

STATE OF OHIO

Executive Department

OFFICE OF THE GOVERNOR

Columbus

VETO MESSAGE

STATEMENT OF THE REASONS FOR THE VETO OF ITEMS IN AMENDED SUBSTITUTE HOUSE BILL 64

JUNE 30, 2015

Pursuant to Article II, Section 16 of the Ohio Constitution, which states that the Governor may disapprove any items in a bill making an appropriation of money, I hereby disapprove the following items contained in Amended Substitute House Bill 64 and set forth below the reasons for so doing. The text I am disapproving is identified in this message by reference to the corresponding page and boxed text of the bill.

ITEM NUMBER 1

On page 2750, delete the boxed text.

Requirements to Ohio's Task Force on Affordability and Efficiency in Higher Education

Ohio created a new Task Force on Affordability and Efficiency in Higher Education to examine ways that Ohio's public colleges and universities can reduce costs. This provision requires the Ohio General Assembly to approve any recommendation it makes. The boards of trustees at Ohio's public colleges and universities currently have the authority to implement many of the recommendations; therefore, this item is unnecessary. Additionally, this requirement would delay implementation of recommendations and the related cost savings benefits to students and their families. Therefore, this veto is in the public interest.

ITEM NUMBER 2

On page 8, delete the following boxed text “3365.14”.
On page 15, delete the following boxed text “3365.14”.
On page 1293, delete the boxed text.

Associate Degree Pathway Under College Credit Plus

This item requires public and private colleges to offer associate degree pathways under Ohio’s College Credit Plus program and would, therefore, prohibit two public universities and many private colleges from participating in the college credit plus program and limit cost-saving opportunities for students and their families. Therefore, this veto is in the public interest.

ITEM NUMBER 3

On page 1287, delete the boxed text.

Exempting Nonpublic Schools from Providing College Credit Plus

Currently all students can earn college credit while in high school through Ohio’s College Credit Plus program, but this provision would deny some students that chance by allowing nonpublic secondary schools to opt out of the program. Since the program gets students started down the pathway to college and careers and provides cost savings to students and their families, it should be available to all Ohio students. Therefore, this veto is in the public interest.

ITEM NUMBER 4

On page 2743, delete the boxed text.
On page 2744, delete the boxed text.

Earmark to Largest Chambers of Commerce

This item earmarks funds to the largest chambers of commerce in each JobsOhio region as part of the creation of the Defense/Aerospace Workforce Development Initiative, which is funded through casino operator license fees. The Administration strongly supports the aviation, aerospace, and defense industries, but believes these funds would be better applied to statewide workforce development strategies. In the last two years, Ohio has developed a unified statewide workforce development plan with input from business, community, and elected leaders; and this item could go against that work by prioritizing certain efforts ahead of others contrary to the statewide plan. Additionally, the definition of the “largest chamber of commerce in each JobsOhio region” is subjective and open to interpretation. Therefore, this veto is in the public interest.

ITEM NUMBER 5

On page 10, delete the boxed text beginning with “Section 13 of Sub. H.B. 477 of the 130th . . .”.
On page 2828, delete the boxed text.

Repeal Land Conveyance Authorization of Ohio White Sulfur Springs Property

The State of Ohio has closed on the sale of this property to the City of Columbus as authorized in Section 13 of Sub. H.B. 477 of the 130th General Assembly, which became effective on July 16, 2014. Therefore, this veto is in the public interest.

ITEM NUMBER 6

On page 5, delete the following boxed text “5123.032”.
On page 14, delete the following boxed text “5123.032”.
On page 1900, delete the boxed text.
On page 1901, delete the boxed text.
On page 1902, delete the boxed text.
On page 1903, delete the boxed text.
On page 1904, delete the boxed text.
On page 2432, delete the boxed text “5123.032”.
On page 2869, delete the boxed text beginning with “Section 803.360...”.

Developmental Disability Center Closing Process

Under current law, the Ohio Department of Developmental Disabilities is charged with managing the state’s 10 developmental centers. The Administration has a deep commitment to making sure individuals with developmental disabilities are in the least restrictive environment possible and has, therefore, continued Ohio’s decade-long practice of providing opportunities for individuals with disabilities to, when appropriate, transition from institutional settings to home and community based settings if they choose. Such settings are widely considered by experts in the field to be more advantageous to individuals’ well-being. As a result, over the last decade, Ohio has seen a significant decline in the number of residents in state-run developmental centers. This item creates a new 13-member commission to oversee proposed closures and consolidations of developmental centers which would potentially erect barriers to the right-sizing of the system and insert political or other considerations into a process which should be exclusively focused on the needs of Ohioans with developmental disabilities. Therefore, this veto is in the public interest.

ITEM NUMBER 7

On page 8, delete the following boxed text “5166.24”.
On page 15, delete the following boxed text “5166.24”.
On page 2010, delete the boxed text beginning with “Sec. 5166.24...”.
On page 2531, delete the boxed text.

Medicaid Services Provided by Sheltered Workshops

This item would prohibit sheltered workshops from decreasing the number of individuals they serve and would fix the payment rate for adult day services provided by sheltered workshops at not less than what is currently paid. These changes limit the ability of the Department of Developmental Disabilities to manage adult day services in conformity with the requirements of the Medicaid program and undermine the department's ability to increase community employment for individuals with developmental disabilities who are able and want to work in the community. Additionally, these changes may require public and private providers to offer services that do not reflect the choices of those they serve. Therefore, this veto is in the public interest.

ITEM NUMBER 8

- On page 2496, delete the boxed text.
- On page 2501, delete the boxed text.
- On page 2502, delete the boxed text.
- On page 2864, delete the boxed text.
- On page 2865, delete the boxed text.
- On page 2866, delete the boxed text.

Montgomery County Study Committee

This item authorizes \$700,000 in expenditures to create a study committee regarding workforce trends in the Montgomery County region. This item duplicates work that is currently underway by the Governor's Office of Workforce Transformation, the local Workforce Investment Boards, and local OhioMeansJobs centers, including: identifying in-demand jobs, establishing workforce sector networks, and developing pathways for educational and experiential purposes. In addition, this language authorizes the committee to hire staff and implement policies that may be out of step with other statewide efforts. The Governor's Office of Workforce Transformation will continue to work with stakeholders in the Montgomery County region to ensure they are included in statewide efforts to create an efficient and effective system for solving workforce challenges. Therefore, this veto is in the public interest.

ITEM NUMBER 9

- On page 7, delete the following boxed text "1509.232".
- On page 15, delete the following boxed text "1509.232".
- On page 620, delete the boxed text.
- On page 621, delete the boxed text.

Notification of Oil and Gas Emergencies

This item would potentially limit essential notifications of certain releases of various substances in the event of an emergency incident involving Ohio's oil and gas industry. Furthermore, several provisions in this item are ambiguous and could result in unnecessary disputes regarding

compliance. Given the importance of protecting public health, the Administration will instead seek to address the concern for wider notification of emergencies by pursuing changes regarding the notification of oil and gas emergencies through executive order. Therefore, this veto is in the public interest.

ITEM NUMBER 10

On page 2486, delete the boxed text.

On page 2615, delete the boxed text.

On page 2616, delete the boxed text.

Health Price Transparency

Per the request from the sponsor of these amendments, this veto is in the public interest as this provision relating to health services providers and hospital cost estimates is contained within the separate Bureau of Workers Compensation budget bill, Am. Sub. H. B. No. 52.

ITEM NUMBER 11

On page 8, delete the following boxed text “3701.139”.

On page 15, delete the following boxed text “3701.139”.

On page 1311, delete the boxed text.

On page 1312, delete the boxed text.

On page 1313, delete the boxed text.

On page 1314, delete the boxed text beginning with “governor and, in accordance...”.

On page 2285, delete the boxed text.

On page 2609, delete the boxed text.

On page 2612, delete the boxed text.

On page 2613, delete the boxed text.

On page 2782, delete the boxed text.

On page 2869, delete the boxed text beginning with “Section 803.370...”.

On page 2870, delete the boxed text beginning with “section 5747.01...”.

Hope for a Smile Earmark and Tax Deduction

This item’s goal of expanding access to dental services is laudable, but allowing Ohioans in certain professions to receive a tax exemption for donations of their time creates a preferential and unfair tax benefit that would be unworkable to calculate and manage. The Administration strongly agrees with the goal of expanding access to dental services to underserved areas and populations, but believes the ongoing costs of operating this program without a sustainable funding source will make it difficult to be effective. The Administration believes this goal can be better achieved by working through Ohio’s network of Medicaid managed care organizations. Therefore, this veto is in the public interest.

ITEM NUMBER 12

On page 2611, delete the boxed text.

Emergency Preparation and Response –Earmark

This item includes earmarks totaling \$500,000 in Fiscal Year 2016 and \$500,000 in Fiscal Year 2017 for local public health emergency response and training with funding decisions made through an advisory board. The Administration strongly supports emergency response preparedness and training, but these efforts should be coordinated by the Ohio Department of Health on a regional basis to ensure consistency and flexibility to immediately distribute resources when and where needed most. The best way for the state to respond to an emergency is to surge resources to an impacted area to support local partners' efforts. Further, delegating funding decisions to an advisory board with limited experience and no ongoing involvement with emergency response and preparedness issues is potentially problematic. Therefore, this veto is in the public interest.

ITEM NUMBER 13

On page 2765, delete the boxed text beginning with "Highway Operating Fund...".

On page 2765, delete the boxed text beginning with "Section 399.20...".

Earmark for Noise Wall in Beachwood

Earmarks in highway funding dollars are not appropriate and unduly limit the flexibility of the Ohio Department of Transportation to prioritize key projects on state highways and roads that directly impact the safety and quality of life of Ohioans. Furthermore, the Administration has already committed to completing this project. Therefore, this veto is in the public interest.

ITEM NUMBER 14

On page 2858, delete the boxed text beginning with "Section 757.60...".

Development of Draft Legislation on Aviation Fuel Tax

This item mandates the Ohio Department of Transportation (ODOT) to work with the aviation industry and other interested parties to prepare draft tax legislation that would require all revenue from the sales and use tax on sales of aviation fuel to be used exclusively for capital improvements, maintaining infrastructure and ensuring public safety at airports. ODOT is not an appropriate agency to draft tax law. This responsibility is most appropriately handled by the General Assembly and/or other agencies. Therefore, this veto is in the public interest.

ITEM NUMBER 15

On page 2849, delete the boxed text beginning with “Section 745.20...”.

Relocation of Traffic Signal in Clinton County

This provision requires the Ohio Department of Transportation to relocate a traffic light in Clinton County. The department is studying this and will work with the appropriate stakeholders to complete this project. Therefore, this veto is in the public interest.

ITEM NUMBER 16

On page 8, delete the following boxed text “3317.26”.

On page 15, delete the following boxed text “3317.26”.

On page 1126, delete the boxed text.

On page 1127, delete the boxed text.

On page 2558, delete the boxed text.

On page 2560, delete the boxed text.

On page 2576, delete the following boxed text “(b) The additional funds paid to the school district in fiscal year 2016 under section 3317.26 of the Revised Code; and”, and “(b) The additional funds paid to the school district in fiscal year 2017 under section 3317.26 of the Revised Code; and”.

Wealthy School District Funding Guarantee

Currently, the state school funding formula delivers funds to districts depending on property value, income and the capacity of the community to meet their needs. Funding guarantees undermine the formula by limiting its ability to direct funds to districts that need them most. By carving out a special payment to some of the richest districts in the state—at a time when other districts are seeing funding withheld due to legally-imposed “caps” on their funding growth—a guaranteed minimum per-pupil payment is not the best use of state resources. Therefore, this veto is in the public interest.

ITEM NUMBER 17

On page 1120, delete the boxed text.

Joint Vocational School District Funding – Career Technical Education

Career technical education is critical to preparing students for college and careers. Ensuring that state funding is focused on delivering resources to the classroom has been a priority for the Administration. The cost of providing career-technical education programs is greater than the cost of instruction of more traditional course work. State law requires funds provided through the foundation formula to be spent on career-technical education and that no more than 25 percent of those funds be spent on administration. Removing this provision only for Joint Vocational

School Districts may impact the quality of education and creates differences between requirements for comprehensive high schools, career-technical compacts, and Joint Vocational School Districts. Therefore, this veto is in the public interest.

ITEM NUMBER 18

On page 2533, delete the boxed text.

On page 2575, delete the boxed text.

On page 2576, delete the boxed text beginning with “(3) Calculate the school district’s...”.

On page 2577, delete the boxed text beginning with “by the school district...”, and the following boxed text “(1)”, and the boxed text beginning with “(2) For fiscal year 2017...”.

School District TPP Supplement – Only Vetoing Second Year Appropriation

This veto removes the Fiscal Year 2017 payment of a Tangible Personal Property (“TPP”) reimbursement supplement payment for certain school districts. Other provisions of this act re-conform the payment of TPP reimbursement payments to the original intent of 1999 and 2005 law, which eliminated the taxation of general business property, modified the taxation of electric utilities, and provided for temporary direct payments which would decline over time to help school districts adjust to the resulting loss of valuation and revenue. This act will continue TPP reimbursement payments for districts to ensure that no district loses replacement payments of more than two percent of their state and local resources in any given year. The TPP supplement addressed by this item is an additional payment, in the form of a guarantee, to ensure that no district receives less in Fiscal Year 2016 and Fiscal Year 2017 than they received the previous year for state foundation aid and TPP replacement combined. The proposed TPP supplement payments, like the TPP reimbursement payments, are predominately paid to districts with higher local capacity to raise revenue to support their schools. Therefore, this guarantee provision diverts resources that could be targeted to lower capacity school districts and circumvents original intent of the law to limit the reimbursement payments so that they were both declining and temporary. To recognize concerns that districts receiving TPP payments need more time to prepare for the decline in these payments, this veto will only apply to Fiscal Year 2017 payments, allowing TPP supplemental payments to be made in Fiscal Year 2016. Therefore, this veto is in the public interest.

ITEM NUMBER 19

On page 2637, delete the boxed text.

On page 2638, delete the boxed text.

On page 2639, delete the boxed text.

On page 2640, delete the boxed text.

Comprehensive Case Management and Employment Program – Partial Veto

This provision would create an advisory board to establish an evaluation system for Ohio’s new Comprehensive Case Management and Employment Program. This adds an unnecessary layer to the process of developing an evaluation system that will help ensure the success of the

Comprehensive Case Management and Employment Program across all counties. The Department of Job and Family Services has the necessary expertise and will develop an evaluation system through the public rule-making process and will work with stakeholders to ensure that the evaluation system best meets the needs of the people of the state. Therefore, this veto is in the public interest.

ITEM NUMBER 20

- On page 7, delete the following boxed text “2323.44”.
- On page 15, delete the following boxed text “2323.44”.
- On page 806, delete the boxed text.
- On page 807, delete the boxed text.

Distribution of Recoveries in Tort Actions

This item contains significant changes to long-established procedures for distributing recoveries in tort actions involving subrogation. Subrogation is a complex issue that affects multiple stakeholders in numerous ways. These changes could very well be merited and that can be best determined after a thorough public debate. While respecting the intent of the General Assembly, the impact of this item should be minimized until that public debate can occur. Therefore, this veto is in the public interest.

ITEM NUMBER 21

- On page 4, delete the following boxed text “3770.03”.
- On page 13, delete the following boxed text “3770.03”.
- On page 1474, delete the boxed text.
- On page 1475, delete the boxed text.
- On page 1476, delete the boxed text.
- On page 1477, delete the boxed text.
- On page 2431, delete the following boxed text “3770.03”.

Creation of New Lottery Games

This item mandates that the State Lottery Commission offer EZPlay® Keno and EZPlay® Bingo games at self-service terminals in bars and restaurants having certain liquor permits. Adding terminal-generated instant lottery games in the legislative process erodes the executive authority of the State Lottery Commission and unnecessarily restricts its ability to determine the best deployment of resources to maximize net proceeds to the Lottery Profits Education Fund. In addition, given the unplanned costs, uncertain market demand, and short time frame to introduce these new games, it is improbable that sales performance would yield the anticipated revenue projections – putting structural pressure on the state budget. Therefore, this veto is in the public interest.

ITEM NUMBER 22

- On page 6, delete the following boxed text “5165.192”.
- On page 14, delete the following boxed text “5165.192”.
- On page 2002, delete the boxed text.
- On page 2003, delete the boxed text.
- On page 2004, delete the boxed text.
- On page 2005, delete the boxed text.
- On page 2432, delete the following boxed text “5165.192”.
- On page 2870, delete the following boxed text “5165.192”.

Nursing Facilities’ Medicaid Payment Rates

This item restricts the Medicaid Director’s ability to establish rates that best match the resource needs of individuals receiving Medicaid covered nursing facility services. By requiring a specific reimbursement methodology, it creates an unnecessary barrier to the development of innovative purchasing models that can improve quality and efficiency. Vetoing this item is necessary to maintain the fiscal and programmatic integrity and stability the Administration has established for the Ohio Medicaid program. Therefore, this veto is in the public interest.

ITEM NUMBER 23

- On page 2666, delete the boxed text beginning with “Section 327.243...”.

Higher Medicaid Rates for a Certain Clinic

This item codifies an enhanced payment rate for one provider in the Ohio Medicaid program. This limits the ability of the Medicaid Director to effectively and efficiently manage the program for the benefit of all Ohioans, including reducing growth in spending and the modernization of the Medicaid program. Therefore, this veto is in the public interest.

ITEM NUMBER 24

- On page 1, delete the following boxed text “121.36”.
- On page 11, delete the following boxed text “121.36”.
- On page 98, delete the boxed text.
- On page 99, delete the boxed text.
- On page 2429, delete the following boxed text, “121.36”.

Restrictions on Home Care Services Program Integrity

This item exempts providers of home care services who are self-employed from the Department’s authority to apply new programmatic integrity requirements. The department is currently developing an electronic visit verification system that will allow for greater accountability and limit the potential for claims abuse across all home health care provider types,

including self-employed home care service providers. Therefore, this veto is in the public interest.

ITEM NUMBER 25

On page 2659, delete the boxed text.

On page 2660, delete the boxed text.

Regional Dental Provider Rate Increase and Pilot Project

The Administration is supportive of increasing dental provider rates for those in underserved areas and populations. However, the Administration believes this concept can be achieved in a more cost-effective manner through Ohio's network of Medicaid managed care organizations, as opposed to carving out a certain region of the state to receive higher reimbursements through fee-for-service payments. Therefore, this veto is in the public interest.

ITEM NUMBER 26

On page 5, delete the following boxed text "5163.03".

On page 8, delete the following boxed text "5163.04".

On page 14, delete the following boxed text "5163.03".

On page 15, delete the following boxed text "5163.04".

On page 1966, delete the boxed text.

On page 1967, delete the boxed text.

On page 2432, delete the following boxed text "5163.03".

Medicaid Coverage of Optional Eligibility Groups

This item prevents the Medicaid program from establishing eligibility criteria to provide health care coverage for new populations of Ohioans, and it further limits the Medicaid Director's ability to effectively and efficiently manage the Medicaid program. Although the Administration is opposed to further Medicaid eligibility expansion, it is important that the Medicaid Director retain the authority and agility to maintain the fiscal and programmatic integrity of the Ohio Medicaid program. In addition, existing legislative oversight of the program, including eligibility changes, already exist in the form of the Joint Medicaid Oversight Committee and the Joint Committee on Agency Rule Review, making this provision not only potentially harmful but also duplicative in part. Therefore, this veto is in the public interest.

ITEM NUMBER 27

On page 8, delete the following boxed text "5166.33".

On page 15, delete the following boxed text "5166.33".

On page 1310, delete the boxed text.

On page 2010, delete the boxed text beginning with "Sec. 5166.33...".

On page 2011, delete the boxed text.

Medicaid Eligibility Expansion for Married Couples

This item requires the development of a waiver program under which Medicaid recipients who are married to each other retain Medicaid eligibility despite employment earnings that exceed current income limits. This proposal challenges the underlying premise of a needs-based Medicaid program. Vetoing this item is necessary to maintain the fiscal and programmatic integrity and stability the Administration has established for the Ohio Medicaid program. Therefore, this veto is in the public interest.

ITEM NUMBER 28

- On page 5, delete the following boxed text “5163.21”.
- On page 14, delete the following boxed text “5163.21”.
- On page 1968, delete the boxed text beginning with “Sec. 5163.21....”.
- On page 1969, delete the boxed text.
- On page 1970, delete the boxed text.
- On page 1971, delete the boxed text.
- On page 1972, delete the boxed text.
- On page 1973, delete the boxed text.
- On page 1974, delete the boxed text.
- On page 1975, delete the boxed text.
- On page 1976, delete the boxed text.
- On page 1977, delete the boxed text.
- On page 1978, delete the boxed text.
- On page 2432, delete the following boxed text “5163.21”.

Medicaid and Revocable Trusts

This item would allow an individual to hold certain resources in a revocable trust, without penalty, that might otherwise be used to pay for his or her long-term care costs before entering the Medicaid program. Additionally, it allows an individual to receive an income stream from the home without making a corresponding contribution toward his or her long-term care costs. This ability to shelter income is currently the subject of litigation pending before the Ohio Supreme Court. Vetoing this item is necessary to maintain the fiscal and programmatic integrity and stability the Administration has established for the Ohio Medicaid program. Therefore, this veto is in the public interest.

ITEM NUMBER 29

- On page 8, delete the following boxed text “5164.78” and “5164.912”.
- On page 15, delete the following boxed text “5164.78” and “5164.912”.
- On page 1986, delete the boxed text beginning with “Sec. 5164.78....”.
- On page 2670, delete the boxed text.

Medicaid Rate for Medical Transportation Providers

This item fundamentally affects medical transportation reimbursement policy established by the Department of Medicaid in several ways. It forces the Department to pay a fuel surcharge to providers of transportation services based upon an overly-inflated and capricious measurement of fuel costs. It also establishes an arbitrary ten percent reimbursement rate increase for providers of wheelchair van services in the Medicaid program. Finally, it requires the Department to pay for ambulance services for Medicare enrollees in the MyCare Ohio program when the same service could have been covered by the Medicare program using 100 percent federal funding. This item is not based upon any known cost methodology and has been woefully underfunded by the legislature. Furthermore, it limits the Medicaid program's ability to reduce growth in spending and modernize Medicaid reimbursement rates and schedules. Therefore, this veto is in the public interest.

ITEM NUMBER 30

On page 2661, delete the boxed text.

Earmark on Money Follows the Person Balancing Funds

This item creates a preference for a specific provider performing home modifications and repairs for a specific age group using Money Follows the Person (MFP) balancing funds. Ohio's MFP initiative currently operates a statewide program to support individuals' ability to remain in their homes and communities. This item places unnecessary limitations on Ohio's efforts to use MFP Balancing Funds to best meet the needs of Ohio's citizens. Additionally, the earmark is inappropriate, as any use of MFP Balancing Funds must be approved by the federal Centers for Medicare and Medicaid Services. Therefore, this veto is in the public interest.

ITEM NUMBER 31

On page 8, delete the following boxed text "5167.15".

On page 15, delete the following boxed text "5167.15".

On page 1314, delete the boxed text beginning with "(A)..." and ending with "...appropriate.".

On page 1314, delete the following boxed text "both of the following:".

On page 1314, delete the following boxed text "(1)".

On page 1314, delete the boxed text beginning with "(2)..." and ending with "...Code.".

On page 2020, delete the boxed text.

On page 2021, delete the boxed text.

On page 2666, delete the boxed text beginning with "Section 327.244..." and ending with "...Code.".

Medicaid Managed Care Restrictions

This item requires Medicaid managed care plans to provide for services by using certified community health workers through a qualified community hub. It would create an expensive, overly prescriptive program regarding the use of the hub model, which can be effective when highly targeted but has not been proven to work universally. Additionally, Ohio's Medicaid

managed care plans are already required to implement enhanced maternal health coordinated care, thus this item will require the state to pay Medicaid managed care plans extra taxpayer dollars to duplicate work they should already be doing. Therefore, this veto is in the public interest.

ITEM NUMBER 32

- On page 8, delete the following boxed text “4731.74”.
- On page 15, delete the following boxed text “4731.74”.
- On page 1695, delete the boxed text.
- On page 1696, delete the boxed text.
- On page 1697, delete the boxed text.
- On page 1698, delete the boxed text.

Prescribing Based on Remote Examination

This item sets practice of telemedicine requirements that may cause confusion about the appropriate standard of care for those who wish to offer telehealth services, particularly in light of the ongoing rulemaking process concerning the standards of telemedicine. The rulemaking process currently underway before the State Medical Board will allow all interested parties to present their views on how proposed standards for telemedicine can best protect the health and safety of the public. This provision may cause confusion about the proper standard of care for telemedicine and is unnecessary in light of the ongoing rulemaking process to set appropriate standards of care for telemedicine services. Therefore, this veto is in the public interest.

ITEM NUMBER 33

- On page 2682, delete boxed text.
- On page 2683, delete boxed text.

Recovery Housing

This item requires a public hearing and a resolution of support from county commissioners for a recovery housing project in order for it to be eligible for funding from this line item, which is a level of approval that goes above and beyond that required for other housing projects. Recovery housing is for individuals recovering from alcoholism or drug addiction that provides an alcohol and drug-free living environment, peer support, assistance with obtaining alcohol and drug addiction services and supports where the length of stay is not limited to specific duration. Individuals in recovery from substance use disorders are considered to be disabled under the American’s with Disabilities Act and thus protected by federal fair housing laws from discrimination in any form, including arbitrary treatment of recovery housing projects. The process set forth in this language could result in illegal discrimination. As a result, this language could result in a violation of the federal Fair Housing Amendments Act. Therefore, this veto is in the public interest.

ITEM NUMBER 34

- On page 1, delete the following boxed text "131.35".
- On page 11, delete the following boxed text "131.35".
- On page 234, delete the boxed text.
- On page 235, delete the boxed text.
- On page 2429, delete the following boxed text "131.35".

Controlling Board Authority

This provision limits the powers of the Controlling Board regarding both the creation of new funds and the amounts by which appropriations may be adjusted. These limitations could delay the state's ability to respond in a timely fashion to issues of emerging or urgent concern. Therefore, this veto is in the public interest.

ITEM NUMBER 35

- On page 2107, delete the boxed text beginning with "(15) "Qualifying school district" means" and ending in "ten per cent or more."
- On page 2108, delete the boxed text.
- On page 2109, delete the boxed text.
- On page 2117, delete the boxed text.
- On page 2118, delete the boxed text.
- On page 2576, delete the boxed text comprising only of "If the district is not a qualifying school district as defined in division (A) of section 5709.92 of the Revised Code," where it appears.
- On page 2576, delete the following boxed text beginning with "(d) If the district is a qualifying school district" and ending in "levies for joint vocational school district purposes."
- On page 2576, delete the following boxed text beginning with "(d) If the district is a qualifying school district" and ending in "the sum of payments received".
- On page 2577, delete the following boxed text beginning with "by the school district" and ending with "levies for joint vocational school district purposes."

Property Tax Replacement Payments to Local Taxing Units

In 2005, when the tax on tangible personal property was discontinued, the state committed to reimburse local jurisdictions for the revenue loss according to a set schedule. The Administration is committed to completing the phase out of that reimbursement without additional extensions or exceptions like those created by this provision, which creates a special exemption benefitting a select few taxing jurisdictions. Therefore, this veto is in the public interest.

ITEM NUMBER 36

- On page 6, delete the following boxed text "5703.057" and "5703.36."
- On page 8, delete the following boxed text "5703.361."
- On page 14, delete the following boxed text "5703.057" and "5703.36."

On page 15, delete the following boxed text “5703.361.”
On page 2050, delete the boxed text.
On page 2051, delete the boxed text.
On page 2054, delete the boxed text.
On page 2432, delete the following boxed text “5703.057” and “5703.36.”.
On page 2856, delete the boxed text.
On page 2857, delete the boxed text.
On page 2867, delete the boxed text.

Tax Identity Verification

Identity theft and fraud is a growing national concern and Ohio has been actively working to prevent criminals from stealing taxpayer money by catching fraudulent tax claims. The Ohio Department of Taxation has been deluged with more than 70,000 fraudulent income tax refund requests in the past year and is taking the necessary steps to thwart these efforts to both save taxpayers money and identify potential criminals. In fact, the tax department’s efforts have already begun to show positive results, including recent criminal charges for out-of-state individuals stealing Ohio taxpayer money. This provision severely limits the tax commissioner’s ability to fight fraud and protect taxpayer money. However, the Administration is committed to continuing to make improvements to the methods used for identity verification. Therefore, this veto is in the public interest.

ITEM NUMBER 37

On page 2148, delete the following boxed text “, water-works.”.
On page 2149, delete the following boxed text beginning with “(I) In the case” and ending with “other taxable property.”

Water Works

The provision would provide a special tax break to private water corporations by significantly reducing the taxes they pay on new tangible personal property. Taxes on tangible personal property owned by other private utilities, however, would remain unchanged at the original higher levels. The result would not only be a special tax break for a particular class of taxpayer without valid justification, but it would also mean an unmerited reduction in future tax revenue to local entities. The Administration is committed to working on a comprehensive approach to proper pipeline assessment rates. Therefore, this veto is in the public interest.

ITEM NUMBER 38

On page 2858, delete the boxed text beginning with “Section 757.100...”.
On page 2859, delete the boxed text beginning with “under division (A)(3)...”.

Income Tax Rate Reductions Based on Vetoed Provisions

This item earmarks funds resulting from certain line-item vetoes for income tax cuts. This is an attempted limitation on specific gubernatorial authority provided in Article II, Section 16 of the Ohio Constitution. This is in violation of the separation of powers specifically set out in the Ohio Constitution and approved by the citizens of Ohio, and negates any veto done for the purpose of achieving budget stability. Therefore, this veto is in the public interest.

ITEM NUMBER 39

- On page 2763, delete the boxed text.
- On page 2735, delete the boxed text beginning with "TAX AMNESTY PROMOTION...".
- On page 2787, delete the boxed text.
- On page 2788, delete the boxed text.
- On page 2859, delete the boxed text beginning with "Section 757.130...".
- On page 2860, delete the boxed text.
- On page 2861, delete the boxed text.

Tax Amnesty Program

Ohio recently held a general tax amnesty program in 2012. Frequent amnesty programs encourage tax avoidance in anticipation of the next amnesty program. Administering a tax amnesty program is estimated to cost \$2.5 million, and revenues are expected to be approximately \$10 million. Waiting longer between amnesty programs will encourage greater tax compliance in the interim and generate higher revenues when programs are held. Therefore, this veto is in the public interest.

ITEM NUMBER 40

- On page 6, delete the following boxed text "5715.01".
- On page 14, delete the following boxed text "5715.01".
- On page 2125, delete the boxed text.
- On page 2126, delete the boxed text.
- On page 2432, delete the following boxed text, "5715.01".

Uniform Rules for Appraisal of Real Estate

County auditors appraise all real estate in their counties every six years at a cost of \$35-40 per parcel using "mass appraisal" techniques and standards repeatedly upheld by Ohio's courts. A "private" appraisal of an individual property requires significantly greater detail and cost. This provision would impose private appraisal standards on county auditor appraisals and dramatically increases costs without a corresponding benefit to county taxpayers. Therefore, this veto is in the public interest.

ITEM NUMBER 41

- On page 4, delete the following boxed text "4505.06".
- On page 6, delete the following boxed text "5739.029", "5739.13" and "5741.12".

On page 13, delete the following boxed text "4505.06".
On page 14, delete the following boxed text "5739.029", "5739.13" and "5741.12".
On page 1586, delete the boxed text.
On page 1587, delete the boxed text.
On page 1588, delete the boxed text.
On page 1589, delete the boxed text.
On page 1590, delete the boxed text.
On page 1591, delete the boxed text.
On page 1592, delete the boxed text.
On page 1593, delete the boxed text.
On page 1594, delete the boxed text.
On page 1595, delete the boxed text.
On page 2237, delete the boxed text.
On page 2238, delete the boxed text.
On page 2239, delete the boxed text.
On page 2260, delete the boxed text.
On page 2261, delete the boxed text.
On page 2262, delete the boxed text.
On page 2263, delete the boxed text.
On page 2272, delete the boxed text.
On page 2273, delete the boxed text.
On page 2431, delete the following boxed text "4505.06".
On page 2432, delete the following boxed text "5739.029", "5739.13" and "5741.12".

Change in Remittance of Sales Tax on Automobiles

When processing titles for cars sold by auto dealers, county Clerks of Court collect the sales tax and then pass it on to the Ohio Department of Taxation. This new provision allows auto dealers the option of sending the sales tax directly to the Department, creating a second, parallel system at the expense of Ohio taxpayers. However, the state general fund will still be required to pay the Clerk of Court for collecting the sales tax, even though the clerk would not have collected it. In addition, the new provisions require complex programming requirements to a titling system – the Automated Titling Processing System (ATPS) – that is nearly obsolete. ODPS is modernizing the ATPS and will introduce the updated version by January 2017. However, implementing the bill's requirements into the current system could lead to system failure, the possible prevention of dealers selling vehicles in Ohio, and delays in the modernization project which would result in increased costs of nearly \$2 million in public funds. Therefore, this veto is in the public interest.

ITEM NUMBER 42

On page 2191, delete the boxed text.

Petroleum Activity Tax on Receipts from Sales of Certain Diesel Fuel – Bifurcated Rate

The Petroleum Activity Tax is a new tax on all petroleum products. Creating a second, separate tax rate based on fuel type would unnecessarily complicate the tax. The Administration is working with interested parties to develop a better, fairer tax for those who buy directly from a supplier. Therefore, this veto is in the public interest.

ITEM NUMBER 43

- On page 1, delete the following boxed text “321.24”.
- On page 3, delete the following boxed text “3317.021”.
- On page 5, delete the following boxed text “4909.161”.
- On page 6, delete the following boxed text “5727.06”, “5727.11” and “5727.15”
- On page 8, delete the following boxed text “5709.94” and “5727.09”.
- On page 11, delete the following boxed text “321.24”.
- On page 12, delete the following boxed text “3317.021”.
- On page 13, delete the following boxed text “4909.161”.
- On page 14, delete the following boxed text “5727.06”, “5727.11” and “5727.15”.
- On page 16, delete the following boxed text “5709.94” and “5727.09”.
- On page 360, delete the boxed text.
- On page 361, delete the boxed text.
- On page 362, delete the boxed text.
- On page 363, delete the boxed text.
- On page 1098, delete the boxed text.
- On page 1099, delete the boxed text.
- On page 1100, delete the boxed text.
- On page 1769, delete the boxed text.
- On page 1770, delete the boxed text.
- On page 2077, delete the boxed text.
- On page 2107, delete the boxed text beginning with “(16) “Production equipment . . .”.
- On page 2110, delete the boxed text.
- On page 2111, delete the boxed text.
- On page 2119, delete the boxed text.
- On page 2120, delete the boxed text.
- On page 2121, delete the boxed text.
- On page 2122, delete the boxed text.
- On page 2142, delete the boxed text.
- On page 2143, delete the boxed text.
- On page 2144, delete the boxed text.
- On page 2145, delete the boxed text.
- On page 2146, delete the boxed text.
- On page 2147, delete the boxed text.
- On page 2148, delete the boxed text beginning with “transportation company shall be”.
- On page 2149, delete the boxed text “year years”.
- On page 2149, delete the boxed text “and each tax year thereafter through 2015”.
- On page 2149, delete the boxed text beginning with “(3) For tax year 2016” and ending in “section 5727.09 of the Revised Code.”.
- On page 2149, delete the boxed text “(1)”.

- On page 2149, delete the boxed text “~~year years~~”.
- On page 2149, delete the boxed text “~~and each tax year thereafter through 2015,~~”.
- On page 2149, delete the boxed text beginning with “; . . . (2) For tax year 2016” and ending in “section 5727.09 of the Revised Code.”.
- On page 2149, delete the boxed text beginning with “Sec. 5727.15. When all the taxable”.
- On page 2150, delete the boxed text.
- On page 2151, delete the boxed text.
- On page 2152, delete the boxed text.
- On page 2153, delete the boxed text.
- On page 2429, delete the following boxed text “321.24”.
- On page 2430, delete the following boxed text “3317.021”.
- On page 2431, delete the following boxed text “4909.161”.
- On page 2432, delete the following boxed text “5727.06”, “5727.11” and “5727.15”.
- On page 2754, delete the boxed text.
- On page 2869, delete the following boxed text with “5727.06”.
- On page 2869, delete the following boxed text “5727.11, 5727.15, and”.
- On page 2869, delete the following boxed text “and divisions (B) and (C) of section”.
- On page 2869, delete the following boxed text “5727.031”.
- On page 2873, delete the boxed text.

Repeal of Tax on Electric Company Generation Property

This item exempts electrical generation plants from the public utility tangible personal property tax, shifting the tax to the transmission and distribution system with the intent of holding districts harmless while keeping costs the same for ratepayers. Ohio is committed to keeping the state’s electric generation competitive with those units located in other states. However, there are unknown consequences of transferring local tax revenues from one taxing district to another. A larger and more thorough discussion of this issue is needed prior to the enactment of such a comprehensive change, and the Administration urges the legislature and stakeholders to work with it to draft a bill to achieve this goal in the fall. Therefore, this veto is in the public interest.

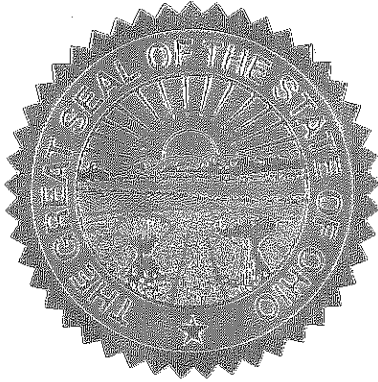
ITEM NUMBER 44

- On page 6, delete the following boxed text “5575.01”.
- On page 14, delete the following boxed text “5575.01”.
- On page 2049, delete the boxed text.
- On page 2050, delete the boxed text beginning with “(D) All...”.
- On page 2432, delete the following boxed text “5575.01”.


Force Account Limits for Townships

This provision would raise the cost threshold for townships to perform road construction and infrastructure maintenance projects with their own employees and equipment. Townships would therefore increase the size of their in-house construction and maintenance crews and obtain additional construction equipment in order to meet this potential increased workload and seek fewer competitive bids from outside contractors for such projects. Competitive bidding has the

beneficial effect for taxpayers of keeping costs for construction and maintenance projects low. Furthermore, Ohio has made great strides in the past four years to empower small, emerging and minority-owned businesses to compete for public contracts, including these types of contracts, and the demand for their work could be eroded by this item. This provision would potentially increase costs for taxpayers and reduce opportunities for emerging small business. Therefore, this veto is in the public interest.

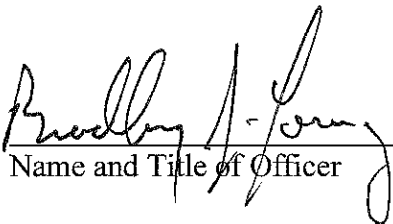


IN WITNESS WHEREOF, I have hereunto subscribed my name and caused the Great Seal of the State of Ohio to be affixed at Columbus this 30th day of June, Two Thousand Fifteen.

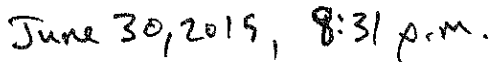


John R. Kasich, Governor

This will acknowledge the receipt of a copy of this veto message of Substitute Amended House Bill 64 that was disapproved in part by Governor John R. Kasich on June 30, 2015.



Name and Title of Officer



Date and Time of Receipt