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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

S.J.R. 3
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.J.R. 3's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Sen. Burke

Local Impact Statement Procedure Required: No

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Highlights

- The resolution would start the process of changing the state constitution to require supermajority legislative approval for higher state income tax rates. The constitutional change would need to be approved by electors.
- The Secretary of State would incur ballot advertising costs for ensuring that ballot issue language, issue explanations, and proponent and opponent positions for ballot issues are published in print media across the state. The Secretary of State is reimbursed for these costs via cash transfers from the GRF approved by the Controlling Board. The costs could be up to a few hundred thousand dollars.

Detailed Analysis

The joint resolution proposes a change in the state constitution to require that any increase in state income tax rates be approved by two-thirds or more (a supermajority) of the members elected to each of the House of Representatives and the Senate. Approval of the joint resolution to submit the proposed constitutional change to electors requires approval of three-fifths of members of each house. The vote by electors would take place at the general election on November 3, 2020. If electors approve the constitutional change, it would go into immediate effect.

Article XVI, Section 1 of the Ohio Constitution requires that notice of ballot questions be published once a week for three consecutive weeks in a newspaper of general circulation in each Ohio county. These expenses often are in the hundreds of thousands of dollars.

The Secretary of State is responsible for contracting with print media sources to publish ballot language, explanations, and proponent and opponent positions on these items. Once these expenses are incurred, the Secretary of State submits a Controlling Board request for reimbursement from the GRF to the Statewide Ballot Advertising Fund (Fund 5FH0) used by the

Secretary of State. Such cash transfers may also be requested from and approved by the Controlling Board before the advertising is placed. As with all print advertising, the cost largely depends on the length of the proposed amendment, the explanation, and the arguments for and against the ballot issue, so costs vary. As an illustration, the ballot advertising cost incurred for the three statewide issues that appeared on the November 2015 ballot was about \$613,000. Ballot advertising costs for the two statewide issues on the November 2017 ballot were about \$492,000.

If the resolution is approved by the legislature, and if the constitutional change is approved by voters, the impairment of legislative ability to enact increases in state funding from this source of revenue could be a factor in a reduction in the state's bond rating. A lower bond rating for the state would likely be associated with higher borrowing costs. Documentation from Standard & Poor's of that organization's state ratings methodology scores favorably state autonomy to raise taxes with no constitutional constraint or extraordinary legislative threshold (more than a majority) for approval. Constraints on the state's ability to increase revenue are scored unfavorably.¹

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¹ S&P Global, U.S. State Ratings Methodology, October 17, 2016, page 7.