner's spouse may hunt deer or wild turkey and hunt or trap fur-bearing animals on that property without a deer, wild turkey, or fur taker permit.
- Revises what constitutes a "wild boar" or "feral swine" for purposes of the law governing hunting and fishing.

## Division of Oil and Gas Resources Management

### Permit to plug and abandon fee

- Eliminates the $250 permit fee generally required to be paid when applying for a permit to plug and abandon any oil and gas well.

### Oil and Gas Resolution and Remediation Fund (VETOED)

- Would have created the Oil and Gas Resolution and Remediation Fund (OGRRF) in the state treasury (VETOED).
- Would have required the Chief of the Division of Oil and Gas Resources Management to use money in the OGRRF to plug orphaned wells in accordance with continuing law (VETOED).
- Would have authorized the Chief to use the OGRRF for expenses that are critical and necessary for the protection of human health and safety and the environment related to oil and gas production (VETOED).

- Would have required the Treasurer of State, at the beginning of each fiscal year, to transfer the amount of money in the Oil and Gas Well Fund that exceeds the total amount appropriated to it for that fiscal year to the OGRRF (VETOED).
- Would have required the Treasurer to make disbursements, other than interest earnings, from the ORGRRF on a quarterly basis, on order of the Chief (VETOED).
- Would have required the $50 filing fee for an exempt domestic well or exempt Mississippian well (that may be filed in lieu of posting a surety bond) and any funds collected by the Chief from corrective action orders to be deposited into the OGRRF instead of the Oil and Gas Well Fund (VETOED).
- Would have required interest earned on the OGRRF to be reserved for use by the ODNR Director for any ODNR-related purpose, subject to the written approval of the Technical Advisory Council on Oil and Gas (VETOED).

### Oil and gas orders – appeals

- Allows the Oil and Gas Commission to decide an appeal of an order of the Chief of the Division of Oil and Gas Resources Management or a rule adopted by the Chief without a hearing when, in its judgment, it is appropriate to do so.

## Division of Water Resources

### H2Ohio (VETOED)

- Would have prohibited H2Ohio Fund money from being used to purchase land or a conservation easement (VETOED).

## Division of Parks and Watercraft

### Creation of new funds

- Creates the Park Lodges, Maintenance, and Repair Fund and the Parks and Watercraft Holding Fund, both in the state treasury, and specifies the purposes of each fund.

### Watercraft registration and fees

- Allows a required watercraft registration certificate to be presented in digital form in lieu of a physical form.
- Allows a registration certificate to be presented in digital form within 72 hours of when a watercraft that is not numbered is stopped by a law enforcement officer in lieu of a physical form.
- Applies the 72-hour registration certificate presentment requirement to kayaks and inflatable watercraft meeting the definition of a paddlecraft.
- Specifies that these provisions take effect January 1, 2027.

### Rules governing preventing ice on state park's water

- If the Chief of the ODNR Division of Parks and Recreation adopts rules for the issuance of a permit for preventing or limiting ice formation on the surface of water that is located in a state park on property owned or managed by the Division, prohibits the Chief from levying a permit fee.

## Division of Natural Areas and Preserves

- Allows the Chief of the Division of Natural Areas and Preserves to sell merchandise and other items related to, or that promote, the state's wildlife and unique environment, and general ecological preservation and conservation.
- Requires the money received from the sale of merchandise to be paid into the state treasury to the credit of the Natural Areas and Preserves Fund.

## Division of Mineral Resources Management

### Long-term Abandoned Mine Reclamation Fund

- Creates in the state treasury the Long-Term Abandoned Mine Reclamation Fund to be administered by the Chief of the Division of Mineral Resources Management.
- Specifies that the fund must consist of federal grants from the federal Abandoned Mine Reclamation Fund, to be used for the abatement of the causes and the treatment of the effects of acid mine drainage resulting from coal mine practices.

### Qualifications/exams for certain mining industry positions

- Repeals provisions of Ohio's mine and quarry law that:
  - Specify the qualifications for fire bosses, shot firers, and forepersons of surface maintenance facilities; and
  - Require that the Chief to conduct examinations for those positions and issue certificates to applicants who pass their examinations.
- Specifies that for mine forepersons, forepersons, mine electricians, and surface mine blasters, the Chief must provide examinations "as needed" instead of "quarterly or more often as required."
- Repeals the requirement that public notice be given announcing the time and place for upcoming examinations.

## Program Support Fund

- Codifies the Program Support Fund, which supports ODNR's centralized service support offices using payments from divisions within ODNR and other payments received for purposes of the fund.

## Dredging operations (VETOED)

- Would have prohibited ODNR, when conducting, or contracting with a third party to conduct, dredging operations in the waters of the state, from requiring a license, registration, or certification for an individual to operate the dredging equipment or watercraft associated with such operations (VETOED).

## ODNR contracts with local government for services (VETOED)

- Would have required ODNR to enter into a contract with municipal corporations on Lake Erie islands to reimburse them for expenses incurred in providing certain services on state park land or at facilities owned or managed by ODNR if ODNR does not provide the services (VETOED).

## Local consent prior to ODNR altering a historical site

- Prohibits ODNR from physically working on or altering an oil and gas historical site without the consent of certain local entities.

## Division of Wildlife

(R.C. 1533.10, 1533.11, 1533.111, 1533.32, and 1533.131)

### Nonresident deer permit and fishing license fees

The act increases, from $74 to $210, the fee for each nonresident deer permit.

It also increases fishing license fees charged to a nonresident who is not a resident of a reciprocal state[117] as follows:

1. Annual fishing license fee, from $49 to $74;

2. Three-day tourist fishing license fee, from $24 to $50; and

3. One-day fishing license fee, from $13 to $26.

### Gift certificates

The act expands the allowable uses for hunting and fishing related gift certificates to allow a person to obtain, pay for, or purchase both:

1. Any license, permit, or stamp that the Chief of the Division of Wildlife so designates as gift certificate eligible; and

2. Any user fee or conservation-related item, such as a magazine subscription, that the Chief so designates as gift certificate eligible.

[117] A "reciprocal state" is a state that has entered into an agreement with Ohio to charge in-state fees to nonresidents for hunting and fishing licenses (R.C. 1533.91, not in the act).

Prior law allowed gift certificates to be used only for hunting and fishing licenses; fur taker, deer, and wild turkey permits; and wetlands habitat stamps.

The act also allows, instead of requires, the Chief to adopt rules governing hunting and fishing related gift certificates. Further, it eliminates a requirement that the Chief establish fees for gift certificates that equal the total fee for the applicable license, permit, or stamp. Finally, it eliminates the requirement that a gift certificate expire one year after purchase.

## Hunting on family land

The act expands which relatives may hunt and trap on an Ohio landowner's property without purchasing a hunting license, deer or wild turkey permit, or fur taker permit. As used in this context, an Ohio landowner includes:

1. An Ohio resident who owns land in Ohio;

2. An Ohio resident member of an LLC or an Ohio resident partner of an LLP, with three or fewer members or partners, that own land in Ohio; and

3. An Ohio resident trustee or an Ohio resident beneficiary of a trust that has a total of three or fewer trustees and beneficiaries, that own land in Ohio.

### Hunting license

The act allows the parents of an Ohio landowner to hunt on the landowner's property without a hunting license. Under continuing law, an Ohio landowner's children and the landowner's grandchildren under 18 may do so.

### Deer and wild turkey permit

The act allows an Ohio landowner's parents and grandchildren under 18 to hunt deer and wild turkey on the landowner's property without a deer or wild turkey permit. Under continuing law, an Ohio landowner's children may do so.

### Fur taker permit

The act also allows an Ohio landowner's parents and grandchildren under 18 to hunt and trap fur-bearing animals on the landowner's property without a fur taker permit. Under continuing law, an Ohio landowner's children may hunt or trap fur-bearing animals on the land without a fur taker permit.

### Spouse of Ohio landowner

The act allows the spouses of both in-state and out-of-state residents who own land in Ohio to hunt deer or wild turkey and hunt or trap fur-bearing animals on that property without a deer, wild turkey, or fur taker permit. Prior law did not explicitly allow the spouse of an Ohio landowner to engage in such hunting activities without a permit.

### Wild boar or feral swine

(R.C. 1531.01)

The act adds various animals that are considered "wild boar" or "feral swine" for purposes of the law governing hunting and fishing. Under continuing law, a "wild boar" or "feral swine" is either of the following:

1. Members of the family suidae, including a wild pig, wild hog, feral hog, and feral pig and an old world swine, razorback, European wild boar, Russian wild boar, and any hybrids or crossbreeds thereof; or

2. Members of the family tayassuidae, including collared peccary and javelina, and any hybrids or crossbreeds of members of the family tayassuidae.

The act adds that a wild boar or feral swine also is a hog, boar, or pig that appears to be untamed, undomesticated, or in a wild state; and a wild pig, wild hog, feral hog, or feral pig that appears contained in a licensed wild animal hunting preserve or a wholly enclosed preserve for hunting or trapping. However, the act specifically excludes a domesticated pig of the family suidae that is legally confined or held in captivity from being considered a wild boar or feral swine.

## Division of Oil and Gas Resources Management

### Permit to plug and abandon fee

(R.C. 1509.13, conforming change in R.C. 1509.071)

The act eliminates the $250 nonrefundable permit fee to apply for a permit to plug and abandon any oil and gas well. Under continuing law, a person must apply for and receive a permit from the Chief of the Division of Oil and Gas Resources Management before plugging and abandoning a well. The act, however, retains the $500 fee an applicant must pay to receive the permit in an expedited manner, which the Chief must issue within seven days after submission of the request for expedited review.

### Oil and Gas Resolution and Remediation Fund (VETOED)

(R.C. 1509.02, 1509.07, 1509.071, 1509.075, and 1509.38)

The Governor vetoed all provisions governing the creation and management of the Oil and Gas Resolution and Remediation Fund (OGRRF) in the state treasury. Those provisions would have required the Chief of the Division of Oil and Gas Resources Management to use money in the OGRRF to plug orphaned wells. The Chief would have used the OGRRF for expenses that are critical and necessary for the protection of human health and safety and the environment related to oil and gas production.

#### Investments (VETOED)

The act would have required the Treasurer of State to invest any portion of the OGRRF not needed for immediate use in the same manner as, and subject to all laws governing state funds.

### Deposits (VETOED)

The act would have required the Treasurer of State, at the beginning of each fiscal year, to transfer to the OGRRF the amount of money in the Oil and Gas Well Fund that exceeded the total amount appropriated to it for that fiscal year. Additionally, it would have required the following to be credited to the OGRRF, rather than the Oil and Gas Well Fund:

1. The $50 filing fee for an exempt domestic well or exempt Mississippian well (that may be filed in lieu of posting a surety bond); and

2. Any funds collected by the Chief from the issuance of corrective action orders related to plugging oil and gas wells.

### Interest earned (VETOED)

Interest earned on the OGRRF would have been credited to the OGRRF and reserved for use by the ODNR Director for any ODNR-related purpose, subject to the written approval of the Technical Advisory Council on Oil and Gas.

### Fund transfers (VETOED)

The act would have prohibited money from being transferred out of the OGRRF by the OBM Director or the Controlling Board to any other fund, including the GRF. It also would have prohibited the OGRRF from being used for any purpose not specified in law.

## Oil and gas orders – appeals

(R.C. 1509.36)

The act allows the Oil and Gas Commission to decide an appeal of an order, or part of an order, of the Chief of the Division of Oil and Gas Resources Management or a rule adopted by the Chief without a hearing when, in its judgment, it is appropriate to do so. The Oil and Gas Commission is a five-member body that hears appeals of persons claiming to be adversely affected by an order of the Chief. An appeal decided by the Commission is final unless vacated by the Franklin County Court of Common Pleas.

# Division of Water Resources

## H2Ohio (VETOED)

(R.C. 126.60)

The Governor vetoed a proposed prohibition against H2Ohio Fund money being used to purchase land or a conservation easement. The H2Ohio program is Ohio's statewide approach to protect and improve water quality. It is administered by ODNR, the Ohio Lake Erie Commission, the Department of Agriculture, and the Environmental Protection Agency. The fund may be used for various types of water projects; awarding or allocating grants or money for projects designed to address water quality priorities; cooperative research; and other purposes that align with a statewide strategic vision and comprehensive periodic water protection and restoration strategy.

# Division of Parks and Watercraft

## New funds

(R.C. 1546.25 and 1546.26)

The act creates the Park Lodges, Maintenance, and Repair Fund and the Parks and Watercraft Holding Fund, both in the state treasury as follows:

| DNR fund creation | | |
|---|---|---|
| **Fund** | **Money credited to fund** | **Allowable fund uses** |
| Park Lodges, Maintenance, and Repair Fund | Money that ODNR's Division of Parks and Watercraft receives from contractual agreements with service providers and concessionaires for state park lodges, restaurants, and marinas. | To pay maintenance and repair costs for facilities operated by concessionaires and service providers at state park lodges, restaurants, and marinas. |
| Parks and Watercraft Holding Fund | Money received by the Division of Parks and Watercraft from gift card sales, credit card sales, and sales conducted at field locations. | Funds are transferred to the appropriate ODNR fund.<br>For gift card sales, the Division Chief must transfer money in the fund to the appropriate fund after gift certificates and gift cards are redeemed. |

## Watercraft registration certificate inspection

(R.C. 1547.54; Section 820.70)

Continuing law generally requires a watercraft's registration certificate to be on the watercraft and available for inspection at all times the watercraft is in operation. The act allows the registration certificate to be on the watercraft in either physical or digital form.

Continuing law also requires a person operating a canoe, rowboat, or inflatable watercraft on the waters of Ohio that has not been numbered and that is stopped by a law enforcement officer to present a registration certificate to the officer within 72 hours after being stopped. The act allows the registration certificate to be presented to the officer in either physical or digital form. It also applies this presentment requirement to kayaks and inflatable watercraft meeting the definition of a paddlecraft.

These provisions take effect January 1, 2027.

### Rules governing preventing ice on state park's water

(R.C. 1546.04)

Under continuing law, the Chief of the ODNR Division of Parks and Watercraft, with the approval of the ODNR Director, must adopt rules that are necessary for the proper management of state parks, bodies of water, and the lands adjacent to them under its jurisdiction and control. If the Chief adopts rules for the issuance of a permit for preventing or limiting ice formation on the surface of water that is located in a state park on property owned or managed by the Division, the act prohibits the Chief from levying a permit fee.

## Division of Natural Areas and Preserves: merchandise sales

(R.C. 1517.11)

The act allows the Chief of the Division of Natural Areas and Preserves to sell any of the following:

- Items related to, or that promote, Ohio's native plants and animals, unique ecology and geology, and general ecological preservation and conservation such as pins, apparel, stickers, books, bulletins, maps, publications, calendars, and other educational articles and Division-branded merchandise;
- Items pertaining to Ohio's ecology, including native plants and seeds of native plants.

The act directs all money received from the sale of merchandise for deposit into the state treasury to the credit of the existing Natural Areas and Preserves Fund.

## Division of Mineral Resources Management

### Long-term Abandoned Mine Reclamation Fund

(R.C. 1513.371)

The act creates the Long-Term Abandoned Mine Reclamation Fund in the state treasury to be administered by the Chief of the Division of Mineral Resources Management. The fund consists of grants awarded by the U.S. Secretary of the Interior from the federal Abandoned Mine Reclamation Fund under the federal "Infrastructure Investment and Jobs Act" (IIJA).[118] All investment earnings of the fund are credited to the fund.

The fund must be used for abatement of the causes and treatment of the effects of acid mine drainage resulting from coal mine practices. The scope of the fund's purpose includes:

- The costs of building, operating, maintaining, and rehabilitating acid mine drainage treatment systems;
- The prevention, abatement, and control of subsidence; and
- The prevention, abatement, and control of coal mine fires.

[118] Infrastructure Investment and Jobs Act, Pub. L. No. 177-58.

According to the Office of Surface Mining Reclamation and Enforcement within the U.S. Department of the Interior, "acid mine drainage" (also referred to as "acid drainage" or "AMD") is "[w]ater with a pH of less than 6.0 and in which total acidity exceeds total alkalinity, discharged from an active, inactive, or abandoned surface coal mine and reclamation operation or from an area affected by surface coal mining and reclamation operations." "Subsidence" is "[s]urface caving or sinking of a part of the earth's crust due to underground mining excavations."[119]

### Qualifications/exams for certain mining industry positions

(R.C. 1561.13, 1561.18, repealed, 1561.21, repealed, 1561.22, repealed, and 1561.23; R.C. 1561.16, 1561.46, and 1561.48 (conforming changes))

The act repeals Ohio mining and quarry laws that specify the qualifications for the mining industry positions of forepersons of surface maintenance facilities, fire bosses, and shot firers.

Under continuing law, the Chief must conduct examinations for several other mining-related positions. The act specifies that for persons seeking certificates as mine forepersons, forepersons, mine electricians, and surface mine blasters, the Chief must provide examinations "as needed," instead of providing them "quarterly or more often as required" as under prior law. Finally, the act also repeals the requirement that public notice, through the press or otherwise, be given announcing the time and place at which examinations are to be held.

## Program Support Fund

(R.C. 1501.47)

The act codifies the Program Support Fund, which is used by the Director to support centralized service support offices of ODNR. The fund consists of payments from divisions within ODNR and any other payments ODNR receives related to the fund's purposes.

The Program Support Fund was created in uncodified law by H.B. 110 of the 134th General Assembly in 2021.[120]

## Dredging operations (VETOED)

(R.C. 1501.46)

The Governor vetoed a provision that would have prohibited ODNR, when conducting, or contracting with a third party to conduct, dredging operations in the waters of the state, from requiring a license, registration, or certification for an individual to operate the dredging equipment or watercraft associated with such operations.

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[119] U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement, "Glossary," available on the Office's website: osmre.gov.

[120] Section 343.20 of H.B. 110, 134th General Assembly (2021).

## ODNR contracts with local government for services (VETOED)

(R.C. 1501.022)

The Governor vetoed a provision that would have required ODNR to enter into a contract with any municipal corporation that is located on a Lake Erie island that includes resort attractions and activities to reimburse the municipal corporation for expenses incurred in providing for any of the following services on state park land or at facilities owned or managed by ODNR, if ODNR did not provide the services:

1. Emergency response services;

2. Garbage and debris removal services;

3. Snow removal services; and

4. Any other service if the ODNR Director requests a local government to provide it.

## Local consent prior to ODNR altering a historical site

(R.C. 1501.023)

The act prohibits ODNR from physically working on or altering a historical site that has been designated by the Ohio History Connection with a brown historical marker sign and has a significance with respect to Ohio's oil and gas industry, without the consent of every member of the following:

1. The board of county commissioners of the county in which the historical site is located;

2. The historical society of the county where the historical site is located; and

3. The Oil and Gas Technical Advisory Council.

# BOARD OF NURSING

- Establishes an additional ground upon which the Board of Nursing may impose discipline on the holder of a nursing license or dialysis technician certificate – that the holder failed to cooperate with a Board-conducted investigation.

## Disciplinary grounds – failure to cooperate

(R.C. 4723.28)

The act establishes an additional reason for the Board of Nursing to impose professional discipline on the holder of a nursing license or dialysis technician certificate – that the holder failed to cooperate with an investigation conducted by the Board. Under its rulemaking authority, the Board could extend this additional basis for imposing discipline to its existing regulation of medication aides and community health workers.[121]

Failure to cooperate includes (1) failing to comply with a Board-issued subpoena or order or (2) failing to answer truthfully a question presented by the Board in an investigative interview, in an investigative office conference, at a deposition, or in written interrogatories.

The act also clarifies that failure to cooperate does not include (1) failing to comply with a subpoena quashed by a court or (2) withholding evidence or testimony, as permitted by court order.

[121] See R.C. 4723.652(A) and 4723.88(F), not in the act.

# OIL AND GAS LAND MANAGEMENT COMMISSION

## Standard leases (VETOED)

- Would have required the standard oil and gas lease used by state agencies to include an option to extend the primary term of the lease for an additional five years (rather than three years) (VETOED).
- Would have required the standard lease also to include specific provisions governing the payment of rentals and bonus amounts; tolling of the lease term; shut-in royalty payments; and deferments (VETOED).

## Bids and leases for exploration on state-owned land (PARTIALLY VETOED)

- Would have required a state agency, when entering into a lease with a person for the exploration and development of oil and gas on state-owned land, to fully execute the lease within 30 days after the Oil and Gas Land Management Commission selects the person with the highest and best bid (VETOED).
- Would have prohibited a state agency and the Commission from charging any additional fee (that is not specifically authorized or required) to a person bidding or entering into a lease to explore and develop oil and gas on state-owned land (VETOED).
- Allows the person so bidding to offer an extra gross landowner royalty in addition to the required $^1/_8$ gross landowner royalty amount and any proposed lease bonus.

## Oil and gas leases (PARTIALLY VETOED)

(R.C. 155.33 and 155.34)

### Standard leases (VETOED)

The Governor vetoed provisions that would have required the standard oil and gas lease used by state agencies to include an option to extend the primary term of the lease for an additional five years, instead of three years. The act also would have required the standard lease to include a shut-in provision, which is a lease term that allows the lessee to maintain the lease by making specified "shut-in" royalty payments on a well even if well production is halted. Additionally, it would have required the standard lease to include specific provisions governing the lease.

A more detailed description of these vetoed provisions is available in the Oil and Gas Management Commission chapter of LSC's analysis of H.B. 96, As Passed by the Senate (PDF), which is available on the General Assembly's website at legislature.ohio.gov.

## Bids and leases for exploration on state-owned land (PARTIALLY VETOED)

The Governor vetoed provisions that would have required a lease for the exploration and development of oil and gas on state-owned land to be executed within 30 days after the person with the highest and best bid was selected by the Oil and Gas Land Management Commission. A more detailed description of these vetoed provisions is available in the Oil and Gas Management Commission chapter of LSC's analysis of H.B. 96, As Passed by the Senate (PDF), which is available on the General Assembly's website at legislature.ohio.gov.

In addition, the Governor vetoed a provision that would have prohibited a state agency (generally ODNR) and the Commission from charging any additional fee (that is not specifically authorized or required) to a person bidding or entering into a lease to explore and develop oil and gas on state-owned land. However, the Governor did not appear to veto a provision that allows *the person so bidding* to offer an extra gross landowner royalty in addition to the required $^{1}/_{8}$ gross landowner royalty amount and any proposed lease bonus.

# STATE BOARD OF PHARMACY

## Instruments to reduce drug poisoning

- Expands, beyond fentanyl testing strips, the items that may be lawfully possessed and used to test for the presence of drugs and to prevent drug poisoning, without being considered in violation of the criminal prohibition against drug paraphernalia.
- Requires the State Board of Pharmacy to adopt rules for approving additional types of instruments that may be possessed and used because they demonstrate efficacy in reducing drug poisoning by determining the presence of specific compounds.

## Regulation of wholesale and retail drug distributors

- Expressly requires the Board to license out-of-state business operations involved in retail and wholesale drug sales: terminal distributors, wholesale distributors, outsourcing facilities, third-party logistics providers, repackagers, and manufacturers.
- Increases the fees for issuing and renewing licenses for in-state terminal distributors.
- Requires licensed drug distributors to have a responsible person designated and available at all times, to notify the Board of the person designated, and to pay a fee to make a change.
- Increases the fees for issuing and renewing registration for pharmacy technicians.

## Instruments to reduce drug poisoning

(R.C. 2925.14 and 4729.261)

The act expands the types of items that a person may possess and use to test for the presence of drugs, and thereby prevent drug poisoning, without being guilty of the crime of illegal use or possession of drug paraphernalia. Specifically, the items comprise any equipment, products, or material approved in rules adopted by the State Board of Pharmacy as demonstrating efficacy in reducing drug poisoning by determining the presence of a specific compound or group of compounds. The act maintains the criminal law exemption that applies to fentanyl testing strips.

The Board must adopt rules establishing standards and procedures for its approval of additional items. The Board may not approve any type of instrument that is intended to measure the purity of a mixture.

# Regulation of retail and wholesale drug distributors

## Nonresident operations – licensure and fees

(R.C. 4729.52, 4729.54, and 4729.551, repealed; conforming changes in R.C. 3719.04, 4729.56, 4729.561, and 4729.60)

The act expressly requires the Board to license out-of-state business operations involved in the retail and wholesale drug supply chain: terminal distributors, wholesale distributors, outsourcing facilities, third-party logistics providers, repackagers, and manufacturers. The requirement replaces law that indirectly required or only authorized the Board to license out-of-state operations.

The act designates the licenses for out-of-state operations as "nonresident licenses," which corresponds with Board rules addressing out-of-state licensure of terminal distributors.[122] For the remaining types of drug distributors, the act requires a nonresident license to include an appropriate subcategory designation, based on the type of business involved: wholesale distributor of dangerous drugs, outsourcing facility, third-party logistics provider, repackager of dangerous drugs, or manufacturer of dangerous drugs.

For a terminal distributor, the fee for issuing or renewing a nonresident license is $500. For the remaining types of drug distributors, the fee for issuing or renewing a nonresident license is $2,000.

Procedures for issuing and renewing a nonresident license are the same as those for licensing in-state operations. Where necessary, the act distinguishes between provisions that apply differently to in-state or out-of-state operations.

For terminal distributors, the act clarifies that the Board's general confidentiality requirements apply when investigatory information is received through agreements with other regulatory agencies. This corresponds with continuing law that applies to investigations of the remaining types of drug distributors.

## In-state terminal distributor fees

(R.C. 4729.54)

Regarding the various categories of terminal distributor licenses that the Board issues to in-state operations, the act increases the fees for initial and renewed licenses as follows:

- $360 (from $320) for a Category II license, including a limited license. (Category II excludes controlled substances.)
- $460 (from $440) for a Category III license, including a limited license and a pain management clinic license. (Category III includes controlled substances.)

[122] See O.A.C. Chapter 4729:5-8.

- $160 (from $120) for a terminal distributor license that must be obtained by an entity that typically is exempt from licensure, except for that fact that it possesses controlled substances, compounded drugs, or drugs used in compounding.[123]
- $160 (from $120) for a terminal distributor license obtained by a veterinary practice.
- $160 (from $120) for a terminal distributor license obtained by an emergency medical service organization satellite.

### Responsible person

(R.C. 4729.52 and 4729.54; conforming changes in R.C. 4729.53 and 4729.80)

The act requires each type of licensed drug distributor, both in-state and out-of-state, to designate a person to serve as the licensed location's responsible person. To qualify, a person must meet requirements established by Board rule. A responsible person must be available at all times. Along with the license holder, the designated person accepts responsibility for the operation of the licensed location in accordance with state and federal laws and rules.

Each licensed drug distributor must notify the Board of the designated responsible person and any subsequent change that is made. Notice is to be provided in accordance with Board rules. For any change of responsible person, the Board must assess a fee of $15.

To correspond with the statutory requirement to designate a responsible person, the act modifies law that indirectly acknowledged that the Board had adopted rules establishing a responsible person requirement.[124]

## Pharmacy technicians

(R.C. 4729.901, 4729.902, and 4729.921)

Regarding the Board's regulation of pharmacy technicians in their various categories, the act increases the fees as follows:

- $65 (from $50) for initial registration as a registered pharmacy technician or certified pharmacy technician;
- $65 (from $50) for the biennial renewal of registration as a registered pharmacy technician or certified pharmacy technician. (The act reflects in statute the two-year registration period established by Board rule.[125])
    - $40 (from $25) for registration as a pharmacy technician trainee. (By Board rule, a trainee's registration is valid for 18 months, which the act reflects by adjusting the existing one-year statutory minimum accordingly.[126])

[123] See R.C. 4729.541.

[124] See O.A.C. 4729:5-2-01 and 4729:6-2-01.

[125] O.A.C. 4729:3-2-03.

[126] O.A.C. 4729:3-2-01(D).

# OFFICE OF PUBLIC DEFENDER

- Allows the Ohio Public Defender (OPD) to contract with private counsel to provide legal representation in parole, probation, community control, and post-release control revocation matters when the Public Defender does not have capacity to handle a matter.
- Creates the Northwest Regional Hub pilot program.
- Requires each county to submit a biannual indigent defense cost projection report to OPD by July 31, 2026, with data on the most current projected costs of the indigent defense services in the county for the next two upcoming fiscal years.

## Outside counsel in revocation hearings

(R.C. 120.06 and 120.08)

The act allows the Ohio Public Defender (OPD) to contract with private counsel to provide legal representation in parole, probation, community control, and post-release control revocation matters when OPD determines it does not have the capacity to provide legal representation. When OPD contracts with private counsel under this provision, OPD must directly pay private counsel's fees and expenses from the Indigent Defense Support Fund. Continuing law requires OPD to provide legal representation in revocation matters involving parole, probation, community control, or post-release control where the alleged violator does not have financial capacity to retain counsel.

## Northwest Regional Hub pilot program

(Section 371.30)

The act creates the Northwest Regional Hub pilot program to allow Allen, Hardin, and Putnam counties to opt in to a system that places responsibility for the counties' indigent defense with OPD. Under the pilot program, in FY 2026 and FY 2027, OPD must establish the program to provide indigent defense services for those counties that elect to join, in lieu of those counties managing those services directly and applying for reimbursement.

### Opting in

If a pilot county elects to participate in the program, the county must pass a resolution to become part of the Northwest Regional Hub, thereby transferring administration of the counties' indigent defense system to OPD for the period of the pilot program. If a pilot county opts in, OPD must assume responsibility for representation of indigent persons in those counties, except to the extent where the court appoints outside counsel.

### OPD case load

OPD must consult with the county commissioners, judiciary, and local attorneys in counties that have opted to participate in the pilot program to determine the number of cases the public defender will handle directly. Generally, OPD will provide direct representation to indigent defendants in not more than 80% of cases in a participating county, with the remainder

of cases handled by counsel appointed by the court under continuing law. But where OPD, in consultation with county commissioners, judiciary, and local attorneys, determines that there is insufficient local counsel available to fill an appointment, OPD must provide direct representation regardless of the 80% cap.

### Transferring employees

When a county transfers indigent defense services to OPD under the pilot program, and the transferring county operates a county public defender office at the time of the transfer, the employees of the transferring county public defender may be appointed as employees of the OPD as the OPD determines to be necessary for successful implementation of the program.

The act allows OPD, regardless of any other law to the contrary, in consultation with the DAS Director, to either:

- Assign any employee of the transferring county to a classification that is not subject to Ohio's Public Employee Collective Bargaining Law[127] (PECBL) and to assign such an employee to the appropriate compensation, classification, step placement, and step advancement, and to determine appropriate service credit for purposes of vacation and longevity;
- Assign any employee of the transferring county to a bargaining unit classification that is subject to PECBL if the OPD and DAS determines that the bargaining unit classification is the proper classification for that employee.

Employees of a transferring county may be eligible for any state benefit plan administered by DAS with coverage commencing as determined by the DAS Director. Actions taken by the OPD and the DAS Director pursuant to the pilot program are not subject to appeal to the State Personnel Board of Review.

### Withdrawing from the pilot

A county that wishes to withdraw from the pilot program and resume responsibility for indigent defense services must provide OPD with a copy of a resolution electing to withdraw and must hold a public meeting regarding the withdrawal. It must provide notice at least seven days before the meeting to the local bar association, every judge serving in the county, the county prosecutor, the county public defender, and every attorney who is on the court's roster for appointment to provide indigent defense under continuing law.

## Indigent defense cost projection report

(Section 371.20)

The act requires each county, through its county commission, to submit a biannual indigent defense cost projection report to OPD. The report must be submitted on or before July 31, 2026, and must contain data on the most current projected costs of the indigent defense services in the county for the next two upcoming state fiscal years at the time of submission.

[127] R.C. Chapter 4117.

# DEPARTMENT OF PUBLIC SAFETY

## Motor vehicle registration and title

### Additional motor vehicle registration and renewal fees

- Beginning January 1, 2026, increases the additional annual motor vehicle registration and renewal fees from $11 to $16 for noncommercial vehicles and from $30 to $35 for nonapportioned commercial vehicles.

### Disabled veterans: registration transfer fee exemption

- Exempts a disabled veteran from the $1 transfer fee that applies when a person transfers the registration and license plate from one vehicle to another if the license plate is:
  - A license plate honoring military service or a military award; or
  - A disabled veteran license plate.

### Registration fees for veterans with unemployability status

- Expands which disabled veterans are exempt from paying motor vehicle registration and service fees by exempting a veteran who has a service-connected disability that is compensated at 100% by the U.S. Veterans Administration in the same manner as if the veteran has a disability rating of 100%.

### Deputy registrar/BMV service fee

- Increases from $5 to $8 the service fee charged by the Bureau of Motor Vehicles (BMV) and deputy registrars.
- Requires the Registrar of Motor Vehicles to modify the prorated multi-year registration service fee to account for the increase.
- Allocates the $3 increase to the Ohio State Highway Patrol (OSHP).

### BMV electronic and online transactions

- Authorizes the Registrar and a deputy registrar to accept electronically:
  - Documents that are required to accompany the services and transactions that the BMV conducts electronically or online; and
  - Documents approved by the Registrar for electronic or online submission and acceptance.
- Authorizes a person to apply for an initial motor vehicle registration and a transfer of motor vehicle registration through the online system established by the Registrar, similar to registration renewals under continuing law.
- Requires the Registrar or deputy registrar to verify and authenticate any associated documents submitted electronically with those registrations.
- Allocates the service fee and postage costs for those online and electronic submissions.

### Vehicle registration by telephone

- Eliminates the requirement that the BMV accept motor vehicle registration renewal payments via telephone.

### Ohio Natural Energy Foundation license plate

- Regarding contributions collected for the Ohio Natural Energy Foundation license plate, requires the Registrar to pay contributions previously collected for payment to the now defunct Ohio Oil and Gas Energy Education Foundation and the Ohio Natural Energy Institute to the Ohio Natural Energy Foundation.

### National Council of Negro Women license plate

- Regarding the contributions for the National Council of Negro Women license plate, which under prior law were required to be paid to the National Council of Negro Women, Incorporated, requires the Registrar to pay the contributions to the Ohio State Coalition-National Council of Negro Women, Incorporated.

### Certificate of title application

- Allows an applicant for a motor vehicle certificate of title to use the last four digits of the applicant's Social Security number on the title application if the application is for either:
  - A salvage certificate for an owner-retained vehicle; or
  - A transfer of title to an insurance company or a nonprofit corporation.

### Certificate of title fee increase

- Beginning January 1, 2026, increases the general certificate of title fee required for most motor vehicles, all-purpose vehicles, and off-highway motorcycles from $15 to $18.
- Allocates the $3 increase to the OSHP through the Security, Investigations, and Policing Fund.
- Authorizes a board of county commissioners to raise the fee an additional $5 for certificates of title issued in that county.
- Allocates the $5 increase to the clerk of a court of common pleas who issues the certificate of title.

## Commercial motor vehicles

### Drug and Alcohol Clearinghouse notifications

- Updates Ohio Commercial Motor Vehicle Laws to reflect federal requirements related to the Federal Motor Carrier Safety Administration's Drug and Alcohol Clearinghouse (DAC) notifications to the Registrar, as follows:
  - Prohibits a commercial driver's license temporary instruction permit (CLP) or commercial driver's license (CDL) holder from operating a commercial motor vehicle if the holder has violated certain alcohol or controlled substances prohibitions;

- Prohibits the Registrar from issuing, renewing, or upgrading a CLP or CDL if the Registrar receives notice from DAC of that alcohol or controlled substance violation;
- Establishes procedures for the Registrar to downgrade or reinstate, as necessary, a CLP or CDL based on notices from DAC.

### Limited term commercial driver's license

- Modifies the law governing a CDL issued to a temporary resident to do the following:
  - Exclude the license as a form of photo identification for purposes of voting;
  - Make it consistent with the federal REAL ID Act and state law for the issuance of a standard limited term license;
  - Clarify that the expiration date is either the expiration date of the holder's authorized stay in the U.S. or four years, whichever date is earliest, or is one year if there is no set expiration date;
  - Authorizes the renewal of the limited term CDL within 180 days of its expiration, provided the temporary resident can verify his or her continued lawful status in the U.S.; and
  - Specifies that the renewal may not take place through the BMV's online service, but must be conducted in person at a deputy registrar agency.

### Hazardous materials endorsement

- Authorizes issuance of a hazardous materials endorsement for a CDL driver who is 18 to 20 years old, provided:
  - The driver only transports hazardous materials within Ohio; and
  - The driver meets all other federal and state requirements for the endorsement.

## Driver's licenses and state identification cards

### Medically restricted driver's license

- Eliminates the six-month validity period for a medically restricted driver's license and instead requires the Registrar to determine the validity period.

### Ohio credential reprints

- Increases the number of reprints of an Ohio credential (e.g., driver's license, CDL, identification card) that a person may obtain from the BMV between initial issuance and renewal or between renewals from one reprint to two reprints.

### Driver training

- Requires individuals 18 to 21 to complete the full driver's education course and 50 hours of practice driving with an eligible adult in order to obtain an initial driver's license, instead of just individuals under 18.

- Modifies the abbreviated driver training course for adults to apply to individuals 21 and older.
- Authorizes a beginning driver to complete the driver's education course at any point while holding a temporary instruction permit.

# Proof of financial responsibility

- Extends, from 10 to 15 days, the time by which a person may request an administrative hearing after a driver's license suspension order is issued by the Registrar for failure to have proof of financial responsibility (i.e., motor vehicle insurance).
- Expands who may report a driver or owner of a motor vehicle involved in an accident to the BMV for failure to maintain proof of financial responsibility to include any person involved in the accident, as opposed to only the drivers of the vehicles involved in the accident.

# Motor vehicle sales

## Retail installment contracts

- Authorizes an alternative schedule of installment payments for a retail installment contract that arises out of a consumer transaction that may be used in lieu of the previously existing schedule, which is a schedule of substantially equal payments.
- Specifies that, under the alternative schedule, the scheduled installments may vary, but an individual installment payment cannot be greater than 50% of any other installment payment.

## Trailers

- Excludes trailers from the Motor Vehicle Dealers Law, except fifth wheel trailers, park trailers, travel trailers, tent-type fold-out camping trailers, or semitrailers.

## Warranty/recall compensation and indemnity for franchisees

- Requires a motor vehicle franchisor to compensate its motor vehicle franchisees for the parts and labor related to diagnosing warranty and recall obligations.
- Modifies the time frame from which additional documentation related to the rate for specified repair orders must originate.
- Requires a franchisor to compensate a franchisee for all of the following:
  - A part or a component provided at a reduced cost in addition to those provided at no cost;
  - Costs related to certain rental vehicles, even if the rental vehicle does not match the line-make, size, or category of vehicle that was originally promised to the customer; and

- At least 1.25% of the average trade-in cost of a used motor vehicle that is the subject of a stop-sale or do-not-drive order when the parts and remedy required to make the necessary repairs take more than 30 days to be provided.

- Exempts recreational vehicle franchisors and franchisees from all of the above requirements.

- Indemnifies a franchisee when a franchisor designates motor vehicle features or equipment as optional.

### Classic motor vehicle auction exemption

- Creates a temporary exemption (until August 1, 2026) from the Motor Vehicle Sales Law relating to auctions for a person who auctions classic motor vehicles and collector's motor vehicles under certain parameters.

## Emergency service provider "retired" designation

- Requires the State Board of Emergency Medical, Fire, and Transportation Services to establish procedures by which a certificate holder may be designated as "retired" in the Board's records.

## Nuclear power plant security

- Excludes certain security personnel and contractors at a commercial nuclear power plant from the continuing law licensure requirement to engage in the business of security services.

## Emergency management assistance compact immunity

- Applies the immunity provisions related to the Emergency Management Assistance Compact, which previously applied only to an employee of a political subdivision rendering aid in another state, to any person deployed to render aid in another state by an emergency management agency, including:
  - A full-time or part-time employee of a nonprofit organization; or
  - A paid or unpaid volunteer or health care worker of a for-profit or nonprofit organization.

## OSHP jurisdiction

- Expands the jurisdiction of the OSHP to arrest any person who threatens the security of state property in addition to threatening the security of another person, concurrent with the arresting authority of the local law enforcement, under certain circumstances.

# Motor vehicle registration and title

## Additional motor vehicle registration and renewal fees

(R.C. 4503.10; Section 373.40)

The act increases the additional annual motor vehicle registration and renewal fees beginning on January 1, 2026, as follows:

1. From $11 to $16 for noncommercial vehicles; and

2. From $30 to $35 for nonapportioned commercial vehicles, which are generally intrastate commercial motor vehicles not subject to international registration plan (IRP) requirements.

Under continuing law, a motor vehicle owner must pay several different fees at the time of registration. The fees listed above involve one component of the overall cost of registering a motor vehicle and are used to defray the Department of Public Safety's (DPS) costs associated with the administration and enforcement of Ohio Motor Vehicle and Traffic Laws. This increase is expressly allocated for use by the Ohio State Highway Patrol (OSHP).

## Disabled veterans: registration transfer fee exemption

(R.C. 4503.29 and 4503.41)

The act exempts a disabled veteran from the $1 transfer fee that generally applies when a person transfers the registration and license plate from one vehicle to another if the license plate is either a license plate honoring military service or a military award or a "Disabled Veteran" license plate.

## Registration fees for veterans with unemployability status

(R.C. 4503.41)

The act also expands which disabled veterans are exempt from paying motor vehicle registration and service fees. Generally, a veteran with a disability rating of 100% is exempt. However, in some instances, a veteran may not have a disability rating of 100%. Yet, because of that veteran's condition, the veteran is compensated at 100%. Thus, the act extends the exemption to a disabled veteran with a disability that is compensated at 100%.

## Deputy registrar/BMV service fee

(R.C. 4503.038)

The act increases from $5 to $8 the service fee charged by the Bureau of Motor Vehicles (BMV) and deputy registrars. The service fee applies to most BMV-related transactions (e.g., driver's licenses, state identification cards, motor vehicle registrations, motor vehicle inspections, etc.). Relatedly, the Registrar of Motor Vehicles must modify the prorated multi-year registration service fee to account for the increase. If the service fee is collected by a deputy registrar, the increased amount is retained by that deputy registrar. If the service fee is collected by the Registrar, any portion of the increased amount that is not allocated to the deputy registrars must be deposited into the Public Safety – Highway Purposes Fund. That increase must

be used exclusively towards funding the Ohio State Highway Patrol (OSHP). Additionally, since the service fee is established in statute, the act removes references to the Registrar adopting rules related to the service fees.

## BMV electronic and online transactions

(R.C. 4501.027 and 4503.102)

Under continuing law, the Registrar may conduct, or allow a deputy registrar to conduct, any service or transaction provided by the BMV in an electronic or an online format rather than in person. Initially, BMV's online services involved motor vehicle registration renewals. In recent years, the online services have expanded to include taking the driver's knowledge tests, updating a residential or mailing address, scheduling driving skills tests, and renewing a driver's license or identification card.

The act further expands the BMV's options for electronic and online transactions by authorizing the Registrar and deputy registrars to accept electronically both:

- The documents that are required to accompany the services and transactions that the BMV conducts electronically or online; and
- The documents approved by the Registrar for electronic or online submission and acceptance.

The expansion allows certain services and transactions that require document authentication (e.g., initial motor vehicle registration) to be conducted online or electronically.

### Online initial and transfer of motor vehicle registration

Relatedly, the act authorizes a person to apply for an initial motor vehicle registration or a transfer of a motor vehicle registration through the BMV's online system. As stated above, a person may use the online system for motor vehicle registration renewal, but under prior law, initial and transfer registrations could only be conducted in person at a deputy registrar agency. The initial and transfer registrations transactions typically involve additional document verifications (e.g., checks of a certificate of title or memorandum of title) that previously made it necessary for the transaction to occur in person. However, with the authorization for electronic and online submission of documents, the transactions can now occur through the BMV online system.

The act requires the Registrar or a deputy registrar to verify and authenticate the associated documents for the initial or transfer registration that are submitted electronically. An applicant who uses the online system will still need to pay the regular costs and fees, including the service fee, postage costs, and any financial transaction device surcharges (i.e., credit card fees). Accordingly, the act allocates the deputy registrar or BMV service fee to whoever verifies and authenticates the documents and allocates the postage costs to whoever mails the certificate of registration and any associated license plates to the applicant.

## Vehicle registration by phone

(R.C. 4503.102)

The act eliminates the requirement that the BMV accept motor vehicle registration renewal payments via telephone.

## Ohio Natural Energy Foundation license plate

(R.C. 4501.21)

Under continuing law, the Registrar must pay all contributions for the Ohio Natural Energy Foundation license plate to the Ohio Natural Energy Foundation. Under prior law, however, those contributions were paid to the Ohio Oil and Gas Energy Education Foundation and the Ohio Natural Energy Institute. Both organizations are now defunct. The act requires the contributions collected by the Registrar for payment to those former organizations that were not previously distributed to be paid instead to the Ohio Natural Energy Foundation.

## National Council of Negro Women license plate

(R.C. 4501.21 and 4503.579)

The act changes the organization that receives the contributions for the National Council of Negro Women license plate. Under prior law those contributions were required to be paid to the National Council of Negro Women, Incorporated. The act instead requires the Registrar to pay them to the Ohio State Coalition-National Council of Negro Women, Incorporated.

## Motor vehicle certificate of title application

(R.C. 4505.07)

The act allows the applicant for a motor vehicle certificate of title to use the last four digits of the applicant's Social Security number on the title application if the application is for:

1. A salvage certificate for an owner-retained vehicle; or

2. A transfer of title to an insurance company or a nonprofit corporation.

Generally, the application for a certificate of title, memorandum certificate of title, or salvage certificate of title includes a space for the applicant's full Social Security number or employer's identification number.

## Certificate of title fee increases

(R.C. 4505.09 and 4519.59; Section 820.80)

The act increases the general certificate of title fee from $15 to between $18 and $23. Specifically, beginning January 1, 2026, it adds $3 to the fee statewide and allows a board of county commissioners, by resolution, to increase the fee by an additional $5 for certificates of title issued in that county. The $3 increase is allocated specifically to the Security, Investigations, and Policing Fund to be used for OSHP's security operations related to protecting certain officials (i.e., the Governor, federal, state, and foreign officials and dignitaries, etc.) and state property, including Capital Square, the Vern Riffe Center, and the James A. Rhodes State Office Tower. The $5 increase is allocated to the clerk of a court of common pleas who issues the certificate of title.

The general certificate of title fee is required for most motor vehicles, all-purpose vehicles, and off-highway motorcycles when the clerk issues the title. The remaining $15 of the fee is allocated by statute in specific amounts to the issuing clerk and various state funds.

# Commercial motor vehicles

## Drug and Alcohol Clearinghouse notifications

(R.C. 4506.01, 4506.05, 4506.07, and 4506.13)

The act updates the Ohio Commercial Motor Vehicle Laws to reflect recent changes to the Federal Motor Carrier Safety Administration's Drug and Alcohol Clearinghouse (DAC) notifications that are sent to the Registrar. Specifically, effective as of November 18, 2024, states must request information from DAC about individuals applying for, renewing, or attempting to upgrade a commercial driver's license temporary instruction permit (CLP) or commercial driver's license (CDL). If in response to the request, DAC notifies the Registrar that the applicant is prohibited from operating a commercial motor vehicle because of a violation of certain alcohol or controlled substances prohibitions, the Registrar is prohibited from issuing, renewing, or upgrading that CLP or CDL.[128]

Under current federal law and under the act, a CLP or CDL holder is prohibited from operating a commercial motor vehicle if the holder has violated the federal alcohol or controlled substance prohibitions. The prohibitions relate to using alcohol or prohibited controlled substances before reporting for work, during work, or for a specified time after a motor vehicle accident. Work encompasses both the active driving of a commercial motor vehicle or performing safety-sensitive functions (e.g., inspecting equipment, waiting to be dispatched, loading or unloading a vehicle, or repairing a vehicle).[129]

In addition to the active checks at issuance, renewal, and upgrade, if the Registrar receives a notification from DAC that a current CLP or CDL holder has violated the alcohol and controlled substances prohibitions, the Registrar must take steps to downgrade the holder's CLP or CDL within 60 days of the notice. The act establishes those downgrade procedures.

Specifically, the Registrar must initiate downgrade procedures within ten calendar days after receiving the notice from DAC. The Registrar must notify the CLP or CDL holder that the holder's permit or license will be downgraded if that holder does not resolve the prohibition within 30 days. Resolution of the prohibition involves following federal procedures with a Substance Abuse Professional for evaluation, referral, and education/treatment.[130] If the holder does not resolve the prohibition, the Registrar must:

- Downgrade the CLP or CDL, meaning that while the person may operate a standard motor vehicle, the person is prohibited from operating a commercial motor vehicle;

[128] 49 C.F.R. 383.73

[129] 49 C.F.R. 382, subpart B.

[130] 49 C.F.R. 40, subpart O, as referenced in 49 C.F.R. 382.503.

- Send a second notice to the holder informing the holder of the downgrade and that the holder must take the steps necessary to reinstate the commercial driving privileges; and
- Record the downgrade on the person's Commercial Driver's License Information System (CDLIS) driver record.

Similar to the downgrade procedures, the act also establishes reinstatement procedures that apply when DAC informs the Registrar that a CLP or CDL holder is no longer prohibited from operating a commercial motor vehicle. Specifically:

- If the Registrar receives the notice before the holder's permit or license has been downgraded, the Registrar must terminate the downgrade process and notify the holder of the termination;
- If the Registrar receives the notice after the downgrade, the Registrar must reinstate the CLP or CDL, provided the person is otherwise eligible for reinstatement and commercial driving privileges;
- If the Registrar receives notice that the holder was erroneously identified by DAC, in addition to reinstating the permit or license, the Registrar must remove any record of the downgrade from the person's CDLIS driver record and motor vehicle driving record.

## Limited term commercial driver's license

(R.C. 3501.01, 4506.14, 4507.061, and 4507.09)

The act modifies the law governing a CDL issued to a temporary resident to make it consistent with the laws governing the standard limited term license and limited term identification card issued to temporary residents. Temporary residents generally are persons who are not U.S. citizens or permanent residents but *have legal presence* to reside in the U.S. under federal immigration laws. The changes ensure that these CDLs conform to the federal REAL ID Act.[131] Consistent with that Act and the state law for the limited term license, the act does the following:

1. Renames the "nonrenewable commercial driver's license" to a "limited term commercial driver's license";

2. Excludes the limited term CDL as a form of photo identification for purposes of voting;

3. Clarifies that the expiration date is either the expiration date of the holder's authorized stay in the U.S. or four years, whichever date is earliest, or is one year if there is no expiration date of the temporary resident's authorized stay in the U.S.;

4. Authorizes the renewal of the limited term CDL within 180 days of its expiration, provided the temporary resident can verify his or her continued lawful status in the U.S.; and

5. Requires the renewal of the limited term CDL to be conducted in person at a deputy registrar agency, rather than through the BMV's online service.

[131] "Real ID Act," 49 U.S.C. 30301, *et seq*., 6 C.F.R. Part 37.

### Hazardous materials endorsement

(R.C. 4506.131)

The act authorizes the Registrar to issue, renew, upgrade, or transfer a hazardous materials endorsement for a CDL to an individual who is under 21 if both of the following apply:

- The individual uses the endorsement for purposes of intrastate commerce of hazardous materials only; and
- The individual meets all other federal and state requirements for issuance of the endorsement.

Federal law generally prohibits a CDL holder who is under 21 from driving a commercial motor vehicle in interstate commerce (i.e., between states). However, CDL holders who are 18 to 20 may drive a commercial motor vehicle in intrastate commerce (i.e., only in Ohio). Nothing in federal law or codified state law prohibits the issuance of a hazardous materials endorsement to CDL drivers between 18 and 20.[132] While most hazardous materials transport occurs across state lines, some hazardous materials transport occurs exclusively within Ohio. The authorization enables younger CDL drivers to expressly obtain the endorsement to engage in that transport.

## Driver's licenses

### Medically restricted driver's license

(R.C. 4507.08)

The act eliminates the six-month validity period for a medically restricted temporary instruction permit or driver's license. Instead, it specifies that the Registrar must determine the validity period of that license. The Registrar may issue a restricted license to a person who is subject to any condition that causes episodic impairment of consciousness or loss of muscular control if that person presents a statement from a licensed physician that the person's condition is dormant or under effective medical control.

### Ohio credential reprints

(R.C. 4507.40)

The act increases the number of reprints of an Ohio credential that a person may obtain from the BMV between initial issuance and renewal or between renewals from one reprint to two reprints. Reprinted credentials are generally issued when a credential is lost, destroyed, or mutilated.

[132] The PUCO through rule currently prohibits a CDL driver under 21 from transporting hazardous materials (O.A.C. 4901:2-5-05). However, the statute requiring the adoption of rules related to hazardous materials transport does not require a specific age for the CDL drivers transporting those materials (R.C. 4923.04, not in the act).

Under continuing law, an "Ohio credential" is a temporary instruction permit identification card, driver's license, CDL, motorcycle operator's license, motorized bicycle license, or state identification card issued by the BMV.

### Driver training

(R.C. 4507.21 and 4508.02)

The act requires all individuals under 21, instead of under 18 as under prior law, to complete the full driver's education course and the 50 hours of practice driving with an eligible adult in order to obtain an initial driver's license. The full driver's education course consists of 24 hours of classroom instruction (either in person or online) and eight hours of behind-the-wheel training with a licensed instructor. The adults eligible to oversee the practice driving include a parent, guardian, custodian, or person who is 21 or older who acts in loco parentis of the driver's license applicant. The eligible adult must sign an affidavit attesting that the 50 hours were completed, with at least ten of those hours completed at night. That affidavit is presented at the time that the applicant applies for his or her initial driver's license, along with proof of successful completion of the driver's education course.

Relatedly, the act modifies the requirements for the abbreviated driver training course for adults to apply it to individuals 21 and older, rather than 18 and older, as under prior law. The abbreviated driver training course is required if an individual above the applicable age fails the road or maneuverability test and has not completed a driver's education course in the 12 months preceding the application.

Additionally, the act expressly authorizes a beginning driver to complete the driver education course at any point while holding a valid temporary instruction permit. These permits are valid for one year after issuance.

## Proof of financial responsibility

### Request for administrative hearing

(R.C. 4509.101)

Under continuing law, when the Registrar imposes a driver's license suspension on a person for failure to have proof of financial responsibility, the Registrar is not required to hold a hearing on the suspension in advance of its imposition. However, a person adversely affected by the Registrar's order may request an administrative hearing regarding the suspension. The act extends from ten days to 15 days the time within which the person must request that hearing after issuance of the order. This change makes the timeline consistent with other instances in which a person may request an administrative hearing based on the Registrar's orders.

### Uninsured driver report

(R.C. 4509.06 and 4509.07)

The act expands who may report a driver or owner of a motor vehicle involved in an accident to the BMV for failure to maintain proof of financial responsibility (i.e., auto insurance). Under continuing law, the driver of any motor vehicle that is involved in the accident may make a written report on the BMV's established form within six months of the accident alleging that

another driver or owner involved in that accident was uninsured at the time of the accident. The Registrar is then required to investigate and notify the subject driver and owner that the person must provide the requisite proof and show that it was effective on the accident date. If the driver or owner cannot supply the proof, the driver or owner will be subject to the related penalties for not having proof of financial responsibility.

The act expands the reporting option to allow any person who is in any manner involved in the accident, including a property owner or person sustaining bodily injury or property damage, to make the report. Thus, if an uninsured driver crashes into a building, rather than into another vehicle, the building owner or an injured passenger from the vehicle can report that driver to the BMV.

# Motor vehicle sales

## Retail installment contracts

(R.C. 1317.06)

The act authorizes an alternative schedule of installment payments for a retail installment contract that arises out of a consumer transaction (e.g., an auto loan). Under the original requirements, these retail installment contracts could only have an installment payment schedule wherein the payments were all substantially equal and consecutive. For example, a buyer who signed a $30,000 contract with monthly installment payments over the course of five years could expect to pay $500 each month for 60 consecutive months.

The act creates an alternative schedule in which the scheduled installment payments may vary, but an individual installment payment cannot be greater than 50% of any other installment payment. The alternative schedule creates more variability in payments; however, it also may shorten the length of a contract (since the slight increases in payments allow a buyer to pay off the total faster). The act also retains the original schedule option, thus, creating more payment options for consumers.

Both the schedule in continuing law and the act's new alternative schedule exempt from their requirements any retail installment contracts that contain a provision allowing the buyer to refinance the contract under terms no less favorable than those of the original contract.

## Trailers

(R.C. 4517.01)

The act expressly excludes the sale of trailers from the Motor Vehicle Dealers Law (MVDL). As a result, a person does not need a motor vehicle dealer's license to sell, display, or otherwise conduct business with respect to trailers. However, the act specifies that fifth wheel trailers, park trailers, travel trailers, tent-type fold-out camping trailers, or semitrailers remain subject to the MVDL.

## Warranty/recall compensation and indemnity for franchisees

(R.C. 4517.52, 4517.521, and 4517.60)

The act modifies the laws relating to warranty and recall compensation between motor vehicle franchisors and franchisees. Specifically, it requires a franchisor to compensate its franchisees for their time and the parts related to diagnostic work, updates to vehicle accessories or functions, and initialization or repair of vehicle parts, systems, accessories, or functions. Under continuing law, a franchisor must compensate a franchisee for the repair and servicing of the vehicle related to warranty and recall repairs. However, previously it was unclear whether the diagnostic work related to those repairs was included in that compensation. Diagnostic work includes any time spent by the franchisee's qualified technician communicating with the franchisor's technical assistance or external source in order to complete the warranty repair.

Related to this compensation, under law changed in part by the act, a franchisor may request that the franchisee supply additional documentation if the repair order is substantially higher or lower than the rate on record with the franchisor. The additional documentation is meant to support the franchisee's request in calculating the correct rate for compensation. The act lowers the time frame from 90 days to 60 days surrounding the date of repair from which the documentation must originate. Similarly, the act removes the option for a franchisor to object to the retail labor rate or retail parts markup percentage submitted by a franchisee on the grounds that the rate is substantially different from that of other similarly situated, same line-make new motor vehicle dealers in the vicinity.

The act also requires a franchisor to compensate a franchisee for a part or a component that is provided at a reduced cost, in addition to those provided at no cost, related to warranty and recall repairs. It additionally requires the franchisor to compensate a franchisee for the costs the franchisee incurs related to any rental vehicle provided to a customer, based on the franchisor's promise to provide a rental vehicle. The franchisor must provide that compensation regardless of whether the rental vehicle matches the line-make, size, or category of vehicle that was originally promised to the customer.

The act's modifications for warranty and recall repair compensation do not apply to recreational vehicle franchisors or franchisees.

### Stop-sale/do-not-drive order repairs

In certain circumstances, a motor vehicle manufacturer issues a notification to its franchised motor vehicle dealers stating that specific used motor vehicles in inventory cannot be sold (either at retail or wholesale), leased, or driven because of a federal safety recall or a federal or state emissions recall. These notifications are called "stop-sale" or "do-not drive" orders. In these circumstances, the franchisees cannot sell any of the used vehicles in inventory until the recall repairs are made on the vehicles so that they are safe to be purchased and driven.

The act requires a franchisor to compensate a franchisee at least 1.25% of the average trade-in cost of a used motor vehicle that is the subject of a stop-sale or do-not-drive order when the parts and remedy required to make the necessary repairs take more than 30 days to be provided by the franchisor. To receive that compensation, the franchisee must be authorized to sell or perform those recall repairs on motor vehicles that are the same line-make as the motor

vehicle that is the subject of the stop-sale/do-not-drive order. The compensation must be paid per month (or prorated, if necessary) and begin starting on the 30th day after the recall notice and stop-sale/do-not-drive order was issued (if the remedy or repair parts have not been delivered to the franchisee). The compensation ends either when the remedy/repair parts are available to the franchisee or the day the franchisee sells, trades, or otherwise disposes of the subject motor vehicle (whichever occurs first). A franchisor is not required to compensate a franchisee for more than the total average trade-in value for the subject motor vehicle. Additionally, the franchisor may use a national recall compensation program to make the required payments to the franchisee.

The franchisor may determine the manner and methods by which a franchisee must demonstrate the inventory status of eligible motor vehicles, but it cannot be unduly burdensome. Additionally, the franchisor cannot attempt to recover its costs for such compensation through reductions in other required compensation or additional charges expected of the franchisees. Similarly, a franchisee cannot "double-dip" and if the franchisee is compensated for lost opportunities to sell a used vehicle through the act's program, the franchisee cannot combine that compensation with any other state or federal recall compensation remedy for vehicles subject to a stop-sale or do-not-drive order.

The act's required compensation program does not apply to any motor vehicles purchased by the franchisee after the date the recall notice or stop-sale/do-not-drive order was issued, to motor vehicles purchased outside the ordinary course of business, or to recreational vehicle franchisees/franchisors.

### Indemnity

Additionally, the act indemnifies a franchisee when a franchisor designates certain motor vehicle features or equipment as optional.

## Classic motor vehicle auction exemption

(Section 745.10)

The act creates a temporary exemption (until August 1, 2026) from the Motor Vehicle Sales Law's provisions relating to auctions for a person who auctions classic motor vehicles (i.e., vehicles more than 26 years old) and collector's motor vehicles (i.e. special interest vehicles worth at least $100 that are owned, operated, collected, preserved, restored, maintained, or used primarily as a collector's item, leisure pursuit, or investment, rather than as a primary means of transportation), provided the auction meets all the following parameters:

1. All the vehicles that will be auctioned are classic motor vehicles or collector's motor vehicles;

2. One or more of the vehicles will be auctioned on behalf of a 501(c)(3) nonprofit organization located in Ohio;

3. At least ¾ of the vehicles will be auctioned in the style of an absolute auction;

4. The auction only lasts up to three days;

5. The auction will be held at an exposition center in Columbus;

6. The person will only hold one auction with the act's exemption; and

7. The person requests and receives permission for the auction from the Registrar.

At least 30 days prior to the proposed date of the auction, the auction host must file an application for approval from the Registrar. The application must include the person's name and business address, the location of the auction, evidence showing that the person does not exclusively sell motor vehicles, and any other necessary, reasonable, and relevant information required by the Registrar. The applicant must sign and swear to the veracity of the information contained in the application.

Related to the auction, the host must: (a) ensure that any classic or collector's motor vehicle auctioned has a valid certificate of title, (b) keep records of the classic motor vehicles auctions (e.g., year, make, model, VIN, name and address of the seller and purchaser, purchase price, odometer reading, etc.), and (c) allow for reasonable inspections of the records by the Registrar. Additionally, the host must use the auction services of an auction firm to conduct the auction and cannot use a nonresident individual who has been granted a one-auction license by the Department of Agriculture to conduct it. The act's auction provisions are not meant to modify or conflict with any of the Ohio Auctioneer Law requirements. The Registrar may refuse permission for a classic/collector's motor vehicle auction with the act's exemptions if the auction host fails to comply with any of the parameters or makes a false statement of material fact in the application.

## Emergency service provider "retired" designation

(R.C. 4765.11 and 4765.55)

The act requires the State Board of Emergency Medical, Fire, and Transportation Services to adopt rules establishing procedures by which any of the following individuals may request the individual's employer to instruct the Board to designate the individual as "retired" in the Board's records when the individual retires:

- A first responder;
- An emergency medical technician (EMT)-basic;
- An EMT-intermediate; or
- An EMT-paramedic.

The act also requires the Executive Director of Emergency Medical, Fire, and Transportation Services to adopt similar rules regarding firefighters and fire safety inspectors. Under continuing law, the Director must seek the advice and counsel of the Firefighter and Fire Safety Inspector Training Committee of the Board when adopting rules that apply to firefighters and fire inspectors.

## Nuclear power plant security

(R.C. 4749.01)

The act excludes security personnel and contractors for a security organization under a federally approved physical protection program at a commercial nuclear power plant from the

requirement to have an Ohio license to engage in the business of security services, while performing duties related to protecting the plant and nuclear material from threats, thefts, and sabotage.

The U.S. Nuclear Regulatory Commission approves physical protection programs at commercial nuclear power plants as a condition of licensure to operate under federal law.[133]

## Emergency management assistance compact immunity

(R.C. 5502.30)

The act applies the immunity provisions related to the Emergency Management Assistance Compact, which previously applied only to employees of a political subdivision rendering aid in another state, to any person deployed to render aid in another state by an emergency management agency, including:

- A full-time or part-time employee of a nonprofit organization; or
- A paid or unpaid volunteer or health care worker of a for-profit or nonprofit organization.

In addition to the provisions above, the Emergency Management Assistance Compact, to which Ohio is a member state, includes a specific immunity provision. It states that officers or employees of a member state rendering aid in another state pursuant to the Compact are considered agents of the requesting state for tort liability and immunity purposes and generally are not liable for good faith actions taken when rendering aid.[134]

## OSHP jurisdiction

(R.C. 5503.02)

The act expands the jurisdiction of the OSHP to arrest any person who threatens the security of state property when OSHP is providing security for the Governor, Ohio government officials, other state government officials, U.S. federal government officials, foreign government officials, visiting dignitaries or officials, Capital Square, the Vern Riffe Center, the James A. Rhodes State Office Tower, and other state property. Under continuing law, OSHP has such jurisdiction with respect to protecting any other person, but under prior law did not have it for protecting state property. This arrest authority is concurrent with any local law enforcement officer with jurisdiction at the respective location of the incident.

[133] 10 C.F.R. Part 73.

[134] R.C. 5502.40, not in the act.

# PUBLIC UTILITIES COMMISSION

## Broadband internet access service exemption from regulation

- Exempts broadband internet access service from PUCO regulation.
- Prohibits a state agency, commission, or political subdivision from enacting, adopting, or enforcing any provision having the force or effect of law that regulates or has the effect of regulating broadband internet access service.
- Specifies that these prohibitions do not restrict (1) any authority delegated to PUCO or another state agency to administer a state or federal grant program, (2) the application of a law relating to consumer protection and fair competition concerning broadband internet access service, or (3) the authority of any political subdivision to manage access to and use of any public way or public rights-of-way.
- Provides that the broadband internet access service provisions above take effect immediately.

## PSB written report

- Reduces the deadline for the chairperson of the Power Siting Board (PSB) to submit a written report to PSB and the applicant from 15 days to five days prior to the date the application is set for a hearing.

## EDU behind the meter electric generation service

- Allows an electric distribution utility to supply behind the meter electric generation service if an application for any behind the meter electric generation facilities intended to be used to supply such service was filed with PUCO under former law by March 31, 2025.

## Heat maps

- Specifies that each public utility, rather than "entity," that owns or controls a transmission facility in Ohio, and is not a regional transmission organization, must create a heat map.
- Repeals the law that explicitly exempts municipally owned electric utilities and electric cooperatives from the requirement that public utilities create a heat map.

## Bypassable cost recovery mechanism (VETOED)

- Would have changed the cost recovery mechanism relating to transmission, ancillary, congestion, or any related service for a standard service offer (SSO) that PUCO must adopt for each electric distribution utility providing an SSO from being nonbypassable to being bypassable (VETOED).

## Rural electric company and energy company TPP tax

- Clarifies a provision of recently enacted utility legislation relating to the tangible personal property (TPP) tax assessment rate for a rural electric company's or energy company's

new, repowered, or converted taxable production and new energy conversion equipment.

## PUCO final order

- Stipulates that a final order issued by PUCO is affirmed by operation of law if PUCO does not affirm, abrogate, or modify the original order within 90 days after a rehearing request was granted.

## Motor vehicle exemption for trailers

- Exempts, from the definitions of "motor vehicle" and "for-hire motor carrier," any trailer used exclusively to transport a single boat between a place of storage and a marina, or a place in or around a marina, not more than ten miles apart, that is drawn or towed no faster than 25 miles per hour, and does not exceed 26,001 pounds.

## CRES variable rate conversion rules exemption

- Corrects a cross-reference error to rules PUCO must adopt governing competitive retail electric service fixed-rate contract conversions to variable rate, which are to be exempt from regulatory restriction reduction requirements.

## Broadband internet access service exemption from regulation

(R.C. 4927.01 and 4927.22; Section 820.20)

The act exempts broadband internet access service, as defined in federal law, from regulation by PUCO. Further, an Ohio agency, commission, or political subdivision is prohibited from enacting, adopting, or enforcing, either directly or indirectly, any law, rule, regulation, ordinance, standard, order, or other provision having the force or effect of law that regulates, or has the effect of regulating, the rates, terms, or conditions of any broadband internet access service, or otherwise treats providers of broadband internet access services as public utilities or telecommunications carriers.

However, the act specifies that these prohibitions are not to be construed to restrict: (1) any authority delegated to PUCO or another state agency to administer a state or federal grant program under state or federal statute, rule, or order, (2) the application to broadband internet access service, or providers thereof, of any law that applies generally to the conduct of business in Ohio relating to consumer protection and fair competition, and (3) the authority of any political subdivision to manage access to and use of any public way or public rights-of-way.

These provisions take effect immediately on June 30, 2025.

Federal law defines "broadband internet access service" as a mass-market retail service by wire or radio that provides the capability to transmit data to and receive data from all or substantially all internet endpoints, including any capabilities that are incidental to and enable the operation of the communications service, but excluding dial-up internet access service, and also encompasses any service that the Federal Communications Commission finds to be providing

a functional equivalent of this service or that is used to evade the protections set forth in federal law.[135]

## PSB written report

(R.C. 4906.07)

The act shortens the deadline for the chairperson of the Power Siting Board (PSB) to submit a written report regarding the investigation of an applicant's PSB certificate application to the Board and the applicant from 15 days to five days prior to the date the application is set for a hearing.

## EDU behind the meter electric generation service

(R.C. 4905.311)

Beginning August 14, 2025, an electric distribution utility (EDU) may supply behind the meter electric generation service, provided that any behind the meter electric generation facilities that the EDU intends to use to supply the service were filed with PUCO under former law no later than March 31, 2025. The act instead allows an EDU to supply behind the meter electric generation service, provided that *an application for* any behind the meter electric generation facilities that the EDU intends to use to supply such service *was* filed with PUCO under former law no later than March 31, 2025.

## Heat maps

(R.C. 4928.86)

The act requires each public utility that owns or controls a transmission facility in Ohio, and is not a regional transmission organization, to create a heat map that includes certain information regarding electric transmission infrastructure, and to make this map public if it contains no critical electric infrastructure information. This requirement likely only applies to public utilities that are electric light companies supplying electricity to Ohio consumers since they are the only entities likely to own electric transmission.[136] Prior law required each "entity" that owns or controls a transmission facility, and is not a regional transmission organization, to create such a heat map.

Additionally, the act repeals the explicit exemption for municipally owned electric utilities and electric cooperatives from the heat map requirement. As stated above, since the heat map requirement only applies to a public utility, the repeal of this exemption likely would have little effect since municipally owned electric utilities and electric cooperatives are excluded as public utilities under continuing law.[137]

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[135] 47 C.F.R. 8.1.

[136] R.C. 4905.02(A) and 4905.03(C), not in the act.

[137] R.C. 4905.02(A)(2) and (3), not in the act.

## Bypassable cost recovery mechanism (VETOED)

(R.C. 4928.05)

Continuing law requires PUCO to adopt, for each EDU that provides customers with a standard service offer (SSO) a cost recovery mechanism relating to transmission, ancillary, congestion, or any related service required for such SSO that includes provisions for the recovery of any cost of such service that the EDU incurs pursuant to the SSO.

The Governor vetoed a provision that would have changed this cost recovery mechanism from being nonbypassable to being bypassable.

## Rural electric company and energy company TPP tax

(R.C. 5727.111)

Effective August 14, 2025, the tangible personal property (TPP) assessment rate of a rural electric company or energy company's production *or* energy conversion equipment that is first subject to taxation for tax year 2027, or that is repowered or converted production equipment, is 7%. The act clarifies that the 7% TPP rate applies to taxable production *and* energy conversion equipment first subject to taxation for tax year 2027, or that is repowered or converted.

## PUCO final order

(R.C. 4903.10)

The act stipulates that a final order issued by PUCO is affirmed by operation of law if PUCO does not affirm, abrogate, or modify the original order within 90 days of the date a rehearing request was granted.

Under continuing law, after PUCO makes an order, any party who has entered an appearance in the proceeding may apply for a rehearing regarding any matter determined in the proceeding. If PUCO, after the rehearing, determines the original order or any part of it is unjust or unwarranted, or should be changed, PUCO may abrogate or modify it; otherwise it must be affirmed.

## Motor vehicle exemption for trailers

(R.C. 4921.01 and 4923.01)

The act exempts, from the definition of "motor vehicle" and "for-hire motor carrier," trailers that meet the following requirements: (1) designed and used exclusively to transport a single boat between a place of storage, a marina, or a place in and around a marina, (2) drawn or towed within Ohio on a public road or highway at a speed of 25 miles per hour or less, and (3) the gross vehicle weight rating, gross combination weight rating, gross vehicle weight, and gross combination weight or any combination thereof does not exceed 26,001 pounds.

## CRES variable rate conversion rules exemption

(R.C. 4928.102)

Continuing law establishes certain notice requirements when a competitive retail electric service (CRES) supplier offers a residential or small commercial customer a contract for a fixed

introductory rate that converts to a variable rate, and requires PUCO to adopt rules to implement such notice requirements.

The act corrects a cross-reference error so that such rules are exempt from the regulatory restriction reduction requirements in continuing law.

"Small commercial customer" is generally defined as any customer that receives electric service pursuant to a nonresidential tariff if the customer's demand for electricity does not exceed 25 kilowatts within the last 12 months.[138]

[138] R.C. 121.952 and 4928.101, not in the act.

# PUBLIC WORKS COMMISSION

- Allows a district public works integrating committee to determine how much of its allocation is awarded to political subdivisions in loans and local debt support, rather than setting a defined amount at not more than 10% of the allocation as in current law.
- Updates the type of local debt support available under the State Capital Improvement Program (SCIP) by removing the certain forms of assistance, including a pledge of support for any local bond issue.
- Increases the allocation small villages and townships receive from obligations under SCIP from 10% to 12%.

## State Capital Improvement Program

(R.C. 164.01, 164.05, 164.06, 164.08, and 164.14)

Continuing law divides the state into districts for the purpose of allocating funds made available to finance public infrastructure capital improvement projects of local subdivisions under the State Capital Improvement Program (SCIP). Each district is governed by a public works integrating committee. The act makes three changes to the manner and types of support available to committees to award.

First, the act allows a district committee to determine how much of its allocation is awarded to political subdivisions in loans and local debt support, rather than setting a cap of 10% as in prior law.

Second, it updates the type of local debt support available under SCIP by removing the following forms of assistance:

1. A pledge of support for any local bond issue;

2. The payment of all or a part of the premium for bond insurance obtained from a private insurer; and

3. A source of revenue pledged in support of revenue bonds issued by a subdivision.

Finally, the act increases from 10% to 12% the amount of obligations allocated per year to small villages and townships under SCIP. A small village or township refers to an entity with a population under 5,000.

# DEPARTMENT OF REHABILITATION AND CORRECTION

## Illegal conveyance of communications device

- Specifies that the penalty for illegal conveyance of a communications device onto the grounds of a specified governmental facility is a third degree felony with the imposition of a mandatory prison term, if the offender is an employee of DRC or DYS or a contractor or employee of a contractor providing services to DRC or DYS.

## Electronic commitment to DRC

- Permits a court of common pleas to enter into an agreement with DRC under which persons may be electronically committed to DRC.
- Specifies that persons sentenced to DRC, or to any institution or place within DRC, must be conveyed by the sheriff initially to an appropriate facility established and maintained by DRC, or committed electronically for reception, examination, observation, and classification.
- Requires the sheriff to convey the sentenced person to DRC or electronically commit the sentenced person to DRC prior to removal of an individual on an out of jurisdiction detainer.
- Requires an offender to be committed to DRC before post-release control may be imposed.

## Food service at Ross Correctional Institution

- Requires DRC to create a pilot program in the Ross Correctional Institution to require the Institution to utilize state employees to oversee meals and food service, to the extent that the pilot program does not conflict with existing contracts.

## Mandatory drug screens at correctional facilities

- Requires every officer, employee, contractor, or employee of a contractor who is entering the grounds of a state correctional institution be subject to screening to prevent the conveyance of drugs of abuse into the institution.

## Body cavity and strip searches

- Prohibits a court or other person from ordering a medical practitioner, or a medical practitioner from otherwise being required, to perform any medical procedure that is inconsistent with the practitioner's expert medical opinion.
- Expands a medical practitioner's, health care institution's, or health care payer's ability to decline to perform, participate in, or pay for any health care service that violates the practitioner's, institution's, or payer's conscience as informed by the moral, ethical, or religious beliefs or principles held by the practitioner, institution, or payer, to include when the procedure is ordered by a court.

- Modifies the definition of "body cavity search," such that it no longer specifies that the search occurs while the person is detained or arrested for the alleged commission of a misdemeanor or traffic offense.
- Removes consideration of the prior conviction record of a person to be searched from what constitutes allowable probable cause for a law enforcement officer to consider before conducting a search.

## Reentry housing near schools

- Prohibits DRC from licensing a halfway house, reentry center, or community residential center that operates within 500 feet of a school or child care center, unless the house or center operated in that proximity prior to the act or prior to the school or child care center locating there.

## Intervention in lieu of conviction – placement in CBCF

- Allows for a judge that has determined an offender to have violated an "intervention in lieu of conviction" plan to place the offender under the general control and supervision of a community-based correctional facility.

## Population and cost impact statement for legislative bills

- Changes the standard that triggers a requirement that DRC prepare a population and cost impact statement for a bill pending in the General Assembly from the DRC Director determining the bill has "a significant impact" on the population or operating cost of any state correctional institutions to the Director determining it has "more than a de minimus impact" on the population or operating cost of any correctional institutions.

## Inmate records

- Restates that records pertaining to inmates committed to DRC and persons under Adult Parole Authority supervision are not public records, unless specifically exempted.

## Local jail funding

- Reestablishes DPF Fund 5ZQ0 ALI 501505, Local Jail Grants, with an appropriation of $75 million in FY 2026, and requires those funds to be used by DRC to provide grants for county jail construction and renovation projects.
- Removes law requiring DRC and TAX to rank counties based on tax revenues and need, and requiring counties to provide a portion of the basic project cost tied to their rankings.
- Continues to require DRC to accept and review applications and designate the projects involving the construction and renovation of county jails.
- Directs DRC to target county jails that have the greatest need for construction or renovation work, and projects that would improve substantially the condition, safety, and operational ability of the jail, and benefit jails that are, or will be, used by multiple counties.

## Illegal conveyance of communications device

(R.C. 2921.36)

Under continuing law, a person commits the offense of illegal conveyance of a communications device onto the grounds of a specified governmental facility by knowingly delivering, or attempting to deliver, to any person who is confined in a detention facility, to a child confined in a youth services facility, or to a prisoner who is temporarily released from confinement for a work assignment a cellular telephone, two-way radio, or other electronic communications device. The penalty is a first degree misdemeanor. The act specifies that the penalty for illegal conveyance of a communications device onto the grounds of a specified governmental facility is a third degree felony if the offender is an employee of DRC or DYS or a contractor or employee of a contractor providing services to DRC or DYS and requires the court to impose a mandatory prison term.

## Electronic commitment to DRC

(R.C. 2151.311, 2152.26, 2967.28, and 5120.16)

The act specifies that persons sentenced to DRC, or to any institution or place within DRC, must be conveyed by the sheriff initially to an appropriate facility established and maintained by DRC, or committed electronically, for reception, examination, observation, and classification. Prior to removal of an individual on an out of jurisdiction detainer, the sheriff must convey the sentenced person to DRC or electronically commit the sentenced person to DRC. A court of common pleas is permitted to enter into an agreement with DRC under which persons may be electronically committed to DRC, and an offender must be committed to DRC before post-release control may be imposed.

The problem that this provision is intended to address is not clear. It may be that the intent is to address situations in which a person who would normally be incarcerated in a prison has instead served the time sentenced in a local jail, and has therefore not formally been committed to DRC prior to the necessity for post-release control procedures. It is unclear that the language in this provision accomplishes that goal. A clarifying amendment may be desired.

## Food service at Ross Correctional Institution

(Section 751.150)

The act requires DRC to create a pilot program in the Ross Correctional Institution to require the Institution to utilize state employees to oversee meals and food service, rather than a private entity that provides food service within the Institution, to the extent that the pilot program does not conflict with existing contracts.

## Mandatory drug screens at correctional facilities

(R.C. 5145.32)

The act requires every officer, employee, contractor, or employee of a contractor entering the grounds of a state correctional institution be subject to a screening to prevent the

conveyance of drugs of abuse into the institution. Any controlled substance, harmful intoxicant, or dangerous drug is considered a "drug of abuse" under continuing law.

## Body cavity and strip searches

(R.C. 2933.32 and 4743.10)

The act specifies that a court or other person is prohibited from ordering a medical practitioner, or a medical practitioner from otherwise being required, to perform any medical procedure that is inconsistent with the practitioner's expert medical opinion. A medical practitioner, health care institution, or health care payer has the freedom to decline to perform, participate in, or pay for any health care service that violates the practitioner's, institution's, or payer's conscience as informed by the moral, ethical, or religious beliefs or principles held by the practitioner, institution, or payer, including, under the act, when the procedure is ordered by a court.

The act removes a person's prior conviction record from the factors considered when determining probable cause for conducting a body cavity or strip search. Additionally, the definition of "body cavity search" is modified to no longer specify that the search occurs while the person is detained or arrested for the alleged commission of a misdemeanor or traffic offense.

## Reentry housing near schools

(R.C. 2967.14 with conforming changes in R.C. 2967.26, 2967.271, and 5120.035)

The act prohibits DRC's Division of Parole and Community Services from licensing a halfway house, reentry center, or community residential center if that halfway house, reentry center, or community residential center operates within 500 feet of a school or a child care center. This requirement does not apply to a facility of this type that, prior to September 30, 2025 (the act's effective date), has operated within 500 feet of a school or child care center or that was licensed and operating prior to a school or child care center locating within 500 feet of the facility. Under continuing law, a halfway house, reentry center, or community residential center must be licensed in order to house an offender or parolee for the period of the offender's or parolee's conditional release or post-release control.

For this purpose, a "child care center" has the same meaning as under the Child Day-Care Licensing Law (R.C. Chapter 5104) and a "school" has the same meaning as in the Drug Offenses Law (R.C. Chapter 2925), principally any school operated by a board of education, any community school, or any nonpublic school for which the Director of Education and Workforce prescribes minimum standards under continuing law.

## Intervention in lieu of conviction – placement in CBCF

(R.C. 2951.041)

The act allows for a judge who has determined an offender to have violated an "intervention in lieu of conviction" plan to place the offender under the general control and supervision of a community-based correctional facility (CBCF). Similarly, continuing law allows

the court to place an offender granted intervention in lieu of conviction during the period commencing April 4, 2023, and ending October 15, 2025, under the general control of a CBCF.

### Background – intervention in lieu of conviction

Under continuing law, if an offender is charged with a criminal offense and the court has reason to believe that drug or alcohol usage by the offender was a factor leading to the offense, or that the offender had a mental illness, was a person with an intellectual disability, or was a victim of the offense of trafficking in persons or of compelling prostitution and the mental health issue or victimization was a factor leading to the offender's criminal behavior, the court may accept, prior to the entry of a guilty plea, the offender's request for ILC. If a request is approved by the court, the court must accept the offender's plea of guilty and waiver of rights to a speedy trial, preliminary hearing, time period for consideration of an indictment, and arraignment. The court then may stay all criminal proceedings, order the offender to comply with the terms and conditions of a court-ordered intervention plan, and place the offender under a specified type of supervision. If the court finds that the offender has successfully completed the intervention plan, the court must dismiss the proceedings against the offender with no adjudication of guilt or criminal conviction. The court may order records related to the offense in question sealed or expunged under the Record Sealing Law.

## Population and cost impact statement for legislative bills

(R.C. 5120.51)

The act revises the standard for requiring a DRC population and cost impact statement for a bill introduced in the General Assembly. Under the act, a statement is required when the DRC Director determines the bill is likely to have "more than a de minimis impact," instead of "a significant impact" under prior law, on the population or operating cost of any state correctional institutions under DRC.

Under continuing law, unchanged by the act, when a population and cost impact statement is required for a bill, it must include the following:

- An estimate of the increase or decrease in the population of the correctional institution that likely would result if the bill were enacted;
- An estimate, in dollars, of the amount by which revenues or expenditures likely would increase or decrease if the bill were enacted;
- A brief explanation of each of the estimates.

## Inmate records

(R.C. 149.43 and 5120.21)

The act states that records pertaining to inmates committed to DRC and persons under Adult Parole Authority supervision are not public records, except for the following information:

1. Name;

2. Criminal convictions;

3. Photograph;

4. Supervision status, including current and past place of incarceration;

5. Disciplinary history.

Continuing law further provides that except as otherwise provided by state or U.S. law, these records are also confidential and accessible only to employees. The act modifies this to instead provide that notwithstanding any other law of the state or the United States to the contrary, these records are confidential and must be accessible to employees only. The U.S. Constitution in Article IV, Clause 2 grants federal law supremacy in situations where state and federal law come into conflict. Because federal law is above state law, a state is not able to "notwithstand" the laws of the United States. If challenged in the courts, the amendments in this provision are likely to be found unconstitutional under this principle.

## Local jail funding

(Sections 383.10 and 383.30)

The act reestablishes DPF Fund 5ZQ0 ALI 501505, Local Jail Grants, which was originally established in H.B. 33 of the 135th General Assembly, with an appropriation of $75 million in FY 2026, and requires those funds to be used by DRC to provide grants for county jail construction and renovation projects. These funds are the same that were appropriated under H.B. 33 – the projects are not complete, and as the H.B. 33 provisions expire in July 2025, these funds are being "re-appropriated" in order to allow the projects to be completed.

But, the act re-appropriates the funds with different guidelines, removing certain ranking and funding mechanisms from the previous version.

DRC must continue to accept and review applications and designate the projects involving the construction and renovation of county jails and adopt guidelines to accept and review applications and designate projects. The guidelines must require the county or counties to justify the need for the project and comply with timelines for the submission of documentation pertaining to the project and project location.

DRC must prioritize applications and projects that do all of the following: target county jails that have the greatest need for construction or renovation work, improve substantially the condition, safety, and operational ability of the jail, and benefit jails that are or will be used by multiple counties.

# RETIREMENT SYSTEMS

## State Teachers Retirement Board

- Modifies the State Teachers Retirement Board (STRS Board) by reducing the number of elected Board members from seven to three and adding the Chancellor of Higher Education or the Chancellor's designee, one Treasurer of State's investment designee, and two investment expert members appointed by the Speaker of the House and the Senate President.

- Abolishes the four elected Board member offices whose terms expire on August 31, 2026, 2027, and 2028, respectively, on those dates.

- Specifies that the modification to the Board's membership does not affect the terms of the Board members serving on September 30, 2025 (the provision's effective date).

- Specifies that each appointed Board member who takes office after September 30, 2025, serves at the pleasure of the member's appointing authority.

- Prohibits any appointed Board member who takes office after September 30, 2025, from having contributions on deposit with the State Teachers Retirement System (STRS), and prohibits any other Board member with contributions on deposit with STRS from serving as the Board's Chairperson or Vice-Chairperson.

- Entitles the appointed and elected Board members to $200 for each regular Board meeting attended, up to $400 per month regardless of the number of meetings held in a month, and to health care benefits comparable to those generally available to STRS employees.

- Exempts Board members from a continuing law penalty that impacts the retirement benefit of a retirant who returns to public employment soon after retiring.

## Employer pick-up of STRS and SERS employee contributions (VETOED)

- Would have prohibited a school district board from paying employee contributions to STRS on behalf of a superintendent or principal employed by the board, or to the School Employees Retirement System (SERS) on behalf of a treasurer employed by the board, under an employment contract entered on or after September 30, 2025 (VETOED).

## Ohio Public Employees Deferred Compensation Program

- Transfers the administration of the Ohio Public Employees Deferred Compensation Program from the Ohio Public Employees Deferred Compensation Board (DC Board) to the Public Employees Retirement Board, and abolishes the DC Board.

## Precinct election officials excluded from PERS

- Excludes from Public Employee Retirement System membership a person who receives any compensation for service as a precinct election official (election worker) during a calendar year, rather than excluding a person who is paid less than a specified amount for that service.

## Alternative retirement plan election or provider change

- Beginning September 30, 2026, permits a public college or university to allow an academic or administrative employee who elects to participate in an alternative retirement plan to sign the election or a form to change providers by electronic signature.

## State Teachers Retirement Board

(R.C. 3307.05, 3307.10, and 3307.11, with conforming changes in R.C. 3307.044, 3307.06, and 3307.07; Section 733.90)

### Board membership

The act changes the State Teachers Retirement Board's (STRS Board) membership by reducing the number of elected members and adding ex officio and appointed members. These changes do not affect the terms of the Board members serving on September 30, 2025 (the provision's effective date). Beginning September 1, 2028, when the act's changes will be fully phased in, the Board will consist of the following members:

| STRS Board membership beginning September 1, 2028 |
|---|
| ▪ The Director of Education and Workforce or the Director's designee (retained by the act) |
| ▪ The Chancellor of Higher Education or the Chancellor's designee (added by the act) |
| ▪ Two Treasurer of State's investment designees (increased from one by the act) |
| ▪ Four investment expert members (increased from two by the act) |
| ▪ Two contributing members (reduced from five by the act) |
| ▪ One retired teacher member (reduced from two by the act) |

#### Elected members

The act reduces the STRS Board's overall elected membership from seven members to three. It reduces the number of contributing members from five to two and the retired teacher members from two to one. It accomplishes this reduction by:

- Abolishing, on August 31, 2026, the offices of the one contributing member and the one retired teacher member whose terms expire on that date; and

- Abolishing the offices of the two contributing members whose terms expire on August 31, 2027, and August 31, 2028, respectively, on those dates.

With respect to the two contributing members whose offices are retained, the act changes their election cycle from annually on the first Monday of May to the first Monday of May of each even-numbered year. However, their terms of office expire August 31, 2029, and every four years after that, as they serve four-year terms. Thus, it is not clear how the new election cycle lines up with the contributing members' terms of office.

The act also makes conforming changes regarding the election procedure and the committee to select an internal auditor prescribed under continuing law based on the act's changes to the Board's elected membership.

### Ex officio and appointed members

The act adds the following ex officio and appointed members to the STRS Board:

- The Chancellor of Higher Education or the Chancellor's designee;
- One Treasurer of State's investment designee, who must be appointed by the Treasurer of State as soon as practicable after September 30, 2025; and
- Two investment expert members, each of whom must be appointed by the Speaker of the House and the Senate President, respectively, as soon as practicable after September 30, 2025.

The Chancellor must take office on the Board or designate an individual to serve on the Board as the Chancellor's designee as soon as practicable after September 30, 2025. Similar to appointed Board members and the DEW Director's designee, the Chancellor's designee must be an Ohio resident, must have investment experience, and cannot have, in the previous three years, been employed by, or provided financial or investment services to, any state retirement system.

Each appointed Board member who takes office after September 30, 2025, serves at the pleasure of the member's appointing authority, and, under continuing law, serves a four-year term.[139] The act prohibits any appointed member from having contributions on deposit with the State Teachers Retirement System (STRS) (thus, the Board member cannot be a STRS member or contributor).

## Chairperson and vice-chairperson

The act prohibits any STRS Board member with contributions on deposit with STRS from serving as the Board's chairperson or vice-chairperson.

## Compensation and health benefits

Under the act, the elected and appointed STRS Board members, for their service on the Board, are entitled to:

[139] By reference to R.C. 3307.061, not in the act.

- $200 for each regular Board meeting attended, up to $400 per month, regardless of the number of regular meetings held in a month; and
- Health care benefits comparable to those generally available to STRS employees.

An elected or appointed Board member is not entitled to payment for attending a special or committee meeting of the Board. Additionally, the health care benefits to which an elected or appointed Board member is entitled must be provided on the same terms and at the same cost as to STRS employees.

In what appears to be the result of a drafting error, the act specifies that Board members other than appointed members serve without compensation (it appears, however, that only ex officio Board members, or their designees, serve without compensation). Under continuing law, all Board members are entitled to reimbursement for all actual necessary expenses incurred while serving on the Board.

### Reemployment penalty exemption

The act exempts the STRS Board members from a continuing law penalty that impacts the retirement benefit of a retirant who returns to public employment soon after retiring. Under continuing law, a retirant may be reemployed in a public position covered by the Public Employees Retirement System (PERS), the Ohio Police and Fire Pension Fund, STRS, or the School Employees Retirement System (SERS) (the law governing the State Highway Patrol Retirement System does not include any provisions regarding reemployment). In most cases, a reemployed retirant continues receiving the retirant's retirement benefit while receiving compensation during the period of reemployment. If, however, the retirant received the retirement benefit for less than two months when reemployment begins, the retirant forfeits the benefit for any month of reemployment during that two-month period.[140] The act exempts Board members from this penalty.

## Employer pick-up of STRS and SERS employee contributions (VETOED)

(R.C. 3307.27 and 3309.47; Section 801.360)

The Governor vetoed a proposal to prohibit a school district board from paying employee contributions to STRS on behalf of a superintendent or principal employed by the school district board, or to SERS on behalf of a treasurer employed by the school district board. The prohibition would have applied to an employment contract with a superintendent, principal, or treasurer entered into on or after the provision's effective date.

[140] By reference to R.C. 145.38, 742.26, 3307.35, and 3309.341, not in the act.

## Ohio Public Employees Deferred Compensation Program

(R.C. 145.091, 148.02, and 148.021, with conforming changes in R.C. 101.82, 101.83, 145.09, 148.01, 148.04, 148.041, 148.042, 148.05, 148.10, 2329.66, 2907.15, 2921.41, 3105.171, and 3105.63; Section 525.40)

The act transfers the administration of the Ohio Public Employees Deferred Compensation Program from the Ohio Public Employees Deferred Compensation Board (DC Board) to the Public Employees Retirement Board (PERS Board). The program is a voluntary retirement savings plan that allows public employees to save and invest their payroll contributions to supplement a retirement plan.[141] Under former law, the DC Board consisted of a member of the House, a member of the Senate, and the PERS Board members. The act authorizes the PERS Board to use its employees, property, and powers granted to it under continuing law to administer the program. All employees of the DC Board are transferred to PERS and retain their positions and all associated benefits.

The act abolishes the DC Board on June 30, 2025.

The transfer does not affect any action or proceeding pending on June 30, 2025. Any action or proceeding must be prosecuted or defended in the name of the PERS Board or the PERS Executive Director. In all actions or proceedings, the PERS Board or the PERS Executive Director, on application to the court, must be substituted as a party.

Under the act, the Ohio Public Employees Deferred Compensation Receiving Account is a legal entity that is separate from the various funds created under continuing law to pay for retirement and other benefits under PERS.

## Precinct election officials excluded from PERS

(R.C. 145.012)

The act excludes a person from PERS membership if the person is appointed to serve as a precinct election official (election worker) during a calendar year and received compensation for that service during the calendar year.[142] Under former law, a person who was employed as an election worker and paid less than $600 during a calendar year, or less than $1,000 during a calendar year in which more than one primary election and one general election were held, was not a PERS member.

## Alternative retirement plan election or provider change

(R.C. 3305.05 and 3305.053; Section 820.100)

Beginning September 30, 2026, the act permits a public college or university to allow an employee who elects to participate in an alternative retirement plan (ARP) to sign the election or a form to change investment option providers by electronic signature. Under continuing law,

[141] See Frequently Asked Questions, which may be accessed by selecting the "FAQ" link on the Ohio Public Employees Deferred Compensation Program's website: ohio457.org.

[142] By reference to R.C. 3501.28 and R.C. 3501.22, not in the act.

a full-time employee of a public college or university may elect to participate in an ARP, rather than the state retirement system that would otherwise cover the employee, by submitting a written election to the designated officer of the college or university.[143]

[143] R.C. 3305.02 and 3305.04, not in the act.

# DEPARTMENT OF TAXATION

## Income tax

- Phases-down income tax rates to a flat rate of 2.75% over two years, beginning with the 2025 taxable year.
- Suspends the annual inflation indexing adjustment of income tax brackets and personal exemption amounts for the 2025 and 2026 taxable years.
- Limits taxpayers from claiming the joint filer credit and any personal and dependent exemptions if the taxpayer's income is greater than $750,000 in taxable year 2025 or $500,000 in taxable year 2026 or thereafter.
- Requires TAX to adjust employer withholding tables as a result of the income tax rate changes, but caps those adjustments per fiscal year.
- Establishes November 3, 2025, as the last date for investments to qualify for the small business investment income tax credit.
- Increases the maximum educator expenses income tax deduction from $250 to $300.
- Authorizes a personal income tax deduction of up to $750 per year for contributions to a qualifying pregnancy resource center.
- Expands an existing income tax deduction for military pay to include the U.S. Space Force.
- Repeals an income tax credit for contributions to certain state political candidates.
- Would have repealed the personal income tax credit for tuition paid to a nonchartered nonpublic school (VETOED).
- Expands the homeschool expense income tax credit by changing the maximum amount of educational expenses the credit can cover, from $250 per return to $250 per student.
- Modifies an income tax add-back for contributions to homeownership savings accounts that were spent on ineligible expenses.
- Reduces the income tax withholding rate on lottery, video lottery, sports gaming, and casino winnings from 4% to 2.75%.
- Authorizes a formal mechanism for private retirement plans to withhold income taxes from a retiree's benefits, similar to existing rules for withholding taxes from state retirement benefits.
- Authorizes all retirement plans to withhold school district income taxes.
- Clarifies that income used as the basis for computing the resident and nonresident tax credits is income calculated after taking the business income deduction, conforming with current administrative practice.

- Establishes a formal income tax withholding "bulk file" program, whereby payroll service companies can file employee income tax withholding returns in bulk on behalf of their employer clients.
- Allows pass-through entities (PTEs) that pay an elective tax to allow their investors to circumvent the federal cap on state and local tax (SALT) deductions to claim certain refundable credits available to those investors when calculating the elective tax due.
- Changes the calculation of tax credits allowed to investors in PTEs that pay the elective PTE tax or a composite income tax for all PTE investors from the investors' proportionate share of the tax paid to the lesser of the tax paid or due.
- Establishes that administrative provisions related to Ohio's electing PTE tax apply to pass-through entities with investors comprised exclusively of Ohio residents.
- Moves the due date for payment of the second and third estimated tax payments for electing and withholding PTE taxes up by one month.
- Would have allowed garnishment of income tax refunds to satisfy judgment debts arising from civil lawsuits (VETOED).

## School district income tax

- Repeals the school district income tax on estates, beginning in 2026.
- Requires boards of education that approve a resolution to place the question of levying a school district income tax on the ballot to send a copy of the resolution to TAX after it has been certified to the county board of elections.
- Requires boards of elections to send a copy of a petition for an election to repeal a school district income tax to TAX after the board determines the petition is valid.

## Municipal income tax

- Clarifies that pay to members of the U.S. Space Force may be deducted from municipal income tax as part of an existing deduction for military pay.
- Makes discretionary a penalty, mandatory under prior law, charged by TAX for late estimated payments of centrally administered municipal net profit tax.
- Extends, from six to seven months, the municipal net profits tax return extension filing period for taxpayers that do not request a federal income tax extension.
- Allows a taxpayer who received a valid extension of the tax return due date to file a municipal income tax refund claim within three years after that extended due date or the date the tax is paid, whichever is later.
- Allows a taxpayer with an unextended federal income tax return due date that falls after the taxpayer's regular municipal income tax due date to file on or before the later federal due date.

## Electric and telephone company municipal income tax

- Requires electric and telephone utility companies to make municipal income tax payments and estimated payments electronically.
- Makes discretionary the current mandatory interest penalty charged for estimated tax underpayments.
- Requires TAX to automatically grant a filing extension to a company if it has received a federal filing extension and expands the length of the municipal tax extension from six to seven months.
- Requires TAX to grant a seven-month filing date extension in the absence of a federal extension if the company submits a request before the return due date.
- Removes the requirement for a company to include certain information in its annual return to TAX.

## Sales and use tax

- Repeals the following sales and use tax exemptions and reductions, beginning January 1, 2026:
  - The exemption for certain vehicle rental fees provided to the owner or lessee of a motor vehicle that is being repaired or serviced, where the payments are reimbursed by the service provider.
  - The exemption for refrigerated food vending machines.
  - The exemption for advertising material or catalogs and for items that are used in printing advertising material and equipment primarily used to accept orders.
  - The exemption for property used in acquiring, formatting, editing, storing, and disseminating data or information by electronic publishing.
  - The exemption for the sales of telecommunications services that are used directly and primarily to perform the functions of a qualified call center.
  - The 25% refund of the sales tax paid by electronic information service providers to purchase computers and related electronic equipment.
- Would have also repealed the exemptions for newspapers, for certain copyrighted motion pictures, and for machinery, equipment, and material used in the production for sale of printed materials (VETOED).
- Would have prohibited the Tax Credit Authority from entering into an agreement to award a sales and use tax exemption for sales of certain materials used in computer data centers after October 1, 2025 (VETOED).
- Beginning January 1, 2026, caps the prompt payment sales and use tax vendor discount, for sales other than the sales of motor vehicles, at $750 per vendor's license per month.

- Requires a clerk of court to remit sales and use tax from the sale of titled watercraft and outboard motors to the Registrar of Motor Vehicles instead of to TAX.
- Requires TAX to consult with DPS on the form of the remittance reports that must accompany the taxes collected.
- Clarifies the definition of a casual sale for sales tax purposes.
- Eliminates interest on sales and use tax refunds for payments made pursuant to a direct payment permit, through which a purchaser pays the tax directly to the state instead of to the vendor making the sale.
- Disallows interest on county sales tax refunds.
- Allows TAX to cancel a sales tax vendor's license obtained while another of the vendor's licenses is suspended.

## Resort area gross receipts tax

- Allows municipalities and townships to increase resort area taxes by 0.5% intervals to 2% or 2.5% if approved by electors.

## Lodging taxes

- Allows a board of county commissioners to increase the rate of its general lodging tax by not more than 1%, so long as the total rate does not exceed 5%, to fund public safety services in a designated resort area.
- Would have required Ashtabula County to repeal a 2% special lodging tax used to fund the costs of a convention center (VETOED).
- Allows a convention and visitors' bureau (CVB) in a county with a population of less than 100,000 with annual lodging tax collections of greater than $500,000 to spend county lodging taxes on public safety services or economic development or infrastructure projects that impact tourism.
- Authorizes the Fairfield County commissioners to renew a special lodging tax, currently scheduled to expire in 2028, for up to 15 additional years at a time.

## Commercial activity tax

- Makes a commercial activity tax (CAT) credit for certain net operating losses nonrefundable after 2029, instead of it becoming refundable.
- Eliminates two dedicated CAT funds used to make tangible personal property reimbursement payments to local governments, and instead requires that those payments be made directly from the GRF.

## Petroleum activity tax

- Explicitly allows TAX to issue an assessment to collect unpaid petroleum activity tax licensing fees.

## County sin taxes

- Authorizes Cuyahoga County to expand its existing liquor, alcohol, and cigarette taxes, and levy a new tax on vapor and other tobacco products, to finance sports facilities, subject to voter approval of the tax expansion.
- Requires the newly authorized taxes to be equally divided among the major league sports facilities existing in the county during the period that the taxes are levied.
- Allows the newly authorized taxes to cover more than 50% of the total costs of a sports facility and to contribute to the project for more than 20 years, unlike existing alcohol and tobacco taxes upon which those limitations are imposed.
- Includes new community authorities in the definition of "corporation" for purposes of a contract between the county and a corporation for the corporation to build and operate a sports facility funded by sin tax backed bonds.
- Expands authority to levy a county cigarette tax for the benefit of an arts and cultural district from only Cuyahoga County to also include Summit, Hamilton, and Franklin counties.

## Marijuana excise tax

- Levies a 10% excise tax on the illegal sale of marijuana by an unlicensed seller.
- Redirects most of the revenue, including from the existing 10% excise tax on legal sales, to the GRF, while maintaining an allocation for certain dispensary host communities.
- Makes certain administrative changes to the excise tax (PARTIALLY VETOED).
- Requires TAX, upon the request of COM, to share pertinent information about the tax violations of an existing adult use cannabis licensee.

## Public utility excise tax

- Applies taxpayer refunds owed for certain public utility excise taxes first to any outstanding state tax debt and any related penalty or interest.

## Financial institution tax

- Removes the requirement that TAX post financial institution tax annual report forms on its website.

## Insurance premium tax

- Transfers the responsibility of certifying unpaid foreign insurance company premium taxes to the Attorney General for collection from INS to the Treasurer of State.

## Severance tax

- Reduces the severance tax rate on coal from 10¢ to 8¢ per ton.

## Corporation franchise tax

- Removes the requirement that a corporation identify its statutory agent in an annual report filed under the now-defunct corporation franchise tax.

## Replacement tire fee

- Eliminates, beginning in 2026, the 4% discount for wholesale distributors of replacement tires or retail dealers who timely file and pay the replacement tire fee administered by TAX.

## Tax credits

- Would have sunset the Ohio historic building preservation tax credit by prohibiting the award of new credits after FY 2027 (VETOED).
- Permanently increases the annual cap on the Ohio historic building preservation tax credit, from $60 million to $75 million per fiscal year.
- Increases the percentage of rehabilitation costs certificate owners may claim as credits from 25% to 35% for projects located outside of the state's three largest cities.
- Prohibits DEV from using building vacancy or underutilization as part of the criteria for awarding historic rehabilitation tax credits.
- Repeals the film and Broadway theater capital improvement tax credit, but allows credits issued before the repeal to be claimed.
- Would have sunset the film and Broadway theater production tax credit by prohibiting the award of new credits after the end of FY 2027 (VETOED).
- Specifically allows companies that "present," but do not produce, a Broadway theater production to qualify for the film and theater production tax credit.
- Replaces the current two-round application and award process for the film and theater tax credits with a rolling process, eliminating much of the current ranking criteria.
- Allows an applicant for the film and theater tax credit to provide an investment intent letter to demonstrate that it has secured funding equal to at least 50% of its total production budget.
- Modifies reporting requirements for recipients of state-funded low-income housing tax credits and single-family housing development tax credits.
- Increases the annual cap for transformational mixed-used development (TMUD) tax credits from $100 million to $125 million, beginning in FY 2026, allows awards of credits through FY 2027, and makes numerous other changes to the TMUD program (PARTIALLY VETOED).
- Increases the amount of opportunity zone credits that DEV may award in FYs 2026 and 2027 from $25 million to $50 million per fiscal year, sunsets the credit after FY 2027, and makes several other changes to the credit program.

## Tax administration

- Extends the time for state recovery of amounts of refunded taxes from local subdivisions from three to six years.
- Authorizes TAX, without violating the prohibition against divulging personal tax information, to disclose either of the following:
  - The amount of revenue distributed to local governments from any tax or fund administered by TAX.
  - Employer income tax withholding account numbers to permit a current or former employee to prepare the employee's tax return.
- Requires taxpayers to provide records for inspection by TAX in an electronic format if the records are kept in such a format.
- Prescribes a process for handling tax notices that are sent by ordinary mail but returned as undeliverable.
- Removes the requirement that taxpayers submit petitions for reassessment to TAX through personal service or certified mail.
- Permits TAX to electronically notify, as an alternative to ordinary mail notice, a person applying for a tax refund if the amount to be refunded is less than what the person requested, but only if the person consents to electronic notice.
- Modifies the manner by which TAX may serve public utility tangible personal property and excise tax assessments and notices.
- Allows a public utility to submit a 30-day extension request to file a public utility tangible personal property or excise tax report or statement by a manner other than in writing that is approved by TAX.
- Repeals the requirement that TAX adopt a rule defining the term "primarily" for purposes of describing who qualifies for the defunct dealers in intangibles tax.
- Removes TAX from a procedure through which the designer of a public building may request allocation of a federal income tax deduction for the design and installation of energy-efficient building systems.
- Makes various technical corrections to the laws governing state taxation.

## Property tax

- Would have required reduction of current expense property taxes levied by certain school districts to reduce collections by the amount of the district's carry-over balance in its general operating budget in excess of 40% of its general fund expenditures in the preceding year, excluding amounts reserved for near-term permanent improvements (VETOED).

- Would have prohibited a school district from submitting any new current expense levy, other than a renewal levy, to voters if it has a general fund carry-over balance of more than 100% of its general fund expenditures for the preceding fiscal year (VETOED).
- Would have prohibited school districts from levying any new emergency levy, substitute levy, or combined school district income tax and property tax levy (VETOED).
- Would have eliminated the authority of school districts to renew and increase any existing levy (VETOED).
- Would have eliminated the authority of political subdivisions to levy replacement property tax levies (VETOED).
- Would have changed the term used in property tax ballot language and election notices to describe the true value of property from "the county auditor's appraised value" to "market value" (VETOED).
- Would have required that all current expense fixed-sum tax levies be included in the calculation of a school district's 20-mill floor or a joint vocational school district's 2-mill floor for property tax purposes (VETOED).
- Would have clarified the application of the 20-mill floor to additional floor millage (VETOED).
- Requires TAX to establish and implement a property tax relief screening system to evaluate the eligibility of property owners for the 2.5% rollback and homestead exemption.
- Requires TAX to notify county auditors of any improperly granted tax reductions discovered through the system.
- Requires a tax budget to include an estimate of expenses through the end of the fiscal year in which it is submitted.
- Requires a taxing unit that anticipates increased revenue collections on inside millage due to increased valuations or because of the 20-mill floor to state in its tax budget an intent to collect the increased revenue or forgo all or a portion of the increased revenue.
- Allows a taxing unit to request a lower rate on voted levies and provides that the request applies for only one year unless specifically stated otherwise.
- Would have prevented a school district from losing state funding if a declaration to forgo revenue results in a school district collecting less than 20 mills for current operating expenses (VETOED).
- Allows a school district to include its most recent projection of operating revenue and expenditures with its tax budget and requires the CBC that receives the projection to examine those projections when reviewing the tax budget.

- Requires a public body that levies property taxes and that does not currently submit information to a different body for inclusion in its tax budget to submit a tax budget to a CBC on its own.
- Requires each health district that does not file an estimate of contemplated revenue and expenditures with a taxing authority for inclusion in that taxing authority's tax budget to submit a tax budget on its own behalf.
- With respect to certain levies that a county budget commission is currently required to authorize without modification after confirming they are properly authorized:
  - Requires a CBC to determine the need for all amounts proposed to be raised from property taxes when reviewing tax budgets and other submitted information.
  - Would have allowed county budget commissions (CBCs) to reduce millage on any voter-approved tax levy after the first year of levy, and any debt levy no longer needed to pay an outstanding debt if the commission found it reasonably necessary or prudent to avoid unnecessary, excessive, or unneeded property tax collections (VETOED).
  - For such taxes levied by a body with a majority of members who are elected local officials, would have subjected any such reduction to two limitations:
    - CBCs could not reduce a levy such that it would collect less revenue than in the preceding year unless funds would be available from reserve balance accounts, nonexpendable trust funds, or carryover amounts to offset a reduction below that level.
    - CBCs could not reduce school district levies such that the school district would collect below the 20 mills in revenue, except as required to comply with the provision limiting accrual of general fund carry-overs (VETOED).
- Removes prohibitions on CBCs considering the status of reserve balance accounts or other certain unexpended funds when determining whether to reduce a political subdivision's taxing authority.
- Requires school districts to obtain approval from the CBC before adjusting inside millage in a manner that increases tax rates.
- Requires CBCs to offer, during at least one public meeting annually, testimony describing the concept and function of inside millage, how it is allocated to various jurisdictions in the county, and the fiscal impact of inside millage.
- Requires political subdivisions to disclose all funds in their control the inclusion of which is not already required by law for annual tax budgets.
- Places the burden of proof on a taxing unit to show the need for additional revenue when challenging any levy reductions made by the CBC before the Board of Tax Appeals (BTA).

- Would have required TAX to annually adjust the rate of a fixed-sum levy so that it would continue to raise the sum approved by voters and to certify that adjustment to county auditors (VETOED).
- Modifies the requirements governing when political subdivisions can file property tax complaints and countercomplaints.
- Authorizes the board of trustees of a state community college to levy a property tax for operating expenses, but only in the county in which its main campus is located.
- Requires revenue from the tax to be used to support college operations in that county.
- Requires that, if voters approve an operating levy, the board of trustees must charge a lower tuition rate to students who reside in the county in which the tax is levied.
- Allows counties to authorize property tax reductions that would piggy-back on the state's existing homestead exemption and 2.5% rollback for owner-occupied homes.
- Expands a property tax exemption for buildings used as major league, or certain minor league, sports facilities to such facilities owned by, or on land owned by, a new community authority or an affiliated corporation.
- Expands a current property tax exemption for parking structures owned by certain local governments.
- Allows a subdivision to amend an existing community reinvestment area (CRA) agreement to extend the term of a CRA tax exemption to a total of 30 years for an existing building that is expected to be a megaproject or owned or occupied by a megaproject supplier.
- Allows a building to qualify for a longer than typical CRA tax exemption as part of a megaproject so long as it is owned or occupied, as opposed to owned and occupied, by a megaproject operator or supplier.
- Authorizes a manufactured home park operator to notify the county auditor that a manufactured home has been damaged or destroyed for the purpose of initiating a refund or waiver of taxes on the manufactured home.
- Permits a municipal corporation, township, and certain churches to temporarily apply for an abatement of delinquent property taxes on property owned by the applicant without regard to continuing law's payment limitations.

## Local Government Fund

- Permanently increases, from 1.70% to 1.75%, the percentage of most state tax revenue that the Local Government Fund receives monthly.
- Terminates LGF reductions for townships and counties that have employed traffic cameras to issue citations.

# Public Library Fund

- Discontinues dedicating a share of GRF tax revenue to the Public Library Fund, instead funding public libraries through a direct GRF appropriation.

# Income tax

## Rate reduction

(R.C. 5747.02)

The act phases-down the income tax rates applicable to nonbusiness income to a flat rate of 2.75% over two years. For 2025, the act reduces the rate of the top bracket from 3.5% to 3.125%. For 2026, the act further reduces the rate of the top bracket so that a flat rate of 2.75% applies to all income over $26,050.

In addition, the act reduces the tax due on a taxpayer's first $26,050 of income. Under continuing law, taxpayers with income less than $26,050 pay no tax, but taxpayers with income greater than that amount do pay tax on that income. This tax amount is reduced in 2025 for taxpayers with less than $100,000 of income, and for all taxpayers in 2026, as shown below.

The tax table for the 2024 taxable year compared to the 2025 tax table, as modified by the act, is as follows:

| TY 2024 | | TY 2025, as modified by the act | |
|---|---|---|---|
| **Ohio taxable income** | **Tax rate** | **Ohio taxable income** | **Tax rate** |
| $26,050-$100,000 | $360.69 plus 2.75% of the amount over $26,050 | $26,050-$100,000 | $342 plus 2.75% of the amount over $26,050 |
| More than $100,000 | $2,394.32 plus 3.5% of the amount over $100,000 | More than $100,000 | $2,394.32 plus 3.125% of the amount over $100,000 |

The tax table for the 2026 taxable year, as modified by the act, is as follows:

| Ohio taxable income | TY 2026 marginal tax rate, as modified by the act |
|---|---|
| More than $26,050 | $332 plus 2.75% of the amount over $26,050 |

## Inflation indexing adjustments

(Section 757.120(A))

Continuing law requires the Tax Commissioner to adjust the income tax brackets and personal exemption amounts for inflation on an annual basis. The act suspends these adjustments for taxable years 2025 and 2026.

## Joint filer credit and personal exemption

(R.C. 5747.025 and 5747.05(E); Section 757. 120(A))

The act limits eligibility, in 2025, for both the joint filer income tax credit and personal, spousal, and dependent exemptions to taxpayers with a modified adjusted gross income (MAGI) of $750,000 or less. In 2026, the act further reduces eligibility to taxpayers with a MAGI of $500,000 or less. Under prior law, neither credit had an income cap.

## Withholding rate adjustments

(Section 757.120(B))

The act requires TAX to adjust employer withholding tables as a result of the income tax rate changes, but to limit its adjustment such that no more than $100 million of GRF revenue is forgone in FY 2026 and no more than $215 million is forgone in FY 2027.

## Small business investment credit

(R.C. 122.86)

The act establishes November 3, 2025, as the last day for investments to qualify for the small business investment tax credit against the income tax. It retains the 60-day period after the investment is made in which the investor may apply for the credit. As a result, applications may be submitted through January 2, 2026. After that date, the credit is effectively sunset, though credits issued on applications submitted by January 2, 2026, may be claimed as under prior law.

## Educator expenses tax deduction

(R.C. 5747.01(A)(31); Section 801.20(C))

The act increases, from $250 to $300, the amount of unreimbursed expenses incurred each year for professional development and classroom supplies Ohio teachers may deduct from state income tax. This deduction supplements a federal income tax deduction for such expenses, which, in 2022, also increased from $250 to $300.[144] This deduction applies to expenses that exceed what the teacher may claim under the federal deduction. The increase applies to taxable years ending on or after September 30, 2025.

[144] 26 U.S.C. 62.

## Pregnancy resource center donation deduction

(R.C. 5747.01(A)(44); Section 801.20(D))

The act authorizes a personal income tax deduction for contributions, up to $750 per year, to a pregnancy resource center that meets the following criteria:

- It is a private, not-for-profit entity.
- Its primary purpose is to promote childbirth.
- It provides services, without charge, to pregnant women and parents with children less than 12 months old.
- It is not associated with abortion-related activities.
- It does not discriminate on the basis of race, religion, color, age, marital status, national origin, disability, or gender.[145]

The tax deduction applies to contributions made on and after September 30, 2025.

## Military pay deduction

(R.C. 5747.01(A)(21); Section 801.20(C))

The act expands a personal income tax deduction for the military pay of members of the U.S. Armed Forces to include the U.S. Space Force. Under prior law, the deduction only applied to the U.S. Army, Air Force, Navy, Marine Corps, Coast Guard, their reserves, and the National Guard.

## Campaign contribution credit

(R.C. 5747.29, repealed, and 5747.98)

The act repeals an income tax credit for contributions to certain state political candidates, beginning in 2026. The credit equaled up to $50, or $100 for joint filers, for the total contributions made per year to the campaign committee of candidates for Governor, Lieutenant Governor, Secretary of State, Auditor of State, Treasurer of State, Attorney General, member of the State Board of Education, justice of the Supreme Court, or member of the General Assembly.

## Nonchartered nonpublic school tuition credit (VETOED)

(R.C. 5747.08, 5747.75, and 5747.98)

The Governor vetoed a provision that would have repealed a nonrefundable personal income tax credit for taxpayers with one or more dependents who attend a nonchartered nonpublic school. The amount of the credit equals the lesser of tuition paid or $1,000 (if the taxpayer's federal adjusted gross income (FAGI) is less than $50,000) or $1,500 (if the taxpayer's FAGI equals or exceeds $50,000).

[145] R.C. 5180.71.

## Homeschool expense credit

(R.C. 5747.72)

The act expands the nonrefundable personal income tax credit for expenses incurred in homeschooling a taxpayer's dependent, from the prior maximum of $250 per return to $250 per homeschooled dependent. So, for example, if a taxpayer has three homeschooled dependents and incurs $1,000 in educational expenses for them during the year, the taxpayer would be able to deduct $750, instead of being limited to $250 under prior law.

## Add-back for homeownership savings accounts

(R.C. 135.70 and 5747.01(A)(43); Section 801.330)

The act modifies an income tax add-back for contributions to homeownership savings accounts that were invalidly spent. An individual may open one of these accounts, and deduct contributions to them, in order to use account proceeds to pay the down payment and closing costs associated with purchasing a home.

Under continuing law, individuals can deduct up to $5,000 of contributions to a homeownership savings account each year ($10,000 in the case of joint filers). However, if an individual uses account funds for a purpose other than purchasing a home, the individual must add those amounts back to their taxable income.

The act makes several changes to this add-back requirement. First, the act provides that an individual can transfer money between two different homeownership savings accounts without triggering the add-back, so long as both accounts are owned by the same individual. Prior law allowed such transfers but did not require that the individual own both accounts. Second, the act allows an account owner to withdraw funds from an account if the owner redeposits those funds back into the account or into another of the owner's homeownership savings accounts, provided the redeposit is made within 90 days.

Third, the act specifies that, if an account owner spends funds for ineligible expenses, the owner is only required to add-back amounts that were previously deducted, plus any amounts contributed to the account by others. This latter provision applies retrospectively to taxable year 2024. The act temporarily allows taxpayers to file an amended return and claim a refund based on the change.

## Withholding from gambling winnings

(R.C. 5747.062, 5747.063, and 5747.064; Section 801.120)

Under continuing law, gambling winnings are income subject to the personal income tax. Proprietors such as casino operators, sports gaming proprietors, lottery sales agents, and the State Lottery Commission are required to withhold an amount of a person's winnings when certain conditions are met, namely winning $600 or more – the amount that triggers an Internal

Revenue Service reporting requirement.[146] The withheld amount is remitted to the state, similar to the withholding requirement placed upon employers.

Over the past decade, the General Assembly has enacted a series of reductions to Ohio's income tax rate and tax brackets. The act reduces the withholding rate on lottery, video lottery, sports gaming, and casino winnings income to keep pace with these reductions, from 4% to 2.75%, beginning in 2026.

## Withholding from retirement benefits

(R.C. 5747.071; Section 801.130)

The act authorizes a formal mechanism for private retirement plans to withhold income taxes from a retiree's benefits. Currently, a withholding tax mechanism exists for benefits paid from state retirement systems (e.g., OPERS and STRS). Private retirement plans may withhold taxes on behalf of its retirees, but there is no formal protocol for them to follow.

The act's rules for private retirement benefit withholding are similar to those that exist for public retirement benefits. Beginning in 2027, a retiree may request that their retirement plan withhold taxes from the retiree's benefits. Upon receiving such a request, the plan must begin withholding no later than the following year. The plan must file withholding returns with TAX and is subject to penalties and interest for failing to remit withheld taxes. The plan must also provide retirees with an annual statement showing the amount of taxes withheld.

The act also explicitly allows retirement systems and plans to withhold school district income taxes. Previously, the rules for withholding taxes from public retirement benefits only referenced state income taxes.

## Resident and nonresident credit computation

(R.C. 5747.05; Section 757.10)

Under continuing law, Ohio residents and nonresidents with income earned in Ohio are subject to Ohio's individual income tax on all income. A resident taxpayer is allowed a "resident" credit for the lesser of income subject to taxation in another state, or the amount of tax paid to another state on that income. If the income is from a state that imposes no tax, a resident receives no credit. A nonresident taxpayer is allowed a "nonresident" credit for all income not earned or received in Ohio.

Also under continuing law, the first $250,000 of business income earned by taxpayers filing single or married filing jointly, and included in FAGI, is 100% deductible. For taxpayers who file married filing separately, the first $125,000 of business income included in FAGI is 100% deductible.

The act clarifies that income used as the basis for computing the resident and nonresident tax credits is income calculated after taking the business income deduction, conforming the law with current administrative practice.

[146] See 26 U.S.C. 6041.

## Withholding tax bulk file program

(R.C. 5747.01(KK) and (LL), 5747.07, and 5747.073; Section 801.150)

The act establishes a formal income tax withholding "bulk file" program within TAX. Beginning in 2026, payroll service companies may enroll in the program to file employee income tax withholding returns, in bulk, on behalf of their employer clients. TAX currently allows such companies to submit withholding returns through bulk file uploads, but the procedures and requirements for the option are not codified.

Under the program, a payroll service company must register with TAX as a "bulk filer" before filing withholding tax returns on behalf of its clients. TAX will prescribe the program conditions, including standards of conduct and format requirements. TAX must also maintain a list of approved bulk filers on its website.

Bulk filers must file all withholding returns electronically, regardless of the number of clients or returns. Both the bulk filer and the employer may be held liable for unpaid or late taxes. TAX may collect unpaid taxes from a bulk filer, and charge penalties and interest, in the same manner it would against an employer.

Each bulk filer must also file quarterly reports with TAX that identify the company's clients and each client's contact information. In addition, an employer must notify TAX when it engages a bulk filer to submit withholding returns on its behalf. Employers must also maintain their withholding registration with TAX. If a bulk filer's registration is rescinded for any reason, the employer immediately becomes responsible for withholding taxes on behalf of its employees.

## Pass-through entity investor taxation

(R.C. 5747.08(I), 5747.38, and 5747.39; Sections 757.60 and 801.180)

The act changes the law with respect to two taxes that pass-through entities (PTEs) may pay for the benefit of their investors. Those are a composite tax, in which a PTE files a single return for the income tax due from all its investors on the PTE's income and an elective tax designed to increase the PTE owners' federal tax deductions for state and local taxes (SALT). The federal SALT deduction is typically capped at $10,000 to $40,000, depending on one's income, but because of the order in which federal taxes are computed, state taxes paid by a PTE are not subject to that cap.

When a PTE files a composite return, its investors will often not need to file their own income tax returns. If an investor has other income or another investor elects to file a return, however, the investor will need to file an income tax return with the state on the investor's own behalf. When that happens, the investor may claim the amount the PTE paid on the investor's behalf on the investor's own return as a credit. This avoids duplicate payment of taxes, once on the composite return made on behalf of all the PTE's investors and once on the investor's own return. Under prior law, the credit equaled the investor's proportionate share of the tax paid by the PTE on behalf of the investor. The act changes that amount to the lesser of the investor's share of the tax due on the composite return or the tax actually paid.

The act makes a near-identical change with respect to a credit for investors in PTEs that pay the elective PTE tax. The credit currently equals the investor's proportionate share of the

elective tax levied on the PTE's qualifying taxable income. The act changes the credit to the lesser of the amount due or paid under that elective tax. The act also changes the elective PTE tax by allowing a PTE that elects to pay it to claim certain refundable credits available to its investors as if the PTE were the investors. Those are the credits for taxpayers filing an individual return after a PTE has filed a composite return for the taxpayer and the electing PTE credit. Under prior law, any credits or deductions available to a PTE's investors were disregarded when calculating the PTE's elective tax liability.

The act expresses that the changes regarding credits being the lesser of the amount due or paid, rather than simply the amount due, do not change the law in any way, and only clarify them as they already existed. The act's changes allowing credits available to investors to be included in calculation of the elective PTE tax apply to taxable years ending on or after January 1, 2025.

## Electing pass-through entity taxation

(R.C. 5747.40; Section 757.20)

Under continuing law, Ohio's personal income tax applies to an individual investor's distributive share of a business structured as a PTE. S.B. 246 of the 134th General Assembly (effective June 2022) levied an income tax directly on PTE income. As discussed above, the tax was optional but was designed to allow a PTE investor to fully deduct state income taxes for federal tax purposes to avoid the SALT cap.

S.B. 246 not only levied this tax, it created a system to administer the tax nearly identical to the procedures that had already applied to a separate tax – Ohio's withholding tax for a PTE with nonresident investors. Those administrative provisions, now applicable to the electing PTE tax, expressly do not apply to PTEs with exclusively Ohio investors. This limitation made sense before S.B. 246 because those provisions only applied to the nonresident PTE withholding tax. But now, since those provisions apply to the electing PTE tax, that limitation is out of place as PTEs with exclusively Ohio resident investors are eligible for that tax. Thus, the act scales back that limitation and no longer applies it to the electing PTE tax. This ensures that the administrative provisions can adequately apply to both taxes.

The act states that this is a clarification of law rather than a change.

## Pass-through entity tax estimated payment dates

(R.C. 5747.43; Section 801.90)

Beginning for taxable year 2026, the act moves the due date for payment of the second and third estimated tax payments for electing and withholding PTE taxes up by one month. This results in those payments generally being due on June 15 and September 15, respectively, aligning the PTE tax payment schedule with the personal income, school district income, and fiduciary income tax payment schedules.

### Refund garnishment for private judgment debts (VETOED)

(R.C. 5747.124)

The Governor vetoed a provision that would have allowed garnishment of income tax refunds to satisfy judgment debts arising from private civil lawsuits. The provision would have required TAX to apply income tax refunds to such debts if the judgment creditor, i.e., the person owed the money, were to file an order of garnishment with TAX. To qualify, the debt would need to be at least $250, the creditor would have been required to first make reasonable efforts to collect the debt, and the judgment underlying the garnishment order would need to be between one and seven years old. A $15 fee was to be required from each creditor seeking garnishment.

The act gave priority in collection from income tax refunds to debts owed the state and to unpaid child support.

## School district income tax

### Repeal of school district income tax on estates

(R.C. 5747.021, 5748.01, 5748.02, 5748.021, 5748.03, 5748.04, 5748.08, 5748.081, and 5748.09; Section 801.100)

The act repeals the school district income tax on estates. Under continuing law, school districts may levy income taxes with voter approval. State law requires that school districts use one of two tax bases: a "traditional" tax base, which generally applies to an individual's adjusted gross income and to the taxable income of estates, or an "earned income" tax base, which applies only to individuals' wages and self-employment earnings.

Under the act, beginning in 2026, school district income taxes with a "traditional" tax base may no longer tax estates. (School districts with an "earned income" tax base already do not tax estates.) Similar to the state income tax, school district taxes with a "traditional" base applied to an estate's income received during the year, such as earnings from investments like stocks, bonds, or rental property. They did not apply to the estate's assets or its net value.

### Notices to TAX

(R.C. 5748.02, 5748.021, 5748.04, 5748.08, and 5748.09; Section 801.70)

Under continuing law, when seeking to levy a school district income tax, a district's board of education must adopt a series of resolutions or ordinances to place the levy on the ballot. The first of these must be certified to TAX, which produces estimated rates for the district. Based on those rates, the board may adopt another resolution detailing the proposed levy and certify it to the county board of elections for placement on the ballot. The act requires the board of education to send a copy of this final resolution to TAX after it has been certified to the board of elections.

Also under continuing law, the repeal of certain school district income taxes may be initiated by a voter petition submitted to the board of elections. The act requires a board of elections that determines such a petition to be valid to send a copy of it to TAX.

# Municipal income tax

## Military pay exemption

(R.C. 718.01; Section 801.190)

Continuing law requires municipal corporations to exempt from municipal income tax the military pay and allowances of members of the U.S. Army, Navy, Air Force, Coast Guard, or Marine Corps, their respective reserve components, or the national guard. The act clarifies that pay to members of the U.S. Space Force may be deducted from municipal income tax as part of this existing deduction for military pay by defining "armed forces" in reference to federal law. That definition encompasses the Army, Navy, Air Force, Marine Corps, Space Force, and Coast Guard.

This clarification applies to taxable years ending on or after September 30, 2025.

## Discretionary interest penalty

(R.C. 718.88)

Under continuing law, a business may elect to have TAX serve as the sole administrator of each municipal income tax the business is liable for on the basis of its net profits.[147] Generally, each taxpayer that makes this election must file a declaration of estimated taxes and remit the estimated amounts to TAX four times each year. In the event of an underpayment, TAX was required to charge the taxpayer an interest penalty on the underpayment under prior law. The act makes this penalty discretionary.

## Extension request

(R.C. 718.85)

Under continuing law, a municipal net profit taxpayer who has made the election described above and who has requested an extension for filing their federal income tax return is entitled to an automatic extension of the net profit tax filing deadline from April 15 to November 15. A taxpayer who has not made the federal request may still request that TAX extend their municipal income tax filing deadline, however, under prior law TAX could only grant a six-month extension. The act extends this extension filing period for such taxpayers to seven months, matching the extension period afforded to taxpayers who request a federal income tax extension.

## Refund and assessment periods

(R.C. 718.12, 718.19, 718.90, and 718.91)

Prior law prohibited a taxpayer from filing a municipal income tax refund claim more than three years after the date the tax was originally due or paid, whichever was later. For a taxpayer that filed for and receives an extension but pays all amounts due by the original due date of the return, the taxpayer was only able to file a refund claim within three years after the original due date of the return. In contrast, to pursue a taxpayer for an alleged underpayment, under

[147] R.C. 718.80, not in the act.

continuing law municipalities have until three years after the date the tax was due, including any extension, or the return was filed, whichever is later. The act equalizes these due dates, allowing a taxpayer who received a valid extension to file a municipal income tax refund claim within three years after that extended due date or the date the tax is paid, whichever is later. The act also applies the same date commencement to the three-year deadline for tax administrators or the Tax Commissioner to make municipal income tax assessments.

### Extended due date

(R.C. 718.05 and 718.85(A)(1); Section 801.340)

The act allows a taxpayer with an unextended federal income tax return due date that falls after the taxpayer's regular municipal income tax due date to file the taxpayer's municipal return on or before the later federal due date. Generally, municipal income tax returns are due on the fifteenth day of the fourth month following the end of the taxpayer's taxable year. The provision applies to returns required to be filed on or after January 1, 2026.

## Electric and telephone company municipal income tax

Electric light and local exchange telephone companies having property, payroll, or sales situsued to an Ohio municipal corporation are subject to that municipality's income tax. Unlike municipal income taxes levied on individuals, the utility income taxes are paid to and totally administered by TAX. The act makes a number of administrative changes related these taxes.

### Electronic payments

(R.C. 5745.03(A) and 5745.04(E))

The act requires companies to remit all municipal income tax payments and estimated payments electronically. Prior law only required electronic payments for payments of $1,000 or more.

### Underpayment penalty

(R.C. 5745.09)

The act makes discretionary the current mandatory interest penalty charged to companies that underpay their estimated payments. The penalty for underpayment equals the rate applicable to other state tax delinquencies, i.e., the rounded federal short-term rate plus 3%.[148]

### Filing extensions

(R.C. 5745.03(B) and (C))

The act requires TAX to automatically grant a filing extension to a company if it has been granted a federal filing extension. Under prior law, the company had to file an application, with

[148] R.C. 5703.47, not in the act.

a copy of the federal extension request, to receive the municipal extension. The act further expands the length of that extension from six to seven months.

The act also requires TAX to grant a seven-month filing date extension without requiring a federal extension if the company submits a request before the return due date.

### Required documentation

(R.C. 5745.03(D))

The act removes the requirement for a company to include in its annual return to TAX statements of the company's:

- Location of incorporation;
- Location of principal office or place of business in Ohio; and
- Officers' and statutory agent's names and addresses.

## Sales and use tax

### Exemption and reduction repeals (PARTIALLY VETOED)

(R.C. 5739.01, 5739.02, 5703.70, and 5739.071; Sections 801.260 and 801.270)

The act repeals the following sales and use tax exemptions and reductions, beginning on January 1, 2026:

- Exemption for sales of certain vehicle rental fees provided to the owner or lessee of a motor vehicle that is being repaired or serviced, where the payments are reimbursed by the service provider.
- Exemption for sales of refrigerated food vending machines.
- Exemption for sales of advertising material or catalogs that price and describe property offered for retail sale and for items that are used in printing advertising material and equipment primarily used to accept orders.
- Exemption for sales of property used in acquiring, formatting, editing, storing, and disseminating data or information by electronic publishing.
- Exemption for the sales of telecommunications services that are used directly and primarily to perform the functions of a qualified call center.
- The 25% refund of the sales tax paid by electronic information service providers to purchase computers and related electronic equipment.

The Governor vetoed provisions that would have repealed the exemptions for newspapers, for the transfer of copyrighted motion picture films that are used for purposes other than advertising, and for machinery, equipment, and material used in the production for sale of printed materials, beginning on January 1, 2026.

## Data center exemption repeal (VETOED)

(R.C. 122.175(D))

Under continuing law, the Tax Credit Authority may enter into agreements with proposed data centers to offer a complete or partial sales and use tax exemption, over a period of years, for sales of certain computer data center equipment. The Governor vetoed a provision that would have prohibited the Tax Credit Authority from entering into an agreement to award an exemption on or after October 1, 2025, which would have effectively sunset the exemption but allowed existing exemption agreements to remain in effect.

## Vendor discount cap

(R.C. 5739.12(B)(1); Section 801.240)

Continuing law authorizes a discount for sales tax vendors who make on-time payments equal to 0.75% of the amount due on the vendor 's return. The act caps this prompt payment discount, for sales other than the sales, including leases, of motor vehicles, at $750 per vendor's license per month. For the sale or lease of motor vehicles, the 0.75% discount would be unlimited.

## Watercraft and outboard motors tax remittance

(R.C. 1548.06)

Under continuing law, sales and use taxes on the sale of titled watercraft and outboard motors are paid at the time owners receive their title from the appropriate clerk of courts. The act requires clerks to remit sales and use tax from the sale of titled watercraft and outboard motors to the Registrar of Motor Vehicles instead of directly to TAX. The act also requires TAX to consult with DPS on the form of the remittance reports that must accompany the collected taxes. Under prior law, TAX was solely responsible for determining the form of the remittance reports.

## Casual sale definition

(R.C. 5739.01; Section 801.350)

Continuing law authorizes a sales and use tax exemption for certain items sold at a casual sale, which is, in general, a sale of used items sold by either the user or an auctioneer. The act clarifies that a casual sale can include either in-person or online sales, except in the case of sales by an auctioneer. In those instances, only sales made at the auctioneer's physical place of business may qualify for exemption.

## Interest on direct pay refunds

(R.C. 5739.07; Section 801.160)

The act eliminates interest on sales and use tax refunds for payments that were made pursuant to a direct payment permit. Those permits allow a purchaser to pay sales and use tax directly to the state instead of to the vendor who makes the sale. Direct payment permits are issued by TAX, upon application, if direct payment of the tax will improve compliance and

efficiency or if the purchaser is awarded a sales and use tax exemption for a data center project.[149]

### County sales tax refunds

(R.C. 5739.132; Section 801.170)

Under prior law, when a person overpaid state or local, i.e., county or transit authority, sales or use tax, that person was entitled to a refund with statutory interest calculated from the date of the overpayment. The act eliminates interest on refunds of county sales and use tax but continues to allow interest for refunds of state and transit authority taxes. The change applies to refunds allowed on and after September 30, 2025.

### Vendor's license suspensions

(R.C. 5739.31)

Continuing law requires every retail vendor to obtain a vendor's license from TAX or a county auditor and collect and remit state and local sales taxes. TAX may suspend the license of a vendor that repeatedly fails to timely file sales tax returns or remit taxes.[150] A vendor with a suspended vendor's license is prohibited from obtaining another vendor's license from TAX or seemingly the county auditor that issued the suspended license during the suspension period. The act clarifies that the prohibition on duplicate licenses applies to those obtained from any county auditor – as opposed to just the auditor that issued the suspended license. The act also allows TAX to cancel any duplicate vendor's license obtained by a vendor during the suspension period.

## Resort area gross receipts tax

### Rate increase

(R.C. 5739.101)

The act allows municipalities and townships to increase resort area gross receipts taxes by 0.5% intervals to 2% or 2.5% if approved by electors. Municipalities and townships could continue to levy a resort area tax up to the current maximum rate, 1.5% of gross receipts, without an election.

Under continuing law, a municipality or township that meets all of the following criteria may declare itself a resort area and levy a tax on certain gross receipts of businesses operating within the area:

- At least 62% of total housing units in the municipal corporation or township are for seasonal, recreational, or occasional use.
- Entertainment and recreation facilities are provided that are primarily intended to provide seasonal leisure time activities for tourists.

[149] R.C. 122.175; R.C. 5739.031, not in the act.

[150] R.C. 5739.30(B)(2), not in the act.

- The area experiences seasonal peaks of employment and demand for government services as a direct result of a seasonal population increase.

The only three declared resort areas are located on Lake Erie islands.

# Lodging taxes

## County lodging taxes for resort area public safety

(R.C. 5739.09(Y))

The act allows a board of county commissioners to increase the rate of its general lodging tax by not more than 1%, so long as the total rate does not exceed 5%, to fund public safety services in a designated resort area.

## Ashtabula County convention facility (VETOED)

(R.C. 5739.09(D)(4))

The Governor vetoed a provision that would have required Ashtabula County to repeal a 2% special lodging tax used to fund the costs of a convention center, i.e., the Lodge at Geneva-on-the-Lake.

## Convention and visitors' bureau

(R.C. 5739.092)

The act authorizes additional purposes for which a convention and visitors' bureau (CVB) in a county with a population of less than 100,000 with annual lodging tax collections of greater than $500,000 may spend its county lodging taxes. Those new purposes include funding public safety services or economic development or infrastructure projects that impact tourism.

## Special lodging tax extension

(R.C. 5739.09)

All counties, townships, municipal corporations, convention facilities authorities, and lake facilities authorities are authorized to levy lodging or "bed" taxes for certain purposes. The rates of these general taxes are subject to various limitations. Along with these, several additional levies have been authorized that are narrowly tailored to permit certain counties, municipalities, and convention facilities authorities to levy increased lodging tax rates and use the revenue for alternative purposes. The act authorizes the Fairfield County commissioners to renew one such special lodging tax, levied to finance a municipal educational and cultural facility, for up to 15 additional years at a time. Currently, the tax is scheduled to expire in 2028 and, under prior law, could not be extended further.

# Commercial activity tax

## Net operating loss tax credit

(R.C. 5751.53 and 5751.98)

The act modifies a commercial activity tax (CAT) credit for certain net operating losses (NOLs) accrued under the defunct corporation franchise tax. Under continuing law, corporations

subject to the CAT may claim the credit for NOLs that accrued under that tax, but that the corporation could not claim when that tax was phased out for most taxpayers between 2006 and 2010.

Under continuing law, the NOL credit is nonrefundable, so cannot exceed the corporation's tax liability. However, the credit can be carried forward indefinitely, until it is fully used. Prior law specified that any remaining credit will become refundable in 2030. The act requires, instead, that the credit remain nonrefundable in 2030, with the same unlimited carry-forward as allowed in continuing law.

### Elimination of TPP replacement payment funds

(R.C. 5709.93 and 5751.02)

The act eliminates two separate funds used to reimburse local governments for their revenue loss from the state's repeal of the tax on business tangible personal property (TPP). Previously, revenue from the CAT was credited to the School District Tangible Property Tax Replacement Fund and the Local Government Tangible Property Tax Replacement Fund as necessary to make those payments.

Under the act, the reimbursement payments will be made directly from the GRF. Any CAT revenue that is currently credited to the reimbursement funds will, like most CAT revenue, be credited to the GRF. The change does not affect the amount or frequency of any TPP replacement payments.

## Petroleum activity tax

### Collection of licensing fees

(R.C. 5736.09; Section 757.30)

The act expressly allows TAX to issue an assessment to collect unpaid petroleum activity tax (PAT) licensing fees. Former law allowed TAX to issue PAT assessments for unpaid taxes only.

The PAT is levied on motor fuel suppliers' gross receipts from fuel sales in the state. As part of the tax, suppliers are required to obtain an annual license. Under the act, if a supplier fails to pay a license fee, TAX may issue an assessment to collect the fee. The act allows TAX to issue such assessments beginning on September 30, 2025, and, under the statute of limitations period authorized under continuing law, those assessments may seek to collect fees unpaid during the preceding four years.

## County sin taxes

### Cuyahoga County sin taxes for sports facilities

(R.C. 9.681, 307.673, 307.696, 307.697, 3381.17, 4301.421, 5743.024, 5743.323, 5743.511, 5743.52, 5743.521, 5743.54, 5743.55, 5743.56, 5743.57, 5743.59, 5743.60, 5743.62, 5743.621 5743.63, 5743.631, and 5743.64; Section 801.320)

The act authorizes Cuyahoga County to expand its existing liquor, alcohol, and cigarette taxes, and levy a new tax on vapor and other tobacco products, to finance major league sports

facilities, subject to voter approval of the tax expansion. The new or increased limits on each tax are set as follows:

- 32¢ per gallon for beer (up from 16¢);
- 48¢ per gallon for cider (up from 24¢);
- 64¢ per gallon for wine and mixed beverages (up from 32¢);
- $6 per gallon of liquor (up from $3);
- 9¢ per pack of cigarettes (up from 4.5¢);
- 0.85% for other tobacco products;
- 1.85% for little cigars;
- 0.05¢ per $^{1}/_{10}$ of a gram or milliliter for vapor products.

The newly authorized taxes are required to be equally divided among the major league sports facilities existing in the county during the period that the taxes are levied. Revenue can be used to cover more than 50% of the total costs of a sports facility and to contribute to the project for more than 20 years, unlike existing alcohol and tobacco taxes upon which those limitations are imposed.

Continuing law requires Cuyahoga County, insofar as it imposes these taxes and has a municipal corporation within its boundaries that hosts a professional sports facility, to contract with the host municipal corporation and a corporation with respect to the use of the tax revenue and construction and operation of a sports facility. Prior law defined "corporation" as a nonprofit corporation organized under Ohio law for the purposes of operating or constructing and operating a sports facility in the county and that may also be organized for the additional purposes of conducting redevelopment and economic development activities within the host municipal corporation. The act retains that definition of corporation but also allows a new community authority to qualify as a corporation for purposes of the taxes.

In general, a new community authority is created by local governments to assist in the development of property. These authorities can levy community development charges to fund improvements or services to the area they serve, as well as issue revenue bonds.

## Cigarette taxes for arts and cultural districts

(R.C. 5743.021)

The act allows any county with a population of at least 800,000 people and any charter county to, with voter approval, enact a cigarette tax for the benefit of an arts and cultural district. Prior law allowed only Cuyahoga County to enact such a tax through population requirements only it could meet. The act's changes allow Summit, Hamilton, and Franklin counties to levy a cigarette tax for an arts or cultural district as well, and leaves Cuyahoga County's authority unchanged.

# Marijuana excise tax

## Levy and distribution (PARTIALLY VETOED)

(R.C. 3780.02, 3780.03, 3780.10, 3780.18, repealed, 3780.19, repealed, 3780.22, 3780.23, repealed, 3780.24, 3780.25, 3780.26, and 3780.30; Section 801.60)

Beginning July 1, 2025, the act imposes a 10% excise tax on the illegal sale of marijuana by an unlicensed seller, matching the rate levied on sales of adult-use marijuana from licensed dispensaries under continuing law.

Revenue from the adult-use tax, under prior law, was distributed as follows:

- 36% to DEV's Cannabis Social Equity and Jobs Program;
- 36% for the benefit of municipal corporations or townships that have adult-use dispensaries, based on the percentage of tax attributable to each municipal corporation or township;
- 25% to support the efforts of the Department of Mental Health and Addiction Services (OMHAS) to alleviate substance abuse and related research;
- 3% to support the operations of the Division of Cannabis Control and to defray the cost of TAX in administering the tax.

The act repeals allocations for DEV's Cannabis Social Equity and Jobs Program and OMHAS' substance abuse alleviation and research programs, which the act sunsets, and the act also discontinues the 3% administrative earmark. The act maintains the 36% allocation for host communities with all remaining receipts credited to the GRF.

Continuing law requires the tax to be paid by the consumer to the vendor at the time of sale and reported by the vendor via a monthly return. The act specifies that this return must be on a form prepared by TAX that is separate from the standard sales tax return. The Governor vetoed provisions that would have relieved a vendor with no sales in a reporting period from the obligation to file such a return and that specified that the tax would generally be administered as a sales tax.

## Tax information exchange

(R.C. 3780.06)

The act requires TAX, on the request of COM, to share pertinent information about the tax violations of an existing adult use cannabis licensee. Under prior law, COM was only allowed to request this information for applicants seeking a license. This information may include information about tax law violations or resulting penalties.

# Public utility excise tax

## Refunds applied to tax debt

(R.C. 5727.42)

Continuing law levies a 6.75% excise tax on the gross receipts of certain public utilities, namely a telegraph, pipe-line, water-works, or water transportation company. Any such utility may request a refund of any amounts it overpays. However, prior law barred a refund to a utility that had a delinquent claim for this excise tax.

The act removes this prohibition and instead requires the refund to first be applied to the outstanding excise tax debt. The act also allows the refund to be applied to any other outstanding debt for a tax or fee administered by TAX, including related penalties and interest.

The act's changes results in a mechanism that mirrors tax debt application provisions applicable to other state taxes.[151]

# Financial institution tax

## Online forms

(R.C. 5726.03)

Under continuing law, each taxpayer subject to the financial institutions tax is required to file a written annual report in a form that TAX may prescribe. TAX, as a matter of practice, requires taxpayers to file the report and pay the tax electronically and not on paper forms, but prior law continued to require TAX to post those forms on its website. The act removes this online posting requirement.

# Insurance premium tax

## Certification of nonpayment

(R.C. 5729.10)

Under continuing law, a foreign insurance company that fails to pay insurance premium taxes is subject to a collection action upon certification of the delinquency to the Attorney General. The act requires the Treasurer of State to make this certification, replacing the Superintendent of Insurance's authority to do so under prior law.

# Severance tax

## Coal tax rate

(R.C. 5749.02(A)(1); Section 801.210)

The act reduces the severance tax rate on coal from 10¢ to 8¢ per ton. The reduction applies beginning for the calendar quarter starting July 1, 2025. Under continuing law, revenue from this severance tax is credited to DNR's Mining Regulation and Safety Fund.

[151] E.g., R.C. 5739.072, 5747.12, and 5751.091, not in the act.

The act does not modify the rate of two other severance tax coal levies that apply to only certain coal – one a variable rate tax on coal produced from an area under a reclamation permit and the other a 1.2¢ per-ton tax on surface-mined coal.

# Corporation franchise tax

## Statutory agent

(R.C. 1701.04, 1701.07, and 1703.041)

The act removes a requirement placed on corporations to include the name and address of the corporation's statutory agent in its annual report filed with TAX under the now-defunct corporation franchise tax. The corporation franchise tax was repealed for most businesses in 2009 and for financial institutions in 2013, meaning corporations are no longer required to file a report with TAX.

# Replacement tire fee

## Eliminate discount

(R.C. 3734.904; Section 801.110)

The act eliminates, beginning January 1, 2026, the 4% discount for wholesale distributors of replacement tires or retail dealers who timely file and pay the replacement tire fee administered by TAX.

Under continuing law, the replacement tire fee is $1 per new tire sold. Revenue from the fee is used to defray the cost of regulating scrap tires, abate accumulations of scrap tires, and fund loans and research grants related to scrap tire recycling.

# Tax credits

## Historic building rehabilitation tax credit (PARTIALLY VETOED)

(R.C. 149.311)

The Governor vetoed a provision that would have sunset the Ohio historic building preservation tax credit after FY 2027 by prohibiting DEV from approving any further credits unless specifically authorized to do so by the General Assembly. The act permanently increases the annual cap on the Ohio historic building preservation tax credit, from $60 million to $75 million per fiscal year. The cap increase would have been temporary if not for the Governor's veto. The cap was previously temporarily increased to $120 million for FYs 2023 and 2024.

The Ohio historic preservation tax credit offers owners and long-term lessees of qualifying historically designated buildings state tax credits equal to a percentage of qualified rehabilitation expenses, up to $5 million. The tax credit is partially refundable and can be applied against the financial institution, foreign and domestic insurance premium, or income tax. The act increases the percentage of qualified rehabilitation expenditures that may be claimed as a credit from 25% to 35% for projects located in the unincorporated area of a township or in a municipal corporation with a population less than 300,000. This applies to all areas in the state outside of its three largest cities.

The act also prohibits DEV from considering building vacancy or underutilization when ranking applications and awarding credits.

## Film and theater capital improvement tax credit

(Repealed R.C. 122.852, 5726.59, 5747.67, and 5751.55; conforming amendments in R.C. 122.85, 5726.98, 5747.98, and 5751.98; Section 757.140)

The act repeals the film and Broadway theater capital improvement tax credit. Prior law authorized a refundable and transferable commercial activity tax (CAT), financial institutions tax (FIT), or income tax credit for a motion picture or Broadway theatrical production company that completes a capital improvement project in Ohio with a positive economic impact. Eligible projects included the construction, acquisition, repair, or expansion of facilities or equipment that would be used in motion picture or Broadway productions or for postproduction.

Generally, the credit equaled 25% of either the company's actual qualified expenditures, or the amount of such expenditures estimated on the company's application, whichever was less. Qualified expenditures were expenditures for goods and services purchased and consumed directly for a capital improvement project, and included the purchase of goods or services directly for use in a capital improvement project, as well as any accounting and auditing expenses incurred to comply with reporting requirements. They did not include expenses on the basis of which a motion picture and theater production credit (described below) had been awarded.

The credit was capped at $5 million per project, $5 million per county, and $25 million per fiscal year overall. If DEV did not issue the full $25 million allotment in a particular fiscal year, the excess allotment could have been carried forward to the next fiscal year. Additionally, DEV could have reduced the maximum amount for any fiscal year and increased the maximum amount for the film and theater production tax credit by a corresponding amount.

The act specifies that credits issued before the repeal may be claimed under the pre-repeal procedure and terms.

## Film and theater production tax credit sunset and administration (PARTIALLY VETOED)

(R.C. 122.85)

Continuing law allows a refundable tax credit for companies that produce all or part of a motion picture or Broadway theatrical production in Ohio and incur at least $300,000 in production expenditures. The credit equals 30% of the company's actual or budgeted expenditures, whichever is less, for goods, services, and payroll involved in the production. A company can claim the credit against the CAT, FIT, or income tax. To obtain a credit, a company must first submit an application to DEV.

The Governor vetoed a provision that would have sunset the program after FY 2027 by prohibiting DEV from approving any further credits unless specifically authorized to do so by the General Assembly.

The act also makes several other changes to the credit. For one, it allows companies that "present" a Broadway theatrical production to qualify for the credit based on their production

expenses. Under prior law, the credit was only allowed for "production" companies. In addition, the act replaces the current process for reviewing and approving applications for the credit, which is executed in two rounds, with a rolling review and award process. Most of the review criteria that currently apply, requiring ranking based on economic impact and the likelihood a project will help develop a permanent film and theater workforce, are eliminated. The act retains, however, a requirement that priority be given to awarding the credit to television and miniseries productions due to their long-term nature.

Finally, the act allows companies to provide an "investment intent letter" to satisfy continuing law's requirement that the company prove that it has secured funding equal to at least 50% of its total production budget. The letter must state the amount of the expected investment and the date on which the investment will be made.

## Housing tax credits reporting

(R.C. 175.16 and 175.17)

The act modifies the reporting requirements for a recipient of a state-funded low-income housing tax credit or a single-family housing development tax credit, which may both be awarded against the domestic or foreign insurance premium tax, financial institutions tax, or income tax. The act makes TAX the sole recipient of required annual reports from taxpayers who are awarded these credits. Under prior law, these reports had to be delivered to both TAX and INS for the low-income housing tax credits and, for single-family housing development tax credits, OHFA, which had to forward them to TAX and INS. Under the act, TAX must share the submitted reports with INS.

## Transformational mixed-use development credits (PARTIALLY VETOED)

(R.C. 122.09)

The act extends through FY 2027 the sunset date for awarding transformational mixed-use development (TMUD) tax credit and increases the award cap. A TMUD credit may be claimed against insurance premium tax liability and is based on capital contributions to TMUDs. Those are multi-purpose construction projects that meet certain minimum building height, square footage, or payroll criteria and that are expected to have a transformational economic impact on the surrounding area. The Tax Credit Authority previously was authorized to award only up to $100 million in tax credits annually through the end of FY 2025. The act extends allowance of new awards through FY 2027 and increases the annual cap to $125 million. It also makes the following changes to the TMUD program:

- Prohibits the award of TMUD tax credits for a project located in a transformational sports facility mixed-use project district, which the act creates (see "**Facilities Construction Commission: Major sports facilities funding**," above).
- Eliminates the ability of an insurance company that contributes capital to a project to apply for a TMUD tax credit. As a result, only the property owner may apply.

- Allows the amount of previously awarded TMUD tax credits subsequently rescinded to be available for award again in the FY following rescission.
- Transfers responsibility for reviewing and approving TMUD applications from the Ohio Tax Credit Authority to DEV.
- Increases the reserved amount of credits for TMUD projects located more than ten miles from a major city from $20 million, as under prior law, to $40 million plus ⅓ of any tax credits previously awarded but rescinded in the prior fiscal year.
- Increases the maximum amount of credits for TMUD projects within ten miles of a major city each fiscal year from $85 million, as under prior law, to $100 million plus ⅔ of any tax credits previously awarded but rescinded in the prior fiscal year and any amount reserved but not awarded for projects located more than ten miles from a major city.
- Reduces the maximum amount of tax credit that can be awarded for a single project from $40 million to $20 million.
- Expands the costs eligible to be considered when determining credit amounts to include due diligence costs, acquisition costs, architectural and engineering fees, and construction hard and soft costs.
- Excludes expenditures made before certification as a TMUD credit eligible project from being considered eligible expenditures upon which a tax credit may be calculated.
- Eliminates the option for a portion of a project completed in phases to be considered a TMUD project so long as all phases together meet the definitional requirements.
- Replaces the current considerations for ranking applications which look to return on investment, considered according to projected tax collections against tax credits, economic impact, impact on physical features, and project timelines. The modified ranking system utilizes a point scale based on the physical scope of projects, density, distribution of uses in projects, government approvals, local support, committed funding, lease or purchase commitments from end users, walkability, retail, entertainment, and restaurant sales to be generated, payroll to be generated, taxes to be generated, and community impact.
- Requires the economic analysis completed for application ranking and credit calculation to exclude previously completed and future phases of a development and to exclude consideration of any pre-existing or impact on the surrounding area.
- Allows persons with contracts to purchase project sites conditioned on the provisional award of a TMUD tax credit to apply for the award as if they owned the property.
- Changes the mix and number of uses required in the definition of "transformational mixed use development" from some combination of retail, office, residential, recreation, structured parking and other similar uses to require at least two uses from the office, residential, hotel and hospitality, recreation, and retail categories, which may include restaurants.

- Disqualifies a party from being considered to have contributed capital to a TMUD project without receiving anything in return.
- Increases projected payroll, which may be used as an alternative to a building size requirement for projects seeking TMUD credits within ten miles of major cities, from $4 million to $5 million.
- Makes several changes to required application materials for TMUD certification by:
  - Modifying the plans and drawings expected in a TMUD certification application;
  - Requiring proposed project budgets, which are already required to be submitted with applications, to be organized by line item and include an estimate of hard costs;
  - Requiring viable financial plans showing at least 51% committed funding and a strategy for obtaining any remaining funding as a new application requirement;
  - Requiring projected economic impact assessments, which are already required with applications, to project the "direct" economic impact and be prepared by an economic impact consultant with experience performing economic impact studies in Ohio;
  - Adding a standard to evaluate currently required evidence that a project will not be completed without the award of tax credits. Specifically, establishing that if any portion of the applicant's project has commenced construction, excluding brownfield remediation and demolition, or has closed on construction financing, the applicant cannot demonstrate that the project will not be completed and is ineligible for a credit.
- Requires DEV to retain an expert to review projected economic impact.
- Prohibits a TMUD tax credit from being awarded in an amount greater than that applied for as a result of certification of actual development costs. Under continuing law, a credit amount may be reduced after cost certification.
- Reduces the number of credit calculation methods to one, which results in a credit for property owners that is the lesser of the amount preliminarily approved or 10% of actual eligible expenditures.
- Changes the credit amount calculation method by excluding any consideration or calculation of the project's impact beyond the project site.
- Changes the amount of credit awarded to a person other than the property owner to the lesser of 10% of estimated eligible expenditures upon certification or 10% of actual eligible expenditures. Prior law had set the credit amount for insurance companies that contribute capital to 10% of the capital contributions.
- Makes several changes to the law regarding the initial issuance, sale, or transfer of TMUD credits:
  - Eliminates a requirement that credits be sold to raise capital for a project, allowing them to be sold for any purpose;

- Allows credits to be sold by insurance companies that invest in a TMUD, as opposed to prior law which only allowed TMUD property owners to sell credits;
- Allows credits to be sold more than once;
- Expands, for credits approved after September 30, 2025, the taxes TMUD tax credits may be claimed against to include the financial institutions tax and the income tax and eliminates a requirement that only insurance companies may claim TMUD tax credits. Credits approved before that date can still only be claimed against taxes on foreign and domestic insurance companies.
- Allows applications for certification as a transformational mixed use development project to identify financial institutions and other persons, apart from property owners and insurance companies, that should be awarded tax credit certificates and allows a subsequent direct award to those persons.
- Generally gives tax credit certificate holders an additional year within which to begin claiming the credits.

- Requires DEV to certify information about issued TMUD tax credit certificates to the Tax Commissioner. Currently, information is certified only to INS.

The Governor vetoed a provision that would have eliminated a requirement that the Tax Credit Authority be notified when the right to claim credits is transferred or sold. Because this provision was vetoed, notice is still required to the Tax Credit Authority, even though DEV is now responsible for administering the program. The Governor also vetoed a provision that would have eliminated a requirement that, upon issuance of a TMUD tax certificate, the appropriate state agency certify to TAX and INS whether the person to whom the certificate was issued was the property owner, an insurance company that contributed capital to the project, or a person who acquired the rights to claim a credit from the property owner. Pursuant to this veto, notice is still required if the rights were acquired from the property owner. The act's other changes, however, allow the rights to a credit to be transferred multiple times and by anyone who acquires them, not just a property owner.

## Opportunity zone investment tax credit

(R.C. 122.84, 5725.38, 5726.61, 5729.21, and 5747.86)

Under continuing law, a taxpayer may apply to DEV for a nonrefundable tax credit on the basis of investments made in Ohio "opportunity zones," which are geographic areas authorized under federal law and designated by the state that meet certain economically distressed criteria. The credit generally equals 10% of the taxpayer's investment, and not more than $25 million in credits may be awarded in each fiscal year.

The act makes the following changes to the opportunity zone investment credit:

- Prohibits the award of opportunity zone investment credits after FY 2027 unless specifically authorized by the General Assembly.
- Increases the amount of such credits that DEV may award in FYs 2026 and 2027 from $25 million to $50 million per fiscal year.

- Requires excess funds from the first year of the fiscal biennium to be carried forward to the second year.
- Allows credits issued in the July application round each year to be claimed for the preceding year with the filing of an amended return or an original return.
- Shortens the application period for the credit, from 22 days to seven days.
- Limits the total amount that can be issued for a single project to $5 million.
- Defines an "investment," for purposes of the tax credit, as money from any source other than grant funds that is invested to improve property located in an Ohio opportunity zone with the expectation of receiving a profit.

# Tax administration

## State recovery of refunded local taxes

(R.C. 5703.052)

Under continuing law, when a local government receives revenue from a tax or fee collected by TAX that turns out to have been illegally or erroneously collected, the taxpayer is entitled to a refund that is paid out of the state Tax Refund Fund. To recover the amount of local tax refunded, TAX takes that amount out of the next distribution of taxes to that local government. However, if that recovery amount is greater than 25% of the distribution, the Commissioner may spread the recovery over multiple distributions. Under prior law, this recovery period could not exceed three years. The act extends the recovery period to not more than six years.

## Disclosure of tax information

(R.C. 5703.21)

The act permits an agent of TAX to publish or disclose the amount of revenue distributed to a political subdivision from any tax or fund administered by TAX.

The act additionally authorizes disclosure of an employer's state income tax withholding account number for the purpose of allowing a current or former employee to complete the employee's income tax return. TAX may require the employee to provide evidence of current or past employment before making that disclosure.

This disclosure authority is created in exception to the prohibition in continuing law against TAX agent disclosure on taxpayer transactions, property, or business.

## Electronic records inspection

(R.C. 5703.19)

The act requires taxpayers to provide books, accounts, records, or memoranda in an electronic format at the request of TAX if those records are kept electronically or available in an electronic format. Under continuing law, TAX's employees have the authority to demand to inspect the books, accounts, records, and memoranda of any person subject to Ohio's tax laws.

## Undeliverable tax notices

(R.C. 5703.37)

The act prescribes a process for handling tax notices that are sent by ordinary mail, but that are returned as undeliverable. The process mirrors a process under continuing law for undeliverable tax notices that were sent by certified mail.

In 2023, the most recent biennial budget act, H.B. 33 of the 135th General Assembly, allowed TAX to send any tax notice by ordinary mail or electronically, rather than by certified mail. However, the law did not specify how to treat ordinary mail that is returned as undeliverable. The act requires that such mail be treated the same as undeliverable, certified mail. The process involves, in some situations, a follow-up mailing, and a requirement that TAX try to determine an alternative address for the taxpayer. If those measures fail, the notice becomes final 60 days after it was first returned.

## Petitions for reassessment

(R.C. 128.46, 718.90, 3734.907, 3769.088, 4305.131, 5726.20, 5727.26, 5727.47, 5727.89, 5728.10, 5735.12, 5736.09, 5739.13, 5743.081, 5743.56, 5745.12, 5747.13, 5749.07, 5751.09, and 5753.07)

Continuing law authorizes TAX to issue assessments against taxpayers to enforce and collect delinquent taxes. Similar assessment procedures apply across all taxes and fees administered by TAX. One step in the assessment process is that a taxpayer that receives an assessment may file a petition containing the taxpayer's objections and requesting that TAX make a reassessment based on them. Prior law generally required that these petitions for reassessment be submitted to TAX through personal service or certified mail. The act removes these service requirements, potentially authorizing different or additional manners of submission.

## Tax refund adjustment notices

(R.C. 5703.70)

The act adds an alternative method for TAX to use to notify a person when the person's requested tax refund is less than requested. Under prior law, when TAX determined that the amount of a refund to which an applicant was entitled was less than the amount claimed, TAX had to give the applicant notice in writing, sent via ordinary mail. The act allows the notice to be sent electronically as an alternative, if the person consents to electronic delivery. If the notice is sent electronically, it must be sent to the person or the person's authorized representative through secure electronic means associated with the person's or representative's last known email address.

## Public utility taxes: service of notices

(R.C. 5727.38, 5727.42, and 5727.47)

The act expands the options TAX has for serving assessments and appeal notices to taxpayers for public utility TPP taxes and the public utility excise taxes. Prior law required those assessments and notices to be served by mail. The act adds to that option other methods provided in continuing law governing other notices or orders served by TAX. Those other options

are personal service, certified mail, authorized delivery service, ordinary mail, and secure electronic notification (but only with the person's consent).[152]

### Public utility taxes: extension request

(R.C. 5727.48)

The act allows a public utility additional options to request a 30-day extension, authorized under continuing law, to file a report or statement required for public utility TPP or excise taxes. Under prior law, the extension application had to be filed in writing. The act instead requires the public utility to request the extension in the form and manner prescribed by TAX.

### Dealers in intangibles rule requirement

(R.C. 5725.01)

Although the dealers in intangibles tax was repealed beginning in 2014, certain related requirements still exist under prior law. One such requirement is for TAX to adopt a rule defining the term "primarily" for purposes of describing who is subject to the tax as a person engaged in a business that "consists primarily of lending money, or discounting, buying, or selling" various evidences of indebtedness or securities. The act repeals that rulemaking requirement for the defunct tax.

### Energy-efficient building federal tax deduction

(R.C. 9.239)

The act removes TAX from a procedure through which the designer of a public building may request allocation of a federal income tax deduction for the design and installation of certain energy-efficient systems.[153] The designer may still request such an allocation under the act, but only from the public entity that owns the building.

### Technical corrections

(R.C. 5747.01, 5747.02, 5747.10, and 5725.23; Section 801.20)

The act makes the following technical corrections to the laws governing state taxation:

- Corrects two erroneous cross-references in the income tax law.
- Removes an outdated reference to the intangible property tax, which is no longer levied.

## Property tax

### School district limits related to carry-over balances (VETOED)

(R.C. 323.131, 3317.01, 4503.06, 5705.03, 5705.17, 5705.31, 5705.316; Section 757.110)

The Governor vetoed a provision that would have imposed new property tax limits on a school district that has a carry-over balance in its general operating budget above a particular

[152] R.C. 5703.37.

[153] 26 U.S.C. 179D.

threshold. Under continuing law, taxing units, including school districts, are required to certify their operational revenues and expenditures to the county auditor on or about the first day of each fiscal year, i.e., July 1. The act would have required each city, local, and exempted village school district, with certain exceptions, to make this certification by July 15 of each year to the county auditor of each county in which the district has territory. Each county budget commission (CBC) or, if the district crosses county boundaries, joint budget commission would then convene to review these certifications by the following August 15. (A CBC is a local body that reviews local government revenue estimates and budgets. It is generally comprised of the county auditor, county treasurer, and either the county prosecuting attorney or a county commissioner. A joint county budget commission is comprised of the officers of each participating county.)

### Reductions for excess carry-over

The act would have reduced the current expense property taxes levied by a school district that has a carry-over balance of more than 40% of its general fund expenditures made in the preceding fiscal year, except that a school district with an expenditure per pupil of less than 80% of the state average would have had to satisfy a 50% threshold. If a CBC determined that a district's carry-over balance exceeded that threshold, the CBC would then reduce the authorized rates of property tax levied by the district for current expenses so as to reduce collections by the amount of the excess carry-over balance multiplied by a tiered reduction factor based on the amount of the excess balance. A district would have been able to adopt a resolution reserving an amount of carry-over balance for current or future permanent improvement expenses to be used within the next three years that would not have counted towards the 50% threshold, provided the district annually certified to the CBC an accounting of those reserved funds. The reduction would have applied to the following tax year only. The reduction mechanism would not have applied to an island school district or a joint state school district, i.e., the College Corner Local School District.

In order to provide a reduction for real property for tax year 2025, and tax year 2026 for manufactured and mobile homes, the act would have required each CBC to convene no later than October 31, 2025, to perform the review of each district's carry-over balance.

#### *Notice on tax bill*

The act would have required that tax bills for a property or manufactured home, the tax liability of which has been reduced due to a school district's excess carry-over balance, include a notice stating the reason for the reduction and that the reduction applied only to the current tax year.

#### *20-mill minimum levy requirement*

The act would have exempted a school district whose levies had been reduced by this mechanism from the requirement that it levy at least 20 mills in property and income taxes to receive state foundation aid, so long as the reductions were the sole cause of the district levying less than the required amount.

### Levy restrictions due to excess carry-over

The General Assembly enacted a provision that would prohibit a school district from submitting any new current expense levy, excluding a renewal levy, to voters if it has a general fund carry-over balance of more than 100% of its general fund expenditures for the preceding fiscal year. The act allows a district to designate, by resolution, an amount of general funds for permanent improvement expenses to be used within the next three years and to exclude those funds from the carry-over balance calculation.

In addition, when a current expense levy is placed on the ballot by a school district with a carry-over balance under the 100% threshold, the provision would require the election notice and ballot language for that levy to state the percentage and amount of the district's general fund carry-over balance.

The Governor removed this provision in his disapproved boxed text, but did not mention the vetoed provision in his veto message. The provision would have applied to levies placed on the ballot at elections held on or after January 1, 2026.[154]

## Additional limitations on school district levies (VETOED)

The act would have imposed two additional limitations on school district property taxes, both of which would have applied to elections held on or after January 1, 2026.[155]

### Emergency and substitute levies

(R.C. 5705.03, 5705.194, 5705.195, repealed, 5705.196, repealed, 5705.197, repealed, 5705.199, 5705.219, 5709.92, and 5748.09; Section 801.310)

The Governor vetoed a provision that would have prohibited school districts from levying any new emergency levy, substitute levy, or combined school district income tax and current expense property tax levy.

An emergency levy is a tax designed to raise a fixed amount each year, i.e., a "fixed-sum" levy, for the emergency requirements of the school district or to avoid an operating deficit. A substitute levy is a tax that "substitutes" for an emergency levy. It raises a fixed sum in the first year, but that sum also grows each year as new property is added to the tax base. The third levy option authorizes a district to combine a school district income tax with a fixed-sum current expense property tax.

### Renewal and increase levies

(R.C. 5705.21, 5705.212, 5705.217, 5705.2114, and 5705.25; Section 801.310)

The Governor also vetoed a provision that would have prohibited school districts from proposing to renew and increase an existing levy. Under continuing law, renewal levies can

[154] On July 21, 2025, the House voted to override the Governor's veto of this item. The Senate had not acted on the override when this analysis was published.

[155] On July 21, 2025, the House voted to override the Governor's veto of both of these items. The Senate had not acted on the override when this analysis was published.

extend the term of an existing levy at its current effective millage rate, or at its current rate with either an increase or decrease. Under the act, a school district would have only been allowed to renew a levy at its current effective rate or at a lesser rate.[156]

## Replacement property tax levies (VETOED)

(R.C. 319.301, 319.302, 523.06, 1545.21, 3316.041, 3316.06, 3358.11, 3505.06, 5705.03, 5705.192, repealed, 5705.218, 5705.2111, 5705.221, 5705.233, 5705.261, and 5705.412; Section 801.310)

The General Assembly enacted provisions that would eliminate the authority of political subdivisions to levy replacement property tax levies, beginning with elections held on or after January 1, 2026. The Governor stated an intent to veto these provisions in the Governor's veto message description but did not include all of the relevant provisions in the disapproved boxed text.

A replacement levy extends the term of an existing levy at the same original millage rate of the levy it is replacing. By contrast, renewal levies extend the term of an existing levy at its current effective millage rate – i.e., its rate after reductions resulting from the H.B. 920 tax reduction factors. The tax reduction factors have the effect of lowering a levy's effective millage over time, since they are designed to prevent a subdivision's tax revenue from growing at the same rate as property values. Consequently, unlike a renewal levy, a replacement levy allows subdivisions to receive the benefit of any growth in property tax values that occurred during the life of the existing levy.[157]

## Tax levy ballot language (VETOED)

(R.C. 133.18, 306.32, 306.322, 345.01, 345.03, 345.04, 505.37, 505.48, 505.481, 511.28, 511.34, 513.18, 755.181, 1545.041, 1545.21, 1711.30, 3311.50, 3318.01, 3318.06, 3318.061, 3318.062, 3318.063, 3318.361, 3318.45, 3381.03, 4582.024, 4582.26, 5705.01, 5705.03, 5705.21, 5705.213, 5705.215, 5705.218, 5705.219, 5705.233, 5705.25, 5705.251, 5705.261, 5705.55, 5748.01, 5748.02, 5748.03, 5748.08, and 5748.09; Section 801.310)

The act would have modified the language used on property tax ballots and election notices to describe a property's value. The Governor removed these provisions in his disapproved boxed text but did not describe the vetoed provisions in his veto message.

For elections held before 2026, the true value of property, or the price at which it would be sold between a willing buyer and seller, is described as the "county auditor's appraised value."

[156] On July 21, 2025, the House voted to override the Governor's veto of this item. The Senate had not acted on the override when this analysis was published.

[157] On July 21, 2025, the House voted to override the Governor's veto of this item. The Senate had not acted on the override when this analysis was published.

The act would have instead required that, beginning with elections held in 2026, ballots and election notices use the term "county auditor's market value."[158]

## 20-mill floor limits (VETOED)

(R.C. 319.301; Section 801.280)

The Governor vetoed a provision that would have modified the calculation of the 20-mill floor that guarantees school districts a certain level of property tax revenue. Specifically, the act would have added all current fixed-sum levies to the calculation of the floor. Although the act also would have prohibited schools from levying certain new fixed-sum levies after January 1, 2026, this addition would have been applied to all of those taxes levied before that date.

### 20-mill floor: overview

Continuing property tax law applies a "tax reduction factor" to real property, with the goal of preventing property taxes from increasing at the same rate as property values. Basically, each year when property values increase, property tax collections are adjusted downward so that taxing districts receive the same amount of revenue they received in the previous year. These reductions are converted to an "effective tax rate."

The tax reduction factor, under the Ohio Constitution, cannot apply to unvoted, or "inside" millage, or certain other types of operating levies, like fixed-sum levies.[159] Emergency and substitute levies are two of the most common voter-approved fixed-sum levies imposed by school districts.

There are some exceptions to the tax reduction factor – one of which is the 20-mill floor, which guarantees that a school district's effective tax rate for operating expense levies cannot fall below 20 mills. Instead, the tax reduction factor can only reduce a school district's operating levy collections to 20 mills – once that "floor" is reached in a school district, the reduction factor cannot reduce effective tax rates any further. Consequently, any growth in property tax values will produce a corresponding increase in taxes from those 20 mills. If property values increase 35% in a school district that is "on" the 20-mill floor, homeowners will generally see a larger tax increase than in other districts that are not on the 20-mill floor. The tax increase will very likely be less than 35%, since the tax reduction factor will still apply to other local tax levies (e.g., county and township levies), but since school district levies typically make up a majority of a homeowner's property taxes, the 20-mill floor will have a significant impact.

Under continuing law, a similar 2-mill floor applies to joint vocational school districts (JVSDs).

### Effect of additional floor-eligible current expense millage

Under continuing law, a school district whose effective rate has been fixed at 20 mills by operation of the 20-mill floor, for either or both property classes, is still able to levy additional

[158] On July 21, 2025, the House voted to override the Governor's veto of this item. The Senate had not acted on the override when this analysis was published.

[159] Ohio Constitution, Article XII, Section 2a.

current expense taxes. In general, because effective rates are based off of taxes collected on carryover property in the preceding tax year, levying additional current expense millage will likely "raise" the school district's effective millage rate off of the 20-mill floor. For example, if voters in a school district that is on the floor approve a five-mill operating levy, then, for the first year the levy is added to the tax list and all other factors being equal, the effective rate of the district will be close to 25 mills (20 "floor" mills plus the five additional mills). Once at that higher threshold, the district's effective rates will gradually reduce back to 20 mills as property values increase in the district.

A similar dynamic would have happened under the act when operating levies currently not considered when calculating the floor would have become part of the floor computation. For instance, if a district on the floor has a five-mill fixed-sum levy, in 2026, the total millage included in the district's 20-mill floor calculation would have increased to around 25 mills. This rate would have gradually decreased as the district's effective operating millage subject to the tax reduction factor, i.e., voted fixed-rate levies, is reduced as property values increase. The Governor vetoed a provision that would have expressly codified this dynamic to the extent any ambiguity exists under the current statutory language.

### Fixed-sum levies included in 20-mill floor calculation

Under current law, the calculation of a school district's 20-mill floor includes only inside millage used for operating expenses and voted, fixed-rate operating expense levies. Fixed-sum levies are not included in the calculation, even if the revenue from those levies is used for operating expenses.

The Governor vetoed a provision that would have required that current expense fixed-sum levies be included in the calculation of a school district's 20-mill floor or a joint vocational school district's two-mill floor, beginning in tax year 2026. This includes school district emergency levies, substitute levies, and three other types of less common fixed-sum levies:

- A growth levy, which collects a fixed amount in its first year, and then an additional percentage or amount of revenue in each following year.
- A property tax that collects a fixed amount each year, levied in combination with a school district income tax. The school district income tax portion would not have been included in the floor.
- A conversion levy, which may no longer be submitted to voters after 2014, though existing levies may be renewed. This levy allowed school districts above the 20-mill floor to repeal and re-levy their taxes in excess of the floor as a single fixed-sum levy, with the express purpose of dropping the district onto the 20-mill floor.

These levies would have continued to be excluded from the tax reduction factors, since that mechanism cannot reduce the amount of money raised from fixed-sum levies. JVSDs would also have been authorized to levy an emergency or substitute levy, even though it appears that currently none of them do. Regardless, the act would have also included any emergency or substitute levies in the computation of a JVSD's 2-mill floor.

The effect of these changes, for school districts that impose one or more of these levies, would have been to increase the total millage that is compared to the 20-mill floor. If the district was previously on the floor, the new calculation may have pushed the district above the floor, with the result that the district would not see full revenue growth from its voted property tax levies that were affected by the tax reduction factor until the district fell back to the 20-mill floor.

## Tax relief screening system

(R.C. 319.202, 5323.02, 5703.21, and 5703.83; Section 757.150)

The act creates a statewide screening system, administered by TAX, to evaluate the eligibility of owners of real property and manufactured and mobile homes that receive the 2.5% owner-occupancy credit or a homestead exemption. TAX is required to notify county auditors of any improperly granted tax reductions discovered through the system.

The act provides an amnesty from any charges, penalties, or interest in the first year of the system's operation for taxpayers found to be ineligible for a reduction, unless the county auditor determines the reduction was procured through fraud, a false statement, or a knowing omission. During this amnesty year, tax bills will notify recipients of the homestead exemption or owner-occupancy credit that they are eligible for amnesty if they self-report their ineligibility within that year. The act also requires potential homeowners be advised of the eligibility requirements for the owner-occupancy credit and of the duty to report subsequent ineligibility prior to signing closing documents.

The act requires TAX to annually report to the General Assembly the number of properties whose ineligibility was flagged by the system.

## County budget commissions (PARTIALLY VETOED)

(R.C. 5705.01, 5705.13, 5705.131, 5705.132, 5705.222, 5705.27, 5705.29, 5705.31, 5705.314, 5705.32, 5705.321, 5705.35, 5705.36, 5705.40, and 5747.51)

The act makes several changes related to CBCs. In general, CBCs are discussed in the LSC Members Brief, *Political Subdivision Budgeting Process*.[160] Generally, they are responsible for annually reviewing local government tax budgets, adjusting those budgets if property tax revenue is insufficient to fund them, and approving properly authorized property tax levies with limited options to adjust their rates.

In other words, under prior law and traditionally, CBCs have had broad authority to limit local government spending to available revenue but have had little authority to adjust revenue itself. The act makes several changes regarding tax budgets and that expand CBC authority. But the Governor vetoed some of those provisions, as explained below.

[160] LSC Political Subdivision Budgeting Process (PDF) Members Brief, which is available on LSC's website: lsc.ohio.gov/publications.

## Tax budgets

Under continuing law, each taxing authority is generally required to annually submit a tax budget for the succeeding fiscal year to the CBC.

The taxing authority is the local body that has the legal authority to levy taxes on behalf of a political subdivision or other taxing unit in the state. For most taxing authorities, which have fiscal years aligning with the calendar year, the budgets are due on July 15. Cincinnati and school district fiscal years align with the state's fiscal year, and their tax budgets are due February 15.

Tax budgets must include specific information required by statute, in the detail prescribed by the Auditor of State. The statutorily required information includes statements, to the extent possible, for the fiscal year during which the budget is submitted and the two preceding fiscal years, showing corresponding expenditure items. The act adds a requirement that estimated expenses through the end of the fiscal year be included.

It also adds:

- A requirement that any taxing unit that estimates it will collect more revenue in the succeeding fiscal year from inside millage because of increased valuations or on any taxes as a result of the 20-mill floor must declare its intent to collect or forgo that increased revenue;
- A requirement that political subdivisions disclose all funds in their control, for the current and preceding two fiscal years, the inclusion of which is not already required by law.

An additional provision allows, but does not require, school districts to include their most recent three-year projections of revenue and expenses with their tax budgets – a document each school is required to produce annually for the Auditor of State and DEW. CBCs that receive such projections must review them when considering the budgets.

Finally, the act expands the category of local bodies that must submit tax budgets. It does so in one case by specific reference and in another through a general catch-all provision. For health districts, the act specifically requires every health district that does not file tax budget information with another taxing authority for inclusion in that authority's budget to file a tax budget on its own behalf. The catch-all provision changes the definition of taxing authority to include every governing body responsible for levying a tax for a taxing unit for which the law does not already define a taxing authority. Because all taxing authorities must submit a tax budget, this encompasses all tax levying bodies that do not currently file one.

## Levy adjustment authority (PARTIALLY VETOED)

The act includes several provisions, most of them vetoed by the Governor, that would have expanded CBC authority to adjust levy collection amounts downward. Specifically, the act would have allowed CBCs to reduce millage on any voter-approved tax levy after its first year upon a finding by the CBC that a reduction was reasonably necessary or prudent to avoid unnecessary, excessive, or unneeded property tax collections, subject to conditions for levies imposed by public bodies with a majority of members chosen by voters. Specifically, for those levies:

- No such levy could be reduced to collect less revenue than in the preceding year unless funds were available from reserve balance accounts, nonexpendable trust funds, or carryover amounts to offset the reduction. Under prior law, reserve balance accounts and nonexpendable trust fund sources were generally exempt from CBC consideration, and the provisions changing that were not vetoed.
- School district levies could not be reduced such that a school district would collect below the 20 mills in revenue, except as required to comply with the act's provision limiting accrual of general fund carry-overs (see "**Reductions for excess carry-over**," (VETOED) above).

The act no longer requires CBCs to approve any properly authorized voted levy without modification if the subdivision or taxing unit for which it is collected requests an amount requiring a lower rate for the year. Unless specifically stated otherwise, such a request applies only for one year, and that provision was not vetoed. A related unvetoed provision requires a CBC to implement a taxing unit or subdivision's declared intent to collect or forgo increased collections from inside millage or due to operation of the 20-mill floor (see "**Tax budgets**," above). The latter would have included an exception to the requirement that schools levy at least 20 mills of property taxes for current operating expenses or lose their state funding, but the Governor vetoed that exception. As a result, if a school declares its intent to forgo increased revenue from inside millage or the 20-mill floor, and the CBC implements that request as an unvetoed provision of the act requires, the school could lose its state funding.

### Other CBC changes (PARTIALLY VETOED)

The act includes other CBC changes not described above. Specifically, it:

- Requires school districts to obtain approval from the CBC before adjusting unvoted, or "inside," millage in a manner that increases tax rates.
- Requires CBCs to offer, during at least one public meeting annually, testimony describing the concept and function of inside millage, how it is allocated to various jurisdictions in the county, and the fiscal impact of inside millage.
- Places the burden of proof on a taxing unit to show the need for additional revenue when challenging any levy reductions made by the CBC before the Board of Tax Appeals (BTA).

The Governor vetoed a provision that would have required the Tax Commissioner to annually adjust the rate of a fixed-sum levy so that it will continue to raise the sum approved by voters and to certify that adjustment to county auditors.

## Limitations on property tax challenges

(R.C. 5715.19 and 5717.01; Section 757.90)

The act modifies a recent law that imposed limits on the filing of property tax complaints by parties other than property owners. Among other changes, H.B. 126 of the 134th General Assembly limited the situations in which political subdivisions can file property tax complaints or appeal the decisions of a board of revision (BOR) regarding those complaints.

## Filing of property tax complaints

### *Sale requirement*

Under continuing law, as enacted in H.B. 126 of the 134th General Assembly, political subdivisions may only file a property tax complaint with respect to property the subdivision does not own if (a) the property was sold in an arm's length transaction before the complaint is filed and (b) that sale price was at least 10% and $500,000 more than the auditor's current valuation. The $500,000 threshold increases each year for inflation, beginning in tax year 2023. These limits also apply to third party property owners in the county who do not own or lease the property in question ("third party complainants").

The act further narrows this sale requirement, by specifying that the property must have been sold within the two years preceding the year for which the complaint is filed. Prior law required that the property be sold before that year but did not expressly include any limit on when that sale occurred. Under the act, the sale date may be either the date the sale is recorded with the county recorder or the date that a conveyance fee statement is filed.

### *Resolution*

Existing law also requires that, before filing a complaint, a subdivision must adopt a resolution authorizing the complaint. The act specifies that such a resolution is also required if the complaint is filed by a third-party complainant who is "acting on behalf of a subdivision." A person is considered to be "acting on behalf of a subdivision" if the person is an official or employee of the subdivision or was directed to file the complaint by an official or employee.

Under the act, all third-party complainants must submit an affidavit, with the complaint, certifying whether the person is or is not acting on behalf of a subdivision. The falsification of such an affidavit is a first degree misdemeanor.

### *Application*

The act's new complaint filing limits apply to complaints filed on or after September 30, 2025.

## Countercomplaints

Under continuing law, if a property tax complaint alleges a change in value of at least $50,000 in fair market value ($17,500 in taxable value), a school district may join the case by filing a countercomplaint. The act provides that a school district may only file such a countercomplaint if the original complaint was filed by the owner or lessee of the property. Essentially, the act prohibits school districts from filing countercomplaints when the original complaint is filed by another political subdivision or by a third-party complainant. This change applies to countercomplaints filed with respect to tax year 2022 and after.

## Appeals of BOR decisions

The act expands an existing law, also enacted in H.B. 126, that prohibits political subdivisions from appealing BOR decisions on property they do not own to the Board of Tax Appeals (BTA). Under the act, these appeal limitations also apply to third party complainants. In addition, the act expressly prohibits a subdivision from appealing a BOR decision regarding a

complaint filed by a third-party complainant. This latter prohibition applies to appeals of BOR decisions issued on or after July 21, 2022 (H.B. 126's effective date). The limit on third party complainants applies to appeals of BOR decisions issued after September 30, 2025.

### Private payment agreements

Continuing law prohibits a political subdivision from entering into a private payment agreement with a property owner whereby the owner agrees to pay the political subdivision to dismiss, not file, or settle a complaint or countercomplaint. The act extends this prohibition to any agreement that a property owner would enter into with a person who is acting on behalf of a political subdivision. This prohibition applies to complaints filed on or September 30, 2025.

## State community college tax operating levy

(R.C. 3358.08 and 3358.11)

The act authorizes a state community college to submit to certain of its voters a property tax levy to pay for its operating expenses. Specifically, the district, even though it may encompass territory in several counties, must submit the question only to voters in the county in which the district's main campus is located. The tax may be levied for any specified number of years, or for a continuing period of time, and may be renewed or replaced before its expiration. If county voters approve the levy, then the district may only use revenue from the tax to support its operations in that county and the district's board of trustees must charge a lower tuition rate to students who reside in that county.

Under continuing law, a state community college district is a political subdivision created by the Chancellor of Higher Education upon receiving a proposal from a technical college district or a state university or upon a proposal by boards of county commissioners or initiative petition. The purpose of the district is to establish, own, and operate a state community college. It is governed by a board of trustees consisting of nine members appointed by the Governor. The territory of the district is composed of the territory of a county, or of two or more contiguous counties. The district must have a population of at least 150,000.[161]

The tax levy authorized by the act is nearly identical to the operating levy authorized under continuing law for community college districts, except a community college district is not able to limit its levy to only a portion of its territory.[162] Community college districts and state community college districts perform similar functions but there are some administrative differences between the two, such as how they are formed and how trustees are appointed.

### Constitutional consideration

The Ohio Constitution requires that land and improvements must be taxed by uniform rule.[163] This has long been interpreted to mean, in part, that a taxing authority may not levy a

[161] R.C. 3358.01, 3358.02, and 3358.03, not in the act.

[162] R.C. 3354.12, not in the act.

[163] Ohio Constitution, Article XII, Section 2.

property tax within only a portion of its territory.[164] Accordingly, limiting a state community college district, whose territory may span multiple counties, to imposing an operating levy in only one of those counties may conflict with the uniform rule.

## Local option property tax reductions

(R.C. 319.304, 323.152, 323.153, 323.155, 323.156, 323.158, 4503.06, 4503.0610, and 5747.85; Sections 757.160 and 757.170)

### Homestead exemption

The act allows counties to offer a property tax exemption that would "piggy-back" on the existing state homestead exemption. Generally, the exemption would be available to the same qualifying homeowners, and offer the same benefit amount, as the state exemption.

#### *Homestead exemption: overview*

Under continuing law, the state provides a property tax credit for the residence, or "homestead," of homeowners who are age 65 or older, permanently and totally disabled, or at least 59 years old and the surviving spouse of an individual who previously received the exemption. The credit essentially exempts $28,000 of the value of a homestead from taxation. To qualify, an eligible homeowner's income cannot exceed an annual limit – $40,000 for tax year 2025 – unless the individual received the exemption before 2014, in which case they are "grandfathered" into receiving the exemption without meeting the income requirement. This exemption is often referred to as the "standard" homestead exemption.

Special "enhanced" exemptions of $56,000 of a homestead's value are available for homes of military veterans who are totally disabled and for the homes of surviving spouses of public service officers killed in the line of duty. There is no income limit for these enhanced exemptions.

The program's exemption amounts and income limit increase for inflation each year.

#### *Local option homestead exemption*

An eligible homeowner that resides in a county that has approved the local option exemption would essentially double their homestead exemption amount. For example, a homeowner who received a standard $28,000 exemption for tax year 2024 would have been eligible for a total exemption of $56,000 for that year if the county had authorized the local option exemption for that year. The one significant difference between the state and local option homestead exemptions is that, in order to qualify for a local option exemption, a homeowner must meet the income threshold applicable to nongrandfathered homeowners. In other words, someone who has over $40,000 in income but qualifies for the standard state homestead exemption would not be eligible for a local option exemption.

[164] See *Exchange Bank v. Hines, 3 Ohio St. 1, 15 (1853)* ("The uniformity must be coextensive with the territory to which it applies. If a State tax, it must be uniform over all the State; if a county, town, or city tax, it must be uniform throughout the extent of the territory to which it is applicable.").

### *Homeowner application*

A homeowner that qualifies for the state homestead exemption would not need to submit a separate application for a local option exemption, unless the homeowner has received the standard homestead exemption without verifying the person's income, i.e., because the person was grandfathered under the pre-2014 law. The act requires these grandfathered homeowners to apply for the local option homestead exemption in order to verify the homeowner's total income. Under continuing law, county auditors send qualifying homeowners a continuing application each year to report changes in income.

### Rollback for owner-occupied homes

The act also allows a county to authorize a tax reduction that would piggy-back on the state's 2.5% rollback for owner-occupied homes. The reduction would apply to the same qualifying homeowners and tax levies as the state-authorized reduction.[165] The state's rollback applies only to unvoted, or "inside" millage, municipal charter millage, and levies approved by voters before October 2023 or renewals or substitutes of those levies. Like the state rollback, the local option rollback could also equal up to 2.5% of the collections of qualifying levies, at the county's discretion.

### State reimbursement and application year

The state reimburses local governments from the GRF for revenue lost from both the existing homestead exemption and rollback. Under the act, local governments would not receive any compensation for their revenue lost from the county-authorized reductions.

If a county wishes to approve a local option homestead exemption or rollback for tax year 2025, the county has until October 31, 2025, to adopt a resolution authorizing either or both reductions. Otherwise, generally, a local option reduction approved before July 1 will apply to that tax year, while one approved after July 1 will first apply to the following tax year. A county may later rescind the authorization for either reduction.

## Sports facility exemption

(R.C. 5709.081)

Under continuing law, buildings and other improvements used by major league, or certain minor league, sports teams for their home games are exempt from taxation if several conditions are met. One of those conditions is that the land on which the building or improvements are made are owned by one or more political subdivisions or a corporation controlled by the subdivision or subdivisions. The act provides that, for the purpose of qualifying for the property tax exemption, a new community authority is a political subdivision. As a result, sports facilities

[165] The Governor partially vetoed part of this provision that defined the levies to which the local option 2.5% rollback apply, but it is unclear whether the veto has any substantive effect. On July 21, 2025, the House voted to override the Governor's veto of this item. The Senate had not acted on the override when this analysis was published.

on land owned by a new community authority, or a corporation controlled by the authority, can qualify for the exemption if all other exemption requirements are met.

## Parking garage tax exemption

(R.C. 717.051)

The act expands a property tax exemption for parking structures owned by certain local governments. Currently, the exemption applies to structures owned by municipal corporations that are "impacted cities," i.e., have certain distress criteria, or by counties encompassing such municipalities. The act expands the exemption by:

- Eliminating the requirement that the municipal corporation in which the garage is located be an "impacted city," so any municipal corporation or county qualifies;
- Extending the exemption to garages owned by a port authority or new community authority;
- Extending the exemption to the land on which the garages are located, as opposed to just the structures as allowed under prior law;
- Making the exemption permanent in lieu of the current 20-year maximum;
- Eliminating a requirement that the parking spaces be available to the general public.

## Community reinvestment area agreements and exemptions

(R.C. 3735.67 and 3735.671; Section 801.220)

The act allows counties, home-rule townships, and municipal corporations, through their legislative authorities, to amend existing community reinvestment area (CRA) agreements to extend a tax exemption to a total of 30 years when a megaproject becomes involved. Typically, a new or remodeled commercial structure in a CRA can receive a tax exemption on the value of a new structure or the increased value of a remodeled structure for up to 15 years.

Structures on the site of a megaproject and owned and occupied by a megaproject operator or off the site of a megaproject and owned and operated by a megaproject supplier, however, can receive exemptions for up to 30 years. In any case, CRA exemptions for commercial and industrial property must be governed by an agreement between the local government that created the CRA and the property owner. Those agreements establish the length and percentage of exemption, often subject to school district approval.

The act changes two aspects of the CRA law with respect to megaprojects. First, it establishes that the structures in question need only be owned or occupied, rather than owned and occupied as under prior law, by a megaproject operator or supplier to be eligible for a 30-year exemption. Second, the act allows an existing CRA agreement to be modified to the maximum 30-year term when a megaproject operator or supplier is expected to become the owner or occupier of the building in question. In other words, a building with a 15-year CRA exemption can become subject instead to a 30-year CRA exemption if a megaproject operator or supplier is expected to own or occupy the building at some time after the initial CRA agreement was executed.

The act also changes the CRA law with respect to commercial and industrial projects, generally. Recall that those projects receive CRA exemptions only pursuant to a negotiated agreement with the subdivision that designated the CRA. The act establishes that no political subdivision other than the designating board of township trustees, the board of county commissioners, or legislative authority of the municipal corporation needs to be a party to a CRA agreement unless that subdivision is a fee simple owner of the property in question that would otherwise be obligated to pay real property taxes for the property.

The act's megaproject-specific changes apply to all CRA agreements entered on or after January 1, 2025. The act's general change for all commercial and industrial CRA projects applies regardless of when the agreement was or is executed.

## Manufactured home tax waivers or refunds

(R.C. 4503.0611)

The act adds manufactured home park operators to the group authorized to notify the county auditor that a manufactured home has been damaged or destroyed to initiate a refund or waiver of taxes on the home. A notice submitted by an operator must include photographic evidence. Under continuing law, the manufactured home's owner or two disinterested people who reside in the same township or municipal corporation as the manufactured home may provide notice, without photographic evidence. Continuing law also allows the county auditor to submit the required form on the auditor's own initiative following an inspection and investigation if no reporting form has been received.

The act does not change the amount of taxes that may be waived or refunded. Under continuing law, the auditor must determine the reduction in the manufactured home's market value due to the damage or destruction. The ratio determined by comparing the reduced value to the initial value is the same ration by which the taxes are reduced if the damage or destruction occurred in the first half of a year. If in the second half of the year, ½ of the ratio is applied to determine the reduction.

## Temporary abatements

(Sections 757.60 and 757.70)

The act establishes a temporary procedure by which a church that acquired property in May 2022 and any municipal corporation or township may apply for a tax exemption for the property and abatement of any unpaid taxes, penalties, and interest that became a lien on the property from before the church, municipality, or township acquired it. The application for exemption and abatement must be filed with TAX by September 30, 2026.

Continuing law generally only allows a tax exemption if the property in question is exempt from taxation on the tax lien date, which is January 1 each year, and all taxes, penalties, and interest have been paid in full before the property was acquired by the exempt user. Delinquent

taxes accruing after that point may be abated, but only if they are delinquent for less than three years.[166]

# Local Government Fund

## Allocation amount

(R.C. 131.51(A); Sections 387.10 and 387.20)

The act permanently increases, from 1.70% to 1.75%, the percentage of state tax revenue deposited to the GRF each month that is then transferred to the Local Government Fund (LGF).

The budget enacted by the 135th General Assembly in 2023 increased the percentage the LGF receives from the GRF to 1.70%, beginning with FY 2024. Prior to that, the permanent percentage was 1.66%, beginning in FY 2014, though the General Assembly had authorized several temporary increases ranging from 1.68% to 1.70% between FY 2014 and FY 2021.[167]

## Reductions for traffic camera fines

(R.C. 5747.502(B)(3))

The act terminates LGF reductions for townships and counties that have employed traffic cameras to issue citations. H.B. 54 of the 136th General Assembly, the most recent biennial transportation budget, prohibited counties and townships from using those cameras, but it also preserved reductions in the LFG distributions to counties and townships that have employed them. As a result, under the transportation budget, outstanding LGF reductions from previous county and township traffic camera reductions are set to be deducted until they are fully withheld. The act eliminates those reductions as of September 30, 2025.

# Public Library Fund

## Allocations

(R.C. 131.51(B) and (C); Sections 387.10 and 820.20)

Beginning for FY 2026, the act no longer dedicates a 1.70% share of GRF tax revenue to the Public Library Fund (PLF), instead funding public libraries through a direct GRF appropriation ($479.7 million in FY 2026 and $489.7 million in FY 2027). Under prior law, OBM transferred this 1.70% share to the PLF monthly, while, under the act, OBM transfers $1/12$ of the PLF's appropriation for the fiscal year from the GRF to the PLF.

Similar to trends with the LGF, the budget enacted by the 135th General Assembly in 2023 increased the percentage the PLF receives from the GRF to 1.70%, beginning with FY 2024. Prior to that, the permanent percentage was 1.66%, beginning in FY 2014, though the General

[166] R.C. 5713.08 and 5713.081, not in the act.

[167] Section 387.20 of H.B. 110 of the 134th General Assembly (2021), Section 387.20 of H.B. 166 of the 133rd General Assembly (2019), Section 387.20 of H.B. 49 of the 132nd General Assembly (2017), and Section 375.10 of H.B. 64 of the 131st General Assembly (2015).

Assembly had authorized several temporary increases ranging from 1.68% to 1.70% between FY 2014 and FY 2021.[168]

Under continuing law, money in the PLF is distributed monthly to each county's public library fund according to a formula, administered by TAX, which is predominately based on each county's share of the PLF in the preceding calendar year, plus an inflation factor. Each county distributes its share among libraries according to a locally approved formula or, in some counties, a statutory formula.

[168] Section 387.20 of H.B. 110 of the 134th General Assembly (2021), Section 387.20 of H.B. 166 of the 133rd General Assembly (2019), Section 387.20 of H.B. 49 of the 132nd General Assembly (2017), and Section 375.10 of H.B. 64 of the 131st General Assembly (2015).

# DEPARTMENT OF TRANSPORTATION

## Airport funding

- Creates the Ohio Airport Improvement Program Fund to be administered by the Department of Transportation (ODOT) Office of Aviation.

## Regional transportation improvement projects (RTIP)

- Authorizes the expansion of the membership of an RTIP governing board to include the Chief Executive Officer (CEO) of the JobsOhio network partner that covers the majority of the area encompassed by the RTIP or the CEO's designee.

## Ohio Maritime Assistance Program

- Expands the grant eligibility criteria under the Ohio Maritime Assistance Program.

## Rail infrastructure funding

- Appropriates $6 million, from the Ohio Highway and Transportation Safety Fund, to fund short-line rail development infrastructure projects that enhance capacity and improve safety.

## U.S. Route 23 and I-71 connector

- Modifies the requirement that ODOT and the Ohio Turnpike and Infrastructure Commission create a joint plan regarding the feasibility of connecting U.S. Route 23 and I-71 that was enacted through H.B. 54 of the 136th General Assembly.

## Drones for First Responders Pilot Program

- Requires the ODOT Director to establish a Drones for First Responders Pilot Program.
- Specifies the goals for the program, including acquisition of unmanned aerial vehicle systems (UAVS) for first responders, training on those systems, obtaining necessary federal approvals for beyond visual line of sight operations, and integrating state infrastructure.
- Conditions the purchase of any UAVS on their compliance with federal laws and regulations, including those involving national security and defense spending.

## Airport funding

(R.C. 4561.03)

The act creates the Ohio Airport Improvement Program Fund within the state treasury. The fund consists of money appropriated to it by the General Assembly. The fund must be used by the Office of Aviation to support the Ohio Airport Improvement Program, which was

administratively created by that Office. That program provides financial support to publicly owned, public-use airports in Ohio. All investment earnings of the fund must be credited to it.

## Regional transportation improvement projects (RTIP)

(R.C. 5595.02)

Continuing law authorizes the boards of county commissioners of two or more counties to enter into a cooperative agreement creating a regional transportation improvement project (RTIP). To administer the cooperative agreement that creates an RTIP, a governing board must be created made up of a county commissioner and county engineer from each participating county, or their designees. The act authorizes the expansion of the governing board's membership by allowing the Chief Executive Officer (CEO) of the JobsOhio network partner that covers the majority of the area encompassed by the RTIP, or that CEO's designee, to serve as an additional member.

## Ohio Maritime Assistance Program

(R.C. 5501.91)

The act expands the grant eligibility criteria under the Ohio Maritime Assistance Program by doing both of the following:

- Allowing a port authority to apply for a grant without owning an active marine cargo terminal, provided the port authority is a co-applicant with an owner of such a terminal; and
- Allowing an applicant's active marine cargo terminal to be located on an Ohio River tributary, in addition to the shore of Lake Erie or the Ohio River or a tributary of Lake Erie as in continuing law.

Under continuing law, the grants are also available to a port authority that is located in, or has jurisdiction within, a federally qualified opportunity zone with an active marine cargo terminal with a stevedoring operation that is located on the shore of Lake Erie or the Ohio River.

## Rail infrastructure funding

(R.C. 5747.502(F)(2); Sections 411.10 and 411.20)

The act appropriates $6 million for the Department of Transportation (ODOT), in conjunction with the Ohio Rail Commission, to identify and fund short-line rail development infrastructure projects that enhance capacity and improve safety. The funds are transferred from the Ohio Highway and Transportation Safety Fund (Fund 5XI0), which consists of Local Government Fund (LGF) money withheld from local governments that collect civil traffic camera fines.

## U.S. Route 23 and I-71 connector

(Sections 610.20 and 610.21)

The act modifies the requirement, enacted earlier in 2025, that ODOT and the Ohio Turnpike and Infrastructure Commission (OTIC) create a joint plan regarding the feasibility of connecting U.S. Route 23 and I-71. The modifications to the plan include all the following:

- Splitting the plan into two components, an interim report and a final joint plan;
- Specifying that the interim report must conceptually identify and evaluate the corridor alternatives and alignments;
- Authorizing ODOT and OTIC to consider alignments that were not part of the original specific list;
- Making the interim report due October 1, 2025, rather than the full plan due by September 30, 2025;
- Requiring the final joint plan to identify a preferred route for the connecting corridor, include all preliminary engineering assessments (design, cost estimates, right-of-way, and environmental impacts, etc.), and recommend whether final implementation should be through ODOT or OTIC; and
- Extending the deadline for the final joint plan to October 1, 2026.[169]

## Drones for First Responders Pilot Program

(Sections 411.10, 411.20, and 755.20)

The act requires the Director of Transportation (ODOT Director) to establish a Drones for First Responders Pilot Program, to be administered by ODOT. The program must focus on the following goals:

- Acquiring unmanned aerial vehicle systems (UAVS) for first responders (law enforcement, fire departments, and emergency medical service organizations) within municipal corporations;
- Providing training on the operation of UAVS to those first responders;
- Obtaining approval from the Federal Aviation Administration (FAA) for beyond visual line of sight operations (BVLOS) for purposes of the program;
- Integrating existing UAVS and state infrastructure for purposes of BVLOS under the program;
- Collecting metrics for cost-benefit analyses related to the advanced UAVS operations;

[169] For more information about the joint plan, see the end of page 22 of the LSC Final Analysis for H.B. 54 (PDF), which is available on the General Assembly's website: legislature.ohio.gov.

- Developing a comprehensive approach for community acceptance and integration of UAVS; and
- Standardizing the approval process with the FAA for UAVS operators in Ohio.

The ODOT Director, in addition to establishing any administrative procedures and requirements for the program, must establish a process to award money to the legislative authority of municipal corporations willing to participate. The money awarded must be used towards the purchase of UAVS, training, and the other goals of the program. Any UAVS purchased through the program must comply with the federal laws and regulations for those systems, including those involving national security. Thus, the UAVS (including their components, services, or maintenance) cannot originate from a country or entity that has been named a national security risk and must comply with other federal conditions on technology and defense spending.

By September 30, 2027, the ODOT Director must submit a report to the Governor, the Speaker of the House, the Senate President, the Minority Leaders of both chambers, and the Chairpersons of any transportation-related committees. The report must detail how funds were spent in the program, the success of the program in meeting its goals, the cost-benefit analyses created, and any recommendations for additional integration of UAVS operations by first responders.

# TREASURER OF STATE

## Prohibit ideological investment decisions

- Prohibits investing public money with the primary purpose of influencing environmental, social, personal, or ideological policy, unless expressly authorized by Ohio law.

## Investment of interim funds

- Allows the Treasurer of State (TOS), by rule, to reduce the amount of collateral a financial institution must pledge when holding public funds as investments in certificates of deposit, savings accounts, and deposit accounts by up to 10% as compared to current law.
- Reduces the rating in allowable debt interest investments, other than commercial paper, from the three highest categories by two nationally recognized statistical rating organizations to the four highest categories.
- Prohibits investments in debt interests rated in the fourth highest category from exceeding 10% of the state's portfolio.

## Homeownership Savings Linked Deposit Program

- Requires the report on the Homeownership Savings Linked Deposit Program from the TOS to include the average premium savings rate paid on the accounts, rather than the average yield on the accounts.

## Ohio ABLE accounts

- Exempts funds in an ABLE account from collection under the Ohio Medicaid Estate Recovery Program to the extent permitted under federal law.
- Requires the TOS to pay account fees associated with an ABLE account on behalf of an Ohio account owner or beneficiary.

## Payment by check

- Permits the TOS to make a payment using a check.
- Defines a "check" as a negotiable financial instrument, payable upon demand, directing a financial institution to transfer money from the payer's account to the payee.

## Investment in certificates of deposit (CDs)

- Repeals a law, which largely duplicates another, regarding investment of interim moneys in federally insured certificates of deposit (CDs).

## Satellite offices

- Repeals authorization for TOS to open receiving offices for the payment of taxes and fees.

## Crime Victims Recovery Fund

- Removes the responsibility of TOS to credit revenue to the Crime Victims Recovery Fund.

## Assurance fund

- Eliminates the Torrens Law Assurance Fund and all related statutory content.

## Technical correction

- Removes an outdated reference to inactive accounts regarding TOS's statement of balances upon the request of the Governor or OBM Director.

## Prohibit ideological investment decisions

(R.C. 135.143, 135.1411, and 135.35)

The act prohibits any of the following from making an investment decision with the primary purpose of influencing environmental, social, personal, or ideological policy, unless expressly authorized by Ohio law:

- The Treasurer of State (TOS);
- The treasurer of a municipal corporation;
- The governing board of a municipal corporation;
- The investing authority of a county.

Furthermore, if any of these persons or entities delegate the management of the investment of public money to a third party, the act prohibits the persons or entities from permitting the third party to make investment decisions with state money with the primary purpose of influencing any environmental, social, personal, or ideological policy, unless expressly authorized by Ohio law.

In addition, the act prohibits the State Board of Deposit (BDP) from ordering TOS to sell or liquidate investments or deposits with the primary purpose of influencing any environmental, social, personal, or ideological policy unless expressly authorized by Ohio law.

## Investment of interim funds

(R.C. 135.143)

Interim funds are public moneys held in the state treasury that are not needed for immediate obligations. Continuing law authorizes the TOS to invest interim funds in several ways, including in certificates of deposit, savings accounts, or deposit accounts in eligible institutions applying for interim moneys, including linked deposits. Under continuing law, financial institutions that hold public deposits must pledge collateral for any uninsured amount of the deposits. The act specifies that, for such investments, the pledging requirements may be reduced by up to 10% in accordance with rules adopted by the TOS.

Continuing law also authorizes the TOS to invest in debt interests, other than commercial paper. Under former law, these debt interests were required to be rated in the three highest categories by two nationally recognized statistical rating organizations. The act reduces the investment rating to the four highest categories, as rated by two nationally recognized statistical

rating organizations. The act prohibits the investments in debt interests rated in the fourth highest category from exceeding 10% of the state's portfolio.

## Homeownership Savings Linked Deposit Program

(R.C. 135.71)

The act changes a reporting requirement for a report on the Homeownership Savings Linked Deposit Program, due from TOS and the Tax Commissioner to the Governor and General Assembly by January 31, 2027. Former law required the report to include the average yield on the accounts. The act changes this to the average premium savings rate paid on the accounts.

The program is designed to make home ownership more attainable by making available premium rate savings accounts for the down payment and closing costs associated with the purchase of a home. Continuing law requires TOS and the Tax Commissioner to issue a report regarding the efficacy of the program, including the number of accounts created and the total amount contributed to the accounts, as well as the number of participating savings institutions.

## Ohio ABLE accounts

(R.C. 113.51 and 113.53)

An Achieving a Better Life Experience (ABLE) account is a tax-exempt account created by the federal Internal Revenue Service (IRS), and established by the state, to help individuals with disabilities pay for the cost of qualified disability expenses. In Ohio, the program authorizing and overseeing ABLE accounts is administered by TOS. Continuing law authorizes TOS to impose and collect administrative fees and charges associated with an ABLE account.

The act requires TOS to pay these account fees on behalf of an Ohio account owner or beneficiary.

Additionally, the act exempts funds in an ABLE account from the Ohio Medicaid Estate Recovery Program, to the extent permitted under federal law. The Medicaid Estate Recovery Program is a mechanism by which the state seeks to recoup funds spent on Medicaid services from the estates of certain deceased Medicaid recipients, in accordance with federal law,[170] which requires states to recover the following amounts from an estate:

- Expenses for nursing facility services, home and community-based services, and related hospital and prescription services paid on behalf of a Medicaid recipient over age 55;
- All medical assistance paid on behalf of a Medicaid recipient receiving long-term services and supports in a facility permanently (referred to as "permanently institutionalized" individuals).

States may elect to apply estate recovery under additional circumstances, for example, by recovering all medical assistance paid on behalf of a Medicaid recipient over age 55, not just for nursing facility and associated expenses as described above. ODM has elected to exercise that

[170] 42 U.S.C. 1396p(b).

option. Because federal law requires states to exercise Medicaid estate recovery for the amounts described above, despite the act's prohibition, it appears that ABLE accounts would remain recoverable under the Medicaid Estate Recovery Program against certain individuals; however, the act's prohibition would apply regarding other individuals currently subject to Medicaid estate recovery by state option.

## Payment by check

(R.C. 131.01)

The act permits TOS, when an order has been drawn upon TOS by an authorized state entity to pay a specified amount to one or more specified payees, to pay using a check. This is in addition to the continuing law payment methods of paper warrants, stored value cards, direct deposit to the payee's bank account, or the drawdown of funds by electronic benefit transfer.

The act defines "check" under the relevant law as a "negotiable financial instrument, payable upon demand, directing a financial institution to transfer money from the payer's account to the payee."

## Investment in certificates of deposit (CDs)

(R.C. 135.18; R.C. 135.144, repealed)

The act repeals a law that largely duplicated another law regarding investment of interim moneys in federally insured certificates of deposit (CDs).[171] As CDs are still purchasable under R.C. 135.145, the only effect of the statute's repeal is the pledging requirements attached to deposits; namely, if the amount held by the bank exceeds the amount insured by the federal deposit insurance corporation, the excess amount is subject to specific pledging requirements.[172]

The retained section is broader and can be used to accomplish what is in the repealed provision.

The repealed provision was strictly for the purchase of CDs by public depositories using interim moneys. The CDs could be purchased from depositories that were not public depositories as long as the CD principal and interest was federally insured.

Continuing law, on the other hand, allows a public depository to redeposit money into other depositories that are federally insured (and are not public depositories). This includes interim money as well as active and inactive deposits. It is the same as the repealed provision, except the deposit and interest need to be insured and are subject to pledging requirements. This can include purchasing a CD but also includes a checking or savings account and other deposit accounts.

[171] R.C. 135.145, not in the act.

[172] Located in R.C. 135.18, 135.181, and 135.182.

## Satellite offices

(R.C. 113.05; R.C. 113.06, repealed)

The act repeals law permitting TOS to open receiving offices as necessary for the expedient collection of taxes and fees. It required these offices to have adequate security and open the offices in counties exceeding 1 million in population only. It permitted TOS to appoint a financial institution as the TOS's agent or deputy to collect taxes or fees and permitted the TOS to make deposits with these institutions.

## Crime Victims Recovery Fund

(R.C. 2969.13)

Ohio law established the Crime Victims Recovery Fund, where all moneys paid in satisfaction of certain fines imposed upon an offender by a sentencing court are deposited. Any interest earned on the money in the fund is also credited to the fund.

Under prior law, it was the duty of TOS to credit money collected to the fund. However, courts remit funds collected for the Crime Victims Recovery Fund directly to the Ohio Supreme Court, and the Clerk of the Ohio Court of Claims administers the fund.

This act removes the responsibility of TOS to credit revenue to the Crime Victims Recovery Fund so the Revised Code more accurately reflects the practice of the courts.

## Assurance fund

(R.C. 5310.05, 5310.06, 5310.07, 5310.08, 5310.09, 5310.10, 5310.11, 5310.12, 5310.13, and 5310.14, repealed; R.C. 5310.47)

The act eliminates the Torrens Law Assurance Fund previously used by TOS to compensate owners of registered land who suffered damages or were otherwise deprived of their land due to fraud, mistake, or error relating to the registration.

## Technical correction

(R.C. 113.13)

The act removes an outdated reference to inactive accounts regarding TOS's statement of balances. Continuing law requires TOS, upon the request of the Governor or OBM Director, to transmit the amount in an active account and amount of cash on hand.

# DEPARTMENT OF VETERANS SERVICES

## Clinician Recruitment Program

- Replaces the Physician Recruitment Program with the Clinician Recruitment Program and expands program eligibility.
- Makes changes to the required contract terms.
- Permits the Director of Veterans Services (DVS Director) to allocate funds.

## Resident benefit funds

- Eliminates the requirement that the Superintendent of the Ohio Veterans' Homes establish rules for the operation of the residents' benefit funds.

## Veteran peer counseling network

- Eliminates the Veteran Peer Counseling Network.

## Claims register

- Eliminates the DVS Director's duty to keep a register of all claims filed by DVS.

## Veterans' home site survey

- Requires the DVS Director to survey potential sites in central Ohio for the construction of a new state veterans home.

## Clinician Recruitment Program

(R.C. 5907.17)

### Eligibility

The act renames the Physician Recruitment Program as the Clinician Recruitment Program. The change in name reflects the act's expansion of program eligibility from just physicians to physicians, advanced practice registered nurses, licensed practical nurses, physician's assistants, registered nurses, registered nurse aides, and any Ohio Veterans' Home employee who is a licensed medical professional in Ohio and is not exempt from a student loan program under a union contract or other law.

To be eligible for the program under the act, a clinician must:

- Be licensed in Ohio by an appropriate licensing authority and work in that discipline at an Ohio Veterans' Home;
- Have worked at an Ohio Veterans' Home for at least one year;
- Not have been subject to formal discipline while employed at an Ohio Veterans' Home;
- Provide sufficient evidence to determine that the clinician attended a school or medical program accredited by a national or regional accrediting organization; and

- Agree to the terms of the contract provided under the provision.

These eligibility requirements replace existing, physician-specific requirements.

### Contract

The act makes changes to the terms of the contract to require clinicians to agree to maintain appropriate licensure and to provide services for a specified number of years of one or more years.

### Scope of program

The act changes the category of individuals served by the program to "residents of the Ohio veterans' homes." Formerly, the category of individuals served by the program were "patients of one or more specified institutions administered by the department (of veterans services)" (DVS).

### Allocation of funds

The act permits the DVS Director or a designee to allocate funds among clinicians recruited under the program for any purpose considered necessary to best serve clinician staffing needs.

## Resident benefit funds

(R.C. 5907.11)

The act eliminates the requirement that the Superintendent of the Ohio Veterans' Homes establish rules for the operation of the residents' benefit funds. Under continuing law, the Superintendent may, with the approval of DVS, establish local funds for each veterans' home. Each fund must be used for the entertainment and welfare of the residents and is operated for the exclusive benefit of the residents of the associated home. The funds generate revenue from donations and the sale of commissary items at the associated home.

## Veteran peer counseling network

(R.C. 5902.20, repealed)

The act eliminates the Peer Counseling Network and the DVS Director's duty to adopt rules for it. Under former law, the Veteran Peer Counseling Network offered Ohio veterans the opportunity to work with other veterans to help overcome issues unique to veterans. The DVS Director was charged with adopting rules to administer the Network.

## Claims register

(R.C. 5902.06, repealed)

The act eliminates the DVS Director's duty to keep a register showing the situation and disposition of any claim filed by DVS. Former law required the DVS Director to keep such a register.

## Veterans' home site survey

(Section 759.10)

The act directs the DVS Director to investigate sites in or near the Columbus metropolitan area for the construction of a state veterans' home and to issue a report on the Director's findings to the General Assembly and Governor by September 30, 2026. The report must include an evaluation of the relevant grant approval criteria for priority-one funding under the State Veterans Home Construction Grant Program operated by the U.S. Department of Veterans Affairs, as well as an estimate of the state's share of facility construction and land acquisition costs under the grant program for each site.

# OHIO VETERINARY MEDICAL LICENSING BOARD

- Generally allows a licensed veterinarian to conduct the practice of veterinary medicine via veterinary telehealth services with a client and the client's animal if:
  - The veterinarian obtains the informed consent from the client, including an acknowledgement that the standards of care prescribed by the law governing veterinarians equally apply to in-person and telehealth visits;
  - The veterinarian provides the client with the veterinarian's name and contact information and secures an alternate means of contacting the client if the telehealth visit is interrupted; and
  - Before conducting an evaluation of a patient via a telehealth visit, the veterinarian advises the client concerning certain information, including that the veterinarian may ultimately recommend an in-person visit.
- Specifies that, with respect to veterinary telehealth services, the practice of veterinary medicine occurs in the state in which the patient is located.
- Generally prohibits a licensed veterinarian whose client is engaged in raising livestock for human food products from using telehealth services for those livestock unless the veterinarian has established a prior veterinary-client relationship in person with respect to those livestock.
- Allows a licensed veterinarian whose client is engaged in raising livestock for human food products to conduct tele-advice services prior to the veterinarian establishing a veterinary-client-relationship in person.
- Allows a licensed veterinarian to prescribe drugs or medications after establishing a veterinary-client-patient relationship via telehealth services with several provisos, including that the veterinarian may issue an initial prescription for up to 14 days and, after a subsequent telehealth visit, one refill for up to 14 days.
- Regarding establishing a veterinary-client-patient relationship and demonstrating knowledge of a patient to establish that relationship, adds to that the demonstration may include an examination of the patient in real time via telehealth services.

## Veterinary telehealth services

(R.C. 4741.04 and 4741.041)

The act establishes requirements and procedures for a veterinarian licensed to practice in Ohio to conduct veterinary telehealth services with a client and the client's animal. A licensed veterinarian may conduct the practice of veterinary medicine via telehealth services if all the following apply:

1. The veterinarian obtains the informed consent from the client, including an acknowledgement that the standards of care prescribed by the law governing veterinarians

equally apply to in-person and telehealth visits. The veterinarian must maintain documentation of the consent for at least three years after receiving the informed consent.

2. The veterinarian provides the client with the veterinarian's name and contact information and secures an alternate means of contacting the client if the telehealth visit is interrupted. Following the telehealth visit, the veterinarian must make available to the client an electronic or written record of the visit. The record must include the veterinarian's license number.

3. Before conducting an evaluation of a patient via a telehealth visit, the veterinarian advises the client of all the following:

a. The veterinarian may ultimately recommend an in-person visit with the veterinarian or another licensed veterinarian;

b. The veterinarian is prohibited under federal law from prescribing certain drugs or medications based only on a telehealth visit; and

c. The appointment for a telehealth visit may be terminated at any time.

For purposes of the act, with respect to telehealth services, the practice of veterinary medicine occurs in the state in which the patient is located.

## Telehealth for livestock

A licensed veterinarian whose client is engaged in raising livestock for human food products may not use telehealth services for those livestock unless the veterinarian has established a veterinary-client-relationship (see below) in person with respect to the livestock prior to the use of telehealth services. However, a licensed veterinarian whose client is engaged in the raising of livestock for human food products may conduct tele-advice services for those livestock prior to the veterinarian establishing a veterinary-client-patient relationship in person with the client. The act states that these provisions apply to the extent permitted under federal law.

The act defines all of the following terms:

1. "Human food product" means livestock raised for human consumption or livestock whose products are used for human consumption;

2. "Livestock" means porcine animals, bovine animals, caprine animals, ovine animals, and poultry; and

3. "Tele-advice" means the provision of any health information, opinion, or guidance by a veterinary professional that is not intended to diagnose, treat, issue certificates of veterinary inspection, or issue prognoses of the physical or behavioral illness or injury of an animal or issue. A veterinarian-client-patient relationship as required under continuing law (see below) is not required to provide tele-advice.

## Telehealth drug prescriptions

The act allows a licensed veterinarian to prescribe drugs or medications after establishing a veterinary-client-patient relationship via telehealth services (see below), except that all the following apply:

1. The veterinarian may issue an initial prescription for up to 14 days. The veterinarian may issue one refill for up to 14 days if the veterinarian sees the patient for another telehealth visit. For additional refills, the patient must visit the veterinarian in person.

2. The veterinarian must notify the client that certain prescription drugs or medications may be available at a pharmacy and, if requested, the veterinarian will submit a prescription to a pharmacy of the client's choosing; and

3. The veterinarian must not order, prescribe, or make available a controlled substance unless the veterinarian has performed an in-person physical examination of the patient.

## Veterinary-client-patient relationship

Continuing law establishes conditions under which a veterinary-client-patient relationship serves as the basis for interaction between a veterinarian, their client, and the client's animal (patient). One of those conditions requires the veterinarian to have sufficient knowledge of the patient to initiate at least a general or preliminary diagnosis of the patient's medical condition. To demonstrate that knowledge, the veterinarian must have seen the patient recently and be acquainted personally with the keeping and care of the patient by (1) examining the patient, or (2) making medically appropriate and timely visits to the premises where the patient is kept.

The act adds that the demonstration may include an examination of the patient in real time via telehealth services in accordance with the act.

## High-volume dog breeders and pet stores

The act states that nothing in its provisions governing telehealth services can be construed to invalidate or overrule the law governing high-volume dog breeders and pet stores.

# VISION PROFESSIONALS BOARD

- Eliminates an obsolete statutory provision relating to ocularist licensure.

## Ocularist licensure – obsolete statutory requirement

(R.C. 4725.28)

The act eliminates an obsolete statutory requirement that the State Vision Professionals Board issue ocularist licenses by endorsement. It is obsolete because the Board is no longer authorized to issue ocularist licenses generally. The Board's authority to license ocularists was abolished as part of H.B. 509 of the 134th General Assembly, the 2022 biennial occupational regulation act.

# DEPARTMENT OF YOUTH SERVICES

- Would have required a convicted felon who is under 18 years old at the time a sentence is executed to be committed to the Department of Youth Services (DYS) and assigned to an institution within DYS until the felon turns 18 or until other conditions are met (VETOED).

## Youth felons in DYS facilities (VETOED)

(R.C. 2949.12)

The Governor vetoed a provision that would have required a convicted felon who is under 18 years old at the time a sentence is executed to be committed to the Department of Youth Services (DYS) and assigned to an institution within DYS. Within five days after sentencing (excluding Saturdays, Sundays, and legal holidays), the sheriff of the county where the conviction occurred would have been required to deliver the felon to the DYS-designated facility. For such a conviction to occur under continuing law, the felon must have been bound over from the juvenile court and convicted as an adult of a felony offense. Upon delivering the felon to the DYS facility, the act would have required the sheriff to present the managing officer with a copy of the sentence, a copy of the indictment, and a copy of the certification binding the felon over from the juvenile court to the court of common pleas.

A felon who is delivered to a DYS-designated facility under the vetoed provision would have been held in the facility until age 18, until the felon's prison term expired, until the felon was pardoned, paroled, or placed on post-release control, until DYS in the discretion of the Director, lacked the capacity to house the felon, or until the felon was transferred under laws permitting the transfer of prisoners. The vetoed provision would have required a felon delivered to a DYS facility to be transferred to the Department of Rehabilitation and Correction (DRC) and committed to a DRC facility for the remainder of the felon's sentence when the felon reached age 18 or when the felon, because of a rule violation or violations, was determined by DYS to be a danger to self or others. At the time of a transfer to DRC, the sheriff would have been required to present the managing officer with a copy of the sentence, a copy of the indictment, and a copy of the certification from the juvenile court to the court of common pleas.

# ELECTION LAW

## Election Integrity Unit (PARTIALLY VETOED)

- Creates the Election Integrity Unit in the office of the Secretary of State (SOS).
- Requires the Unit to investigate alleged violations of the Election Law upon receiving complaints from the public or on its own initiative.
- Allows the Unit to administer oaths, issue subpoenas, summon witnesses, compel the production of evidence, and hold hearings.
- Requires the Unit to submit annual reports of its activities to the Governor and the General Assembly.
- Requires prosecuting authorities, within one year of receiving a referral, to either prosecute the violation, request additional evidence from the Election Integrity Unit, or decline to prosecute via a written statement.
- Would have permitted the Election Integrity Unit to refer a case to the Attorney General (AG) if the prosecuting authority declines to prosecute the violation within one year (VETOED).
- If the prosecuting authority requests additional evidence from the Unit, requires the Unit to respond to the request within 90 days.
- If the Unit provides additional evidence, gives the prosecuting authority 180 days to prosecute or decline to prosecute via written statement; if the prosecuting authority does neither, permits the Unit to refer the case to the AG.

## Ohio Election Integrity Commission

- Abolishes the Ohio Elections Commission (ELC) on January 1, 2026, and replaces it with the Ohio Election Integrity Commission (OEIC) in the Office of the Secretary of State (SOS).
- Requires the ELC to continue to operate under the current law between September 30, 2025, and January 1, 2026.
- Transfers any complaint that is still pending before the ELC on January 1 to the OEIC.

### Commission structure and organization

- Specifies that the OEIC consists of five members, with one appointed by each of the SOS, the Speaker of the House, the House Minority Leader, the Senate President, and the Senate Minority Leader.
- Requires that, in addition to meeting the current qualifications of ELC members, the members of the OEIC meet certain education or experience requirements.
- Requires members of the OEIC to serve four-year terms, with members limited to two successive terms.

- Compensates members of the OEIC at the rate of $25,000 per year plus reimbursement for expenses.
- Creates a process for the appointing authorities to remove a member of the OEIC for cause by filing a complaint with the Ohio Supreme Court.
- Transfers the ELC's current staff to the SOS and requires the SOS to provide staff to the OEIC, provided that the OEIC may request counsel from the Attorney General (AG).

## Commission jurisdiction

- Gives the OEIC the same jurisdiction as the ELC, plus new jurisdiction over certain violations of the Election Law related to election petitions, voter registration, and voting.
- Clarifies that for enforcement purposes, the Campaign Finance Law includes the laws governing campaign practices by candidates for the governing boards of Ohio's five public employee retirement systems.

## Advisory opinions

- Transfers the ELC's authority to render advisory opinions to the OEIC and makes the ELC's existing advisory opinions into OEIC opinions, unless and until the OEIC amends or rescinds them.

## Complaint and hearing process

- Retains the current requirements for filing a complaint, but requires complaints to be filed with the SOS instead of the OEIC.
- Requires the SOS's Election Integrity Unit to review and investigate complaints.
- Requires the SOS to dismiss a complaint without further investigation if it fails to allege a violation over which the OEIC has jurisdiction or if the complainant lacks the required personal knowledge.
- Requires the SOS to review the Election Integrity Unit's report and recommendations and to either request a further investigation and a revised recommendation or to make a finding and, if applicable, impose a penalty or refer the matter for prosecution.
- Specifies that, if the subject of the complaint objects to the SOS's finding, the SOS instead must refer the matter to the OEIC for rehearing.
- Prescribes procedures to follow if the SOS has a conflict of interest regarding a complaint, requiring the AG to appoint an investigator and to determine how to dispose of the complaint.
- Requires the OEIC, when hearing an appeal, to appoint an attorney to conduct a hearing under the Administrative Procedure Act (APA) and make a recommendation to the OEIC.
- Modifies the potential findings and penalties the SOS or the OEIC may impose.
- Requires the SOS to certify past due administrative fines to the AG for collection.

- Clarifies that the criminal penalty for any violation is the penalty that was in effect at the time the violation occurred.

### Commission funding

- Replaces the Ohio Elections Commission Fund with the Ohio Election Integrity Fund administered by the SOS and gives it the same funding sources as the current ELC Fund.

### Other transitional provisions

- Makes the OEIC the ELC's successor for all purposes.

### Technical changes to the Campaign Finance Law

- Makes several technical changes to sections of the Campaign Finance Law that are amended for other purposes.

## School district board members nominated by primary election (VETOED)

- Would have required candidates for the office of member of a school district board of education or member of the governing board of an educational service center to be nominated by primary election or, in the case of an independent candidate, by nominating petition.
- Would have required candidates for those offices to appear on the general election ballot with a political party designation along with other partisan offices.

## Board of Elections Fund

- Renames the Board of Elections Reimbursement and Education Fund to the Board of Elections Fund in the state treasury.
- Specifies that the Secretary of State can provide advancements, subject to recoupment, to boards of elections using money from the fund.

## Election Integrity Unit (PARTIALLY VETOED)

(R.C. 3501.05 and 3501.055)

The act creates the Election Integrity Unit (Unit) within the office of the Secretary of State (SOS).

Under SOS direction, the Unit must investigate allegations of violations of the Election Law, whether on the Unit's own initiative, upon receiving a complaint, or upon the filing of a complaint with the SOS (see "**Ohio Election Integrity Commission**," below). The public may submit allegations of violations to the Unit.

On or by January 15 of each year, the Unit must submit a report to the Governor and General Assembly reporting the following information:

- The number of allegations the unit received from members of the public;

- The number of allegations the unit investigated on its own initiative;
- The number of allegations the unit referred to another agency for further investigation or prosecution;
- The general nature of each allegation, the county in which the violation is alleged to have occurred; and whether the allegation has been referred to another agency for further investigation or prosecution, and if so, to which agency, and the current status of the investigation or any resulting criminal or civil proceeding.

The Unit is empowered to administer oaths, issue subpoenas, summon witnesses, compel the production of books, papers, records, and other evidence, and hold hearings.

Within a year after receiving a referral for further investigation or prosecution from the Unit, the prosecuting attorney must either prosecute the violation, provide the Unit a written statement declining to prosecute the referral, or request any additional evidence needed. The Governor vetoed provisions that would have required the statement declining to prosecute to explain the reasons why, and that would have required the additional evidence requested to meet the prima facie standard of fraud under the election criminal law.

The Governor also vetoed a provision that would have permitted the Unit to refer the violation to the Attorney General (AG) for further investigation or prosecution if the prosecuting attorney declined to prosecute the violation within one year after receiving the referral, either through inaction or through the written statement.

If the prosecuting attorney or the AG requests additional evidence, the Unit must provide the evidence, if available, within 90 days after receiving the request.

Within 180 days after receiving the additional evidence, the prosecuting attorney either must prosecute the violation or provide a written statement to the Unit explaining a reason for declining to prosecute.

If the prosecuting attorney fails to provide this statement within 180 days after receiving the additional evidence, the Unit may refer the violation to the AG for further investigation or prosecution. The Governor vetoed a provision that would have permitted the Unit to refer the violation to the AG if the prosecuting attorney failed to prosecute within 180 days.

## Ohio Election Integrity Commission

(R.C. 3501.05, 3501.11, 3513.10, 3517.01, 3517.102, 3517.109, 3517.1012, 3517.152 (3517.14), 3517.153 (3517.15), 3517.154 (3517.16), 3517.155 (3517.17), 3517.157 (3517.18), 3517.993 (3517.171), 3517.992 (3517.99), and 3517.991 (reenacted); Section 525.50; repeal of R.C. 3517.14, 3517.151, 3517.156, 3517.99, and 3517.991; and conforming changes in R.C. 109.02, 145.055, 145.99, 742.043, 742.044, 742.99, 3307.073, 3307.074, 3307.99, 3309.073, 3309.074, 3309.99, 3513.05, 3513.261, 3517.08, 3517.081, 3517.11, 3517.121, 3517.20, 3517.21, 3517.22, 3517.23, 5505.045, 5505.046, and 5505.99)

The act abolishes the Ohio Elections Commission (ELC) on January 1, 2026, and replaces it with the Ohio Election Integrity Commission (OEIC), which the act creates within the Office of the Secretary of State (SOS).

The ELC was responsible for enforcing Ohio's Campaign Finance Law with respect to state and local elections. In almost all cases involving a violation of that law, the ELC was required to hear an administrative complaint before a criminal case could be brought in court. For example, the ELC heard complaints alleging failure to file a complete, accurate, or timely statement of political contributions and expenditures, failure to disclose the source of political advertising, or failure to comply with dollar limits on contributions. If the ELC determined that a violation had occurred, it could impose a civil fine or refer the matter for criminal prosecution. The ELC also issued advisory opinions that interpret the Campaign Finance Law and could recommend legislation.

The act replaces the ELC with the OEIC, which generally must fulfill the same duties as the ELC. However, under the act, the OEIC serves more as an appellate body. All complaints must be filed with the SOS, and the SOS is responsible for disposing of the complaint. The OEIC hears a matter only if the person who is the subject of the complaint objects to the SOS's decision.

Between September 30, 2025, and January 1, 2026, the ELC must continue to operate under the prior law. Any complaint that is still pending before the ELC on January 1, along with all records regarding the complaint, is transferred to the OEIC for hearing and disposition.

## Commission structure and organization

### Membership

Under the act, the OEIC consists of five members, with one member appointed by each of the following: the SOS, the Speaker and Minority Leader of the House, and the President and Minority Leader of the Senate. The member appointed by the SOS is the chairperson. Four of five members constitutes a quorum to do business, and most actions require a simple majority vote of three members.

The ELC previously consisted of seven members, with six members appointed by the Governor with the advice and consent of the Senate (three Republicans and three Democrats), and the seventh member, an independent, appointed by the partisan members of the ELC. The ELC also had three alternate members – one Republican, one Democrat, and one independent – who were appointed in the same manner as the regular members. When a regular member of the ELC was recused from hearing a complaint or was otherwise unavailable, the alternate of the appropriate affiliation took the member's place. In making appointments to the ELC, the Governor was required to take into consideration the various geographic areas of Ohio so that those areas were represented on the ELC in a balanced manner, to the extent feasible. The members elected a chairperson and a vice-chairperson annually, with the chair's party affiliation switching every year. Five of seven members constituted a quorum, and most actions required a simple majority vote of four members.

### Qualifications

The act requires that each member of the OEIC be a registered elector who is either an attorney in good standing before the Ohio Supreme Court or a person with at least four years of work experience in election administration. At any given time, at least three members of the OEIC must be attorneys. When multiple appointments to the OEIC are made simultaneously, if too few of the chosen appointees are attorneys, the appointing authorities receive priority in selecting

their preferred appointees in the following order: the SOS, the Speaker, the President, the Senate Minority Leader, and the House Minority Leader. In other words, the officials with higher priority have the option to appoint nonattorneys, while the officials with lower priority must appoint attorneys if necessary to ensure that at least three members are attorneys.

Under prior law, members of the ELC, including alternates, were required to be registered electors of good moral character, but they were not required to have any particular education or experience.

The act retains provisions of the previous law that prohibit commission members from doing or being any of the following:

- Holding, or being a candidate for, a public office;
- Serving on a committee supporting or opposing a candidate or ballot question or issue;
- Being an officer of a state or local political party;
- Being a legislative or executive agency lobbyist;
- Making a campaign contribution;
- Soliciting, or being involved in soliciting, campaign contributions;
- Being in the unclassified service of the state or local government (this category includes most politically- or policy-oriented jobs, such as an appointed department head, as well as legislative employees);[173]
- Being a public officer or employee who is excluded from being considered a public employee for collective bargaining purposes, such as a supervisor, manager, or judicial employee.[174]

### Terms of office

The act sets the terms of OEIC members at four years, with members being limited to two successive terms, according to the same standards that apply to other term-limited state offices. However, for the terms beginning January 1, 2026, the members appointed by the Speaker of the House and the Senate Minority Leader serve for two years instead of four, and those terms are counted as full terms for purposes of the term limits. The initial short terms ensure that going forward, two or three members' terms expire on December 31 of each odd-numbered year.

ELC members were limited to one five-year term unless the terms were nonconsecutive.

### Compensation

The act requires OEIC members to receive a salary of $25,000 per year, plus reimbursement for their actual and necessary expenses incurred in performing their official

[173] R.C. 124.11, not in the act.

[174] R.C. 4117.01, not in the act.

duties, the same as members of the ELC received. Alternate members of the ELC received $125 per day served, plus reimbursement for expenses.

### Removal

Under the act, the SOS, the Speaker or Minority Leader of the House, or the President or Minority Leader of the Senate may file a complaint in the Ohio Supreme Court, seeking the removal of an OEIC member on any of the following grounds:

- That the member does not meet the statutory qualifications or has taken a prohibited action (see "**Qualifications**," above);
- That the member has been absent from three or more meetings in a calendar year (prior law allowed five ELC members to vote to remove a member for that reason);
- That the member is guilty of misconduct in office, as provided under the general laws allowing the removal of a public official upon complaint and hearing.

The Court must hear the complaint on an expedited basis. If the Court determines that the charges in the complaint are true, the Court must order the member removed from the OEIC, and the seat is considered vacant. Vacancies are to be filled in the same manner as the original appointment.

The previous law governing the ELC did not provide any special method of removal, other than the provision allowing the ELC to remove one of its members for failing to attend meetings. Continuing law allows the Governor to remove or suspend an officer who is appointed by the Governor with the advice and consent of the Senate (as in the case of a partisan member of the ELC) for certain listed causes. That law does not apply to the OEIC because its members are not appointed by the Governor.

Under continuing law, any public official may be removed for misconduct upon the filing of a complaint in the court of common pleas of the county in which the official resides, accompanied by a petition signed by 15% of the electors. The court then must follow a statutory process to determine whether the official is guilty of misconduct. Additionally, the General Assembly can remove a public official by impeachment.[175]

### Commission staff

The act requires the SOS to provide the necessary staff for the OEIC. Previously, the ELC hired its own staff by a vote of five of seven members and could terminate an employee by a majority vote. Under the act, the ELC's existing staff are transferred to the SOS as of January 1.

The Attorney General (AG) must provide legal counsel to the OEIC upon request. Under prior law, the ELC employed its own full-time attorney and could hire additional investigatory attorneys.

[175] R.C. 3.04 and 3.07 through 3.10, not in the act, and Ohio Const., art. II, secs. 23 and 24.

## Commission jurisdiction

The act gives the OEIC expanded jurisdiction compared to the ELC. The OEIC retains the ELC's previous jurisdiction over violations of the Campaign Finance Law, except that under continuing law, the AG has exclusive jurisdiction to investigate and prosecute any violation of the law against campaign spending by foreign nationals. The act also gives the OEIC jurisdiction over all of the following offenses that occur on or after September 30, 2025:

- Offenses related to election petitions;[176]
- Offenses involving absent voter's ballots;[177]
- Offenses involving false voter registration;[178]
- Voting or attempting to vote when not qualified to do so;[179]
- Voting or attempting to vote more than once in the same election.[180]

Under continuing law, no prosecution may commence for a violation of the Campaign Finance Law unless an administrative complaint has been filed and all administrative proceedings are completed. However, a prosecution for a voting- or petition-related offense falling under the OEIC's expanded jurisdiction may commence at any time, regardless of whether any complaint has been filed with the OEIC. The act also clarifies in several provisions of law that for enforcement purposes, the Campaign Finance Law includes the laws governing campaign practices by candidates for the governing boards of Ohio's five public employee retirement systems. Those laws are not located in R.C. Chapter 3517, but they did fall within the ELC's purview.

### False campaign statements

Until 2016, many of the complaints the ELC heard were for violations of Ohio's law that prohibits making false campaign statements about a candidate or ballot issue. That year, however, in *Susan B. Anthony List v. Driehaus,* a federal appeals court overturned the law under the First Amendment, partly based on flaws the court identified in the ELC's process for enforcing the law, and partly based on other aspects of the law that the act does not change. Because the act retains the existing law against false campaign statements while replacing the ELC process, it is not clear under the act whether the SOS or the OEIC might resume enforcing the law. If the SOS or the OEIC did so, a reviewing court might consider whether the act's new procedures

[176] R.C. 3599.13 and 3599.14, not in the act.

[177] R.C. 3599.21, not in the act.

[178] R.C. 3599.11(A), not in the act.

[179] R.C. 3599.12(A)(1), not in the act.

[180] R.C. 3599.12(A)(2), not in the act.

sufficiently address the problems identified in *Susan B. Anthony List*, such that Ohio can enforce the law again.[181]

## Advisory opinions

The act transfers the ELC's authority to render advisory opinions to the OEIC. The OEIC may render opinions interpreting any law over which it has jurisdiction – note the expansion of jurisdiction as discussed above. Any ELC advisory opinion in effect as of September 30, 2025, is considered an advisory opinion of the OEIC, unless and until the OEIC amends or rescinds it. Under continuing law, when an advisory opinion determines that a particular action or set of circumstances would not violate the law, any person in that situation may reasonably rely on the opinion and is immune from criminal prosecution or any civil action, including removal from office, based on facts and circumstances covered by the opinion.

## Complaint and hearing process

### Filing complaints

The act generally retains the current requirements for filing a complaint, except that it must be filed with the SOS instead of the OEIC. A complaint must be filed on a form prescribed by the SOS and signed under penalty of perjury, by (1) a member of the public who has personal knowledge of a failure to comply with the law, or (2) an official at a board of elections. The SOS's Election Integrity Unit, created by the act, also may initiate a complaint on its own (see "**Election Integrity Unit**," above).

Continuing law requires a complaint to be filed within two years after the occurrence of the violation, except that if the violation involves fraud, concealment, or misrepresentation and was not discovered during that two-year period, a complaint may be filed within one year after the violation is discovered. A person who files a complaint may withdraw it at any time.

### Initial determination by SOS

The act requires the Election Integrity Unit to review each complaint and make a recommendation to the SOS. Previously, the ELC's attorney was required to review each complaint and make a recommendation for its disposition within one business day after the complaint is filed. The act does not impose such a deadline for initial review.

Under continuing law, the authority reviewing a complaint may join two or more complaints that are of the same or similar character, are based on the same act or failure to act, or are based on two or more acts or failures to act constituting parts of a common scheme or plan. The authority also may separate a complaint into multiple complaints if the allegations are not of the same or similar character, are not based on the same act or failure to act, or are not based on two or more acts or failures to act constituting parts of a common scheme or plan.

In the case of a complaint filed by a member of the public or by an official at a board of elections, the Election Integrity Unit must conduct an initial review to determine whether it may proceed. The SOS must dismiss the complaint if it does not allege a violation over which the OEIC

[181] *Susan B. Anthony List v. Driehaus,* 814 F.3d 466, 473 (6th Cir. 2016).

has jurisdiction or if the filer lacks the required personal knowledge of the violation. A dismissal is without prejudice, meaning that it can be re-filed, except that after a complaint is dismissed for lack of personal knowledge, if the same person files another complaint alleging the same or a substantially similar violation and the complaint still is not based on personal knowledge, the SOS must dismiss the complaint with prejudice.

Under previous law, the ELC or a panel of the ELC had the authority to dismiss a complaint, any complaint that met the formal requirements apparently was guaranteed at least one hearing, at which the ELC or a panel could dismiss it.

If the SOS does not dismiss the complaint, the act requires the Election Integrity Unit to investigate the complaint, draft a report, and recommend a disposition. The SOS must review the report and recommendation and either (1) refer the matter back to the Unit for further investigation and a revised recommendation, or (2) make a finding and, if applicable, impose a fine or refer the matter for prosecution (see "**Penalties for violations**," below).

When the SOS makes a decision, the SOS must serve notice of the decision on the alleged violator in accordance with the Administrative Procedure Act. The alleged violator then has 14 days to object to the SOS's decision. If the alleged violator does not object, the SOS's decision is final. If the alleged violator objects, any penalty imposed by the SOS does not apply, and the SOS must refer the matter to the OEIC, as described below.

### *Conflict of interest*

The act includes a different procedure to follow if any of the following apply to the complaint:

- The SOS is a party to the complaint.
- A candidate for an office for which the SOS is also a candidate (in other words, the SOS's opponent) is a party to the complaint or is otherwise involved in the complaint.
- The complaint involves a contribution, expenditure, or independent expenditure made to advocate the election or defeat of the SOS or a candidate for an office for which the SOS is also a candidate.
- The SOS determines that the SOS otherwise has a conflict of interest with respect to the complaint or that the SOS should follow the conflict-of-interest procedure to avoid any appearance of impropriety.

In that situation, the SOS must request the AG to designate one or more persons to review the complaint instead of having the Election Integrity Unit do so. The AG's designee must make a recommendation to the AG, who decides whether to dismiss the complaint or have the designee investigate it further. After any investigation is complete, the AG must make a determination in the same manner as the SOS, as described above. The alleged violator may appeal the AG's determination to the OEIC.

## Appeal to OEIC

When a decision is appealed to the OEIC, the OEIC must appoint an attorney to review and hear the complaint and make a report and recommendation to the OEIC. The OEIC then may

either (1) refer the matter back to the hearing officer for further investigation and a revised recommendation, or (2) make a finding and, if applicable, impose a penalty or refer the matter for prosecution. Like the ELC, the OEIC may discuss pending complaints only in meetings that are open to the public.

Under prior law, the ELC held its own hearings instead of having an attorney hearing officer conduct them. The ELC could delegate to its attorney the power to rule on the admissibility of evidence and to advise on other procedural matters.

### Timeline

The act requires the OEIC to make a finding on any matter that is appealed to it within 180 days. However, if the matter involves a candidate or ballot issue at an upcoming election and is referred to the OEIC less than 180 days before the election, the OEIC must resolve it before the election if practicable. These time limits do not apply to any pending complaints that are transferred from the ELC to the OEIC when the ELC is abolished on January 1, 2026.

Previously, unless an expedited hearing procedure applied, the ELC was required to hold the first hearing within 180 business days after the complaint was filed, or within 240 business days if the ELC asked an investigative attorney to find additional evidence for the ELC to consider. After the close of all the evidence presented, the ELC was required to render a decision within 30 days. However, there was no apparent limit on how long a case could be pending before the ELC after its first hearing but before all the evidence had been presented.

The following complaints were subject to the ELC's expedited hearing procedure:

- Complaints filed during the 60 days before a primary or special election or during the 90 days before a general election, alleging a violation of the laws against any of the following:
  - Making false campaign statements (see "**False campaign statements**," above);
  - Infiltrating a campaign;
  - Concealing or misrepresenting contributions;
  - Awarding an unbid government contract to a campaign donor;
  - Misusing campaign funds.
- Other complaints filed during the 60 days before a primary or special election or during the 90 days before a general election, if the ELC's attorney recommended an expedited hearing based on the following factors:
  - The number of prior violations of the Election Law the subject of the complaint had committed and any prior penalties the ELC had imposed on the person;
  - The time between alleged violations and whether the cumulative nature of the alleged violations indicated a systematic disregard for the law;
  - If the complaint involved a late filing, how late the filing was and how long after the filing deadline the complaint was filed;

- If the complaint involved unreported or late-reported contributions or expenditures, the number of those contributions or expenditures and, if applicable, how late they were reported;
- If the complaint involved unreported contributions to a candidate, whether any of the donors had a personal or professional relationship with the candidate;
- If the complaint involved an incomplete statement, the degree to which it was incomplete;
- If the complaint involved the receipt of unlawful corporate contributions, the dollar amount and number of the contributions;
- If the complaint involved a failure to disclose the source of political advertising or a misstatement of the source, whether the failure or misstatement was on purpose;
- The number of pending expedited hearings. The attorney was prohibited from referring a case for an expedited hearing if it would place an undue burden on a panel of the ELC.

- Any other complaint, upon the request of the person filing the complaint, if the ELC determined that an expedited hearing was practicable and decided to grant the request.

Expedited hearings began with a hearing held by a panel of at least three members of the ELC, which had to determine whether there was probable cause to believe that a violation had occurred. The panel generally was required to hold a probable cause hearing within seven business days after the attorney referred the complaint to the panel. But, the parties could agree to delay the hearing until up to 180 business days after the complaint was filed. The law did not guarantee that a complaint would receive a probable cause determination before the election.

If the panel determined that probable cause existed, the full ELC was required to hold a hearing on the complaint within ten days after the panel made its decision. After the close of all the evidence presented, the ELC was to render a decision within 30 days. Again, however, there was no apparent limit on how long a case that received an expedited probable cause hearing could be pending before the full ELC made a final determination.

### Investigative powers

The act gives the OEIC the same investigative powers as the ELC; under continuing law, the SOS also has these powers. Those entities may administer oaths (that is, take sworn testimony from witnesses), and they may subpoena witnesses and documents within Ohio.

### Procedural requirements

Under the act, all hearings conducted by the OEIC's hearing officer, and all meetings of the OEIC with respect to a complaint, must be held in person, except that the alleged violator may choose for the person, the person's legal counsel, or both to appear at any hearing or meeting by means of video conference. In all other respects, the act requires the OEIC to follow the adjudicatory procedures of the Administrative Procedure Act (APA), which apply to most executive agencies that hold disciplinary or other hearings. Under continuing law, the APA sets

out general requirements on such topics as notifying the parties of a hearing, keeping records of the proceedings, and the right to be represented by an attorney.[182]

Previously, the Ohio Rules of Evidence and the Ohio Rules of Civil Procedure applied to all proceedings before the ELC, except as otherwise specified by the ELC's rules.[183] The Rules of Civil Procedure govern, for example, the manner in which the parties to a civil lawsuit may obtain evidence relevant to the case, while the Rules of Evidence limit the extent to which hearsay may be considered as evidence, or what evidence might be considered inadmissible because it is irrelevant or overly prejudicial. By contrast, the act does not allow the OEIC to adopt its own procedural rules. Under continuing law, the Rules of Evidence and Civil Procedure do not necessarily apply to hearings conducted under the APA.[184]

### Standard of proof

The act retains the current standards of proof that must be met for a person to be penalized for a violation. Under continuing law, if the authority hearing a complaint finds that a violation has occurred, it must make that finding by a preponderance of the evidence. This is the standard of proof that applies in most civil cases. However, any finding of a violation of the law prohibiting false campaign statements or infiltrating a campaign must be made by clear and convincing evidence, which is a higher standard (see "**False campaign statements**," above). By contrast, to convict a person of a crime, a judge or jury must find the person guilty beyond a reasonable doubt, the highest standard used in Ohio's legal system.

### Frivolous complaints

Under the act, like under prior law, if the SOS or the OEIC that determines a complaint is frivolous, it may order the filer to pay reasonable attorney's fees and the agency's costs.

### Penalties for violations

Under the act, the SOS or the OEIC may dispose of a complaint as follows:

- Find that no violation has occurred;
- Find that a violation has occurred and impose the following administrative fine, as applicable:
  - For a campaign finance violation, a fine in an amount up to the maximum fine a court could impose for a criminal violation, except that for a violation occurring between April 4, 1985, and August 23, 1995, the fine must be the fine set by the ELC's fine schedule at the time of the violation (this is the same administrative penalty as under prior law);

[182] R.C. 119.05 through 119.13, not in the act.

[183] O.A.C. 3517-1-01 and Ohio Supreme Court, Ohio Rules of Civil Procedure (PDF) and Ohio Rules of Evidence (PDF), available at supremecourt.ohio.gov under "Rules of Court."

[184] See Ohio Attorney General, Administrative Law Handbook (PDF) at pp. 24 and 49 (2020), available at ohioattorneygeneral.gov under "Publications," "Legal."

- For a petition-, voter registration-, or voting-related violation, a fine of up to $1,000 per violation;

- Find that a significant violation has occurred or that repeated violations have occurred and refer the matter to the appropriate prosecutor (see "**Appropriate prosecutor**," below).

Previously, the ELC had the option to find that a violation had occurred but to impose no penalty and to refrain from referring the matter for prosecution. Prior law also did not provide a standard for determining whether a violation should trigger an administrative fine instead of referral for prosecution.

Under continuing law, any violation of the law prohibiting false campaign statements (see "**False campaign statements**," above) or infiltrating a campaign must be referred for prosecution instead of penalized with an administrative fine.

Continuing law allows the authority imposing an administrative fine to suspend all or part of the fine upon whatever terms and conditions the authority considers just. In determining whether to impose a maximum fine, the authority must consider all of the following:

- Whether the violator has been found guilty of any other violation of the Election Law or has any outstanding fines for such a violation (the act adds violations related to retirement system board elections as violations to be considered);

- Whether the violation was made knowingly or purposely;

- Whether any relevant statements, addenda, or affidavits required to be filed have not been filed;

- Whether the violation occurred during the course of a campaign.

In determining whether to impose a minimal fine or no fine, the authority must consider all of the following:

- Whether the violator previously has not been found guilty of any other violation of the Election Law (the act adds violations related to retirement system board elections as violations to be considered);

- Whether the violator has promptly corrected the violator's violation;

- Whether the nature and circumstances of the violation merit a minimum fine;

- Whether there are substantial grounds tending to excuse or justify the violation, although failing to establish a defense to the violation;

- Whether the violation was not purposely committed.

Under the act, if the violator does not pay an administrative fine within 45 days, the SOS must certify the amount to the AG for collection in the same manner as other past due debts to the state. The SOS also must do so for any unpaid fines that are still owed to the ELC.

The act does not make any substantive changes to the criminal penalties for violating the Campaign Finance Law. But, the act clarifies that the penalty for any violation is the penalty that was in effect at the time the violation occurred, which is generally true for any criminal law. In other words, an old violation must be punished under the old law. The act repeals existing sections of law that refer to violations that occurred before August 23, 1995, when the legislature made a number of changes to the ELC and the Campaign Finance Law, but those older laws still would apply in the case of any violation committed before that date, even though the act removes them from the Revised Code.

### Appeal of decision

Any appeal of a decision by the OEIC may be filed with the court of common pleas of the appealing party's home county or the Franklin County Court of Common Pleas, the same as any other appeal of an agency decision under the APA. The same requirement previously applied to appeals of ELC decisions.[185]

### Appropriate prosecutor

The act generally retains the previous standards for determining the "appropriate prosecutor" to whom a violation may be referred. In a case involving any of the following, the appropriate prosecutor is the Franklin County Prosecutor:

- A candidate for Governor, Lieutenant Governor, AG, SOS, Auditor of State, Treasurer of State, or justice or chief justice of the Supreme Court;
- A state or county political party;
- A legislative campaign fund;
- A political action committee (PAC) or political contributing entity (PCE) that is required to file its statements of contributions and expenditures with the SOS, meaning a PAC or PCE that does any of the following:
  - Makes contributions to candidates for statewide office or the General Assembly;
  - Makes contributions to political parties or legislative campaign funds;
  - Receives contributions or makes expenditures in connection with a statewide ballot issue; or
  - Makes contributions to other PACs or PCEs.

In any other case, the matter may be referred to the Franklin County Prosecutor or to the prosecutor of the most populous county in which the candidacy or ballot question or issue appears on the ballot. The act adds an option to refer the matter to the county prosecutor of the county in which the violator resides.

[185] R.C. 119.12, not in the act.

### Records of proceedings

The act requires the OEIC to post all of the following on its official website and update it regularly:

- All decisions and advisory opinions issued by the OEIC;
- All decisions and advisory opinions issued by the ELC before it was abolished;
- Copies of the Election Law.

Prior law required the ELC to post all of its decisions and advisory opinions online, along with copies of the Election Law, and to keep them updated.

Under continuing law, complaints regarding campaign finance violations generally are considered public records, but they are not required to be posted online.

## Commission funding

The act replaces the Ohio Elections Commission Fund with the Ohio Election Integrity Commission Fund administered by the SOS, which has the same funding sources:

- Administrative fines imposed by the SOS or the OEIC;
- A portion of candidate and petition filing fees;
- Excess funds donated by a campaign committee or legislative campaign fund that chooses to dispose of its excess funds in that manner;
- Excess funds confiscated by a court from a campaign committee or legislative campaign fund that fails to dispose of excess funds as required under the law;
- Funds appropriated by the General Assembly.

## Other transitional provisions

The act transfers the ELC's employees to the OEIC and makes the OEIC the ELC's successor for all other purposes. When the ELC is abolished on January 1, 2026, the OEIC must do all of the following:

- Receive all of the ELC's records, assets, and liabilities;
- Complete any unfinished ELC business. The act specifies that no validation, cure, right, privilege, remedy, obligation, or liability is lost or impaired by reason of the transfer.
- Prosecute or defend any pending action or proceeding in place of the ELC;
- Assume and pay off any outstanding obligations of the ELC. On January 1, 2026, or as soon as possible thereafter, the OBM Director must transfer the cash balance of the ELC Fund to the new OEIC Fund. Upon completion of the transfer, the ELC Fund is abolished. The OBM Director must cancel any existing encumbrances against the ELC's appropriation item and reestablish them against the OEIC's appropriation item. The act appropriates the reestablished encumbrance amounts.

Any remaining reference to the ELC or its Executive Director in any law, contract, or other document must be deemed to refer to the OEIC.

## Technical changes

The act makes several technical changes to sections of the Campaign Finance Law that are amended for other purposes. First, the act removes an incorrect cross-reference in R.C. 3517.1012 and corrects the section to restore the meaning it had before the error arose. R.C. 3517.1012 lists the purposes for which a state or county political party may use its restricted fund, which may receive certain corporate and labor union contributions. Until 2019, the law allowed the party to use that fund for the same purposes as those for which the party could use the funds it received from the Ohio Political Party Fund under an income tax return checkoff program. But, when the tax checkoff and the Ohio Political Party Fund were eliminated in 2019, the cross-reference remained in R.C. 3517.1012.

The act clarifies that a state or county party may use its restricted fund for any of the following purposes, as allowed before 2019:

- The defraying of operating and maintenance costs associated with political party headquarters, including rental or leasing costs, staff salaries, office equipment and supplies, postage, and the purchase, lease, or maintenance of computer hardware and software;
- The organization of voter registration programs and get-out-the-vote campaigns and the costs associated with voter registration and get-out-the-vote activities, including, but not limited to, rental costs for booth spaces at fairs, festivals, or similar events if voter registration forms are available at those booths, printing costs for registration forms, mailing costs for communications soliciting voter registration, and payments for the services of persons conducting voter registration and get-out-the-vote activities;
- The administration of party fundraising drives;
- Direct mail campaigns or other communications with the registered voters of a party that are not related to any particular candidate or election;
- The preparation of reports required by law.

The act also corrects an incorrect reference in R.C. 3517.20 to refer to a "political contributing entity," which is a defined term under the continuing law, instead of to a "political contributing committee," which is not.

Finally, in R.C. 3517.992 (renumbered as 3517.99), the act eliminates a reference to an obsolete provision of law related to declarations of no limits on campaign contributions, which are no longer used.

## School district board members nominated by primary election (VETOED)

(R.C. 3311.053, 3501.01, 3505.03, 3505.04, 3513.04, 3513.05, 3513.052, 3513.19, 3513.254, 3513.255, 3513.256, and 3513.259, repealed; Section 735.10)

The Governor vetoed provisions that would have required candidates for the office of member of a school district board of education or member of the governing board of an educational service center to be nominated by primary election and to appear on the general election ballot with a political party designation. Currently, those candidates are nominated by petition and appear on the nonpartisan ballot with no party designation. A detailed description of the vetoed provisions is available in the State Board of Education chapter of LSC's analysis of H.B. 96, As Passed by the Senate (PDF), which is available on the General Assembly's website at legislature.ohio.gov.

## Board of Elections Fund

(R.C. 111.27)

The act renames the Board of Elections Reimbursement and Education Fund as the Board of Elections Fund in the state treasury. Under continuing law, the fund can be used by the SOS to reimburse boards of elections for costs of certain special elections or recounts and to provide training and educational programs for boards of elections members and employees. The act specifies that the SOS can also provide advancements, subject to recoupment, to boards of elections using money from the fund.

# SPORTS FACILITIES AND UNCLAIMED FUNDS

## Major sports facilities funding

- Authorizes $1 billion in unclaimed funds that have escheated to the state to pay for Ohio Sports and Cultural Facilities, with $600 million going to the costs of the Cleveland Browns major sports facility stadium project in the city of Brook Park, Ohio, in Cuyahoga County, and $400 million going to future projects.

### Sports facilities definitions

- Defines the following terms for the purpose of major sports facilities in Ohio:
  - "Major sports facility" means a stadium, arena, complex, or other facility that a governmental agency owns or has an ownership interest in, designed for the use of a professional sports franchise from certain major sports leagues.
  - "Transformational major sports facility mixed-use project" means a mixed-use project that includes the construction of a major sports facility, and integrates retail, residential, recreational, or other uses, the construction of which costs at least $1 billion.
  - "Transformational major sports facility mixed-use project district" means the geographic area encompassing the land upon which the transformational major sports facility mixed-use project is located.
  - "Base professional sports franchise state tax revenues" means an amount either set by the General Assembly, or equal to all state tax revenues generated pursuant to state income, sales, and CAT taxes that are attributable to the professional sports franchise's operations at existing facilities in Ohio, increasing by 3.5% every year.
  - "Total major sports facility mixed-use project district state tax revenues" means the total aggregate state tax revenue generated in the territory of a transformational major sports facility mixed-use project district.
  - "Incremental major sports facility mixed-use project district state tax revenues" means the amount of state tax revenues received by the state, subtracting base professional sports franchise state tax revenues from total major sports facility mixed-use project district state tax revenues in a calendar year.
  - "Owner" means a person that has a controlling interest in a professional sports franchise.

## State funding of major sports facilities

- Permits state funds to be used to pay or reimburse up to 25% of the costs of a major sports facility if certain criteria are met, including a contribution of at least 50% of the costs from the professional sports franchise that plans to use the facility.
- Prohibits the state from incurring debt to pay for a major sports facility.

- Creates the Ohio Cultural and Sports Facility Performance Grant Fund, consisting of money appropriated to it, including escheated unclaimed funds, to be used to pay for major sports facilities.
- Requires the professional sports franchise to deposit an amount equal to 8⅓% of the award into an escrow account, and create a supplemental reserve of equal amount, to be used to pay any deficits between tax revenues collected and the total grant amount.
- Establishes a schedule under which increased tax revenues produced by the major sports facility over a 16-year period must meet target amounts, which increase every four years, the sum of which is equal to the grant amount.
- If the total incremental major sports facility tax revenues do not achieve target amounts every four years, requires the deficit to be offset with money from the escrow account, and if that is insufficient, the supplemental reserve, to be deposited in the GRF.
- Permits revenue in excess of target amounts to be applied towards future target amounts.
- Returns the escrow amount, plus interest it has accrued, to the professional sports franchise upon hitting all target amounts after 16 years, and permits the professional sports franchise to apply to receive its escrow money early if the total increased tax revenues have already equaled or exceeded the performance grant amount.
- Requires that, if the owner loses a controlling share of ownership or control interest in the professional sports franchise, the rights and obligations of the owner are assigned to, and assumed by, any new owner with controlling ownership interest.
- Prohibits the professional sports franchise from moving to a stadium outside of the district until the franchise hits the target amounts, or 30 years after its initial home game, whichever is earlier.

## Tax reporting requirements

- Requires every person who owns real property in a project district to comply with special tax reporting requirements, as required by the Department of Taxation (TAX).
- Requires persons that collect transformational major sports facility mixed-use project district tax revenues to report those tax revenues separately from other tax revenues in the state, on forms provided by TAX, including estimated payments on corporate income taxes and gross revenues generated from the district.
- Permits TAX, as well as municipal corporations, to disclose taxpayer information to the governmental agency that owns or has an ownership interest in the major sports facility.

## Performance grants for sports and cultural facilities (PARTIALLY VETOED)

- Appropriates $400 million from escheated unclaimed funds for performance grants for sports and cultural facilities.

- Creates a process by which organizations may apply to OBM for performance grants to pay up to 25% of the project cost of the construction or renovation of Ohio sports facilities and Ohio cultural facilities.
- Would have awarded only 15% for projects less than $500 million, and would have required sports facilities to have a minimum cost of $50 million ($5 million for cultural facilities) to be eligible for funding (VETOED).
- Requires the facility to be owned by the state or a governmental agency, a new community authority, or a nonprofit organization.
- Requires the applicant organization to provide a financial and development plan, which must demonstrate that the project will benefit the state in one or more specified ways.
- Permits OBM to enter into an agreement specifying the grant conditions, including provisions to recoup the grant through increased tax revenues or economic impact, and escrow payments.
- Requires the agreement to be approved by the Controlling Board.
- Subjects people producing tax revenue involved with the facility to reporting requirements as may be required by TAX, in consultation with OBM and FCC, for the purposes of the grant program.

# Professional sports franchise – moving facilities

- Permits an owner of a professional sports team using a tax-supported facility to move to a new facility if the new facility is located within Ohio.
- Maintains requirements for owners seeking to move a team to a facility located outside of Ohio.
- Requires a professional sports franchise owner desiring to move to a new facility, in lieu of an agreement permitting the owner to do so, to give six months' written notice to its host political subdivision, rather than just notice.
- Deems an expired lease or agreement as permission by a political subdivision for a team to move to a different facility located within Ohio.

# Tourism attractions and professional sports facilities funding

## Roadwork Development Fund

- Expands the purposes of the Roadwork Development Fund to include funding the following:
  - Construction, reconstruction, maintenance, or repair of public roads that provide or improve access to professional sports facilities;
  - Associated improvements necessary for access to tourism attractions and professional sports facilities; and

- Improvements associated with the retail and residential components that are a part of a tourism attraction or professional sports facility.

### Facilities Establishment Fund

- Expands the purposes of the Facilities Establishment Fund to include funding persons that are engaged in developing tourism attractions and professional sports facilities.

## Division of Unclaimed Funds

- Transfers ownership of unclaimed funds to the state if the funds are not claimed by the owner or another person that has a right to payment within ten years after the date the funds are first reported to the Department of Commerce (COM).
- Requires the COM Director, two times each year, to remit unclaimed funds and interest that escheat to the state to the Ohio Cultural and Sports Facility Performance Grant Fund (OCSFPGF).
- Specifies that all property rights, legal title to, and ownership of unclaimed funds and interest vest solely in the state on the date the funds escheat.
- Provides a ten-year grace period, ending January 1, 2036, during which former owners of unclaimed funds may file a claim and seek repayment after the funds escheat.
- Requires the COM Director to pay claims filed during the grace period from the Unclaimed Funds Trust Fund (UFTF) and not to seek reimbursement from the OCSFPGF or any other source.
- Requires private holders of unclaimed funds to return the funds to the COM Director when the funds escheat to the state.
- Requires the COM Director to develop guidelines and procedures for repayment of unclaimed funds and interest that are invested in nonliquid assets and to ensure that the balance of the UFTF is sufficient to meet the state's repayment obligations.

## Major sports facilities funding

(R.C. 123.28, 123.281, 123.282, 123.283, 169.08, 307.696, and 718.13; Section 229.40)

The act creates the Ohio Cultural and Sports Facility Performance Grant Fund in the state treasury, the proceeds of which must be used to support construction of major sports facilities. The act permits the use of state funds to pay up to 25% of the costs of a major sports facility, if certain conditions are met.

The act authorizes $600 million in unclaimed funds that have escheated to the state (see "**Division of Unclaimed Funds**" below) to pay the costs of the Cleveland Browns major sports facility stadium project in the city of Brook Park, in Cuyahoga County.

## Sports facilities definitions

The act defines a "major sports facility" as a stadium, arena, complex, or other facility that a governmental agency owns, will own, or has a sufficient ownership interest in, the primary purpose of which is to provide a site or venue for the presentation of events of a professional sports franchise for a period of at least 30 years after completion of the construction of the sports facility.

A "professional sports franchise" is a member of the National Football League, Women's National Football Conference, Women's Football Alliance, Women's Football League Association, National Hockey League, Professional Women's Hockey League, Major League Baseball, Women's Professional Baseball League, Major League Soccer, National Women's Soccer League, National Basketball Association, Women's National Basketball Association, or a successor of such an entity.

A "transformational major sports facility mixed-use project" is a mixed-use project that includes the construction of a major sports facility; integrates some combination of retail, office, hotel, residential, recreation, structured parking, or other similar uses into one or more mixed-use developments; is expected to generate increased state tax revenues; and has an initial total estimated construction cost, excluding any site acquisition cost, greater than $1 billion.

A transformational major sports facility mixed-use project also may include:

- Other projects supporting or relating to the major sports facility or the professional sports franchise;
- Any mixed-use project adjacent or relating to practice facilities for the professional sports franchise;
- Conference centers, concert, or other entertainment venues and facilities;
- Retail, food, restaurant, and beverage facilities, whether fixed or mobile;
- Parks and other public open spaces or facilities;
- Related on-site infrastructure necessary or desirable for all these elements for the major sports facility mixed-use project.

A "transformational major sports facility mixed-use project district" is the geographic area encompassing the land upon which the transformational major sports facility mixed-use project is located, as designated by a municipal corporation.

An "affiliate" is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, is under common control with, or acts in concert with, or is a participant in a joint venture, partnership, consortium, or similar business arrangement with, a professional sports franchise or owner.

An "owner" is a person that has a controlling ownership interest in a professional sports franchise, and a "person," for the purpose of these provisions, means "one or more individuals, receivers, assignees, trustees in bankruptcy, estates, firms, limited liability companies,

partnerships, associations, joint-stock companies, joint ventures, clubs, societies, corporations, and combinations of individuals in any form."

## Major sports facility tax revenue definitions

The act creates tax reporting requirements by which increased tax revenues of the major sports facility mixed-use project district may be measured.

First, the "base professional sports franchise state tax revenue" is calculated. It measures how much income, sales, and CAT tax revenue the professional sports franchise currently generates in its existing facilities. It is calculated by the Department of Taxation (TAX) in the calendar year occurring immediately before the calendar year in which the professional sports franchise plays its initial regular season home game in the new major sports facility. It is increased by 3.5% each year for up to 16 years.

For the Brook Park Project, for the first three years while the new stadium is under construction and the current stadium in Cleveland still operates, the base amount will be equal to the actual state tax revenues generated at the Cleveland stadium, and the incremental major sports facility mixed-use project district state tax revenues will be equal to the state tax revenue from the construction of, and the purchasing of or leasing of materials and items used in the construction of, the Brook Park Project.

Then, the "total major sports facility mixed-use project district state tax revenues" is calculated by determining the total aggregate state tax revenue generated in the territory of a transformational major sports facility mixed-use project district, including state tax revenues attributable to purchasing or leasing materials and items used in construction in the territory of a transformational major sports facility mixed-use project district, and tax revenues attributable to the professional sports franchise and its operations at the major sports facility, beginning in the calendar year in which the performance grant is eligible for disbursement under an appropriation, and for 16 years afterwards.

The "incremental major sports facility mixed-use project district state tax revenues" is determined by subtracting base professional sports franchise state tax revenues from total major sports facility mixed-use project district state tax revenues in a calendar year, beginning with the calendar year in which the professional sports franchise plays its initial regular season home game in the major sports facility.

Finally, the "total incremental major sports facility mixed-use project district state tax revenues" is the sum of both of the total aggregate incremental major sports facility mixed-use district state tax revenues beginning in the calendar year in which a performance grant is eligible for disbursement under an appropriation and for 16 years thereafter.

## State funding of major sports facilities

The act permits state funds to be used to pay or reimburse up to 25% of the initial estimated construction costs of a major sports facility, in the form of a "performance grant," if the following criteria are met:

- The major sports facility upon completion will be a part of a transformational major sports facility mixed-use project;

- OBM, in consultation with the Ohio Facilities Construction Commission (FCC), has received a satisfactory financial and development plan, including provision of 75% of the total initial estimated construction cost from sources other than the state, with at least 50% of the total from the professional sports franchise that plans to use the facility, or its owner or affiliate ("franchise");
- The General Assembly has specifically authorized, or appropriated money for, the construction of the major sports facility, provided that the grant's authorization or appropriation does not include planning or determining the feasibility of or need for the major sports facility as a cost of constructing the major sports facility;
- The franchise has entered into an agreement with OBM, under which total incremental tax revenues must equal or exceed the performance grant amount over a 16-year period, deficits to be offset by an escrow deposit and supplemental reserve, as described below.

The performance grant is not subject to Controlling Board review. The state may not incur debt to fund or assist a major sports facility under these provisions.

## Tax revenues and target amounts

When a performance grant is appropriated, the franchise must enter into an agreement with OBM, under which the total incremental major sports facility mixed-use project district state tax revenues meet target amounts every four years, over a 16-year period, the total of which must be greater than or equal to the original grant amount.

The four year target amounts, along with the calculation for the $600 million grant under the Brook Park Project in parenthesis, are as follows:

- For the first four full calendar years beginning in the year in which the performance grant is eligible for disbursement under an appropriation, 10% of the total appropriated amount ($60 million);
- For the second four-year period, 26% of the total appropriated amount ($156 million);
- For the third four-year period, 32% of the total appropriated amount ($192 million);
- For the fourth four-year period, 32% of the total appropriated amount ($192 million).

Incremental tax revenues in excess of target amounts must be credited towards future amounts.

The act establishes that the incremental major sports facility mixed-use project district state tax revenues generated for 2026-2028 are equal to the income, state, and CAT taxes for the construction of, and the purchasing of or leasing of materials and items used in the construction of, the project. The act explains that, because the new stadium will be under construction and the old stadium will still be operating, the base tax amount is automatically met – i.e., the revenues from the existing stadium – and any revenue from the construction of the new stadium is in excess of the base amount – i.e., the incremental revenue.

## Escrow and supplemental reserve

To receive the performance grant, the franchise must deposit an amount equal to 8⅓% of the award ($50 million for the Brook Park Project) into an interest-bearing escrow account within the state treasury, to be used to pay any deficits between tax revenues collected and the target amounts.

The franchise also must establish a supplemental reserve amount in the same amount as the escrow account ($50 million), which may take the form of a line of credit or other commercially reasonable type of certifiable and available liquidity.

Once OBM confirms receipt of the escrow amount and a certification of funds or other requisite proof of the supplemental reserve amount, the grant may be disbursed for payment or reimbursement of construction costs, without regard to the other sources of contribution for the costs of construction of the major sports facility and not on a pro rata basis.

If, after any four-year period, the incremental tax revenues do not hit target amounts, the deficit is first offset by any excess revenue from previous periods. If a deficit remains, the amount is taken from the escrow account and deposited into the GRF to offset the deficit. If a deficit remains, the amount is taken from the supplemental reserve and deposited into the GRF. These amounts are nonrefundable. The act does not address what happens if a deficit remains in the event both accounts are depleted. Whatever remains in the escrow account after a 16-year period is refunded to the franchise, interest earnings included.

Beginning nine years after the performance grant is eligible for disbursement, and once each year afterwards until the 16th year, the franchise may apply to OBM, in consultation with TAX, for a determination that the total incremental tax revenues have equaled or surpassed the original performance grant amount. If the amount has been met, the franchise receives its escrow reimbursement early.

If the owner's share of the ownership interest in the professional sports franchise becomes less than a controlling ownership interest, all rights, privileges, responsibilities, and obligations of the owner are assigned to, and assumed by, any new owner with a controlling ownership interest.

The professional sports franchise may not cease playing most of its home games at the major sports facility and begin playing most of its home games at a different facility located outside of the transformational major sports facility mixed-use project until the tax revenues hit all target amounts, or until 30 years after the initial regular season home game, whichever comes earlier. The act clarifies that this provision is "in addition to, independent of, and operates concurrently with" R.C. 9.67, an existing provision of law prohibiting the owner of a professional sports team that uses state funding from moving to a new stadium outside of the state, unless the owner either gets the permission of their host political subdivision, or gives six-months' notice of moving, along with an opportunity for locals to purchase the team (see "**Professional sports franchise – moving facilities**").

## Transformational major sports facility districts

The agreement between the franchise and OBM also must establish the metes and bounds of the proposed transformational major sports facility mixed-use project district, including all areas within. The territory must be contiguous and contain only one transformational major sports facility mixed-use project.

OBM must receive a petition, accompanied by a description of the proposed district, signed by every record owner of a parcel of real property located in the district and the owner of every business that will operate in the district.

The district's territorial boundary may not be enlarged after it is established with OBM, which may consult with TAX and FCC, and any applicable county or municipal offices to ensure each tax reporting requirement is met.

## Tax reporting requirements

Every person who owns real property in a project district, or leases, licenses, uses, or operates all or a portion of a building or facilities in the project district, is subject to special reporting requirements as TAX may require, in consultation with OBM and FCC. These may be evidenced by an instrument duly recorded with the county recorder.

Each person doing business in a project district must file taxes and register for a separate withholding account, remitting the wages and salaries withheld from employees for activities performed in the territory of a project district separately from all income taxes withheld by the employer. If they collect transformational major sports facility mixed-use project district tax revenues, they must report those tax revenues separately from other tax revenues in Ohio, on forms provided by TAX, including estimated payments on corporate income taxes and gross revenues generated from the district. This includes tax revenues from construction or transactions in the territory of a project district, estimated payments for corporate income taxes generated from the project district, information regarding gross revenues generated from activities in the project district and gross revenues from all activities in Ohio, and payments to independent contractors attributable to construction or transactions in the territory of a project district, by January 31 of each year.

TAX may disclose taxpayer information regarding transactions, real or personal property, income, or business of any person to the governmental agency that owns, or holds a sufficient ownership interest in, a major sports facility as may be necessary for the administration of these provisions.

Likewise, municipal corporations may provide tax information related to municipal income tax revenues derived from a project district to both TAX and the fiscal officer of the governmental agency.

TAX must promulgate the forms necessary to implement and administer these requirements.

## County sales tax levies and bond issuances

Continuing law permits a board of county commissioners to enter into an agreement with a corporation to issues bonds or sales tax levies to construct and operate a sports facility, and collect the tax revenue to pay back the bonds and be used for other purposes. If the sports facility would be in a host municipal corporation, the board also must include the host municipal corporation in the agreement, which must use the excess revenue for redevelopment and economic development purposes related to the sports facility.

Under former law, a municipal corporation was only eligible to be a host municipal corporation if it is associated with an NFL, MLB, or NBA sports franchise on March 20, 1990. The act repeals this requirement, permitting any municipal corporation to be a host municipal corporation for the purposes of the agreement.

## Performance grants for sports and cultural facilities (PARTIALLY VETOED)

The act appropriates, in FY 2026 from appropriation item 042428, Major Sports Facilities Performance Grants, $400 million in unclaimed funds that have escheated to the state, for performance grants to Ohio sports facilities and Ohio cultural facilities.

Funds from the Ohio cultural and sports facility performance grant fund are permitted to be used to pay up to 25% of the initial estimated construction or renovation cost of the project. No single grant may be more than $250 million.

The Governor vetoed a provision that would have limited awards to projects costing less than $500 million to 15% of the initial estimated cost, and would have required sports projects to have a minimum cost of $50 million, and cultural projects to have a minimum cost of $5 million.

The provision uses continuing Ohio sports facility and major sports facility definitions, except that an "Ohio sports facility" may be owned by the state or a governmental agency, a nonprofit corporation, or a new community authority, rather than just owned by the state or a governmental agency, as under a continuing law program permitting the state to issue bonds to fund sports facilities. Public ownership is a constitutionally required precondition for projects paid for by state debt, but the performance grants would not be state debt.

An Ohio sports facility is all or a portion of a stadium, arena, tennis facility, motorsports complex, or other capital facility, the primary purpose of which is to provide a site or venue for the presentation to the public of motorsports events, professional tennis tournaments, or events of one or more major or minor league professional athletic or sports teams that are associated with the state or with a city or region of Ohio.

The act also defines "initial estimated construction or renovation cost" as the initial estimated cost to construct a new Ohio sports facility or Ohio cultural facility, or the initial estimated cost to renovate an existing Ohio sports facility or Ohio cultural facility, not including any site acquisition cost, and not including any other state funds awarded to, or to be spent on, the project. In other words, state funds from other sources do not count towards the initial cost calculation, and therefore do not count towards the grant amount calculation.

Funds may be used only for construction and renovation, to effectuate permanent improvements at a facility.

## OBM application and agreement

The organization that would operate the facility (a professional sports franchise, governmental agency, nonprofit corporation, new community authority, or other organization) may apply to OBM, on a form and in a manner prescribed by OBM, to receive a grant. The application must include a financial and development plan, which OBM must evaluate in consultation with OBM and TAX as applicable. The plan must identify the facility, and include the following:

- An agreement, operating agreement, management agreement, nonrelocation agreement, cooperative use agreement, or other similar agreement, or an executed and binding term sheet if no other agreement is available;
- The length of time remaining on any existing agreement, including any options to extend, or agreed to in any new agreement or binding term sheet;
- Any state tax credit program that has been awarded, applied for, or is anticipated or otherwise expected to be awarded or applied for, and any associated fiscal impact that it will have on the project;
- Project phases and associated timelines.

Additionally, the application must demonstrate that the project will benefit the state, through one or more of the following mechanisms:

- That the facility will generate increased income, sales, and commercial activity tax revenues, which over an agreed-upon period of time no more than 30 years, will equal or exceed the amount of the performance grant;
- That the facility will bring a positive economic impact to Ohio, as demonstrated by an objectively verifiable economic impact study provided by an independent third party;
- Any other objectively verifiable metric or measurement established by OBM, and approved by the Controlling Board, that demonstrates that the facility will positively impact the local community, region, or state;
- In case of a cultural facility, that the facility will benefit the public in a meaningful way and support culture in Ohio, and that the facility can be completed and ready to support culture without exceeding the grant amount, as determined by OBM and approved by the Controlling Board.

If OBM, in consultation with FCC and TAX as applicable, is satisfied with the financial and development plan, OBM may enter into a tentative agreement with the applicant organization, which must identify the facility to be constructed or renovated, and must specify the following:

- Target tax revenue amounts to be generated by the facility, and the period over which they must be generated, not to exceed 30 years;

- Any economic impact targets or indicators, or other objectively verifiable metric or measurement targets or indicators, which may be combined with tax revenues or other economic activity at OBM's discretion;
- If the increased state tax revenues, economic activity, or other objectively verifiable metric or measurement do not achieve target amounts or indicators, as determined by OBM in consultation with TAX, that OBM must take a nonrefundable amount of money equal to the deficit from the escrow account (see "**Performance grants – escrow account**" below) and deposit it into the GRF;
- The applicant organization must hold the state of Ohio, including OBM, FCC, TAX, and the Controlling Board harmless from all liability for the operation and maintenance costs of the facility, and any costs incurred related to the grant application.

There are specific requirements for other facilities. In the case of an Ohio sports facility, if a professional sports franchise intends to use the facility, the professional sports franchise may not cease playing most of its home games at the Ohio sports facility and begin playing most of its home games at a different facility until the earlier of one of the following dates:

- The total increased state tax revenues or economic activity have achieved target amounts or indicators, including with funds from the escrow amount:
- 30 years after the professional sports franchise plays its initial regular season home game at the newly constructed or renovated Ohio sports facility.

This requirement is "in addition to, independent of, and operates concurrently with" an existing law section of the Revised Code prohibiting sports team owners from moving out of state under certain circumstances (see "**Professional sports franchise – moving facilities**").

For Ohio cultural facilities, the facility must be completed and ready to support culture without exceeding the grant amount, and the project scope must meet the intent and purpose of the performance grant program, and of the development plan as approved by OBM and the Controlling Board.

For motorsports complexes, any motorsports organization that commits to using the facility for an established period must give OBM not less than six months' advance notice if the organization intends to cease utilizing the facility before the expiration of that established period. If the motorsports organization does so, the motorsports organization is liable to the state for any performance grant funds used on the construction or renovation costs of the facility, which includes drawing down the remainder of any escrow account.

For tennis facilities, the owner or manager of the facility must provide contractual commitments from a national or international professional tennis organization that assures that one or more sanctioned professional tennis events will be presented at the facility during each year of the period described in the agreement. Any national or international professional tennis organization that commits to using the facility for an established period must give the owner or manager of the facility and OBM not less than six months' advance notice if the organization intends to cease utilizing the facility before the expiration of that established period. If the

organization does so, the organization and owner or manager of the facility are jointly and severally liable to the state for any performance grant funds used on the construction or renovation costs of the facility, which includes drawing down the remainder of any escrow account.

### Performance grants – escrow account

For facilities that are required to achieve target tax revenue amounts, economic impact, or other economic indicators, the applicant organization, upon reaching the tentative agreement with OBM, must execute and file with OBM an escrow amount equal to 5% of the total amount of the performance grant applied for, which must be deposited in an interest-bearing account maintained within the state treasury. Nonrefundable disbursements must be made from the account as required in the event target tax revenues or economic indicators do not achieve target amounts.

Whatever remains of the amount in escrow after the period agreed upon, including any interest earnings thereon, is returned to the applicant organization, upon certification OBM, in consultation with TAX, as applicable, that all conditions of the agreement are satisfied. The agreement may provide for a process and timeline by which the applicant organization may seek a determination that all target amounts and indicators have been achieved or exceeded, then apply for the return of any remaining escrow balance.

### Controlling Board approval

After the applicant and OBM have entered into a tentative agreement, the agreement is sent to the Controlling Board for final approval, which is entirely in its discretion. The Controlling Board may evaluate all grant application and agreement requirements and materials, any other factor, criteria, data, metric, measurement, or information or documents the board determines is necessary.

### Tax reporting requirements

People using or owning property used in construction or renovation of the facility may be subject to special tax reporting requirements by TAX, in consultation with OBM and FCC, for the purposes of tracking tax revenues for projects.

The requirements apply to each person who owns real property located in, enters into a lease, license, use, or operating agreement for all or a portion of the building and facilities located in, or purchases or leases materials and items used in construction or renovation in the facility.

Compliance with these requirements may be evidenced by an instrument that is duly recorded with the county recorder.

## Professional sports franchise – moving facilities

(R.C. 9.67)

The act permits an owner of a professional sports team using a tax-supported facility to move to a new facility within the state without notice to, or permission from, the host political subdivision.

Former law prohibited an owner of a professional sports team, if the team uses a tax-supported facility for most of its home games and receives financial assistance from the state or a political subdivision, from ceasing to play most of its home games at the tax-supported facility and play most of its home games elsewhere (i.e., move to a different stadium) unless the owner got permission from the political subdivision in which the tax-supported facility is located, or the owner gave the political subdivision six months' notice and an opportunity to purchase the team.

The act maintains these requirements only if the sports team is moving to a facility located outside of Ohio. A professional sports team may move freely to any facility within Ohio.

The act also requires the notice given to a political subdivision to be written notice.

Additionally, the act deems any lease, operating agreement, management agreement, nonrelocation agreement, or other similar agreement entered into with the political subdivision "before, on, or after the effective date" of the act, that expressly obligates the professional sports team to play all or most of the professional sports team's regular season home games at the tax-supported facility for the term of the lease or agreement (or a shorter period), is, upon the expiration of the term, deemed "an agreement with the political subdivision permitting the team to play most of its home games at a different facility," unless the different facility is located outside of Ohio.

Because the act permits a professional sports team to move to a different facility within the state without the political subdivision's permission, and the above provision does not apply to facilities outside of Ohio, it is not clear what the provision described in the paragraph above accomplishes.

# Tourism attractions and professional sports facilities funding

## Roadwork Development Fund

(R.C. 122.14)

The act expands the purposes of the existing Roadwork Development Fund (RDF) to include both of the following:

- Funding construction, reconstruction, maintenance, or repair of public roads that provide or improve access to professional sports facilities; and
- Funding associated improvements that are necessary for access to tourism attractions and professional sports facilities.

The act then authorizes tourism attractions and professional sports facilities to use the money received from DEV from the RDF to make improvements that are associated with the retail and residential components within their surrounding development. The RDF consists of investment earnings of the Security Deposit Fund and revenue transferred from the Highway Operating Fund. Each of these sources is limited in how its money can be used by Article XII, Section 5a of the Ohio Constitution, thus the RDF has the same limitation.

That limitation, in relevant part, states that the money derived from fees and taxes (including motor fuel taxes) associated with motor vehicle registration, operation, or use must

be used only for the costs for construction, reconstruction, maintenance, and repair of public highways and bridges and the costs associated with administration and enforcement of traffic laws. The RDF's expansion to include similar activities on public roads and associated improvements for professional sports facilities appears to be consistent with that limitation.

However, if challenged, a court might examine whether the constitutional limitations on the RDF permit the act's authorization for tourism attractions and professional sports facilities to use RDF money towards retail and residential components within their development, without any specification that it only be for public roads.

### Facilities Establishment Fund

(R.C. 166.01, 166.02, 166.12, and 166.17)

The act expands the purposes of the existing Facilities Establishment Fund (FEF). The FEF finances loans to persons engaged in "industry, commerce, distribution, or research" to encourage such persons to acquire, construct, reconstruct, rehabilitate, renovate, enlarge, improve, equip, furnish, or otherwise develop various eligible projects. Under continuing law, eligible projects must relate to innovation, research, and development in various capacities.

The act adds persons engaged in the development of tourism attractions or professional sports facilities as entities eligible for loans from the FEF and through the Department of Development programs financed through that fund. Additionally, it adds the development of tourism attractions or professional sports facilities as types of eligible projects to receive the funding, regardless of what entity is sponsoring their development.

## Division of Unclaimed Funds

(R.C. 169.08)

### Background

The Unclaimed Funds Law (1) specifies the types of funds that are "unclaimed," (2) requires holders of such funds to report them to the Director of Commerce (COM Director), give notice to the owners or beneficiaries, and pay a portion of the funds to the COM Director, and (3) requires the COM Director to annually publish notice of the funds in the appropriate county. Under prior law, unclaimed funds did not become the property of the state but were generally required to be held indefinitely until claimed by the owner.

### Escheatment

Under the act, beginning January 1, 2026, unclaimed funds that are not claimed by an owner or another person with a valid right or interest within ten years are deemed abandoned and escheat to the state. "Escheatment" means that all property rights, legal title to, and ownership of unclaimed funds and interest vest solely in the state. The ten-year escheatment period begins when the unclaimed funds are reported to the COM Director by the holder, as required by continuing law.

The act requires the COM Director to remit escheated unclaimed funds to the Ohio Cultural and Sports Facility Performance Grant Fund (OCSFPGF), created by the act, two times each year, on the first days of January and July, beginning in 2026. The first $1 billion of the

escheated unclaimed funds will pay for Ohio Sports and Cultural Facilities, with $600 million designated to pay the costs of the Cleveland Browns major sports facility stadium project in the city of Brook Park, Ohio, in Cuyahoga County, and $400 million going to other qualifying projects. The COM Director must notify the OBM Director of all funds and interest remitted.

## Grace period

Generally, once unclaimed funds escheat to the state, the owner is not permitted to seek repayment. However, the act establishes a ten-year grace period during which the former owner or other person claiming a property interest in escheated unclaimed funds may file a claim and seek payment. Once the person provides sufficient proof of the validity of the claim, the COM Director must pay the claim less any expenses and costs incurred by the state in securing full title and ownership of the unclaimed funds. The grace period ends on January 1, 2036.

If a payment is made for escheated unclaimed funds during the grace period, no action can be maintained by any other claimant against the state for or on account of the payment of the claim. The act requires the COM Director to pay these claims from the Unclaimed Funds Trust Fund (UFTF) and not seek reimbursement from the OCSFPGF or deduct the amount of such claims from future remissions to that Fund. The act specifies that any claim filed for escheated unclaimed funds after the grace period is void.

## Holder-invested funds

Under continuing law, the holder of unclaimed funds may enter into an agreement with the COM Director whereby the holder keeps and invests the unclaimed funds until such time as the funds are claimed. The act specifies that unclaimed funds and interest invested by the holder under such an agreement must be returned to the state when the funds are deemed abandoned and escheat.

## Guidelines

The act requires the COM Director to develop guidelines and procedures to implement the escheatment provisions including procedures addressing (1) repayment of unclaimed funds and interest that are invested in nonliquid assets, and (2) ensuring that the balance of the UFTF is sufficient to meet the state's financial obligations under the Unclaimed Funds Law.

# BOARDS AND COMMISSIONS

## Abolition of special commissions, committees, and task forces

- Abolishes various commissions, committees, and a task force.
- Abolishes the Board of Directors of the Center for Community Health Worker Excellence and abolishes the statutory authority for the Center as a public-private partnership.

## Governor's Office of Faith-based and Community Initiatives, Advisory Board

- Specifies terms and chairpersons for the Advisory Board to the Governor's Office of Faith-based and Community Initiatives.

## Multi-Agency Radio Communication System (MARCS) Steering Committee

- Codifies the MARCS Steering Committee in permanent law.

## Automated Title Processing Board membership

- Beginning January 1, 2026, adds the President of the Ohio Automobile Dealers Association, or the President's representative, and an additional clerk of court of the common pleas to the Automated Title Processing Board.
- Removes the OBM Director as a nonvoting member of the Automated Title Processing Board.

## Rail Development Commission

- Increases, from one to two, the number of members appointed to the Ohio Rail Development Commission by the Governor who represent the interest of freight rail companies.
- Specifies that one such member must represent a Class I railroad and the other member must represent a Class II or Class III railroad.
- Exempts those two members from the requirement that they be Ohio residents, provided they have a substantial connection to freight rail operations in Ohio.
- Removes the member appointed by the Governor who represents the interests of passenger rail service.

## Other provisions

- Eliminates the requirement that the Director of Health, every two years, produce a report on rare diseases in Ohio.
- Modifies the General Assembly membership of the Student Tuition Recovery Authority.
- Removes the authority of the Speaker of the House to make a discretionary appointment to a Transportation Improvement District.

- Removes a residency requirement regarding members of the House and Senate who serve on the Ohio Turnpike and Infrastructure Commission.
- Modifies the commencement schedule for the Sunset Review Committee.
- Modifies membership of the Emergency Response Commission.
- Eliminates a position on the Ohio Environmental Education Fund Advisory Council for a member of the Senate.
- Removes the representative of the JFS Bureau of Child Care from the Ohio Lead Advisory Council.

## Abolition of special commissions, committees, and task forces

The act abolishes the following entities:

### Correctional Institution Inspection Committee

(R.C. 103.71, 103.72, 103.74, 103.75, 103.76, 103.77, 103.78, and 107.79, all repealed; Section 525.80)

The act abolishes the Correctional Inspection Committee and transfers certain duties to the Attorney General. See "**Correctional facility inspection services**" in the "**ATTORNEY GENERAL**" chapter.

### Joint Committee on Property Tax Review and Reform

(Section 620.30, repealing Section 757.60 of H.B. 33 of the 135th G.A.)

The act abolishes the Joint Committee on Property Tax Review and Reform. The Joint Legislative Committee was established in 2023 and issued a final report of recommendations.

### Joint Legislative Committee on Adoption Promotion and Support

(R.C. 2919.1910, repealed; R.C. 2919.19 (conforming amendment))

The act abolishes the Joint Legislative Committee on Adoption Promotion and Support, which was established in 2019.

### Legacy Pain Management Study Committee

(Section 620.30, repealing Section 335.20 of H.B. 33 of the 135th G.A.)

The act abolishes the Legacy Pain Management Study Committee. The Committee was established in 2023 to study and evaluate the care and treatment of patients suffering from chronic or debilitating pain, in particular those who have been prescribed opioids for lengthy periods of time, often referred to as legacy patients.

## Nursing Facility Payment Commission

(R.C. 5165.261, repealed)

The act abolishes the Nursing Facility Payment Commission. It was established in 2021 and was required to submit a report by August 31, 2022.

## Ohio Cystic Fibrosis Legislative Task Force

(R.C. 101.38, repealed)

The act abolishes the Ohio Cystic Fibrosis Legislative Task Force. The Task Force was established in 2005.

## Rare Disease Advisory Council; biennial report

(R.C. 103.60 and 3701.50, repealed; Sections 105.40 and 701.100)

The act abolishes the Rare Disease Advisory Council effective December 31, 2025, and requires the Council to submit its final report to the General Assembly by that date.

The act likewise eliminates the requirement enacted in 2021 that the Director of Health produce a report on rare diseases in Ohio every two years. The first report was due in 2025.

## Scholarship Rules Advisory Committee

(R.C. 3333.373, repealed; R.C. 3333.374 (conforming amendment))

The act abolishes the Scholarship Rules Advisory Committee. It was established in 2000 to provide recommendations to the Chancellor of Higher Education as to rules, criteria, and guidelines necessary and appropriate to implement certain scholarship and fellowship programs.

## Task Force to Study Ohio's Indigent Defense System

(Section 630.10, repealing Section 6 of H.B. 150 of the 134th G.A.)

The act abolishes the Task Force to Study Ohio's Indigent Defense System. It was established in 2023 to provide recommendations to the General Assembly regarding the delivery, structure, and funding of indigent defense.

## Task Force on Bail

(Section 630.20, repealing Section 5 of S.B. 202 of the 134th G.A.)

The act abolishes the Task Force on Bail. It was established in 2023 to collect and evaluate data regarding the usage of bail in Ohio. It was required to submit a report to the General Assembly.

## Turnpike Legislative Review Committee

(R.C. 5537.24, repealed; R.C. 5537.01, 5537.03, and 5537.27 (conforming amendments))

The act abolishes the Turnpike Legislative Review Committee. The Committee was established in 1996, and was responsible for considering reports made by the Turnpike and Infrastructure Commission, including financial and budgetary matters and proposed and on-going construction, maintenance, repair, and operational projects of the Commission.

### Center for Community Health Worker Excellence

(R.C. 3701.0212, repealed)

The act repeals the law establishing the Board of Directors of the Center for Community Health Worker Excellence and abolishes the statutory authority for the Center as a public-private partnership. The Center was established in law as a public-private partnership in 2023. Its stated purpose was to support the practice of community health workers and improve access to community health worker services.

### State Information Technology Investment Board

(R.C. 125.181, repealed)

The act repeals the law requiring the DAS Director to establish the State Information Technology Investment Board within DAS. The Board consisted of representatives from various state elective offices and state agencies, including OBM, and recommended opportunities for consolidation and cost-saving measures relating to information technology to the State Chief Information Officer.

### Prescription Drug Affordability Advisory Council

(R.C. 125.95, repealed)

The act formally abolishes the Prescription Drug Transparency and Affordability Advisory Council. The Council was created within DAS by the General Assembly in 2019 and tasked with producing a report with recommendations for achieving prescription drug price transparency. After submitting its report, the Council was required to meet at least quarterly to provide guidance. In 2021, the Council was abolished, and the Joint Medicaid Oversight Committee, now also abolished, was authorized to examine any of the topics described in the Council's report. The act repeals the authorizing statute for the abolished Council.

## Governor's Office of Faith-based and Community Initiatives, Advisory Board

(R.C. 107.12)

The act specifies that members of the House and Senate, who are appointed to serve on the Advisory Board, may serve on the Board for the duration of the General Assembly during which they were appointed.

The act specifies that the member of the Senate must be the chairperson during the first regular session of a general assembly and the member of the House must be the chairperson during the second regular session of the General Assembly.

## Multi-Agency Radio Communication System (MARCS) Steering Committee

(R.C. 4501.302; Section 620.20, amending Section 363.10 of H.B. 2 of the 135th G.A.)

The act codifies the MARCS Steering Committee and subcommittee in permanent law. Beginning September 30, 2025, members of the MARCS Steering Committee and the subcommittee may continue service, their terms unaffected by the codification.

Under the act, the MARCS Steering Committee consists of the following members:

- The Directors, or their designees, of Administrative Services, Public Safety, Natural Resources, Transportation, Rehabilitation and Correction, and Budget and Management, and the State Fire Marshal or the State Fire Marshal's designee;
- The following members appointed by the Governor:
  - One representative of the Ohio chapter of the Association of Public Safety Communications Officials or its successor organization;
  - One representative of the Buckeye State Sheriff's Association or its successor organization;
  - One representative of the Ohio Association of Chiefs of Police or its successor organization;
  - One representative of the Ohio Fire Chiefs' Association or its successor organization.
- Two members of the House appointed by the Speaker, one from each party;
- Two members of the Senate appointed by the Senate President, one from each party.

The Director of Administrative Services (DAS) or the Director's designee must chair the committee.

The MARCS Steering Committee must assist the DAS Director to effectively and efficiently implement MARCS, as well as develop policies for the ongoing management of the system. The Steering Committee must report to the DAS Director and the Director of Budget and Management on the progress of MARCS implementation and the development of policies related to the system.

The Steering Committee must establish a subcommittee to represent MARCS users on the local government level. The subcommittee chairperson must serve as a member of the Steering Committee.

## Automated Title Processing Board

(R.C. 4505.09; Section 820.80)

Beginning January 1, 2026, the act adds the following two members to the Automated Title Processing Board:

- The President of the Ohio Automobile Dealers Association, or the President's representative; and

- A third clerk of court of the common pleas, appointed by the Governor.

The act also removes the OBM Director as a nonvoting member.

The Board facilitates the operation and maintenance of an automated title processing system and approves the procurement of automated title processing system equipment and ribbons, cartridges, or other devices necessary to operate the equipment. Under continuing law, the Chief of the Division of Parks and Watercraft in DNR or the Chief's designee and the Tax Commissioner or Commissioner's designee are nonvoting members of the Board. The Board also consists of five additional voting members, which includes the Registrar of Motor Vehicles or Registrar's representative, a person selected by the Registrar, the President of the Ohio Clerks of Courts Association or the President's representative, and two other clerks of courts of common pleas appointed by the Governor.

## Rail Development Commission

(R.C. 4981.02)

The act increases, from one to two, the number of members appointed to the Ohio Rail Development Commission by the Governor who represent the interests of freight rail companies. The act further specifies that one of the two members must represent a Class I railroad and the other member must represent a Class II or Class III railroad. The act exempts both members from the requirement that they be residents of Ohio and allows those members to be residents of another state. However, if a member is from another state, the member must have a substantial connection to freight rail operations in Ohio.

Finally, the act removes a member appointed by the Governor who represents the interests of passenger rail service.

## Student Tuition Recovery Authority

(R.C. 3332.081)

The act modifies the General Assembly membership of the Student Tuition Recovery Authority to be members of the House and Senate appointed by the Speaker of the House or Senate President, instead of the members who chair education committees.

## Transportation Improvement Districts

(R.C. 5540.02)

The act removes the authority of the Speaker of the House to make a discretionary appointment to a Transportation Improvement District.

## Ohio Turnpike and Infrastructure Commission

(R.C. 5537.02)

The act removes a requirement that the members of the House and Senate who serve on the Commission represent either a district that is part of the Ohio turnpike system or a district located in the vicinity of a turnpike project that is part of the Ohio turnpike system.

## Sunset Review Committee

(R.C. 101.84)

The act changes the number of days by which the Committee must meet to not later than 90 instead of 30 days after commencement of the General Assembly, for the purpose of choosing a chairperson and establishing the schedule for agency review.

## Emergency Response Commission

(R.C. 3750.02)

The act adds the DAS Director to the Emergency Response Commission. With this addition, the Commission consists of ten ex-officio members, ten appointed members, and two members of the General Assembly who serve as nonvoting members. The affirmative vote of a majority of the voting members is necessary for any action taken by the Commission.

The act also modifies legislative representation on the Commission by requiring the Speaker of the House to appoint one House member and the Senate President to appoint one Senate member, instead of designating the chairpersons of the standing committees primarily responsible for environmental issues as Commission members.

## Ohio Environmental Education Fund Advisory Council

(R.C. 3745.21)

The act eliminates a membership position on the Ohio Environmental Education Fund Advisory Council for a member of the Senate appointed by the Senate President.

## Ohio Lead Advisory Council

(R.C. 3742.32)

The act removes the representative of the JFS Bureau of Child Care from the Ohio Lead Advisory Council. The Department of Children and Youth assumed responsibility for child care on January 1, 2025, and the Council already includes a representative from that Department.

# LOCAL GOVERNMENT

## County officials present in office

- Requires a county officer to appear at the officer's principal office location at least one day out of any 30-day period to satisfy the officer's duties.
- Decreases from 90 days to 30 days the time after which the office of county auditor or county treasurer becomes vacant if the auditor or treasurer fails to perform their duties.

## County employee cash awards

- Limits the total amount of cash awards per county employee per calendar year to 10% of the employee's annual compensation, but permits the board of county commissioners to approve a higher amount.

## County engineer

- Changes, from 100% to a range of 80-100%, the supplemental compensation amount a county engineer receives to perform the duties of county engineer in another county during a vacancy.

## County sheriff

- Requires a county sheriff to provide a successor with a certificate of transition including an inventory of items and other information.

## County budget commission membership

- Allows the county prosecutor to recuse herself or himself from the county budget commission and requires a county commissioner to serve instead.

## County nonemergency patient transport services

- Increases the population limit of a county at or under which a county may operate a nonemergency medical transport service organization.

## Village dissolution

- Modifies the village dissolution process for small villages by eliminating the acreage maximum (previously two square miles) and increasing the population maximum from 150 to 500.
- Adds electric services to the list of services that may be counted when evaluating whether a village has provided the necessary number of services, and therefore, may not be subject to an automatic ballot question on village dissolution.

## Local referenda

- For municipal corporations and limited home rule townships, increases the referendum signature requirement from 10% to 35%.

## Local zoning

- For townships only, increases from 15% to 35% the number of signatures required on a referendum petition related to zoning amendments and exempts township zoning amendments related to megaprojects from the zoning referendum process.
- Requires a referendum petition for local zoning amendments about planned-unit development regulations to include 35% of electors in the area to which the proposed amendment would apply.

## Local fiscal emergency receivership (PARTIALLY VETOED)

- Establishes a process for the creation of a receivership for counties, townships, and municipal corporations in fiscal emergency.
- Would have allowed the receiver to initiate bankruptcy proceedings unless the county, township, or municipal corporation adopted a sufficient plan to satisfy and discharge the debts and liabilities within seven years (VETOED).

## Local option election for alcohol sales

- Requires a petitioner of a local option election for alcohol sales to pay the entire cost of an election if it is held on a day other than the day of a primary election, general election, or special election of a political subdivision for a question or issue, nomination for office, or election to office.

## Political subdivision communications

- Prohibits chartered counties and municipal corporations from using public funds to finance certain communications and from paying their staff for time spent on certain political activities.

## Cybersecurity program

- Requires political subdivisions to adopt a cybersecurity program.
- Prohibits a political subdivision experiencing a ransomware incident from paying or otherwise complying with a ransom demand unless the political subdivision's legislative authority formally approves the payment or compliance.

## New community districts

- Modifies the criteria that determine the organizational board of commissioners of a new community district.
- Modifies the criteria for qualification as a proximate community and a developer under New Community Organization Law.

## Eminent domain, parkways, and recreational trails (VETOED)

- Would have established, with two exceptions, that the taking of property for recreational trails does not satisfy the public use requirement of Ohio's eminent domain law.

## Battery-charged fences

- Eliminates state law requirements concerning the installation and operation of battery-charged fences on private nonresidential property.
- Prohibits local governments from adopting or enforcing battery-charged fence regulations that expressly, implicitly, or functionally prohibit the installation, operation, or use of battery-charged fences that meet certain criteria.

## Port authority common bond fund program

- Allows a port authority to establish a common bond fund program to finance port authority facilities and enhance the credit of port authority obligations using credit enhancement facilities, cash reserves, or other money available for that purpose.

## Port authority construction agreements

- Prohibits a port authority from contracting with a nonpublic entity for construction or renovation of property outside its jurisdiction, such that construction materials for the project are exempt from sales tax without approval from the board of county commissioners in which the property is located when certain criteria are met.
- Provides that if the property is located in more than one county, the board of county commissioners of each county in which the property is located must approve the capital construction or renovation agreement.

## Conservancy district maintenance assessments

- For purposes of the annual maintenance assessment levied by a conservancy district, eliminates the $2 minimum annual maintenance assessment on the total appraisal of benefits on a property.

## County officials present in office

(R.C. 305.03)

The act modifies the law regarding vacancy in county offices. Previously, if a county officer failed to perform the duties of their office for 90 consecutive days (30 consecutive days in the case of county auditors and county treasurers), the office was deemed vacant by operation of law. The act modifies this in two ways. First, the act subjects all county officials to the 30-day standard. Second, the act specifies that appearing at the officer's principal office location on at least one day out of 30 consecutive days is a duty of office, thus requiring an officer to appear at their principal office location at least one day out of any 30-day period to avoid vacating the office.

## County employee cash awards

(R.C. 325.25)

Continuing law allows county departments to establish programs to recognize outstanding employee performance. The act places an annual limit on the total amount of cash awards given to an employee under a program: 10% of an employee's annual compensation. The board of county commissioners can approve a higher amount.

## County engineer

(R.C. 305.021)

Continuing law allows a county engineer to perform the duties of county engineer in another county when that county is experiencing a vacancy. The act changes the supplemental compensation amount a county engineer receives from the county, from 100% under prior law to a range of 80%-100% under the act.

## County sheriff

(R.C. 311.14)

The act requires a county sheriff, before leaving office, to prepare a certificate of transition. The purpose is to provide a successor with an inventory of items being delivered to the successor and with other information prescribed by AOS. AOS also must prescribe the form and substance of the certificate. Before prescribing the information to be contained in the certificate, AOS must solicit input from county sheriffs.

## County budget commission membership

(R.C. 5705.27)

Under continuing law, each county has a budget commission whose function is to review and, in some cases, adjust the budgets and taxing authority of local governments within the county. The commission consists of the county auditor, county treasurer, and county prosecutor. The act allows the county prosecutor to recuse herself or himself from the county budget commission. The board of county commissioners would then select a commissioner to serve in lieu of the prosecutor.

## County nonemergency patient transport services

(R.C. 307.05)

The act expands to counties with populations of 60,000 or less the authority to operate a nonemergency transport service organization, contract for nonemergency patient transport services, and furnish or obtain the interchange of such services. Under former law, a county with a population of 40,000 or less could do so.

## Village dissolution

(R.C. 703.34 and 703.331)

Continuing law provides various pathways to dissolving a village, including one pathway to dissolve smaller villages. The act modifies this pathway by eliminating the acreage maximum (previously two square miles) and increasing the population maximum from 150 to 500.

Another pathway to dissolution involves the provision of services. The act adds electric services to the list of services that may be counted when evaluating whether a village has provided the necessary number of services, and therefore, may not be subject to an automatic ballot question on village dissolution. Under continuing law, a village must provide, contract with a private nongovernmental entity or a regional council of governments that includes three or more political subdivisions at least two of which are municipal corporations, to provide, at least five specified services. Other eligible services under continuing law are police protection; fire-fighting services; garbage collection; water service; sewer service; emergency medical services; road maintenance; park services or other recreation services; human services; and a public library established and operated solely by the village. Under continuing law, to avoid an automatic ballot question, a village must also have at least one candidate on the ballot for each elected village position.

For more information about village dissolution and the various pathways to dissolving a village, see LSC's Village Dissolution Members Brief (PDF), available at lsc.ohio.gov.

## Local referenda

(R.C. 504.14 and 731.29)

The act increases the signature requirement for referendum petitions from 10% to 35% (of the total votes cast for Governor in the last election) for municipal corporations and limited home rule townships. This also applies to initiative petitions in limited home rule townships. Under local self-government home rule authority, a municipality that has adopted a charter probably can deviate from the petition percentage requirement.[186]

## Local zoning

(R.C. 303.12, 519.12, 731.29, and 731.291)

Continuing law subjects county and township zoning amendments to a referendum process; a proposed amendment takes effect in 30 days unless a referendum petition with sufficient signatures (15% of the total votes cast for Governor in that area in the last election), forces a ballot issue to approve or deny the proposed amendment. For townships only, the act increases this from 15% to 35%. And, the act exempts proposed zoning amendments related to megaprojects from this referendum process; instead, the zoning amendment would take effect immediately. The act does not modify the nearly identical county provision, R.C. 303.12.

[186] *Youngstown v. Craver*, 127 Ohio St. 195 (1933).

Additionally, the act modifies the referendum process in counties, townships, and municipalities for petitions about zoning changes related to planned-unit developments (PUD). First, a petition for PUD-related regulations must include 35% of electors in the area to which the proposed amendment would apply (the default county zoning referendum percentage is 15% while the general statutory referendum percentage for municipalities is 10%; the act already makes the township zoning referendum percentage 35%). Second, the act specifies that the board of elections must determine the sufficiency and validity of the petition not later than 30 days after the petition is certified to the board of elections (the full referendum period itself is 30 days). Third, the act gives an additional ten days to provide additional valid signatures if the initial signatures were insufficient. Under local self-government home rule authority, a municipality that has adopted a charter probably can deviate from the petition percentage requirement.[187]

## Local fiscal emergency receivership (PARTIALLY VETOED)

(R.C. 118.29 and 2743.03)

Continuing law provides a framework for identifying and addressing financial crises in counties, townships, and municipalities by outlining conditions for fiscal watch, fiscal caution, and fiscal emergency status and efforts to overcome those conditions. The act establishes a process to create a receivership for a county, township, or municipal corporation that is in fiscal emergency. The process begins with a referral from the financial supervisor, or the board of county commissioners, board of township trustees, or legislative authority to the Attorney General if both of the following conditions are met:

- The county, township, or municipal corporation has been in a state of fiscal emergency for a continuous period of ten years, or it has been in a state of fiscal emergency at least twice in a period of ten years and the combined period of fiscal emergency is at least five years.
- The county, township, or municipal corporation, has demonstrated one or more of the following, as determined by the financial supervisor (these can be retroactive):
  - Failure to comply with the Ohio's budgetary and spending laws;
  - Failure to ensure that appropriations comply with the financial plan;
  - Assuming debt without the approval of the financial planning and supervision commission;
  - Undertaking administrative or legislative action that is not in accordance with the terms of the financial plan or, when applicable, without permission of the commission.

Upon receiving a referral, the Attorney General promptly must file a petition for a receivership with the court of claims. The judge that has served the longest on the court as of the

[187] *Youngstown v. Craver*, 127 Ohio St. 195 (1933).

date the petition is filed promptly must appoint a receiver. With the approval of the court, the receiver can request reasonable fees for work performed, specifically including costs associated with retaining legal counsel, accountants, or other similar advisors that the receiver considers necessary in the performance of the receiver's duties. The fees must be paid from funds appropriated to OBM during the period of fiscal emergency.

A receiver appointed under this section has all of the following powers and duties:

- Consult with the board of county commissioners, board of township trustees, or legislative authority of the municipal corporation to make recommendations or, if necessary, to assume responsibility for implementing cost reductions and revenue increases to achieve a balanced budget and carry out the financial plan, and to make reductions in force or spending to resolve the fiscal emergency conditions;
- Ensure the county, township, or municipal corporation in fiscal emergency complies with all aspects of the financial plan or, if no financial plan has been approved by the commission, the receiver must consult with the county, township, or municipal corporation and make recommendations, or assume, if necessary, the responsibility for crafting and submitting the financial plan to the commission;
- Ensure the county, township, or municipal corporation complies with any other relevant aspects of the fiscal emergency laws;
- Provide monthly, written reports about the progress toward resolving the conditions of fiscal emergency to the commission to the board of county commissioners, board of township trustees, or legislative authority and mayor or city manager of the municipal corporation;
- Appear at least quarterly to present information about progress toward resolving the conditions of fiscal emergency at an open meeting and, if allowable under the Ohio Open Meetings Law, in executive session, of the board of county commissioners, board of township trustees, or legislative authority of the municipal corporation;
- Appear at least quarterly to present information about progress toward resolving the conditions of fiscal emergency at an open meeting and, if allowable under the Ohio Open Meetings Law, in executive session, of the financial planning and supervision commission of the county township, or the municipal corporation in fiscal emergency;
- At the receiver's initiative or upon invitation, attend executive sessions of the board of county commissioners, board of township trustees, or legislative authority of the municipal corporation;
- Exercise any other powers granted to the receiver by the court necessary to perform these duties.

The court terminates the receivership when the county, township, or municipal corporation has corrected and eliminated the fiscal emergency conditions and no new fiscal emergency conditions have occurred.

The Governor vetoed provisions that would have allowed the receiver to initiate bankruptcy proceedings unless the county, township, or municipal corporation adopted a sufficient plan to satisfy and discharge the debts and liabilities within seven years.

## Local option election for alcohol sales

(R.C. 3501.17)

A political subdivision must pay the entire cost of a special election held on a day other than on the day of a primary or general election and a share of the cost of conducting an election at which it has an item on the ballot if held on the day of a primary or general election. Costs are shared among the entities placing items on the ballot based on a statutory formula. The act creates an exception to paying the cost of an election and requires a petitioner of a local option election for alcohol sales to pay the entire cost of an election if it is held on a day other than the day of a primary election, general election, or special election of a political subdivision seeking to submit a question or issue, nomination for office, or election to office.

## Political subdivision communications

(R.C. 9.03)

The act prohibits chartered counties and municipal corporations from using public funds to finance certain communications. That restriction already applied to all political subdivisions other than chartered counties and municipal corporations.

The statute, which the act does not otherwise change, prohibits the governing body of a political subdivision from using public funds to publish, distribute, or otherwise communicate information that does any of the following (as noted below, prior law already prohibited a chartered subdivision from engaging in some of those actions):

- Contains defamatory, libelous, or obscene matter. Under continuing law, officials of a chartered subdivision that did so could be sued for defamation (which includes libel) or prosecuted for pandering obscenity.[188]
- Promotes alcohol, tobacco, or any illegal product, service, or activity.
- Promotes illegal discrimination on the basis of race, color, religion, national origin, disability, age, or ancestry. Under continuing law, a chartered subdivision that did so might be vulnerable to a discrimination action by its employees.[189]
- Supports or opposes any labor organization (union) or any action by, on behalf of, or against any labor organization. Depending on the circumstances, a chartered subdivision that did so with respect to its employees already might have run afoul of Ohio's Public Employee Collective Bargaining Law.[190]

[188] R.C. 2907.32, not in the act.

[189] R.C. 4112.02, not in the act.

[190] R.C. 4117.11, not in the act.

- Supports or opposes the nomination or election of a candidate for public office or the investigation, prosecution, or recall of a public official. A separate continuing law prohibits any person, including the governing body of a chartered subdivision, from knowingly conducting a direct or indirect transaction of public funds to the benefit of a candidate or a political entity.
- Supports or opposes the passage of a levy or bond issue. As is mentioned above, continuing law prohibits a chartered county or municipal corporation from giving public funds to a political entity, such as a political action committee (PAC) organized to support a ballot issue. But, prior law *did* appear to allow a chartered county or municipal corporation to spend public funds on its own advertising regarding a levy or bond issue without going through a PAC. The act prohibits that activity.

Additionally, continuing law, now expanded to cover chartered entities, prohibits the governing body of a political subdivision from compensating its employees for time spent on any activity to influence the outcome of an election regarding any candidate or any levy or bond issue.

The home rule provisions of the Ohio Constitution give all municipal corporations, regardless of whether they are chartered, and all chartered counties the authority to exercise all powers of local self-government.[191] Under the Constitution, a municipal corporation or a chartered county might have the right to spend its funds for certain purposes, despite a state law to the contrary. It appears that Ohio's courts have not considered whether, for example, a city may use its home rule authority to spend public funds to promote a levy or bond issue.

## Cybersecurity program

(R.C. 9.64)

The act requires that the legislative authority of each political subdivision (a county, township, municipal corporation, or other body corporate and politic responsible for governmental activities in a geographic area smaller than that of the state) adopt a cybersecurity program that safeguards the political subdivision's data, information technology, and information technology resources to ensure availability, confidentiality, and integrity. The program must be consistent with generally accepted best practices for cybersecurity, such as the National Institute of Standards and Technology Cybersecurity Framework, and the Center for Internet Security Cybersecurity Best Practices. The program should do at least all of the following:

- Identify and address the critical functions and cybersecurity risks of the political subdivision.
- Identify the potential impacts of a cybersecurity breach.
- Specify mechanisms to detect potential threats and cybersecurity events.
- Specify procedures for the political subdivision to establish communication channels, analyze incidents, and take actions to contain cybersecurity incidents.

[191] Ohio Const., art. X, sec. 3 and art. XVIII, sec. 3.

- Establish procedures for the repair of infrastructure impacted by a cybersecurity incident, and the maintenance of security after the incident.
- Establish cybersecurity training requirements for all political subdivision employees; the frequency, duration, and detail of which must correspond to the duties of each employee. The act specifies that annual cybersecurity training provided by the state, and training provided for local governments by the Ohio Persistent Cyber Initiative Program of the Ohio Cyber Range Institute, satisfy this requirement.

Under the act, "cybersecurity incident" means any of the following:

- A substantial loss of confidentiality, integrity, or availability of a covered entity's information system or network;
- A serious impact on the safety and resiliency of a covered entity's operational systems and processes;
- A disruption of a covered entity's ability to engage in business or industrial operations, or deliver goods or services;
- Unauthorized access to an entity's information system or network, or nonpublic information contained therein, that is facilitated through or is caused by:
  - A compromise of a cloud service provider, managed service provider, or other third-party data hosting provider; or
  - A supply chain compromise.

"Cybersecurity incident" does not include mere threats of disruption as extortion; events perpetrated in good faith in response to a request by the system owner or operator; or lawfully authorized activity of a U.S., state, local, tribal, or territorial government entity.

## Ransomware incident

The act prohibits a political subdivision experiencing a ransomware incident from paying or otherwise complying with a ransom demand unless the political subdivision's legislative authority formally approves the payment or compliance with the ransom demand in a resolution or ordinance that specifically states why the payment or compliance is in the best interest of the political subdivision.

If the requirements regarding a political subdivision's response to a ransom demand were challenged, a court might examine it with respect to home rule.[192] Municipal corporations and charter counties have local self-government authority, which according to the Ohio Supreme Court includes powers of government that are local in nature, or stated differently, that relate solely to the government and administration of the internal affairs of the municipality or charter

[192] Ohio Const., art. XVIII, sec. 3 and art. X, sec. 3.

county.[193] A court might examine whether managing the response to an incident regarding data and information technology falls within this authority.

Under the act, a "ransomware incident" means a malicious cybersecurity incident in which a person or entity introduces software that gains unauthorized access to or encrypts, modifies, or otherwise renders unavailable a political subdivision's information technology systems or data and thereafter the person or entity demands a ransom to prevent the publication of the data, restore access to the data, or otherwise remediate the impact of the software.

### Notification of cybersecurity incident or ransomware incident

The act requires the legislative authority of a political subdivision, following each cybersecurity incident or ransomware incident, to notify both of the following:

- The Executive Director of the Division of Homeland Security within the Department of Public Safety, in a manner prescribed by the Executive Director, as soon as possible but not later than seven days after the political subdivision discovers the incident;
- The Auditor of State, in a manner prescribed by the Auditor, as soon as possible but not later than 30 days after the political subdivision discovers the incident.

### Public records

The act specifies that any records, documents, or reports related to the cybersecurity program and framework, and the reports of a cybersecurity incident or ransomware incident, are not public records, and are not subject to the disclosure requirements of Ohio Public Records Law.[194] A record identifying cybersecurity-related software, hardware, goods, and services, that are being considered for procurement, have been procured, or are being used by a political subdivision, including the vendor name, product name, project name, or project description, is a security record and also not subject to disclosure.[195]

## New community districts

(R.C. 349.01)

The act modifies the criteria that determine the organizational board of commissioners of certain new community districts. Under continuing law, the board of township trustees of a township serves as the organization board of commissioners of a new community district that is comprised entirely of unincorporated territory within the boundaries of a township that has a population of at least 5,000, and that is located in a county with a population of at least 200,000 and not more than 400,000. Under the act, the board of township trustees will also serve as the organizational board of commissioners if the new community district is located within the boundaries of a limited home rule township that adopted a resolution creating an incentive

[193] *Beachwood v. Bd. of Elections of Cuyahoga Cty*., 167 Ohio St. 369 (1958) and *State ex rel. Toledo v. Lynch*, 88 Ohio St. 71 (1913).

[194] See R.C. 149.43.

[195] See R.C. 149.433, not in the act.

district before January 1, 1995, and that is located in a county with a population of more than 400,000. Under the act, such a township also will qualify as a proximate community and a developer under New Community Organization Law.

## Eminent domain and recreational trails (VETOED)

(R.C. 163.01)

The Governor vetoed an item that would have excluded taking property by eminent domain for use as a trail for hiking, bicycling, horseback riding, ski touring, canoeing, or other nonmotorized forms of recreational travel from the definition of public use, with two exceptions. Those would have been for sidewalks and regional transit authority rights-of-way within 150 feet of, and parallel to, a public road.

## Battery-charged fences

(R.C. 3781.1011)

Former law included numerous safety standards concerning the installation and use of battery-charged fences on private nonresidential property. Furthermore, the law expressly authorized counties, townships, and municipal corporations to (1) impose additional regulations that do not conflict with state law, (2) require a permit or fee for the use of a battery-charged fence, and (3) prohibit battery-charged fences that do not meet state law requirements. The act eliminates the state safety standards and limits the authority of local governments to impose safety standards of their own.

Under the act, no county, township, or municipal corporation may adopt or enforce an ordinance, order, resolution, or regulation that "expressly, implicitly, or functionally" prohibits the installation, operation or use of a battery-charged fence that meets certain conditions. The act does not require battery-charged fences to comply with those conditions. It eliminates all state-level safety standards. Instead, the act establishes a safe harbor in which certain battery-charged fences are not subject to local regulation. The table below compares the safe harbor conditions established by the act to the safety standards prescribed under prior law.

| Comparison of Safety Standards to Safe Harbor | |
|---|---|
| **Safety standards (former law)** | **Safe harbor (under the act)** |
| The fence must be connected to a monitored alarm system. | Same. |
| The fence must have a battery-operated energizer that is powered by a commercial storage battery that is not more than 12 volts of direct current, and that meets the standards set forth by the | Similar, but the storage battery does not need to meet the standards set by the International Electrotechnical Commission. |

| Comparison of Safety Standards to Safe Harbor | |
|---|---|
| **Safety standards (former law)** | **Safe harbor (under the act)** |
| International Electrotechnical Commission. | |
| The fence must be completely surrounded by a nonelectric perimeter fence or wall that is at least five feet tall. | The fence must be four to twelve inches behind a nonbattery-charged perimeter fence, wall, or structure that is at least five feet in height. |
| The fence must be no taller than ten feet, or two feet higher than the height of the nonbattery-charged perimeter fence or wall, whichever is higher. | The fence must be exactly ten feet in height, or two feet higher than the perimeter fence, whichever is higher. |
| The fence must be marked with conspicuous warning signs, no more than 40 feet apart, that read "WARNING—ELECTRIC FENCE." | Similar, but requires the signs to be placed in intervals not exceeding 30 feet and to read: "WARNING – SHOCK HAZARD" or a similar warning message. |

The act retains the authority of a county, township, or municipal corporation to require a permit or fee for the installation or use of a battery-charged fence or to prohibit or impose requirements on the installation, operation, or use of a fence that does not meet the safe harbor standards described above.

## Port authority common bond fund program

(R.C. 4582.73)

The act allows a port authority, by resolution of its board of directors, to establish a common bond fund program to finance port authority facilities and enhance the credit of port authority obligations using credit enhancement facilities, cash reserves, or other money available for such purpose. Accordingly, it allows port authorities to do all of the following under the program:

1. Operate and manage the program and authorize agreements and other documents related to a program;

2. Appropriate port authority funds for the support of the program; and

3. Authorize the use of one or more credit enhancement facilities and cash reserves or other money available to finance port authority facilities as authorized in the bond proceedings associated with the obligations issued as part of the program.

Under the act, any obligations issued by a port authority and secured by a trust agreement between the port authority and a corporate trustee may, in the discretion of the port authority, be issued as part of the program. Any trust agreement used in a program, and the establishment, deposit, investment and application of special funds, and the safeguarding of money, must be governed by the bond proceedings associated with the obligations and by the law governing port authorities. Additionally, the act allows more than one obligation to be secured by a trust agreement used in a program.

All terms, provisions, and authorizations in the law governing port authorities and bond proceedings apply to obligations issued as part of a program and the associated bond proceedings, except as otherwise provided in those obligations and associated bond proceedings.

The act specifies that it must be liberally construed to effect the purpose of authorizing common bond fund programs. Additionally, the powers and authorizations so granted may be exercised jointly or separately by one or more port authorities and are in addition to and supplemental to the powers and authorizations otherwise granted to port authorities under applicable Ohio law. The provisions are not to be construed as a limitation on any port authority powers or authorizations.

It also specifies that the act's provisions provide additional optional authority for the establishment of a common bond fund program and that those provisions do not impair or affect any common bond fund program created prior to September 30, 2025. Furthermore, the act's provisions do not apply to any common bond fund program created prior to that date unless the port authority elects to apply the act's provisions to its common bond fund program by one or more resolutions of its board of directors.

## Port authority construction agreements

(R.C. 4582.61, 4582.72, and 5739.02(B)(13))

The act prohibits a port authority from entering into a construction agreement meeting certain criteria with a nonpublic entity for projects involving property located outside of the port authority's jurisdiction without approval from the board of county commissioners in which the property is located. If the property is located in more than one county, the board of county commissioners of each county in which the property is located must approve the construction agreement.

A construction agreement is covered by the act if it involves the construction or renovation of improvements to real property when the majority of the floor space will not be used by the port authority and building materials will be exempt from sales tax due to the port authority's involvement.

## Conservancy district maintenance assessments

(R.C. 6101.53 and 6101.54)

The act eliminates the $2 minimum annual maintenance assessment that a conservancy district board of directors must levy on property owners in the district to maintain and operate

various infrastructure in the district. However, it retains the maximum levy of 1% of the total appraisal of benefits on a parcel of property.

# LOW-INCOME UTILITY ASSISTANCE AND BLOCK GRANTS

## Federal block grant funds

- Transfers powers and duties to administer Community Services Block Grant funds from the Department of Development (DEV) to the Department of Job and Family Services (JFS) while leaving the powers and duties unchanged.
- Aligns continuing law requirements for the General Assembly to hold public hearings regarding the Community Services Block Grant funds with federal law requirements.
- Transfers, from DEV to JFS, the requirement to submit a waiver to the federal government for use of federal low-income home energy assistance programs (HEAP) funds from the home energy assistance block grants for weatherization purposes.

## Low-income customer assistance program administration

- Transfers from the DEV Director to the JFS Director the administration of the low-income customer assistance programs, the consumer education program, and the energy efficiency and weatherization program.
- Requires the JFS Director to begin administering the low-income customer assistance programs, beginning July 1, 2026.

## Electric Partnership Plan Fund

- Replaces the Universal Service Fund with the Electric Partnership Plan (EPP) Fund to provide funding for the low-income customer assistance and consumer education programs.
- Requires the EPP fund to consist of (1) amounts allocated to each electric distribution utility (EDU) for consumer education programs and (2) any amount necessary to fund administrative costs of the low-income customer assistance programs.

## Percentage of Income Payment Plan (PIPP) rider

- Beginning January 1, 2026, replaces the Universal Service rider with the PIPP rider on retail electric distribution rates as determined by the Public Utilities Commission (PUCO).
- Requires the PIPP rider to recover (1) the prudently incurred costs of providing the PIPP program for each EDU, (2) the EDUs' allocated shares for funding the low-income customer assistance programs administered by JFS, according to each EDU's annual distribution service revenues, and (3) any amount necessary to fund administrative costs of the low-income customer assistance programs.
- Requires each EDU's allocation to include a separately designated allocation equal to the EDU's share of the total amount for all EDUs not to exceed $15 million annually for funding the consumer education program.

- Requires each EDU, by June 30 each year, to remit to JFS the EDU's allocated share for the consumer education program and the administrative costs of the low-income customer assistance programs.
- Requires PUCO to administer the PIPP rider and perform periodic audits of each EDU's PIPP rider.
- Requires PUCO to adopt rules for the administration of the PIPP rider and to cooperate with, and provide assistance to, the JFS Director regarding low-income customer assistance program administration.
- Transfers from DEV to PUCO the requirement to establish a competitive procurement process for the supply of competitive retail electric service for PIPP program customers and to aggregate program customers for this purpose.

## DEV to JFS program transfer implementation

- Requires DEV to transfer the entirety of its responsibility of managing the following programs to JFS before July 1, 2027: (1) the low-income customer assistance programs, (2) the consumer education program, (3) the community services block grant, and (4) the EPP Fund.
- Requires any business commenced but not completed by July 1, 2027, within DEV that is planned to be transferred to be completed by JFS in the same manner and with the same effect as if completed by DEV.
- Includes various provisions to implement the transfer, such as requiring the creation of a detailed organizational plan, allowing the JFS Director and DEV Director to jointly or separately enter into staff training and development contracts, transferring employees and records, and requiring the continuation of rules relating to the transferred programs.

## Public Benefits Advisory Board

- Replaces the DEV Director with the JFS Director on the Public Benefits Advisory Board and requires the Board to advise the JFS Director.
- Limits the Board's duties to advising the JFS Director regarding the low-income customer assistance programs.
- Repeals the Board duty to give advice regarding the Universal Service Fund and Rider and the Advanced Energy Program and Advanced Energy Fund and repeals its advisory powers and duties regarding economic development and stability, energy, and pollution matters in Ohio under the program.
- Eliminates reimbursements to Board members for expenses incurred for the Advanced Energy Program.

## Expired revenue sources for Advanced Energy Fund

- Repeals the following regarding Advanced Energy Fund revenue:

- The expired temporary Advanced Energy Rider collected by EDUs and their remittance to the Advanced Energy Fund;
- The ten-year limitation on remittance requirements for the temporary Advanced Energy Rider;
- The expired quarterly remittance and timing requirements for revenues from (1) payments, repayments, and collections under the Advanced Energy Program and from program income and (2) collections by an Ohio municipal electric utility or electric cooperative participating in the Advanced Energy Fund.

- Repeals the requirements regarding the use of money collected in rates, as of October 5, 1999, for non-low-income customer energy efficiency programs.

## Repeal of obsolete reports

- Repeals requirements for reports with due dates that have passed.

## Federal block grant funds

(R.C. 4928.75, 5101.311, 5101.312, 5101.313, 5101.314, 5101.315, 5101.316, 5101.317, and 5101.318; R.C. 121.22, 122.1710, 307.985, 2915.01, 3701.033, and 5101.101 (conforming changes))

### Community Services Block Grant

The act transfers, from the Department of Development (DEV) to the Department of Job and Family Services (JFS), the powers and duties to administer Community Services Block Grant funds and programs. It leaves unchanged those transferred powers and duties, including administering all federal funds apportioned to the state via the "Community Services Block Grant Act," designating "community action agencies" to receive funds, and various other duties.

The act requires the General Assembly to conduct public hearings regarding the grant funds, as required in federal law. Prior law specified these General Assembly hearings were to be held each year on "the proposed use and distribution" of the grant funds as required under federal law.

### Weatherization services

The act transfers, from DEV to JFS, the requirement to submit a completed waiver request every fiscal year, in accordance with federal law, for the state to expend 25% of federal low-income home energy assistance program funds from the home energy assistance block grants for weatherization services allowed under federal law.

## Low-income customer assistance program administration

(R.C. 4928.51, 4928.53, 4933.55, and 4928.56; R.C. 4928.34 and 4928.43 (conforming change))

The act transfers the administration of low-income customer assistance programs from the DEV Director to the JFS Director beginning July 1, 2026. "Low-income customer assistance programs" are the percentage of income payment plan program (PIPP), the home energy

assistance program (HEAP), the home weatherization assistance program (HWAP), and the targeted energy efficiency and weatherization program.[196]

The act also transfers from DEV to JFS the authority for the Director to establish (1) a consumer education program for customers who are eligible to participate in the low-income customer assistance programs and to adopt rules for the consumer education program and (2) an energy and efficiency and weatherization program targeted to high-cost, high-volume use structures occupied by customers who are eligible to participate in the PIPP program. With the transfer, the JFS Director is responsible for the administration and coordination of these programs and the duty to provide, to the maximum extent possible, for efficient program administration and a one-stop application and eligibility determination process for consumers. However, the PIPP rider is expressly exempt from JFS administration.

The JFS Director must adopt rules to ensure the effective and efficient administration of the low-income customer assistance programs and has the authority to adopt rules for the PIPP program, including rules for customer eligibility and payment and credit policies. The JFS Director also has the rulemaking authority as is conferred on the DEV Director for the Ohio Energy Credit Program.

The act repeals the following Universal Service Fund and PIPP program provisions:

- The DEV Director's authority to adopt rules establishing procedures for disbursing funds to suppliers and administering certain funds and requirements for remittances to the Director for (1) customer payments under the PIPP program and (2) revenues from a municipal electric utility or electric cooperative that decided to participate in the PIPP program;
- The provision specifying that the DEV Director's rulemaking authority excludes the authority to prescribe service disconnection, customer billing policies, and procedures to address complaints against PIPP program suppliers, which is authority exercised by the Public Utilities Commission (PUCO) in coordination with the Director.
- The transfer from electric distribution utilities (EDUs) to the DEV Director the right to collect all customer arrearage payments for PIPP program debt;
- The initial (and completed) requirement that the DEV Director's initial PIPP program rules must incorporate eligibility criteria and payment responsibility policies established in PUCO rules in effect when the PIPP program administration was transferred to DEV effective with the enactment of S.B. 3 of the 123rd General Assembly in 1999.

## Electric Partnership Plan Fund

(R.C. 4928.51; R.C. 4928.66 and 5117.07 (conforming changes))

The act establishes in the state treasury the Electronic Partnership Plan (EPP) Fund as the depository and funding source for paying for the low-income customer assistance programs and

[196] R.C. 4928.01(A)(16).

administrative costs of these programs and the consumer education program. A portion of the revenues collected under the PIPP rider (see "**Percentage of Income Payment Plan (PIPP) Rider**") must be remitted to the JFS Director and deposited in the EPP Fund. The EPP Fund replaces the Universal Service Fund.

# Percentage of Income Payment Plan (PIPP) Rider

(R.C. 4928.52, 4928.54, 4928.543, 4928.544, and 4928.545; R.C. 4928.34 and 4928.542 (conforming changes))

Beginning January 1, 2026, the act replaces each EDU's universal service rider with the PIPP rider it establishes. PUCO must administer the PIPP rider and must perform periodic audits of each EDU's rider. PUCO must adopt rules for rider administration and must cooperate with, and provide assistance to, the JFS Director as required for the Director's administration of the low-income customer assistance program.

## Revenues collected under the PIPP rider

The PIPP rider is a rider on retail electric distribution service rates as rates are determined by PUCO under the competitive retail electric service law and must recover the following:

- The prudently incurred costs of providing the PIPP rider for each EDU;
- The total of the EDUs' allocated shares determined by PUCO as described below;
- Any additional amount necessary and sufficient to fund through the rider the administrative costs of the low-income customer assistance programs.

## PUCO determined allocation for each EDU

The act requires PUCO to allocate to each EDU a share of the funding for low-income customer assistance programs administered by JFS. Each EDU share must be allocated according to its annual distribution service revenues and must include a separately designated allocation not to exceed $15 million annually for the EDU's share of consumer education program funding.

The act applies to the PIPP rider the same requirement in place for the universal service rider that the rider must be set so that it does not shift the cost of funding low-income customer assistance programs among EDU customer classes.

## EDU remittances for deposit in the EPP Fund

Annually on June 30, each EDU must remit to JFS for deposit in the EPP Fund, the EDU's share of the following:

- The EDU's allocation for funding the consumer education program; and
- The costs for the administration of the low-income customer assistance programs.

## Customer aggregation for electric service procurement process

The act transfers from the DEV Director to PUCO the duty to aggregate PIPP Program customers for the purpose of conducting auctions for the ongoing competitive procurement process for the supply of competitive retail electric service for these customers. The process

requirements for aggregating PIPP Program customers are unchanged. Additionally, PUCO rather than the DEV Director is required to adopt rules for a fair and unbiased auction process.

The act repeals the requirements that (1) PUCO design, manage, and supervise the competitive procurement process "upon the written request by the DEV Director" and (2) that the DEV Director reimburse PUCO for its procurement process costs.

# DEV to JFS program transfer implementation

(Section 525.20)

The act requires DEV, notwithstanding any law to the contrary, to transfer the entirety of its responsibility of managing the following programs to JFS before July 1, 2027:

1. Low-income customer assistance programs;
2. Consumer education program;
3. Community services block grant; and
4. EPP Fund.

Any business commenced but not completed by July 1, 2027, within DEV that is planned to be transferred must be completed by JFS in the same manner and with the same effect as if completed by DEV.

## Organizational plan and memorandum of understanding

By July 1, 2026, the JFS and DEV Directors, or their designees, must develop a detailed organizational plan to implement the transfer of duties and functions of the above programs. The Directors must enter into a memorandum of understanding to implement the transfer of duties and functions of the programs.

## Staff training and development

The JFS and DEV Directors may jointly or separately contract with public or private entities for staff training and development to facilitate the transfer, which is exempt from the competitive selection requirements of Ohio law.[197]

## Employee transfer

All DEV employees and resources identified by the DEV Director to be associated with the transferred programs are transferred to JFS on July 1, 2027, or an earlier date identified by the Directors. The act also includes related provisions that:

- Subject to the continuing law layoff provisions, states that transferred employees retain their same positions and benefits.[198] Any changes to an employee's position or benefits that occur after the employee is transferred are subject to the State Personnel Law.

[197] R.C. 127.16.

[198] R.C. 124.321 to 124.381, not in the act.

Actions taken in connection with transferring the employees are not appealable to the State Personnel Board of Review.

- Allows the JFS Director to establish, change, and abolish positions for JFS, and to assign, classify, reclassify, transfer, reduce, promote, or demote all JFS employees not subject to the collective bargaining law.
- Grants authority for the JFS Director to assign or reassign an exempt employee to a bargaining unit classification if the Director determines that the bargaining unit classification is proper. If an employee in the E-1 pay range is to be assigned, reassigned, classified, reclassified, transferred, reduced, or demoted to a position in a lower classification, then both (1) the JFS Director, or in the case of a position transferred outside of JFS, the DEV Director, must assign the employee to the appropriate classification and place the employee in Step X and (2) the employee shall not receive any increase in compensation until the maximum rate of pay for that classification exceeds the employee's compensation.
- Specifies that the transfer of programs and duties, and the reassignment of certain functions, are not appropriate subjects for collective bargaining under the collective bargaining law.
- Permits the JFS Director, with OBM approval, to establish a retirement incentive plan for eligible employees of agencies who are Public Employees Retirement System members whose job duties will be transferred to JFS. Notwithstanding the retirement incentive plan law, such a retirement incentive plan must remain in effect until December 31, 2027.[199]

## Records transfer

All contracts, records, documents, files, equipment, assets, and other materials of the programs and staff resources transferred are to be transferred to JFS, effective July 1, 2027, or an earlier date identified by the DEV and JFS Directors,.

## Rule continuation or modification

All rules, orders, and determinations made or undertaken related to the transferred programs continue in effect as rules, orders, and determinations of JFS until modified or rescinded by JFS. If necessary to ensure the integrity of the numbering of the Administrative Code and at the request of the JFS Director, the Director of the Legislative Service Commission may renumber the rules related to the transferred programs.

## OBM budget and accounting changes

The OBM Director must make budget and accounting changes to implement the transfer of duties, functions, and programs to JFS, including administrative organization, renaming of funds, creation of new funds, transfer of state funds, and consolidation of funds. The OBM Director can, if necessary, cancel or establish encumbrances or parts of encumbrances in the

[199] R.C. 145.297, not in the act.

appropriate funds and appropriation items for the same purposes and for payment to the same vendor. The act appropriates such encumbrances. If necessary for the continued efficient administration of the programs, the OBM Director may transfer appropriations between JFS and DEV to continue levels of program services and efficiently deliver state funding to those programs, and such changes are appropriated under the act.

## Public Benefits Advisory Board

(R.C. 4928.58 and 4928.63)

The act replaces the DEV Director as a member of the Public Benefits Advisory Board with the JFS Director and requires the Board to advise the JFS Director. Under ongoing law, the purpose of the 21-member Board is to ensure that energy services are provided to Ohio's low-income consumers in an affordable manner consistent with the state retail electric service policies, including among others, the policy to ensure the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory, and reasonably priced retail electric service.[200]

Under the act, the Board must advise the JFS Director instead of the DEV Director regarding the low-income customer assistance programs. It repeals the Board's duty to give the advice regarding the Universal Service Fund and the appropriate level of the Universal Service Rider, both of which the act repeals.

The Board's advisory powers and duties regarding the Advanced Energy Fund and the Advanced Energy Program are repealed. Under ongoing law, the DEV Director retains the power and duty to assist with economic development and stability, energy, and pollution matters in Ohio under the program. The act also eliminates reimbursements to Board members for expenses incurred for the Advanced Energy Program.

## Expired revenue sources for Advanced Energy Fund

(R.C. 4928.61; R.C. 4928.34 and 4928.62 (conforming changes))

The act repeals the following regarding Advanced Energy Fund revenue:

- The expired temporary Advanced Energy Rider collected by EDUs and their remittance to the Advanced Energy Fund;
- The ten-year limitation on remittance requirements for the temporary Advanced Energy Rider;
- The expired quarterly remittance and timing requirements for revenues from (1) payments, repayments, and collections under the Advanced Energy Program and from Program income and (2) collections by an Ohio municipal electric utility or electric cooperative participating in the Advanced Energy Fund.
- The requirements regarding the use of money collected in rates, as of October 5, 1999, for non-low-income customer energy efficiency programs.

[200] R.C. 4928.02, not in the act.

# Repeal of obsolete reports and requirements

(R.C. 4928.06, 4928.57, 4928.581, 4928.582, and 4928.583)

The act repeals requirements for reports (described below) with due dates that have passed.

## Report on effectiveness of competition in electric supply

The act repeals the biennial reports regarding the effectiveness of competition in the supply or competitive retail electric service in Ohio that PUCO and the Office of the Consumers' Counsel (OCC) were required to provide to the standing committees of the General Assembly with primary jurisdiction regarding public utility legislation until 2008.

Also repealed is the requirement that the standing committees with primary jurisdiction regarding public utility legislation meet at least biennially to consider the effect of electric service restructuring on Ohio and to receive reports from PUCO, OCC, and the DEV Director until the end of all market development periods under the competitive retail electric service law. The market development periods have ended.

## Low-income customer assistance/advanced energy program report

The DEV Director was required to provide a report on the effectiveness of the low-income customer assistance programs and the consumer education program and the advanced energy program every two years until 2008 to the standing committees of the General Assembly that deal with public utility matters. This reporting requirement is repealed.

## Report on revenue for low-income customer assistance programs

The act repeals the obsolete requirement for a Public Benefits Advisory Board annual report that included, for each EDU, the annual amount of revenue collected from customers to support the Universal Service Fund and the low-income customer assistance programs, as well as forecast of those amounts that were to be collected in 2016, 2017, and 2018. The Board was required to submit them from 2015 to 2018 to the Governor, Senate President, Speaker of the House, and others.

# PUBLIC RECORD AND OPEN MEETING PROVISIONS

## Automated license plate recognition systems

- Exempts images and data captured by an automated license plate recognition system that are maintained in a law enforcement database from the Public Records Law.

## Specific investigatory work product

- Modifies the definition of specific investigatory work product that is protected from public records request disclosure.
- Specifies the duration for which specific investigatory work product records are exempt from disclosure under the Public Records Law.

## Attorney work product records

- Creates an exemption under the Public Records Law for attorney work product records.

## Trial preparation records

- Clarifies the duration for which trial preparation records are exempt from disclosure under the Public Records Law.
- Specifies that a trial preparation record is any record that is not a confidential law enforcement investigatory record or attorney work product record.

## Personal notes and assistive devices or applications

- Exempts from the definition of "record" the personal notes or any document device or item, regardless of physical form or whether an assistive device or application was used, of a public official or, the public official's attorney, employee, or agent.

## Elected officials' public calendars

- Exempts entries for future dates on an elected official's public calendar from disclosure as a public record.

## Legislative documents

- Creates a limited exemption from the Public Records Law for documents prepared by General Assembly members or General Assembly staff for other General Assembly members or staff.
- Exempts those documents from disclosure until the General Assembly in which they were created adjourns *sine die,* unless the documents would be privileged under the "speech or debate" clause of the Ohio Constitution.

## Video public records

- Authorizes a prosecuting attorney's office to assess certain charges for preparing a video public record.

- Prohibits a state or local law enforcement agency or a prosecuting attorney's office from charging a victim a fee for a video public record.

## ABLE account records

- Exempts from Public Records Law any record of the Treasurer of State indicating ABLE account beneficiaries, balances, and activity on ABLE accounts.

## Procurement law and public records

- Clarifies that all documents related to a competitive selection (including competitive sealed bidding, competitive sealed proposals, reverse auctions, and electronic procurement) are not public records until after the contract has been awarded.
- Eliminates law that specifies such documents are public records after a competitive selection is canceled.

The act includes a number of new or revised exceptions to the Public Records Law. Although some are discussed in context of larger provisions earlier in the analysis, several are addressed in this chapter together.

## Automated license plate recognition systems

(R.C. 149.43)

The act exempts from the Public Records Law images and data captured by an automated license plate recognition systems (ALPRS) that are maintained in a law enforcement database. ALPRS are typically used by law enforcement agencies to capture an image of a vehicle's license plate as the vehicle passes by. The license plate image is then translated into letters and numbers using specialized software. The software assists law enforcement in identifying stolen vehicles or persons of interest.

## Specific investigatory work product

(R.C. 149.43)

The act defines "specific investigatory work product" as that term pertains to the Public Records Law to mean information assembled by law enforcement officials in connection with a probable or pending criminal or civil proceeding. The definition specifically excludes routine incident reports. Additionally, the act specifies that these records are exempt during the following time frame:

- Until after the conclusion of all direct appeals;
- If no appeal is filed, before the expiration of the time during which an appeal may be filed;
- If no trial has occurred, until the civil or criminal action or proceeding has ended without the possibility of direct appeal or each agency, office, or official responsible for the matter has made a decision not to proceed with the matter.

Under continuing law, "confidential law enforcement investigatory records" are not considered public records. A record is a "confidential law enforcement investigatory record" if it pertains to a law enforcement matter of a criminal, quasi-criminal, civil, or administrative nature, but only to the extent that the release of the record would create a high probability of disclosure of certain types of information, including "specific investigatory work product."

## Attorney work product record

(R.C. 149.43)

The act creates an exemption under the Public Records Law for attorney work product record. Attorney work product record is defined as "a record created by or for an attorney or agent of an attorney in reasonable anticipation of or for litigation, trial, or administrative proceedings, when acting in an official capacity on behalf of the state, a political subdivision of the state, a state agency, a public official, or a public employee that documents the independent thought processes, mental impressions, legal theories, strategies, analysis, or reasoning of an attorney or agent of the attorney." Additionally, the act specifies that "attorney work product record" does not include "specific investigatory work product" or "trial preparation records."

## Trial preparation records

(R.C. 149.43)

Continuing law exempts trial preparation records under the Public Records Law. The act clarifies that these records are exempt during the following time frame:

- Until after the conclusion of all direct appeals;
- If no appeal is filed, before the expiration of the time during which an appeal may be filed;
- If no trial has occurred, until the civil or criminal action or proceeding has ended without the possibility of direct appeal or each agency, office, or official responsible for the matter has made a decision not to proceed with the matter.

Additionally, the act specifies that the exemption is any record that is not a confidential law enforcement investigatory record or attorney work product record created by or for another party or for that other party's representative, in reasonable anticipation of, or in defense of, a civil or criminal action or proceeding, and that contains *factual* information that is specifically compiled for that proceeding. Former law included in the definition "the independent thought processes and personal trial preparation of an attorney."

## Personal notes and assistive devices or applications

(R.C. 149.011)

The act specifies, with respect to Public Records Law, that "records" does not include personal notes or any document, device, or item, regardless of physical form or whether an assistive device or application was used, of a public official, or of the official's attorney, employee, or agent, that is used, maintained, and accessed solely by the individual who creates it or causes its creation, thereby exempting such material from inspection and copying under the law.

## Elected officials' public calendars

(R.C. 149.43(A)(1)(aaa), (A)(19), and (A)(20))

The act exempts entries for future dates on an elected official's public calendar from disclosure as a public record. In other words, entries for events from the current or a past date are considered public, but not entries for events that have yet to occur.

For this purpose, an "elected official" is a person who is elected or appointed to an elective office of the state or a political subdivision. "Public calendar" means a calendar or appointment book maintained by an elected official to schedule the person's activities in relation to the person's position as an elected official. The term does not include a personal calendar or appointment book maintained solely for the official's personal convenience that does not serve to document the person's official activities or functions or the official activities or functions of the person's public office.

## Legislative documents

(R.C. 101.30)

The act creates a limited exemption from the Public Records Law for documents prepared by General Assembly members or General Assembly staff for other General Assembly members or staff. "General Assembly staff" means an officer or employee of the House or Senate who acts on behalf of a legislator, on behalf of a committee, or on behalf of the House or Senate. Specifically, the act applies to the following types of documents:

- A working paper, work product, correspondence, preliminary draft, note, proposed bill or resolution, proposed amendment to a bill or resolution, analysis, opinion, memorandum, or other document in whatever form or format prepared by a member of the General Assembly or General Assembly staff for a General Assembly member or staff member;
- Any document or material in whatever form or format provided by a member of the General Assembly or General Assembly staff to a General Assembly member or staff member that requests, or that provides information or materials to assist in, the preparation of any of the items described above.

For instance, these documents would appear to include a memorandum drafted by a legislative aide for a legislator or an email exchange between legislators.

Under the act, such a document is exempt from disclosure during the General Assembly in which the document was created. After that General Assembly adjourns *sine die* (typically in December of an even-numbered year), the document is considered a public record, unless it would be privileged under Article II, Section 12 of the Ohio Constitution. The act also specifies that the Public Records Law and the section of law governing confidential legislative documents do not diminish, extinguish, or otherwise limit or restrict the privileges set forth in, or that emanate from, Article II, Section 12.

That section of the Constitution specifies that ". . . for any speech, or debate, in either house, [legislators] shall not be questioned elsewhere." Among other protections, this provision conveys an evidentiary privilege that prevents statements, discussions, and debate made in the

course of the legislative process from being used as evidence in court. However, the privilege does not necessarily cover all types of documents related to the legislative process. In the few instances in which the issue has come before Ohio's courts, the courts determined on a case-by-case basis whether particular communications were privileged.[201]

The act does not affect the confidentiality of documents LSC prepares for members of the General Assembly or their staff, or of documents legislators and their staff provide to LSC for that purpose. Under continuing law, those documents are exempt from the Public Records Law indefinitely, unless a legislator chooses to make them public or unless a narrow exception applies with respect to a former legislator or staff member who has died or is otherwise unavailable.

## Video public records

(R.C. 149.43(B))

The act authorizes a prosecuting attorney's office to assess certain charges for preparing a video public record. Under continuing law, actual costs associated with preparing a video record for inspection or production may be charged, not to exceed $75 per hour of video produced, nor $750 total. Under former law, such fees only could be assessed by a state or local law enforcement agency.

The act prohibits a state or local law enforcement agency or a prosecuting attorney's office from charging a fee for preparing a video record for inspection, or producing a copy of a video record, when the requester of the video record is a victim, who has provided an affidavit, and who reasonably asserts that the video recording relates to the act or omission that caused the harm or loss, or who is a victim who suffered loss and could seek remedy through a tort action, or who is the legal counsel or insurer of the victim. Victim means a person against whom the criminal offense or delinquent act is committed or who is directly and proximately harmed by the commission of the offense or act. Victim does not include the accused or a person whom the court finds would not act in the best interests of a deceased, incompetent, minor, or incapacitated victim (Section 10a, Article I, Ohio Constitution). Under the act, the state or local law enforcement agency or prosecuting attorney's office may only waive the fee upon the receipt of an affidavit by the victim or the victim's legal counsel identifying that the use of the video is to investigate harm or damages that may have been captured on the video. For this purpose, the act defines "legal counsel of the victim" as an attorney who, at the time of making the request, produces to the state or local law enforcement agency or a prosecuting attorney's office a signed retention agreement or letter of representation that establishes that the attorney is representing the victim.

[201] See *Dublin v. State of Ohio*, 138 Ohio App.3d 753 (10th Dist. Ct. App. 2000); *Plain Local School District Board of Education v. DeWine,* 464 F.Supp.3d 915 (S.D. Ohio 2020); and *Columbus City School District v. State of Ohio,* Case No. 22-CV-67 (C.P. Franklin Co. December 21, 2023).

## ABLE account records not public records

(R.C. 113.51)

The act exempts any record of the Treasurer of State indicating the account beneficiaries and the balances and activity in ABLE accounts from the Public Records Law, meaning that these records are not available to the public, by request or otherwise.

Achieving a Better Life Experience ("ABLE") accounts are tax exempt accounts created by the IRS, and established by the state, for people with disabilities to pay the costs of qualified disability expenses.

## Procurement law and public records

(R.C. 9.28, 125.071, and 125.11)

The act clarifies that all documents related to a competitive selection (including competitive sealed bidding, competitive sealed proposals, reverse auctions, and electronic procurement) are not public records until after the contract has been awarded.

The act eliminates law that specifies such documents are public records after a competitive selection is canceled. Therefore, under the act, if a solicitation is canceled before the award of a contract, the related documents do not become public records.

# MISCELLANEOUS

## Public official compensation

- Increases and extends pay raises for justices and judges, county officials, township officials, and members of county boards of elections, from 1.75% per year through 2028 under current law to 5% per year through 2029.

## State security employees

- Permits the General Assembly and Executive Department officers to establish, implement, and fund through public resources, security provisions for the protection of the General Assembly members and Executive Department officers.
- Permits each house of the General Assembly, in addition to the Sergeant-at-arms and any assistant Sergeants-at-arms, to appoint, employ, contract with, and fix the compensation of law enforcement officers or other persons to provide or coordinate security for the General Assembly members.
- Permits each Executive Department officer to appoint, employ, contract with, and fix the compensation of law enforcement officers or other persons to provide or coordinate security for the officer.
- Specifies that those law enforcement officers appointed have the same arrest powers as other peace officers and law enforcement officers to apprehend offenders.
- States that the jurisdiction of the security is concurrent with peace officers and law enforcement officers of the relevant county, township, or municipal corporation and with the State Highway Patrol.
- Specifies that the Supreme Court has the authority to adopt rules to establish, implement, and fund through public resources, security provisions for the protection of justices, judges, and the judiciary.

## Agency notices

- Requires state agencies to inform the Speaker of the House and the Senate President about federal funding reduction notices.
- Requires state agencies to inform the Speaker of the House and the Senate President about federal noncompliance notices.

## Occupational licensing board composition

- Requires the standing committees that review occupational licensing boards under continuing law to consider whether the number of board members is appropriate based on the board's workload and the number of occupational licenses issued by the board.
- Requires the standing committees to attempt to ensure that each board it reviews consists of not fewer than five members and not more than nine members.

## Terms of public library boards of trustees

- Reduces from seven to four years the terms of office of board of trustee members of a school district free public library, county library district, or regional library district appointed after September 30, 2025 (the act's effective date).

## Materials in a public library (VETOED)

- Would have required a public library to place material related to sexual orientation or gender identity or expression in a portion of the library that is not primarily open to the view of a person under 18 years old (VETOED).

## Sex recognition

- Establishes state policy recognizing only two sexes, male and female, which are not changeable and are grounded in fundamental and incontrovertible reality.

## Menstrual products in public buildings

- Prohibits a government entity from placing menstrual products in the men's restroom of a public building.

## Unlawfully extracting or exploiting minerals of another

- Establishes mechanisms for the determination of damages that result from a person trespassing on the land of another and unlawfully extracting or exploiting minerals.

## Public employee leave to serve as election official

- Corrects erroneous cross references in statute governing paid leave for state and local public employees who volunteer as precinct election officials.

## Public official compensation

(R.C. 141.04, 325.18, 505.24, 507.09, and 3501.12; Section 701.70)

The act increases the salaries of the following public officials:

- Justices and judges, including: Supreme Court, courts of appeals, courts of common pleas, municipal courts, and county courts;
- County elected officials, including: commissioners, prosecutor (with and without private practice), sheriff, clerk of court of common pleas, recorder, coroner (with and without private practice), engineer (with and without private practice), treasurer, and auditor;
- Township elected officials, including: trustees and fiscal officer; and
- County board of elections members.

Under prior law, the above received 1.75% annual increases through 2028. The act instead gives the officials annual 5% raises through 2029. The Ohio Constitution generally prohibits in-term changes in compensation for elected officers, except members of boards of

elections may receive in-term changes and judges may receive in-term *increases* only (but not decreases).[202] Therefore, the changes the act implements take effect for an officer only once the officer begins a new term.

## State security employees

(R.C. 9.691)

### General Assembly and Executive Department officer security

The act permits the General Assembly and Executive Department officers to establish, implement, and fund through public resources, security provisions for the protection of General Assembly members and Executive Department officers. Under the Ohio Constitution, the Executive Department officers are: Governor, Lieutenant Governor, Secretary of State, Auditor of State, Treasurer of State, and Attorney General.[203]

The authority to determine and administer appropriate security provisions for the General Assembly is vested in the presiding officer of each house. The act permits each house, in addition to the Sergeant-at-arms and any assistant Sergeant-at-arms, to appoint, employ, contract with, and fix the compensation of law enforcement officers or other persons to provide or coordinate security for the General Assembly members.

The authority to determine and administer appropriate security provisions for Executive Department officers is vested in each respective officer. The act permits each Executive Department officer to appoint, employ, contract with, and fix the compensation of law enforcement officers or other persons to provide or coordinate security for the Executive Department officers.

The act specifies that a law enforcement officer has the same arrest powers as other peace officers and law enforcement officers to apprehend offenders against the criminal laws who endanger or threaten security of any person being protected, no matter where the offense occurs. The jurisdiction of the security is concurrent with peace officers and law enforcement officers of the relevant county, township, or municipal corporation and with the State Highway Patrol. Continuing law requires the State Highway Patrol to provide security for the Governor, other state government officials as directed by the Governor, for the Vern Riffe Center and the James A. Rhodes state office tower, and other state property.[204]

### Supreme Court security

The act recognizes that the Supreme Court has the authority under the Ohio Constitution to adopt rules to establish, implement, and fund through public resources, security provisions for justices, judges, and the judiciary.

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[202] Ohio Const., art. II, sec. 20 (all officers not otherwise provided for in the Constitution) and art. IV, sec. 6 (judges). See 1997 Ohio Attorney General Opinion 1997-027 regarding members of boards of elections.

[203] See, Ohio Const., art. III, sec. 1.

[204] R.C. 5503.02.

## Agency notices

(R.C. 121.16)

The act requires state agencies to inform the Speaker of the House and the Senate President about the following:

- A notice the state agency received from the federal government that a state program is or may be out of compliance with federal requirements.
- A notice the state agency received from the federal government about a reduction or other modification to federal funding a state agency receives.

The agency must submit a copy of the notice not later than ten days after receiving it.

## Occupational licensing board composition

(R.C. 101.63 and 101.65)

Beginning with reviews commencing on or after January 1, 2027, the act requires the standing committees that review occupational licensing boards under continuing law to consider whether the number of board members is appropriate based on the board's workload and the number of occupational licenses issued by the board. The standing committees must attempt to ensure that each board it reviews consists of not fewer than five members and not more than nine members.

## Terms of public library boards of trustees

(R.C. 3375.15, 3375.22, and 3375.30)

The act reduces from seven to four years the terms of office of board of trustee members of a school district free public library, county library district, or regional library district appointed after September 30, 2025 (the act's effective date).

Continuing law staggers the terms of the first appointment of members by appointing authority. The act changes those terms for first appointments after its effective date as follows:

1. The terms of the three trustees appointed by court of common pleas judges to expire in two, three, and four years respectively, instead of two, four, and six years; and

2. The terms of the four trustees appointed by the board of county commissioners to expire in one, two, three, and four years respectively, instead of one, three, five, and seven years.

## Materials in a public library (VETOED)

(R.C. 3375.47)

The Governor vetoed a provision that would have required a public library to place material related to sexual orientation or gender identity or expression in a portion of the library that is not primarily open to the view of a person under 18 years old.

## Sex recognition

(R.C. 9.05)

The act establishes that state policy recognizes two sexes, male and female, which are not changeable and are grounded in fundamental and incontrovertible reality. The act also establishes the following definitions for terms used in the Revised Code which, except for the definition of "sex," are the same as definitions used in a recent Executive Order issued by President Trump:[205]

- "Sex" means the biological indication of male and female, including sex chromosomes, naturally occurring sex hormones, gonads, and nonambiguous internal and external genitalia present at birth, without regard to an individual's psychological, chosen, or subjective experience of gender.[206]
- "Gender identity" means an individual's internal and subjective sense of self, disconnected from biological reality and sex and existing on an infinite continuum, that does not provide a meaningful basis for identification and cannot be recognized as a replacement for sex.
- "Female" means a person belonging, at conception, to the sex that produces the large reproductive cell.
- "Woman" means an adult human female.
- "Girl" means a juvenile human female.
- "Male" means an individual belonging, at conception, to the sex that produces the small reproductive cell.
- "Man" means an adult human male.
- "Boy" means a juvenile human male.

## Menstrual products in public buildings

(R.C. 9.561)

The act prohibits a government entity from placing menstrual products in the men's restroom of any building owned or occupied by a government entity. The act does not include a penalty for violating this prohibition. For purposes of the prohibition, a "government entity" means a state agency, public institution, political subdivision, or any other organized body, office, agency, institution, or entity established by the laws of this state for the exercise of any function of government.

[205] Presidential Executive Order 14168, "Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government," (January 20, 2025).

[206] This definition of sex is the same as in R.C. 3129.01, not in the act.

Because the act applies to municipalities and charter counties and prohibits them from taking an action on their property, a question might arise regarding the Home Rule Amendment to the Ohio Constitution. The Ohio Constitution grants municipalities and charter counties home rule authority, which includes the power of local self-government and the exercise of certain police powers.[207] There does not appear to be any case law regarding a situation like the act's prohibition.

## Unlawfully extracting or exploiting minerals of another

(R.C. 5303.34)

The act establishes mechanisms for the determination of damages that result from a person trespassing on the land of another and unlawfully extracting or exploiting minerals as follows:

| Damages for unlawfully extracting or exploiting minerals of another | | |
|---|---|---|
| **Type of extraction** | **Damages when extracted or exploited absent bad faith** | **Damages when extracted or exploited in bad faith** |
| Minerals, such as coal, stone, or ore, that are extracted by underground or surface mining methods | The revenue received from the sale of the minerals measured at the mouth of the mine, less the cost of extraction, less any sums previously paid | No reduction for the cost of extraction is allowed, and the damaged party is entitled to the full revenue received from the sale of the minerals measured at the mouth of the mine less any sums previously paid |
| Minerals, such as hydrocarbons, in liquid or gaseous states that are extracted by drilling | The revenue received from the sale of such minerals measured at the wellhead, less the cost of extraction, less any sums previously paid | No reduction for the cost of extraction is allowed, and the damaged party is entitled to the full revenue received from the sale of the minerals measured at the wellhead less any sums previously paid |

The act specifies that a person acts in bad faith when the person commits a trespass with either of the following:

1. Actual knowledge that the entry onto, and the extraction of minerals from, the property was unlawful; or

2. Willful or wanton disregard for the lawful property or mineral rights of another person and with the intent of depriving the lawful owner of the owner's minerals.

[207] Ohio Const., art. X, sec. 3 and art. XVIII, sec. 3.

A court cannot presume bad faith and bad faith does not include an entry onto property based on a reasonable belief that such entry, or the extraction occurring after such entry, was lawful.

The act also specifies that a damaged party is prohibited from receiving punitive damages.

# NOTES

## Effective dates

(Sections 820.10 to 820.130)

Article II, Section 1d of the Ohio Constitution states that "appropriations for the current expenses of state government and state institutions" and "[l]aws providing for tax levies" go into immediate effect and are not subject to the referendum. The act includes a default provision stating that, except as otherwise specifically provided, the amendment, enactment, or repeal of a section is subject to the referendum and takes effect on the 91st day after the act is filed with the Secretary of State (barring the filing of a referendum petition). The 91st day is September 30, 2025. It also includes exceptions to the default, some of which provide that specified provisions are not subject to the referendum and go into immediate effect on June 30, 2025.

## Expiration

(Section 810.10)

The act includes an expiration clause stating that an item that composes the whole or part of an uncodified section contained in the act (other than an amending, enacting, or repealing clause) has no effect after June 30, 2027, unless its context clearly indicates otherwise.

# HISTORY

| Action | Date |
|---|---|
| Introduced | 02-11-25 |
| Reported, H. Finance | 04-08-25 |
| Passed House (60-39) | 04-09-25 |
| Reported, S. Finance | 06-10-25 |
| Passed Senate (23-10) | 06-11-25 |
| House refused to concur in Senate amendments (1-85) | 06-11-25 |
| Senate requested conference committee | 06-12-25 |
| House acceded to request for conference committee | 06-12-25 |
| House agreed to conference committee report (59-38) | 06-25-25 |
| Senate agreed to conference committee report (23-10) | 06-25-25 |
| House voted to override veto item #66 (61-28) | 07-21-25 |

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