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 49

JUNE 30, 2017

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 49 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 14 delete the following boxed text "213.10,".
On page 3297 delete the following boxed text "213.10,".
On page 3297 delete the boxed text beginning with "Sec. 213.10 DAS DEPARTMENT OF ADMINSTRATIVE…" and ending at the bottom of the page.
On page 3298 delete the boxed text beginning at the top of the page and ending with "…shall be paid to the county's general fund."
On page 3299 delete "213.10,".

Funding for Voting Machine Upgrades

This provision would create a $1,000,000 capital appropriation to reimburse counties for the purchase of new voting machines and associated services and equipment made on or after January 1, 2014. County boards of elections and commissioners should work with the General Assembly, Secretary of State and the Department of Administrative Services to craft a forward-looking, comprehensive plan to deal with these needs. However, this provision creates a potentially retroactive capital appropriation that not only sets a bad precedent but also

jeopardizes the tax exempt status of the bonds used for this appropriation. Therefore, this veto is in the public interest.

ITEM NUMBER 2

On page 8 delete the following boxed text "125.03,".
On page 19 delete the following boxed text "125.03,".
On page 179 delete the boxed text beginning with "Sec. 125.03 (A) Any state agency…" and ending at the bottom of the page.
On page 180 delete the boxed text beginning at the top of the page and ending with "…approval of the controlling board."

Purchase of Energy and Automatic Data Processing, Computer, and Electronic Devices

This provision requires state agencies to obtain approval from the Controlling Board for energy or information technology-related purchases with an aggregate value in excess of $50,000 in a five-year period—regardless of whether or not the purchases were competitively bid. It also imposes research requirements not relevant to many of the affected purchases and identifies information technology products and services in outdated, potentially limiting ways no longer used by the state, contractors or the IT industry. The costs and delays that are likely to result from these provisions are significant, and will increase expenses paid by Ohio taxpayers. Additionally, in making state contracts less attractive due to their increased complexity and delay, this provision would have the unfortunate consequence of driving away many small and minority vendors from state contracts. Furthermore, many of the reasons that gave rise to this provision being originally offered in the Ohio House of Representatives have been addressed in improvements to procurement practices and new transparency measures approved by the Controlling Board on June 12th. Therefore, this veto is in the public interest.

ITEM NUMBER 3

On page 1 delete the following boxed text "131.35,".
On page 15 delete the following boxed text "131.35,".
On page 203 delete the boxed text beginning with " Sec. 131.35 (A) With respect …" and ending at the bottom of the page.
On page 204 delete the boxed text beginning at the top of the page and ending with "… for that fiscal year."
On page 2435 delete the following boxed text "131.35,".

Controlling Board Authority

This provision severely limits the power of the Controlling Board to determine amounts by which appropriations may be adjusted and to create new funds. As such, this represents a

significant impediment to the authority and effectiveness of the Controlling Board, which could potentially have a negative impact on state agencies' ability to respond in a timely fashion to issues of emerging or urgent concern. Therefore, this veto is in the public interest.

ITEM NUMBER 4

On page 1 delete the following boxed text "122.01,".
On page 1 delete the following boxed text "122.33,".
On page 15 delete the following boxed text "122.01,".
On page 15 delete the following boxed text "122.33,".
On page 109 delete the boxed text beginning with "Sec. 122.01. (A) As used in the Revised Code…" and ending at the bottom of the page.
On page 110 delete the boxed text beginning at the top of the page and ending with "…technology division of the agency."
On page 151 delete the boxed text beginning with "Sec. 122.33. The director of development services shall…" and ending at the bottom of the page.
On page 152 delete the boxed text.
On page 153 delete the boxed text beginning at the top of the page and ending with "…or services within the state."
On page 2435 delete the following boxed text "122.01,".
On page 2435 delete the following boxed text "122.33,".

Thomas Alva Edison Grant Program

This provision would restore the Edison Center Program and also allow Ohio taxpayer dollars to support non-Ohio companies. Ohio job creation policy has not practiced an institution-centered focus for several years, and the policy of instead prioritizing resources on individual, private sector job creators—as well as the privatization of economic development efforts through the creation of JobsOhio—have helped produce substantial benefits for Ohio, including more than 450,000 new private sector jobs. Returning to outdated policies risks losing the forward momentum that Ohio's economy has achieved and perhaps even going backward. Therefore, this veto is in the public interest.

ITEM NUMBER 5

On page 2130 delete the boxed text beginning with ", for purposes of calculating. . ." and ending with ". . .division (C)(1) of this section,".
On page 2130 delete the following boxed text "~~(3)~~(4)".
On page 2130 delete the boxed text beginning with " "Total resources" means, . . ." and ending at the bottom of the page.
On page 2131 delete the boxed text beginning with "under divisions (C)(1) and (D) . . ." and ending with ". . . county student fund. (6)".
On page 2131 delete the following boxed text "~~263.240~~ 263.230".
On page 2131 delete the following boxed text "~~59~~ 64" both times where it appears.

On page 2131 delete the following boxed text "~~130th~~ 131st" both times where it appears.
On page 2131 delete the following boxed text "~~263.250~~ 263.240".
On page 2132 delete the following boxed text "~~(5)~~(7)".
On page 2132 delete the following boxed text "~~(6)~~(8)".
On page 2132 delete the following boxed text "~~(7)~~(9)".
On page 2132 delete the following boxed text "~~(8)~~(10)".
On page 2132 delete the following boxed text "~~(3)~~(4)".
On page 2132 delete the following boxed text "~~(9)~~(11)".
On page 2132 delete the following boxed text "~~(10)~~(12)".
On page 2132 delete the following boxed text "~~(11)~~(13)".
On page 2133 delete the following boxed text "~~(12)~~(14)".
On page 2133 delete the following boxed text "~~(13)~~(15)".
On page 2133 delete the following boxed text "~~(14)~~(16)".
On page 2133 delete the following boxed text "~~(15)~~(17)".
On page 2133 delete the following boxed text "~~and~~ other than".
On page 2133 delete the following boxed text "following amounts:".
On page 2134 delete the boxed text beginning with "(a) For fiscal year 2018. . ." and ending with ". . . of this section. (i) The".
On page 2134 delete the following boxed text "~~(b)~~(a)(i)(II)".
On page 2134 delete the following boxed text "(i)(I)".
On page 2134 delete the following boxed text "~~(a)~~(I)".
On page 2134 delete the following boxed text "~~or (C)(2)~~".
On page 2134 delete the following boxed text "~~the immediately preceding~~".
On page 2134 delete the following boxed text "2017".
On page 2134 delete the following boxed text "~~(b)~~(II)".
On page 2134 delete the boxed text beginning with "(ii) The difference obtained. . ." and ending with ". . . 2017, and 2018. (3)".
On page 2134 delete the boxed text beginning with "In fiscal year 2018 and subsequent fiscal years, . . ." and ending at the bottom of the page.
On page 2135 delete the boxed text beginning at the top of the page and ending with "…district's total resources. (4)".
On page 2135 delete the boxed text beginning with " "Total resources" used to compute. . .". and ending with ". . . payable for tax year 2016."
On page 2135 delete the following boxed text "~~(4)~~(5)".
On page 3377 delete the boxed text beginning with "Section 803.340. . ." and ending with ". . . year 2018 and thereafter."

Reimbursement Payments for Fixed-Rate TPP Tax Losses

This provision would extend reimbursement payments to school districts for tangible personal property (TPP) and utility property tax revenue losses for a number of years into the future by slowing down the previously-enacted phase-out schedule of the reimbursements. The tax code changes that originally gave rise to these reimbursement payments were passed in 1999 and 2000 (for utility property) and 2005 (for general business TPP), and the original schedule approved by the General Assembly would have completely phased out the payments by FY 2019. This schedule has already been extended beyond FY2019 for those districts most reliant on these

payments, which has given them more than sufficient time to prepare for the end of this funding. Continually extending the reimbursement payments as this provision would do, and making only small reductions in their amounts, merely postpones the inevitable transition that districts must make.

One must also recognize that these reimbursement payments go primarily to districts with a greater ability to raise their own revenue. As a result, using state tax revenues to increase and extend these payments diverts state resources that could be used for lower-wealth districts, and contravenes the original intent of the law that these reimbursements should be temporary and decline on a known and reasonable schedule. The provision would also temporarily increase reimbursements to a small number of districts facing special challenges. The Administration recognizes the challenges of this small subset of districts and is willing to work with the General Assembly and these districts to try and address their issues. This issue notwithstanding, because this provision directs scarce public funds to higher wealth districts at the expense of lower wealth ones, and because it prolongs a transition process begun in 2002 and which should have already concluded, this veto is in the public interest.

ITEM NUMBER 6

On page 2 delete the following boxed text "3310.522,"
On page 2 delete the following boxed text "3313.612,"
On page 16 delete the following boxed text "3310.522,"
On page 16 delete the following boxed text "3313.612,
On page 751 delete the following boxed text "~~For~~ Except as provided in division (L)(4) of this section, for" in both instances it occurs.
On page 751 delete the following boxed text "~~division~~ divisions".
On page 751 delete the following boxed text "and (4)".
On page 752 delete the boxed text beginning with "(4) For a student…" and ending with "for state accountability purposes."
On page 806 delete the boxed text beginning at the top of the page and ending with "…who is not a scholarship student."
On page 840 delete the boxed text beginning with "Sec. 3313.612. (A) No nonpublic…" and ending at the bottom of the page.
On page 841 delete the boxed text.
On page 842 delete the boxed text beginning at the top of the page and ending with "…3301.0712 of the Revised Code."
On page 2436 delete the following boxed text "3310.522,".
On page 2436 delete the following boxed text "3313.612,".

Exemption from State Test and Graduation Requirements for Selected Schools

This provision would exempt from state assessment and graduation requirements all students at chartered nonpublic schools in which at least 75 percent of students are children with disabilities

who receive special education and related services. The enforcement of these standards should not depend on the type of school a student attends, nor the abilities of a school's students. This provision could create lower expectations for all students at these schools, including children with disabilities receiving special education and related services, and potentially diminish their ability to succeed after high school. Therefore, this veto is in the public interest.

ITEM NUMBER 7

On page 874 delete the boxed text beginning with "If the department uses a component…" and ending with "…academic performance component under this section.".
On page 875 delete the following boxed text "If the department uses a points system to determine component ratings".
On page 876 delete the boxed text beginning at the top of the page and ending with "…prescribed in division (B)(1)(a) of this section."

Progress Weighting for Community School Sponsor Evaluations

This provision requires the Department of Education to increase from 20 percent to 60 percent the weight given to the "Progress" category score when computing a total score for the "Academic Performance" component of the Department's community school sponsor evaluation system. Additionally, in certain cases the provision would prohibit the Department from rating a sponsor "Ineffective" if it scores a "zero" in the system's Compliance or Quality Practices components. Because current law requires a 20 percent weight for Progress in the report cards of public schools and districts, raising that requirement to 60 percent exclusively for community schools for the purposes of sponsor evaluation would hold those schools to lower standards than traditional public schools. Given the use of a 100-point scale, this change would unavoidably lead to a reduction in the weight given to all other factors in the accountability measure, including student achievement and graduation rates, which are important measures of a school's performance. Additionally, by prohibiting the Department from considering the Compliance or Quality Practices components from its sponsor evaluations, this provision would essentially exempt community schools from complying with standards that the General Assembly has decided are important for schools to follow. Managing school accountability systems in a uniform way drives strong standards for all Ohio schools and improves educational opportunities for all of Ohio's students and lowering those standards—even in a seemingly narrow way as this provision—undermines this progress. Therefore, this veto is in the public interest.

ITEM NUMBER 8

On page 877 delete the boxed text beginning with "(d) Notwithstanding division (F)(3) of section 3314.02…" and ending with "…within the service territory of the service center or in a contiguous county.".

Educational Service Center Community School Sponsor Requirements

This provision would permit Educational Service Centers (ESC) rated "Effective" to sponsor a community school anywhere in the state. Currently, most ESCs can only sponsor schools in their own and contiguous counties, unless they obtain permission from the Department of Education and sign a contract to do so. Limiting the privilege to sponsor additional schools in this way serves to raise the bar for sponsors and gives the Department the ability to reward high-performing sponsors with the right to sponsor additional schools. This provision would eliminate an incentive the Department can use to encourage higher performance by sponsors, and weaken the Administration's and General Assembly's efforts to build a robust community school sector. Therefore, this veto is in the public interest.

ITEM NUMBER 9

On page 3091 delete the boxed text beginning with "Section 265.500 (A) "Eligible sponsor" means a sponsor..." and ending with "…an overall rating of "ineffective" or higher.".

Community School Sponsor Authority Revocation Exception

This provision would allow a community school sponsor that had its sponsorship authority revoked due to the 2015-2016 sponsorship evaluations due to poor performance to renew its sponsorship for the 2017-2018 school year if the sponsor received at least a "3" or "4" out of "4," in the Academic component and "zeros" for the Quality Practices and Compliance components of the sponsor evaluation. Ohio has worked hard in recent years to improve the quality of all education efforts, including in the community school space. The focus on holding sponsors accountable for their performance as sponsors is key to improvement in community schools and creating these types of seemingly narrow exceptions to the new, higher standards only undermines these efforts. Therefore, this veto is in the public interest.

ITEM NUMBER 10

On page 2 delete the following boxed text "3302.151,".
On page 3 delete the following boxed text "3319.111, 3319.22, 3319.227, 3319.26,".
On page 3 delete the following boxed text "3319.61,".
On page 3 delete the following boxed text "3333.048,".
On page 3 delete the following boxed text "3333.39,".

On page 9 delete the following boxed text "3319.223,".
On page 16 delete the following boxed text "3302.151,".
On page 16 delete the following boxed text "3319.111, 3319.22, 3319.227, 3319.26,".
On page 16 delete the following boxed text "3319.61,".
On page 16 delete the following boxed text "3333.048,".
On page 17 delete the following boxed text "3333.39,".
On page 791 delete the boxed text beginning with "Sec. 3302.151. (A) Notwithstanding ..." and ending at the bottom of the page.
On page 792 delete the boxed text.
On page 793 delete the boxed text beginning with "(F) As used in this section ..." and ending with "... 3319.31 of the Revised Code.".
On page 1023 delete the boxed text beginning with "(F) Notwithstanding ..." and ending at the bottom of the page.
On page 1024 delete the boxed text.
On page 1025 delete the boxed text.
On page 1026 delete the boxed text.
On page 1027 delete the boxed text.
On page 1028 delete the boxed text.
On page 1029 delete the boxed text.
On page 1030 delete the boxed text.
On page 1031 delete the boxed text.
On page 1032 delete the boxed text.
On page 1033 delete the boxed text.
On page 1034 delete the boxed text.
On page 1040 delete the boxed text beginning with "Sec. 3319.61. (A) The educator ..." and ending at the bottom of the page.
On page 1041 delete the boxed text.
On page 1042 delete the boxed text.
On page 1043 delete the boxed text.
On page 1044 delete the boxed text beginning at the top of the page and ending with "... state board of education.".
On page 1056 delete the boxed text beginning with "Sec. 3333.048 (A) Not later ..." and ending at the bottom of the page.
On page 1057 delete the boxed text.
On page 1058 delete the boxed text beginning at the top of the page and ending with "... 33198.22 of the Revised Code.".
On page 1067 delete the boxed text beginning with "Sec. 3333.39 The chancellor ..." and ending at the bottom of the page.
On page 1068 delete the boxed text beginning at the top of the page and ending with "... and the superintendent.".
On page 2436 delete the following boxed text "3302.151,".
On page 2436 delete the following boxed text "3319.111, 3319.22, 3319.227, 3319.26,".
On page 2436 delete the following boxed text "3319.61,".
On page 2436 delete the following boxed text "3333.048,".
On page 2436 delete the following boxed text "3333.39,".
On page 2439 delete the following boxed text "3319.223,".

On page 3330 delete the boxed text beginning with "SECTION 733.60. Beginning ..." and ending at the bottom of the page.
On page 3331 delete the boxed text beginning at the top of the page and ending with "... an educator license.".

Elimination of Ohio Resident Educator Program

This provision eliminates the four-year program for new teachers that they complete in order to prepare for a professional educator license issued by the State Board of Education. Elimination of this program creates a situation where teachers have no path to move from resident educator to professional licenses. One-on-one mentoring support, instructional guidance and detailed, objective feedback on classroom performance help new teachers drive improved student learning and achievement. Having a program that provides feedback and support to teachers in their first years of teaching is critical for student success and for retaining teachers. Therefore, this veto is in the public interest.

ITEM NUMBER 11

On page 748 delete the boxed text beginning with "(4) A school district, other public school..." and ending at the bottom of the page.
On page 749 delete the following boxed text "assessments regardless of the format selected by the district or school."
On page 755 delete the following boxed text beginning with "(5) "Other public school" means a community school..." and ending with "...established under Chapter 3328. of the Revised Code.".

Paper and Online Tests

This provision would allow Ohio's public and private schools to choose between administering state achievement assessments in either paper or online formats. Currently, approximately 98 percent of tests are administered online, per state requirements, with the remaining 2 percent being administered on paper under waivers issued by the Ohio Department of Education to districts and schools with exceptional circumstances—a process that remains in place. The move towards online testing has allowed for faster turnaround in testing results, lowered testing costs, and encouraged schools to utilize more technology in the classroom, thus better preparing Ohio students for the demands of higher education and the workforce. Therefore, this veto is in the public interest.

ITEM NUMBER 12

On page 1099 delete boxed text beginning with "require a participant to receive…" and ending with "…The policy also shall".
On page 1101 delete the boxed text beginning with "Implement a policy for the awarding…" and ending with "(H)".
On page 1101 delete the following boxed text "~~(H)~~(I)".
On page 1101 delete the following boxed text "~~(I)~~(J)".
On page 1108 delete the following boxed text "~~High~~ In accordance with division (E) of section 3365.04 of the Revised Code, high".
On page 1109 delete the following boxed text "~~(H)~~(I)".

College Credit Plus Minimum Grade Requirement

High expectations are important for leading students to high achievement, but this provision sets a different bar for College Credit Plus students than it does for students not enrolled in College Credit Plus. Students not participating in College Credit Plus are able to earn high school or college credit for lower scores, which means that this provision creates inequities between College Credit Plus students and those not taking such classes. Additionally, other provisions in the budget bill require the Ohio Department of Higher Education and the Ohio Department of Education to develop policies that address the issue of students who do not achieve appropriate standards in College Credit Plus classes, a requirement that renders this provision unneeded. Therefore, this veto is in the public interest.

ITEM NUMBER 13

On page 7 delete the following boxed text "5747.51, 5747.53,".
On page 9 delete the following boxed text "5747.504,".
On page 19 delete the following boxed text "5747.51, 5747.53,".
On page 19 delete the following boxed text "5747.504,".
On page 2344 delete the following boxed text "or 5747.504,".
On page 2347 delete the boxed text beginning with "Sec. 5747.504. (A) As used in this section…" and ending at the bottom of the page.
On page 2348 delete the boxed text.
On page 2349 delete the boxed text.
On page 2350 delete the boxed text.
On page 2351 delete the boxed text.
On page 2352 delete the boxed text.
On page 2353 delete the boxed text.
On page 2354 delete the boxed text.
On page 2355 delete the boxed text.
On page 2356 delete the boxed text.
On page 2357 delete the boxed text.

On page 2358 delete the boxed text beginning at the top of the page and ending with "…failure to comply with the formula."
On page 2438 delete the following boxed text "5747.51, 5747.53,".
On page 3374 delete the following boxed text "5747.504, 5747.51, and"
On page 3374 delete the following boxed text "5747.53".

Local Government Fund Penalty for Municipal Water and Sewer Actions

This provision would impose a financial penalty on the City of Columbus, and no other municipality in Ohio, in the form of reduced funding from the Local Government Fund (LGF) if the city's water or sewer system charges different rates in 2022 between resident and nonresident customers. Additionally, this provision would impose an additional, separate LGF penalty on the City of Columbus if its water or sewer system imposes a rate increase across its total customer base to cover the cost of new infrastructure improvements that are made in a single locality served by the city's water or sewer system. It is a standard practice among water and sewer systems nationwide to maintain differential pricing among customer localities, given that not all customers generate the same costs. Geography, population density and distance can all impact the cost of serving a particular locality. Additionally, it is a reasonable and standard practice for the cost of new infrastructure improvements to be distributed among all of a system's customers in order to help make such projects less costly to any locality making improvements. Furthermore, the provision would put the cost of future projects entirely on the backs of the individual locality in which it takes place and the residents and businesses within the borders of the City of Columbus. Not only does this provision break with established statewide and nationwide policies for funding infrastructure projects, it would impose unrealistic and unsustainable costs on localities and impose unique burdens on the City of Columbus and its water and sewer customers that others in Ohio would not experience, putting the region at a disadvantage for economic development versus other regions of the state. Therefore this veto is in the public interest.

ITEM NUMBER 14

On page 8 delete the following boxed text "3318.037,".
On page 19 delete the following boxed text "3318.037,".
On page 949 delete the boxed text beginning with "Sec. 3318.037. (A) For purposes of this section" and ending at the bottom of the page.
On page 950 delete the boxed text beginning at the top of the page and ending with "…subsequent segment of the project under this section.".

School Facilities Assistance Segmenting

This provision would allow certain school districts to reduce the amount of matching funds they are required to produce in order to receive state funds. Currently, some school districts have a

"segmented" construction plan, where projects supported by Classroom Facilities Assistance Program (CFAP) funding are completed in stages. By changing the protocol by which the state/local funding share percentages are determined, school districts with these segmented projects would pay less and shift more costs to the state, which reduces the funds that are available to support other districts not identified by this provision for this kind of favorable consideration. Beyond this obvious inequity, urban districts with segmented construction plans are specifically excluded from benefiting from this provision—a troubling imbalance given that many of the greatest school construction needs exist in Ohio's urban school districts. The provision would currently benefit 29 districts, and the costs imposed on the state by those 29 would likely exceed a combined total of $256 million. Additionally, as yet undetermined, cost increases would be imposed on the state when 228 additional school districts become subject to this provision going forward. Those significant costs reduce the funds that are available to help other schools, create an enormous shift in resources, and lead to fundamental inequities. Therefore, this veto is in the public interest.

ITEM NUMBER 15

On page 8 delete the following boxed text "3318.421,".
On page 19 delete the following boxed text "3318.421,".
On page 1010 delete the boxed text beginning with "Sec. 3318.421. A project under this…" and ending at the bottom of the page.
On page 1011 delete the boxed text beginning at the top of the page and ending with "…year adequate for this section.".

Joint Vocational School District Projects

This provision would redirect funding from the K-12 Classroom Facilities Assistance Program (CFAP) to the JVS Vocational Facilities Assistance Program (VFAP) by providing for one additional JVS project each year in the biennium and capping the local share of costs for existing projects at 50 percent. This language represents a fundamental departure from principles of fairness and equity that have guided Ohio's school building program since 1997 by ignoring a JVS district's wealth, capping its share of costs at 50 percent, and moving it ahead of K-12 districts in the state that have been waiting for assistance. Further, by requiring the state to pay more for projects in high-wealth JVS districts, this provision would increase state costs by as much as $36 million over the biennium and reduce resources available to other, often lower-wealth, districts. Therefore, this veto is in the public interest.

ITEM NUMBER 16

On page 8 delete the following boxed text "190.01,".
On page 8 delete the following boxed text "190.02,".
On page 19 delete the following boxed text "190.01, 190.02,".
On page 315 delete the boxed text beginning with "Sec. 190.01. "The Health Care Compact" is hereby ratified…" and ending at the bottom of the page.
On page 316 delete the boxed text.
On page 317 delete the boxed text.
On page 318 delete the boxed text.
On page 319 delete the boxed text beginning at the top of the page and ending with "…fill a vacancy not later than thirty days after the vacancy occurs.".

Health Care Compact

This provision would require Ohio to join an effort started in 2010 to create a multi-state health care compact that would assume regulatory responsibilities from the federal government for health care activities within compact member states. Additionally, joining the compact would result in Ohio's federal health care funding, with the exception of veterans health care efforts, being block-granted at 2010 spending levels. The negative impact of rolling back funding levels would impede Ohio's ability to administer health care effectively, potentially cause an estimated 700,000 Ohioans to lose their existing health care coverage and limit resources to address the behavioral health care needs of the most vulnerable Ohioans. Therefore, this veto is in the public interest.

ITEM NUMBER 17

On page 4 delete the following boxed text "3749.01, 3749.02, 3749.03, 3749.04, 3749.05, 3749.06, 3749.07,".
On page 17 delete the following boxed text "3749.01, 3749.02, 3749.03,".
On page 17 delete the following boxed text "3749.04, 3749.05, 3749.06, 3749.07,".
On page 577 delete the following boxed text "No person shall operate an aquatic amusement ride, as defined in section 3749.01 of the Revised Code, without also complying with Chapter 3749. of the Revised Code.".
On page 1318 delete the boxed text beginning with "Sec. 3749.01. As used in sections…" and ending at the bottom of the page.
On page 1319 delete the boxed text.
On page 1320 delete the boxed text.
On page 1321 delete the boxed text.
On page 1322 delete the boxed text.
On page 1323 delete the boxed text beginning at the top of the page and ending with "…under division (E) of section 3749.04 of the Revised Code."
On page 2437 delete the following boxed text "3749.01, 3749.02,".

On page 2437 delete the following boxed text "3749.03, 3749.04, 3749.05, 3749.06, 3749.07,".
On page 3334 delete the boxed text beginning with "SECTION 737.31. Any person who…" and ending with "…section 3749.04 of the Revised Code."

Ohio Department of Health and Local Health District to Approve, License, and Inspect Amusement Rides

This provision seeks to require aquatic amusement rides built after the bill's effective date to be inspected by the Ohio Department of Health. Currently such rides—and all other amusement rides—are inspected exclusively by the Ohio Department of Agriculture, which has specialized inspection resources for the various types of amusement rides found in Ohio, including aquatic rides. Because this provision fails to abolish ODA's authority it would result in aquatic rides being inspected by both the departments of Agriculture and Health. This creates additional regulatory complexity and expense without adding additional substantive benefits to Ohioans or amusement park operators. Furthermore, the provision could potentially have the unintended consequence of subjecting private, backyard swimming pools that have accessories such as slides, to regulation by the Department of Health. Therefore, this veto is in the public interest.

ITEM NUMBER 18

On page 3 delete the following boxed text "3345.48,".
On page 17 delete the following boxed text "3345.48,".
On page 1076 delete the boxed text beginning with "Sec. 3345.48. (A) As used in this section…" and ending at the bottom of the page.
On page 1077 delete the boxed text.
On page 1078 delete the boxed text.
On page 1079 delete the boxed text beginning with "(D) A board of trustees…" and ending with "…tuition guarantee program under this section.".
On page 2436 delete the following boxed text "3345.48,".

Undergraduate Tuition Guarantee Program

This provision would allow any of Ohio's public universities that choose to initiate a tuition guarantee program to increase tuition by 8 percent for the first cohort, as compared to the 6 percent currently allowed. This represents a departure from the system of affordability measures and initiatives put into place in recent years by the Administration and the General Assembly, and works in opposition to Ohio's goal of increasing access to higher education to improve career opportunities for Ohioans and make Ohio's workforce more desirable to job creators. The resulting potential damage to Ohioans' higher education access and career opportunities, as well as the state's workforce and economy, must be avoided. Therefore, this veto is in the public interest.

ITEM NUMBER 19

On page 3218 delete the following boxed text "2017-2018 and".
On page 3218 delete the following boxed text "noninstructional program fees,".

Community Colleges Tuition Increase

This provision would allow an increase of up to $10 per credit hour for undergraduate instructional and general fees for community, state community, and technical colleges, while also exempting noninstructional program fees from the legislation's two year freeze on undergraduate instructional, general, and all other fees for state universities or colleges. The provision's allowable fee increase for community, state community, and technical colleges' tuition could result in the annual education costs for these schools' students rising up to 7.5 percent, and up to 15 percent over two years. Because legitimate circumstances may occur in which some cost increases do need to be managed, this veto would only prohibit credit hour and fee increases for the 2017-2018 academic year, while maintaining these colleges' authority for the 2018-2019 academic year. Additionally, the exemption of noninstructional program fees from the bill's two year freeze on state colleges and universities instructional, general, and all other fees would create a mechanism for these schools to undermine the purpose of this provision's freeze. The Administration and General Assembly have gone to great lengths to help Ohio's public colleges and universities implement innovative strategies to control their costs, and continuing these efforts is essential to maintaining access to college. Limiting the ability of state institutions of higher education to increase costs best aligns with Ohio's ongoing efforts to increase access to higher education, improve career opportunities for Ohioans, and make Ohio's workforce more desirable to job creators around the world. Therefore, this veto is in the public interest.

ITEM NUMBER 20

On page 13 delete the following boxed text "; and to repeal".
On page 13 delete the following boxed text "section 5101.621".
On page 2897 delete the following boxed text ", local law".
On page 2897 delete the following boxed text "enforcement agencies, and county prosecutors".
On page 2897 delete the following boxed text ", local law enforcement agencies, and county prosecutors".
On page 2897 delete the following boxed text ", local law enforcement agencies,".
On page 2897 delete the following boxed text "and county prosecutors".
On page 2921 delete the following boxed text "and section 5101.621".

Adult Protective Services

This provision would make law enforcement and county prosecutors eligible to receive reimbursement for activities related to adult protective services ("APS"). Law enforcement entities and county prosecutors are not under the purview of ODJFS and therefore the ability of ODJFS to effectively hold them accountable for the rules required under this section is uncertain. Use of APS funds to reimburse law enforcement and county prosecutors would reduce available allocations to county JFS departments and create financial burdens for APS agencies. In addition, this provision eliminates the requirement to document working procedures to coordinate efforts related to the prevention, reporting, and treatment of abuse, neglect, and exploitation of adults and limit local community's ability to provide necessary and coordinated services to vulnerable and at-risk adults. Therefore, this veto is in the public interest.

ITEM NUMBER 21

On page 1 delete the following boxed text "103.45,".
On page 8 delete the following boxed text "3301.65,".
On page 15 delete the following boxed text "103.45,".
On page 19 delete the following boxed text "3301.65,".
On page 49 delete the boxed text beginning with "Sec. 103.45. (A) The joint education oversight committee…" and ending at the bottom of the page.
On page 50 delete the boxed text beginning at the top of the page and ending with "…accommodate the availability of data and resources.".
On page 776 delete the boxed text beginning with "Sec. 3301.65. (A) The department of education…" and ending with "…previous school year.".
On page 2435 delete the following boxed text "103.45,".

Joint Education Oversight Committee Authority Over Ohio Department of Education Audit Standards

This provision would give the Joint Education Oversight Committee (JEOC) certain authority over the Department of Education, specifically by giving the Committee a functional "veto" over the Department's administration of full-time-equivalent student population audits and reviews. As such, this provision extends the JEOC's authority in unprecedented ways beyond the boundaries of its jurisdiction and branch of government. Therefore, this veto is in the public interest.

ITEM NUMBER 22

On page 1340 delete the following boxed text "These rules may not permit a lottery sales agent to accept a credit card for the purchase of a lottery ticket, except for a video lottery terminal as provided in rule 3770:2-7-01 of the Administrative Code.".

Prohibition on the Use of Credit Cards to Purchase Lottery Products

This provision would prohibit Ohioans from using credit cards or similar payment arrangements to purchase Ohio Lottery games. By closing out a payment choice available to Ohio Lottery customers since the program's inception in 1974, this provision imposes on the Lottery Commission's authority to allow its customers the freedom and flexibility to utilize the payment method of their choice. This prohibition has been estimated to decrease the Lottery Profit Education Fund proceeds by an at least $10 million over the biennium and limits its flexibility to respond to customer preferences. Therefore, this veto is in the public interest.

ITEM NUMBER 23

On page 6 delete the following boxed text "5163.03,".
On page 18 delete the following boxed text "5163.03,".
On page 1929 delete the following boxed text "~~5163.03~~".
On page 1937 delete the boxed text beginning with "Sec. 5163.03. (A) Subject to…" and ending with "…date of this amendment."
On page 2438 delete the following boxed text "5163.03,".

Medicaid Coverage of Optional Eligibility Groups

This provision would prohibit the Department of Medicaid from covering any new, optional groups unless expressly permitted by statute. Because federal law requires there to be a single state agency charged with administering the Medicaid program in each state, this provision – by ceding a portion of the Director of Medicaid's authority to the Legislature – violates that federal requirement and imposes on the Director's executive authority to manage the state's Medicaid program. Therefore, this veto is in the public interest.

ITEM NUMBER 24

On page 6 delete the following boxed text "5164.57,".
On page 18 delete the following boxed text "5164.57,".
On page 1958 delete the boxed text beginning "Sec. 5164.57. (A)(1) Except as provided…" and ending at the bottom of the page.
On page 1959 delete the boxed text.

On page 1960 delete following boxed text "(E) Nothing in this section limits the department's authority to recover overpayments pursuant to any other provision of the Revised Code.".
On page 2438 delete the following boxed text "5164.57,".

Recovery of Medicaid Overpayments

This provision would reduce the time the Department of Medicaid has to issue overpayment notices to nursing facilities and ICF/IDD providers from five to three years. Because providers have 30 months to submit and correct claims before the Department can review them and determine if an overpayment was made, this item significantly impacts the Department's ability to recover overpayments and increases the risk that public funds could be unjustifiably received. Ensuring the ability of the Department to recover overpayments is necessary to maintain fiscal and programmatic integrity, as well as to effectively and efficiently manage the Ohio Medicaid program. Therefore, the veto of this item is in the public interest.

ITEM NUMBER 25

On page 8 delete the following boxed text "103.417,".
On page 9 delete the following boxed text "5164.021,".
On page 9 delete the following boxed text "5164.69,".
On page 19 delete the following boxed text "103.417,".
On page 19 delete the following boxed text "5164.021,".
On page 19 delete the following boxed text "5164.69,".
On page 44 delete the following boxed text "~~103.415~~ 103.417".
On page 47 delete the boxed text beginning with "Sec. 103.417. Before the department…" and ending with "…implementation of the proposal."
On page 1929 delete the boxed text beginning with "When the director of another…" and ending at the bottom of the page.
On page 1930 delete the boxed text beginning at the top of the page and ending with "…were the medicaid director."
On page 1939 delete the following boxed text "~~The~~ Subject to section 5164.021 of the Revised Code, the".
On page 1940 delete the boxed text beginning with "Sec. 5164.021. For purposes…" and ending with "…actual amount of the rate increase."
On page 1960 delete the boxed text beginning with "Sec. 5146.69. (A) Neither the department…" and ending with "amount of the rate increase."

Legislative Oversight of Rules Increasing Medicaid Rates

This provision would require the Department of Medicaid to submit any proposal for an increase in a Medicaid payment rate to the Joint Medicaid Oversight Committee (JMOC) and prohibits the Department from making an increase if it fails to make the required submission, if JMOC votes to prohibit the rate increase, or if the General Assembly adopts a concurrent resolution to prohibit it. This obstructs the Medicaid director's executive authority to effectively and

efficiently manage Ohio's Medicaid program and to maintain the fiscal and programmatic integrity the Administration has established for that program. Furthermore, this language fundamentally changes the nature of JMOC and its relationship to the Department of Medicaid while negatively impacting the Department's efforts to implement key policy initiatives. Therefore, this veto is in the public interest.

ITEM NUMBER 26

On page 9 delete the following boxed text "5164.78,".
On page 19 delete the following boxed text "5164.78,".
On page 1961 delete the boxed text beginning "Sec. 5164.78. (A) The medicaid payment rates…" and ending at the bottom of the page
On page 1962 delete the boxed text beginning at the top of the page and ending with "…payment rate is determined in accordance with state statutes.".

Medicaid Rates for Neonatal and Newborn Services

This provision would require that the Department of Medicaid set rates for certain neonatal and newborn services at levels equal to 75 percent of the Medicare rates for those services, and forces the Medicaid director to reduce the rates for other services to avoid an increase in Medicaid expenditures. This provision threatens access to services for some of the most vulnerable Ohioans and limits the ability of the director to effectively and efficiently manage the Medicaid program. Therefore, the veto of this item is in the public interest.

ITEM NUMBER 27

On page 6 delete the following boxed text, "5165.01, 5165.106,".
On page 6 delete the following boxed text, "5165.15, 5165.151, 5165.153, 5165.154,"
On page 6 delete the following boxed text, "5165.16, 5165.17, 5165.19, 5165.192, 5165.21,".
On page 6 delete the following boxed text, "5165.23, 5165.25, 5165.34, 5165.37, 5165.41, 5165.42,".
On page 7 delete the following boxed text, "5165.52,".
On page 9 delete the following boxed text, "5165.36, 5165.361,".
On page 18 delete the following boxed text, "5165.01, 5165.106,".
On page 18 delete the following boxed text, "5165.15, 5165.151, 5165.153, 5165.154,".
On page 18 delete the following boxed text, "5165.16,".
On page 18 delete the following boxed text, "5165.17, 5165.19, 5165.192, 5165.21, 5165.23, 5165.25, 5165.34, 5165.37,".
On page 18 delete the following boxed text, "5165.41, 5165.42, 5165.52".
On page 19 delete the following boxed text, "5165.36, 5165.361".
On page 1962 delete the boxed text beginning with "Sec. 5165.01. As used in this chapter..." and ending at the bottom of the page.

On page 1963 delete the boxed text.
On page 1964 delete the boxed text.
On page 1965 delete the boxed text.
On page 1966 delete the boxed text.
On page 1967 delete the boxed text.
On page 1968 delete the boxed text.
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 beginning at the top of the page and ending with "…bureau of labor statistics.".
On page 1973 delete the boxed text beginning with "Sec. 5165.15. Except as otherwise…" and ending at the bottom of the page.
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 texted beginning at the top of the page and ending with "…granting the authorization.".
On page 1979 delete the boxed text beginning with "Sec. 5165.16 (A)" As used…" and ending at the bottom of the page.
On page 1980 delete the boxed text.
On page 1981 delete the boxed text.
On page 1982 delete the boxed text.
On page 1983 delete the boxed text.
On page 1984 delete the boxed text.
On page 1985 delete the boxed text.
On page 1986 delete the boxed text.
On page 1987 delete the boxed text.
On page 1988 delete the boxed text.
On page 1989 delete the boxed text.
On page 1990 delete the boxed text.
On page 1991 delete the boxed text.
On page 1992 delete the boxed text.
On page 1993 delete the boxed text.
On page 1994 delete the boxed text.
On page 1995 delete the boxed text.
On page 1996 delete the boxed text.
On page 1997 delete the boxed text.
On page 1998 delete the boxed text.
On page 1999 delete the boxed text.
On page 2000 delete the boxed text.
On page 2001 delete the boxed text.
On page 2002 delete the boxed text beginning at the top of the page and ending with "…basis for the estimate.".
On page 2438 delete the following boxed text "5165.01, 5165.106,".

On page 2438 delete the following boxed text "5165.15, 5165.151, 5165.153, 5165.154,".
On page 2438 delete the following boxed text "5165.16,".
On page 2438 delete the following boxed text "5165.17, 5165.19, 5165.192, 5165.21, 5165.23, 5165.25, 5165.34, 5165.37,".
On page 2438 delete the following boxed text "5165.41, 5165.42, 5165.52".
On page 3150 delete the boxed text beginning with "(A) As used in this section…" and ending with "…of the Revised Code. (B)".
On page 3151 delete the boxed text beginning with "(C)(1) The Department…" and ending with "…before it is to take effect.".
On page 3382 delete the following boxed text "Section 5165.01 of the Revised Code as amended by both Sub. H.B. 158 and Am. Sub. H.B. 483 of the 131st General Assembly.".

Medicaid Rates for Nursing Facilities

This provision would make numerous changes in the formula used to determine Medicaid payment rates for nursing facility services, including eliminating portions of the reimbursement formula that are focused on quality and accountability measures. This provision imposes on the Medicaid director's executive authority to effectively and efficiently manage Ohio's Medicaid program and to maintain the fiscal and programmatic integrity the Administration has established for that program by restricting the Director's ability to establish rates that best ensure the quality and efficiency of Medicaid nursing facility programs. Therefore, this veto is in the public interest.

ITEM NUMBER 28

On page 9 delete the following boxed text "5163.15,".
On page 19 delete the following boxed text "5163.15,".
On page 1936 delete the boxed text beginning with " "Federal medical assistance…" and ending with "42 U.S.C. 1396d(y)."
On page 1937 delete the boxed text beginning with "Sec. 5163.15 (A) Except as provided…" and ending at the bottom of the page.
On page 1938 delete the following boxed text "group the medicaid program covers."
On page 2008 delete the following boxed text ", subject to section 5163.15 of the Revised Code,".
On page 2010 delete the following boxed text "~~On~~ Subject to section 5163.15 of the Revised Code, on".
On page 3158 delete the boxed text beginning with "Section 333.271. EXPANSION…" and ending with "section 5163.15 of the Revised Code."

Medicaid Eligibility Requirements for Expansion Group

This provision would require the director of the Department of Medicaid to seek a federal waiver to allow the department to prohibit virtually every Ohioan age 19 through 64 with an income at or below 138 percent of the federal poverty level who is not already enrolled in Medicaid, from

enrolling in the program after July 1, 2018. Starting in 2014, these Ohioans became eligible to receive health care coverage under the Medicaid expansion and, as a result, Ohioans in this population have reported improved access to care, decreased costly emergency room use, better overall health status and improved opportunities to seek and continue employment. Further, this provision is in violation of federal law, which prohibits states from denying coverage to members of an otherwise eligible group. This provision would eliminate any chance of these improvements continuing on a going forward basis—to the detriment of the state's economy in general and needy Ohioans in particular. Therefore, this veto is in the public interest.

ITEM NUMBER 29

On page 9 delete the following boxed text "5166.38,".
On page 19 delete the following boxed text "5166.38,".
On page 2008 delete the boxed text beginning with "Sec. 5166.38. As used in this section…" and ending at the bottom of the page.
On page 2009 delete the boxed text beginning at the top of the page and ending with "…continuum of care."

Medicaid Waiver to Provide Services at Institutions for Mental Diseases

This provision would require the director of the Department of Medicaid to apply for an 1115 waiver from the federal Centers for Medicare and Medicaid Services to allow the Department to provide certain types of services at facilities that deliver mental health services, referred to as Institutions for Mental Disease (IMD). In addition to being duplicative of current efforts to serve this population beginning July 1, 2017, this provision mandates the Department of Medicaid to take actions not otherwise required by the federal government. Applying for an 1115 waiver at this time would significantly delay access to inpatient psychiatric services in an IMD. Therefore, this veto is in the public interest.

ITEM NUMBER 30

On page 7 delete the following boxed text "5167.01, 5167.03,".
On page 8 delete the following boxed text "103.43,".
On page 18 delete the following boxed text "5167.01, 5167.03,".
On page 19 delete the following boxed text "103.43,".
On page 47 delete the boxed text beginning with "Sec. 103.43. (A) A used…" and ending at the bottom of the page.
On page 48 delete the boxed text.
On page 49 delete the boxed text beginning at the top of the page and ending with "…oversight committee."

On page 2011 delete the boxed text beginning with "Sec. 5167.01. As used…" and ending at the bottom of the page.
On page 2012 delete the boxed text beginning at the top of the page and ending with "…managed care organizations."
On page 2438 delete the following boxed text "5167.01, 5167.03,".
On page 3158 delete the boxed text beginning with "SECTION 333.283…" and ending at the bottom of the page.
On page 3159 delete the following boxed text "management system beyond the inclusion of those services that have been implemented under the Integrated Care Delivery System."

Long-Term Services Added to Medicaid Managed Care

This provision would prohibit nursing facilities, as well as home and community-based waiver services, with limited exceptions, from being added to Medicaid managed care at any time prior to the General Assembly enacting legislation authorizing the addition. This provision also creates a temporary study committee to examine the merits of including these services in the managed care system. By unnecessarily delaying the Department of Medicaid's ability to move Ohioans receiving these services into managed care, this provision would unreasonably delay or even totally deny the benefits of care coordination to Medicaid recipients with the most complex needs, as well as deny Ohio taxpayers the benefit of the increased efficiency provided by managed care models of care delivery. Such models have already proven to improve value and quality for both Ohio taxpayers and the vulnerable Ohioans who depend on Medicaid. Therefore, this veto is in the public interest.

ITEM NUMBER 31

On page 2012 delete the following boxed text "~~Code~~".
On page 2012 delete the following boxed text "~~The department shall being to include the services in the system not later than January~~ Code. The services shall not be included in the system before July".

Behavioral Health Redesign

This provision would require the Ohio Department of Medicaid to delay the addition of behavioral health services into managed care until July 1, 2018. The department's Behavioral Health Redesign is intended to provide high intensity services for those most in need and ensure for the first time that individuals' mental and physical health needs are managed together, and not with disregard to, one another. This coordination is necessary to get the right services at the right time to the Ohioans who need them most. The Administration, providers, Medicaid managed care plans and county boards have been working on the development of the behavioral health benefit package since early 2014. While the Administration supports a delay in coding changes to January 1, 2018, the care coordination delays mandated by this provision will impose

new costs on Ohio taxpayers and private sector providers who have invested in preparing for the anticipated effective date. More significantly, the delay will be detrimental to individuals who would benefit the most from receiving coordinated behavioral health services. Therefore, this veto is in the public interest.

ITEM NUMBER 32

On page 3145 delete the following boxed text "Notwithstanding section 5167.30 of Revised Code and for only fiscal year 2019, the sum of all withholdings from Medicaid managed care organizations' premium payments under division (B) of that section shall be one per cent of the premium payments.".

Managed Care Premium Payment Withholdings

This provision would limit to 1 percent the maximum amount that the Department of Medicaid can withhold from a managed care organization's premium payments based on how well a managed care organization meets performance criteria. The executive version of the budget increased the maximum amount that may be withheld by the Department from 2 percent to 5 percent, in order to continue to drive better value for taxpayers and quality for vulnerable Ohioans who depend on Medicaid services. Decreasing the maximum allowable withholding undermines the pursuit of better value and quality and takes Ohio backward in these efforts. Therefore, this veto is in the public interest.

ITEM NUMBER 33

On page 9 delete the following boxed text "5168.761,".
On page 19 delete the following boxed text "5168.761,".
On page 2027 delete the boxed text beginning with "(L) "Permissive sales tax" means…" and ending with "…levying a permissive sales tax on July 1, 2017,".
On page 2027 delete the following boxed text "Subject to section 5168.761 of the Revised Code," in both instances it occurs.
On page 2028 delete the boxed text beginning with "Sec. 5168.761. Not later than October 1, 2017…" and ending with "…so increased effective July 1, 2024.".
On page 2030 delete the following boxed text "Except as provided in division (C) of this section,".
On page 2030 delete the boxed text, beginning with "(C) If the United States centers for medicare and medicaid services…" and ending with "…fiscal officer of each qualifying subdivision".

Health Insuring Corporation Franchise Fee

This provision would require the Department of Medicaid to ask the United States Centers for Medicare and Medicaid services whether the franchise fee may be increased through the health

insuring corporation (HIC) franchise fee and, if the fee may be so increased, to request approval for the increase. The Department was approved for a HIC waiver after demonstrating compliance with federal requirements, including that the tax be broad based and not violate hold-harmless provisions. Requesting a change puts the approved waiver in jeopardy and risks the loss of the $615 million net benefit currently permitted by the waiver. Further, the Executive budget already provided transition payments for counties as they adjust their budgets in preparation for the end of the existing tax. Therefore, this veto is in the public interest.

ITEM NUMBER 34

On page 3144 delete the boxed text beginning with "Upon Controlling Board authorization of expenditures under division (B) of the section of this act titled "HEALTH AND HUMAN SERVICES FUND CONTINUED" during fiscal year 2018..." and ending with "...Human Services Fund."
On page 3144 delete the boxed text beginning with "Upon Controlling Board authorization of expenditures under division (B) of the section of this act titled "HEALTH AND HUMAN SERVICES FUND CONTINUED" during fiscal year 2019..." and ending with "...Human Services Fund."
On page 3145 delete the boxed text beginning with "(B) the Medicaid Director..." and ending with "...1396a(a)(10)(A)(i)(VIII)."

Controlling Board Authorization Regarding Medicaid Expenditures

This provision requires the director of Budget and Management to transfer monies from the General Revenue Fund to the Health and Human Services Fund and requires the Medicaid director to request the Controlling Board to authorize expenditures from the Health and Human Services fund for purposes of paying for the Medicaid program. While the Administration does not oppose this requirement, the provision also restricts the Controlling Board from releasing funds if the United States Congress amends the federal law governing the federal medical assistance percentage in a manner that reduces the percentage, even if that reduction has no impact in the current biennium. This limits the ability of the Medicaid director to effectively and efficiently manage the Medicaid program and obstructs the Administration's authority to maintain the fiscal stability and programmatic integrity that it has successfully established for the program. Therefore, the veto of this item is in the public interest.

ITEM NUMBER 35

On page 3154 delete the boxed text beginning with "SECTION 333.240. PAYMENT RATES FOR HOSPITAL SERVICES…" and ending in "by the Department of Medicaid on July 1, 2017.".

Medicaid Payment for Hospital Service

This provision would set the Medicaid payment rate for a hospital service provided from July 1, 2017 through June 30, 2019 at a level equal to that paid for the same service on July 1, 2017, except for any change resulting from a rebasing or recalibration of rates on January 1, 2017. This provision also requires the Ohio Department of Medicaid to reduce payment rates for hospital services if the total amount paid would exceed FY2017 funding levels. This limits the ability of the Medicaid director to effectively and efficiently manage the Medicaid program and obstructs the Administration's authority to maintain the fiscal stability and programmatic integrity it has successfully established for the Medicaid program. Therefore, this veto is in the public interest.

ITEM NUMBER 36

On page 3158 delete the boxed text beginning with "SECTION 333.273. HEALTHY OHIO PROGRAM WAIVER SUBMISSION…" and ending with "…5166.403 of the Revised Code."

Waiver Regarding Healthy Ohio Program

This provision mandates that the Department of Medicaid request the same waiver to implement the Healthy Ohio program which was previously denied by the Centers for Medicare and Medicaid Services. The Administration shares the goal of expanding Ohio's flexibility in managing our Medicaid programs, and is committed to working with the General Assembly to seek achievable solutions that would accomplish this goal. Requiring Medicaid to seek an identical waiver for the Healthy Ohio program would be duplicative and an ill-advised use of Medicaid resources. Therefore, this veto is in the public interest.

ITEM NUMBER 37

On page 1 delete the following boxed text "1509.71,".
On page 16 delete the following boxed text "1509.71,".
On page 506 delete the boxed text beginning with "Sec. 1509.71. (A) It is the policy of the state…" and ending at the bottom of the page.

On page 507 delete the boxed text beginning at the top of the page and ending with "…required by the commission in the performance of its duties.".
On page 2435 delete the following boxed text "1509.71,".

Oil and Gas Leasing Commission Appointments

This provision would transfer appointment authority for members of the Ohio Oil and Gas Leasing Commission from the governor to the General Assembly. This creates the potential for conflicts in how public lands under the jurisdiction of executive branch agencies are utilized. No provision is made for how those conflicts would be resolved or how utilization policies would be harmonized, which could potentially lead to harm to Ohio's public lands. Therefore, this veto is in the public interest.

ITEM NUMBER 38

On page 7 delete the following boxed text "5713.051,".
On page 18 delete the following boxed text "5713.051,".
On page 2137 delete the boxed text beginning with "Sec. 5713.051. (A) As used …" and ending at the bottom of the page.
On page 2138 delete the boxed text.
On page 2139 delete the boxed text.
On page 2140 delete the boxed text.
On page 2141 delete the boxed text beginning at the top of the page and ending with "… for property tax purposes.".
On page 2438 delete the following boxed text "5713.051,".
On page 3366 delete the boxed text beginning with "SECTION 757.50 (A) The amendment …" and ending with "… or charged taxes relate.".

Property Tax Valuation of Oil and Gas Reserves

This provision would specify the only method that county auditors can use for determining the value of sales and leases when assessing a value for tax purposes of sub-surface minerals prior to their production. Other assessment models exist, and it is inappropriate to limit the flexibility of county auditors. Furthermore, the fiscal impact of this provision cannot be projected at this time therefore its effects on government services cannot be known. Therefore, this veto is in the public interest.

ITEM NUMBER 39

On page 1810 delete the boxed text beginning with "~~throughout the carrier's traditional~~..." and ending with "...requirements of federal law".

Modification of Lifeline Telephone Service

This provision would allow incumbent local exchange carriers to abandon the Lifeline program through which eligible low-income telephone customers gain access to basic telephone service. It is important that these populations not be put at risk of losing service, especially in regions of the state where few, if any, alternative phone providers exist. Therefore, this veto is in the public interest.

ITEM NUMBER 40

On page 1 delete the following boxed text "117.46,".
On page 8 delete the following boxed text "101.88, 101.881, 101.882, 101.89,".
On page 15 delete the following boxed text "117.46,".
On page 19 delete the following boxed text "101.88, 101.881, 101.882, 101.89,".
On page 22 delete the boxed text beginning with "Sec. 101.88. (A) The departments..." and ending at the bottom of the page.
On page 23 delete the boxed text.
On page 24 delete the boxed text.
On page 25 delete the boxed text.
On page 26 delete the boxed text.
On page 27 delete the boxed text.
On page 28 delete the boxed text beginning at the top of the page and ending with "web site of the general assembly."
On page 96 delete the boxed text beginning with "Sec. 117.46. Each..." and ending at the bottom of the page.
On page 97 delete the boxed text beginning at the top of the page and ending with "...3345.011 of the Revised Code."
On page 2435 delete the following boxed text "117.46,".

General Assembly Review of Cabinet Departments

Under the Ohio Constitution, no state agency can be funded for a period of longer than two years. Following the submission of the Governor's biennial budget at the beginning of this year, the General Assembly has been reviewing, analyzing, and debating whether and at what levels to fund every state agency. Included within these debates has been the authority to recommend that one or more state agencies be eliminated altogether. This provision would create a second, duplicative process to this Constitutionally-mandated review and require half of the Executive

Branch agencies to appear before the General Assembly every two years to conduct essentially the same review that was conducted during the budget process. This costly and burdensome mechanism would be a waste of both Executive and Legislative Branch resources. Therefore, this veto is in the public interest.

ITEM NUMBER 41

On page 4 delete the following boxed text "4505.06,".
On page 7 delete the following boxed text "5739.029,".
On page 7 delete the following boxed text "5739.12, 5739.122, 5739.13,".
On page 7 delete the following boxed text "5739.17,".
On page 7 delete the following boxed text "5741.12,".
On page 17 delete the following boxed text "4505.06,".
On page 19 delete the following boxed text "5739.029,".
On page 19 delete the following boxed text "5739.12, 5739.122, 5739.13,".
On page 19 delete the following boxed text "5739.17,".
On page 19 delete the following boxed text "5741.12,".
On page 1457 delete the boxed text beginning with "Sec. 4505.06. (A)(1) Application…" and ending at the bottom of the page.
On page 1458 delete the boxed text.
On page 1459 delete the boxed text.
On page 1460 delete the boxed text.
On page 1461 delete the boxed text.
On page 1462 delete the boxed text.
On page 1463 delete the boxed text.
On page 1464 delete the boxed text.
On page 1465 delete the boxed text.
On page 1466 delete the boxed text.
On page 1467 delete the boxed text beginning at the top of the page and ending with "… accomplished by electronic means.".
On page 2068 delete the boxed text beginning with "(19) Disclosing to the department …" and ending with "… taxation under that division.".
On page 2258 delete the boxed text beginning with "Sec. 5739.029. (A) Notwithstanding …" and ending at the bottom of the page.
On page 2259 delete the boxed text.
On page 2260 delete the boxed text beginning at the top of the page and ending with "… any province of Canada.".
On page 2289 delete the boxed text beginning with "Sec. 5739.12. (A)(1) Each …" and ending at the bottom of the page.
On page 2290 delete the boxed text.
On page 2291 delete the boxed text.
On page 2292 delete the boxed text.
On page 2293 delete the boxed text.
On page 2294 delete the boxed text.

On page 2295 delete the boxed text.
On page 2296 delete the boxed text.
On page 2297 delete the boxed text beginning at the top of the page and ending with "… 5739.31 of the Revised Code.".
On page 2297 delete the boxed text beginning with "Sec. 5739.17. (A) No person …" and ending at the bottom of the page.
On page 2298 delete the boxed text.
On page 2299 delete the boxed text.
On page 2300 delete the boxed text beginning at the top of the page and ending with "… imposed by this chapter.".
On page 2310 delete the boxed text beginning with "Sec. 5741.12. (A) Each seller …" and ending at the bottom of the page.
On page 2311 delete the boxed text beginning at the top of the page and ending with "… for certificate of title.".
On page 2437 delete the following boxed text "4505.06,".
On page 2438 delete the following boxed text "5739.029,".
On page 2438 delete the following boxed text "5739.12, 5739.122, 5739.13,".
On page 2438 delete the following boxed text "5739.17,".
On page 2438 delete the following boxed text "5741.12,".
On page 3238 delete the boxed text for line item Poundage Fee Compensation Fund.
On page 3245 delete the boxed text beginning with "POUNDAGE FEE COMPENSATION FUND …" and ending with "… amounts are hereby appropriated.".

Sales Tax Remittance by Motor Vehicle Dealers

This provision would allow Ohio motor vehicle dealers to remit sales and use taxes on vehicle sales directly to the state on a monthly basis, rather than to a clerk of court when a vehicle is titled. This change would result in the state losing an estimated $18.8 million of revenue in fiscal year 2019. Further, the provision would require the state to pay clerks of court the administrative fees they would have received for collecting sales tax on a vehicle on behalf of the state, despite the fact that they did not actually collect that tax for the state. It is inappropriate for Ohio taxpayers to pay local clerks of court for work they did not do. Therefore, this veto is in the public interest.

ITEM NUMBER 42

On page 145 delete the following boxed text "~~division(LLL) of~~".
On page 2185 delete the following boxed text "electronic publishing services," in all three instances it occurs.
On page 2185 delete the boxed text beginning with "~~rather than~~...", and ending with "…consumer of".
On page 2185 delete the boxed text beginning with "~~are incidental~~…", and ending with "…service or services".

On page 2185 delete the boxed text beginning with "~~such transactions~~…", and ending with "…electronic information services".
On page 2186 delete the boxed text beginning with "~~(u) Electronic publishing~~…" and ending with "…~~are not sales.~~".
On page 2196 delete the boxed text "~~as defined in division (LLL) of this section~~".
On page 2196 delete the boxed text beginning with " "Electronic publishing" and "electronic publishing services" means…" and ending with "…(e)".
On page 2196 delete the following boxed text "electronic".
On page 2196 delete the following boxed text "~~divisions (B)(3)(e)~~ division".
On page 2196 delete the following boxed text "electronic publishing services,".
On page 2197 delete the following boxed text "~~or~~".
On page 2197 delete the following boxed text ",electronic publishing services, or electronic information services".
On page 2208 delete the boxed text beginning with " ~~"Electronic publishing" means~~..." and ending with "…~~(MMM)~~".
On page 2208 delete the following boxed text "~~(NNN)~~(MMM)".
On page 2208 delete the following boxed text "~~(OOO)~~(NNN)".
On page 2208 delete the following boxed text "~~(PPP)~~(OOO)".
On page 2208 delete the following boxed text "~~(QQQ)~~(PPP)".
On page 2209 delete the following boxed text "~~(QQQ)~~(PPP)".
On page 2209 delete the following boxed text "~~(RRR)~~(QQQ)".
On page 3374 delete the boxed text beginning with "Section 803.260. …" and ending at the bottom of the page.
On page 3375 delete the boxed text beginning at the top of the page and ending with "…section by Sub. H.B. 157 of the 127th General Assembly.".

Sales Tax on Electronic Services

This provision would create a new exemption from the state sales tax by specifying that sales of automatic data processing, computer services, electronic information services and electronic publishing are not considered the true object of a sales transaction and therefore not subject to the sales tax when they are provided primarily for the delivery, receipt or use of another non-taxable service. The amount of this exemption is significantly increased by making it retroactive to 2007. The total potential revenue loss to the state is estimated at up to $115 million in FY 2018 and $121 million in FY 2017. Additionally, because the exemption is retroactive to 2007, state revenue loss due to refunds (excluding interest) is estimated to be at least $246.5 million. The concept of a mixed transaction (taxable and non-taxable activities occurring simultaneously) is not unique to electronic services. Currently, a taxpayer may separate at the point of purchase these transactions and apply the sales tax appropriately. Therefore, this veto is in the public interest.

ITEM NUMBER 43

On page 2190 delete the following boxed text "~~and~~".
On page 2190 delete the following boxed text ",".
On page 2190 delete the following boxed text "and (5)".
On page 2193 delete the boxed text beginning at the top of the page and ending with "...licensed by any state, country, or province.".
On page 3374 delete the following boxed text "except for divisions (C) and (H) of section 5739.01 of the Revised Code,".

Sales Tax Exemption for Prescription Optical Aids

This provision would exempt prescription optical aids (e.g., eyeglasses and contact lenses) and their components up to $650 in value from the sales and use tax. This language is not compliant with the Streamlined Sales and Use Tax Agreement and therefore jeopardizes the sales tax revenue (which came to $43.8 million in 2013) the state receives from its membership in that agreement. Therefore, this veto is in the public interest.

ITEM NUMBER 44

On page 7 delete the following boxed text "5725.98, 5726.98,".
On page 7 delete the following boxed text "5729.98,".
On page 8 delete the following boxed text "122.15, 122.151, 122.152, 122.153, 122.154, 122.155, 122.156,".
On page 18 delete the following boxed text "5725.98, 5726.98,".
On page 19 delete the following boxed text "5729.98,".
On page 113 delete the boxed text beginning with "Sec.122.15. As used..." and ending at the bottom of the page.
On page 114 delete the boxed text.
On page 115 delete the boxed text.
On page 116 delete the boxed text.
On page 117 delete the boxed text.
On page 118 delete the boxed text.
On page 119 delete the boxed text.
On page 120 delete the boxed text.
On page 121 delete the boxed text.
On page 122 delete the boxed text.
On page 123 delete the boxed text.
On page 124 delete the boxed text.
On page 125 delete the boxed text.
On page 126 delete the following boxed text "company would be beneficial to the economic growth of the state."

On page 2159 delete the boxed text beginning with "Sec. 5725.98 (A) To provide..." and ending at the bottom of the page.
On page 2160 delete the boxed text.
On page 2179 delete the boxed text beginning with "Sec. 5729.98. (A) To provide…" and ending at the bottom of the page.
On page 2180 delete the boxed text beginning with "offsets against tax liability…" and ending with "…a taxable year.
On page 2438 delete the following boxed text "5725.98, 5726.98,".
On page 2438 delete the following boxed text "5729.98,".

Rural and High-Growth Industry Jobs Program

This provision would authorize a nonrefundable tax credit for insurance companies and financial institutions that invest in special purpose "rural and high-growth industry funds." The Administration agrees with the intent of this provision and recognizes the importance of encouraging investments that drive job creation and retention in rural areas. Accordingly, the Administration is committed to working with leadership in the Ohio Senate to address this issue through separate legislation. However, the provision as drafted only requires that 50 percent of the investment be made in rural areas, permitting half to go to suburban and urban areas. Further, the definition of rural as written is overly broad, permitting even more funds to perhaps be spent in non-rural areas. Therefore, this veto is in the public interest.

ITEM NUMBER 45

On page 9 delete the following boxed text "5501.91,".
On page 19 delete the following boxed text "5501.91,".
On page 2031 delete the boxed text beginning with "Sec. 5501.91. (A) As used in this section…" and ending at the bottom of the page.
On page 2032 delete the boxed text beginning at the top of the page and ending with "corporation or port authority.".
On page 3254 delete the boxed text for the line item 776670 Ohio Maritime Assistance Program
On page 3255 delete the boxed text beginning with "SECTION 411.30. OHIO MARITIME ASSISTANCE PROGRAM…" and ending with "allocated to it as permitted by law."

Ohio Maritime Assistance Program

This provision would require the Ohio Department of Transportation to create a special program to support the state's maritime assets and earmarks $4 million for these efforts. Currently ODOT is conducting a statewide assessment of Ohio's maritime assets to determine how they are being used and to what degree, and how highway access can be improved to ports in pursuit of optimal job creation. This comprehensive statewide assessment will be completed by the end of the calendar year, therefore it is premature to begin funding maritime projects without the advantage of this study's data. Therefore, this veto is in the public interest.

ITEM NUMBER 46

On page 7 delete the following boxed text "5902.09,".
On page 19 delete the following boxed text "5902.09,".
On page 2372 delete the boxed text beginning with "Sec. 5902.09. The department ..." and ending with "... activity specifically for veterans.".
On page 2423 delete the boxed text beginning with "(3) The OhioMeansJobs web site ..." and ending with "... maintained under that section.".

Veterans Job Placement Website

This well-intended provision would require the Ohio Department of Veterans Services to create a new website for delineating job placement, tracking and reporting for veterans seeking employment. This is an important and worthwhile effort to which the state is also committed. Federal law currently requires Ohio to perform these functions, which it does through the Ohio Department of Job and Family Services. To achieve this provision's intent, DVS and JFS will work with veterans advocacy organizations and the Speaker of the House Clifford A. Rosenberger to further strengthen Ohio's existing effort. Therefore, this veto is in the public interest.

ITEM NUMBER 47

On page 2426 delete the boxed text beginning with "(D)(1) The requirement in division ..." and ending at the bottom of the page.
On page 2427 delete the boxed text.
On page 2428 delete the boxed text beginning at the top of the page and ending with "... meeting by teleconference.".

Local Workforce Development Board Meetings by Teleconference

Ensuring that Ohioans have the skills and training needed to fill the available jobs at Ohio employers is one of the most critical issues facing our state. Local workforce boards are designed to help guide this work and ensure efforts are focused on meeting local needs and priorities. This provision does not set a minimum number of members that are required to meet and conduct business in a public location, allowing that number to be set locally. This could lead to situations where all members are participating remotely. This issue is too important to the economic success of Ohio to not ask board members to commute a short distance and participate in board meetings in person. Additionally, creating this ability for one entity, while maintaining the prohibition on teleconferences for others, furthers undesirable inconsistencies in policy. 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 Seventeen.

John R. Kasich, Governor

This will acknowledge the receipt of a copy of this veto message of Amended Substitute House Bill 49 that was disapproved in part by Governor John R. Kasich on June 30, 2017.

Clerk

Name and Title of Officer

June 30, 2017, 11:55 p.m.

Date and Time of Receipt