Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 390 of the 131st G.A. (L_131_1899-2) **Date**: May 25, 2016

Status: In Senate Ways & Means **Sponsor**: Reps. Schaffer and Retherford

Local Impact Statement Procedure Required: Yes

Contents: Changes to various state programs and appropriations

The bill makes various changes affecting the operation of state programs, including changes to various appropriation line items that are summarized immediately below. Following this section is a brief description and summary analysis of the bill's provisions, including the impact of the appropriation changes, organized by state agency. If a provision affects more than one agency, it is listed only under the agency primarily affected.

Appropriation Changes

The tables below summarize the bill's changes to capital and GRF operating appropriations. As shown in Table 1, the bill increases GRF appropriations by a total of approximately $22.0 million in FY 2017. In addition to the FY 2017 appropriation changes, the bill increases appropriations under GRF appropriation item 195453, Technology Programs and Grants, by $250,000 in FY 2016, from almost $14.6 million to just over $14.8 million.

Table 1. GRF Appropriation Line Item (ALI) Adjustments Summary, FY 2017

Agency	Fund	ALI	ALI Name	Current Amount	Proposed Amount	$ Change
AUD	GRF	070409	School District Performance Audits	$0	$1,000,000	$1,000,000
CLA	GRF	015403	Public Records Adjudication	$0	$500,000	$500,000
CSR	GRF	874320	Maintenance and Equipment	$1,161,098	$1,411,098	$250,000
EDU	GRF	200422	School Management Assistance	$3,000,000	$2,000,000	-$1,000,000
EDU	GRF	200465	Education Technology Resources	$3,170,976	$3,070,976	-$100,000
DSA	GRF	195453	Technology Programs and Grants	$14,577,641	$15,527,641	$950,000
JCI	GRF	016321	Operating Expenses	$0	$350,000	$350,000
JCO	GRF	018321	Operating Expenses	$389,250	$684,250	$295,000

Table 1. GRF Appropriation Line Item (ALI) Adjustments Summary, FY 2017						
Agency	**Fund**	**ALI**	**ALI Name**	**Current Amount**	**Proposed Amount**	**$ Change**
JFS	GRF	600466	Foster Care Administration	$0	$550,000	$550,000
JFS	GRF	600548	Gallipolis Digital Works	$0	$100,000	$100,000
LSC	GRF	035321	Operating Expenses	$15,600,000	$15,634,037	$34,037
LSC	GRF	035405	Correctional Institution Inspection Committee	$460,845	$76,808	-$384,037
DRC	GRF	501321	Institutional Operations	$975,215,085	$987,800,384	$12,585,299
DRC	GRF	505321	Institution Medical Services	$249,000,000	$254,211,763	$5,211,763
DRC	GRF	506321	Institution Education Services	$30,454,204	$30,666,114	$211,910
OSB	GRF	226321	Operations	$8,100,000	$9,499,542	$1,399,542
			Total	**$1,301,129,099**	**$1,323,082,613**	**$21,953,514**

The bill also establishes new capital appropriations and makes changes to capital appropriations in S.B. 310 of the 131st General Assembly. Overall, Table 2 shows the bill increases capital appropriations by $13.6 million for the FY 2017-FY 2018 capital biennium. In addition to the bill's capital appropriation changes, the bill amends S.B. 260, the capital reappropriations act of the 131st General Assembly, these changes are also listed in Table 2. Overall, the bill decreases capital reappropriations by $550,000. The decrease in the reappropriation for DNR appropriation item C725E2, Local Parks Projects, of $100,000 is matched by the elimination of an earmark of the same amount for the Midtown Cleveland Mountain Bike Park.

Table 2. Capital Appropriation Line Item (ALI) Adjustments Summary, FY 2017-FY 2018						
Agency	**Fund**	**ALI**	**ALI Name**	**Current Amount**	**Proposed Amount**	**$ Change**
Capital Appropriations – S.B. 310 of the 131st General Assembly						
ADJ	7026	C74540	Aerial Port of Embarkation/Debarkation	$0	$250,000	$250,000
FCC	7021	C230X9	Lead Plumbing Fixture Replacement Assistance Grants	$0	$12,000,000	$12,000,000
FCC	7030	C230EF	Dayton Aviation Heritage National Historic Park	$0	$1,000,000	$1,000,000
FCC	7030	C230H2	Cozad Bates House	$0	$70,000	$70,000
FCC	7030	C230Z8	Brooklyn John Frey Park	$140,000	$90,000	-$50,000
FCC	7030	C230EG	Parma Heights Cassidy Theatre Cultural Center	$0	$50,000	$50,000
MHA	7033	C58021	Providence House	$0	$100,000	$100,000
CCC	7034	C37850	Junior League Non-profit Incubator Project	$0	$30,000	$30,000
CLS	7034	C26074	CWRU Health Education Campus	$1,000,000	$0	-$1,000,000

Table 2. Capital Appropriation Line Item (ALI) Adjustments Summary, FY 2017-FY 2018						
Agency	**Fund**	**ALI**	**ALI Name**	**Current Amount**	**Proposed Amount**	**$ Change**
CLS	7034	C26076	Cleveland Sight Center	$0	$100,000	$100,000
DHE	7034	C23561	Capital Improvements – Central State Campus Security and Lighting	$0	$1,979,700	$1,979,700
DHE	7034	C23562	Capital Improvements – Central State Hallie Q. Brown Library Upgrades and Repairs (renamed)	$6,000,000	$4,020,300	-$1,979,700
NTC	7034	C38216	Napoleon Senior Center	$0	$400,000	$400,000
NTC	7034	C38217	Napoleon Civic Center	$500,000	$100,000	-$400,000
OHU	7034	C30169	CWRU Health Education Campus	$0	$1,000,000	$1,000,000
SCC	7034	C37727	Wilmington Air Park Aviation Infrastructure Improvements	$3,000,000	$0	-$3,000,000
SOC	7034	C32216	Wilmington Air Park Aviation Infrastructure Improvements	$0	$3,000,000	$3,000,000
			Capital Appropriations Total	**$10,640,000**	**$24,190,000**	**$13,550,000**
Capital Reappropriations – S.B. 260 of the 131st General Assembly						
FCC	7030	C23063	Redbrick Center for the Arts	$200,000	$0	-$200,000
JTC	7034	C38616	Technology Belt Oil and Gas Learning Center	$250,000	$0	-$250,000
DNR	7035	C725E2	Local Parks Projects	$8,052,920	$7,952,920	-$100,000
			Capital Reappropriations Total	**$8,502,920**	**$7,952,920**	**-$550,000**

The bill also changes the names of certain capital appropriations in S.B. 310. These changes are summarized in the table immediately following. The amount appropriated for each of these line items remains unchanged by the bill.

Table 3. S.B. 310 Capital Appropriation Name Changes				
Agency	**Fund**	**ALI**	**Current ALI Name**	**Proposed ALI Name**
FCC	7030	C230AN	Village of Millersport Corridor Improvements	Villages of Millersport and Buckeye Lake
FCC	7030	C230DZ	Columbus Zoo – Japanese Macaque Exhibit	Columbus Zoo – Asia Quest
CTI	7034	C38434	Sullivant Avenue Teen Tech Lounge and Career Laboratory	Boys and Girls Clubs of Columbus/ Sullivant Avenue Teen Tech Lounge

Detailed Fiscal Analysis

Department of Job and Family Services

Unemployment compensation changes

Repayment of unemployment compensation debt

The bill effectively pays back Ohio's loan from the U.S. Department of Labor for the amounts advanced to the state for the purpose of paying unemployment compensation benefits. After the Director of Job and Family Services certifies the amount that is owed,[1] the Director of Budget and Management is required to direct the Director of Commerce to transfer that amount as a loan from unclaimed funds to the Ohio Department of Job and Family Services (ODJFS); the Director of Job and Family Services will use this amount to repay the debt. Beginning January 1, 2017, employers will be subject to an increase in contribution rates, to be determined by the Directors of Job and Family Services and Budget and Management, in order to pay back the loaned amount from unclaimed funds. ODJFS could experience an increase in costs to administer the increase in contribution rates and the repayment of unclaimed funds.

By paying off the debt prior to November 10, 2016, Ohio will see its Federal Unemployment Tax Act (FUTA) taxes for calendar year 2017 revert back to the normal rate; ODJFS estimates FUTA taxes would be reduced by approximately $500 million in 2017. The state has been paying the interest charges on the current unemployment compensation debt from the GRF. If the debt is paid off in November, the state could save approximately $30 million in interest payments.

Future unemployment compensation debts

If the state takes a loan in the future to pay unemployment compensation benefits and fails to repay it within two years, the bill requires the Director of Job and Family Services to increase the contribution rates on employers, up to five-tenths of one percent, for the purpose of paying back the loan. Additionally, the Director will have to assess a surcharge on employers to cover the cost of any interest.

Property conveyance

The bill authorizes the Governor to execute the deed to a 200,000 square foot office building situated on nearly 1.2 acres at 145 South Front Street in Columbus (Franklin County). The bill requires the Director of Administrative Services to offer the property to the Columbus Downtown Development Corporation or other grantee through a real estate purchase agreement. The bill requires consideration for the conveyance to be at a price acceptable to the Directors of Administrative Services and Job and Family Services. In the event that the Columbus Downtown Development Corporation or other grantee does not complete the purchase of the real estate within

[1] About $315 million as of May 19, 2016.

the time period provided in the real estate purchase agreement, the bill allows the Director of Administrative Services to offer the real estate to an alternate grantee or grantees under the same terms. The bill requires the purchaser to pay all costs associated with the purchase, closing, and conveyance, including surveys, title evidence, title insurance, transfer costs and fees, recording costs and fees, taxes, and any other fees, assessments, and costs that may be imposed. Under the bill, proceeds of the sale must be deposited to the credit of the Unemployment Compensation Fund, Special Administrative Fund, (Fund 4A90), used by the Department of Job and Family Services.

Foster care appropriation

The bill appropriates $550,000 in FY 2017 to new GRF line item 600466, Foster Care Administration, and requires the funding be used by the Department of Job and Family Services to plan the expansion of foster care services for individuals 18 to 21 years of age.

East Side Market

The bill requires that the $250,000 earmarked in GRF appropriation item 600546, Healthy Food Financing Initiatives, in each fiscal year for the East Side Market in Cleveland be provided instead to the Cleveland Community Development Corporation to be used to establish and operate a sustainable public market in the east side of Cleveland that will sell fresh produce and other healthy foods. Additionally, the bill reappropriates for the same purpose in FY 2017 any unexpended, unencumbered amount of the earmark not distributed in FY 2016.

Gallipolis Digital Works

The bill moves $100,000 from the Department of Education's GRF appropriation item 200465, Education Technology Resources, earmarked in FY 2017 to support electronic resource access, to the Department of Job and Family Services to be allocated to the Gallipolis Digital Works Program.

Healthier Buckeye Grant Pilot Program

The bill reappropriates the FY 2016 unexpended, unencumbered balance of appropriation item 600669, Healthier Buckeye Grant Pilot Program, to FY 2017. The reappropriated funds are to be used for the same purpose in FY 2017 as they were in FY 2016.

Controlling Board

Emergency purposes/contingencies fund transfer

The bill transfers $25 million of the surplus GRF fund balance at the end of FY 2016 to the Controlling Board Emergency Purposes/Contingencies Fund (Fund 5KM0), the name of which is changed by the bill from the Controlling Board Emergency Purposes Fund. The Controlling Board uses this fund to provide disaster and emergency aid to state agencies and local governments. Under current law, the surplus GRF fund balance at the end of each fiscal year is transferred to the Budget

Stabilization Fund (BSF) until the BSF reaches its target funding of 8.5% of GRF revenue, with any available additional amounts transferred to the Income Tax Reduction Fund.

Tax Provisions

Sales tax exemption for the sale of natural gas by a municipal gas company

The bill exempts from state and local sales and use taxes natural gas sold to customers by a municipal gas utility. The exemption applies to sales occurring before or after the bill's effective date. In practice, the retroactive provision would likely only apply to the previous 48 months of state and local sales tax collections.[2]

Estimated sales tax liability in the past 48 months would be about $6.9 million and revenue foregone in the next 12 months could be $2.1 million. The GRF would bear 96.64% of the state revenue loss in FY 2017 and the LGF and PLF receive 1.66% and 1.70%, respectively, of GRF taxes. The PLF share will revert to 1.66% beginning in FY 2018 under current law. Based on the state revenue losses above, the LGF and PLF would lose hundreds of thousands of dollars during the biennium. All 88 counties levy a local option sales tax, so the six counties with municipal gas utilities will lose revenues because of the bill. The revenue loss would total about $1.1 million for the past 48 months and about $0.3 million in the next 12 months. The fiscal estimates are based on U.S. Energy Information Administration (EIA) data. However, the actual revenue loss under the bill is dependent on future volumes of natural gas sold by the municipal gas utilities as well as the future prices at which it is sold. Of the six municipal gas utilities in Ohio, the two largest municipalities publicly disclosed they do not collect or pay sales tax on their natural gas sales. The revenue losses assumed by LSC to occur in FY 2016 or FY 2017 represent the past 48 months of sales tax collections. Because these amounts were largely (if not completely) uncollected by state and local authorities, those losses represent foregone revenue rather than refunds paid by the taxing authorities.

Property tax abatement for metropolitan housing authority

The bill permits, for a limited time, the abatement of unpaid property taxes, penalties, and interest owed on property owned by a metropolitan housing authority that would have been tax exempt except that certain tax-exemption procedures were not completed. In order to benefit from the abatement, the current owner of the applicable property must file an application with the Tax Commissioner no later than 12 months after the effective date of this provision. The bill specifies the required contents of the application and the qualifications under which the Tax Commissioner must approve the application. Although Ohio has 75 public housing authorities, LSC only researched parcels in Mahoning County owned by the Youngstown Metropolitan Housing Authority (YMHA). Based on the parcels owned, the bill could reduce up to

[2] See R.C. 5739.07, 5739.104, and 5739.16.

$2.3 million of YMHA's outstanding obligations. Please note that if other housing authorities would qualify for abatement described in this provision, there could be more revenue losses affecting other political subdivisions.

Motion picture tax credit

The bill increases the total amount of motion picture tax credits that may be awarded from $40 million per fiscal biennium to $40 million per fiscal year. This refundable credit may be claimed by motion picture companies against the commercial activities tax (CAT), financial institutions tax (FIT), or personal income tax (PIT). All FIT and PIT revenue as well as 75% of CAT revenue is deposited into the GRF.

The bill sets the credit value equal to 30% of all eligible expenditures. Under current law, the credit equals 35% of resident cast and crew wages plus 25% of all other eligible expenditures. Additionally, the bill removes the $5 million cap on the credit value for a single production.

The bill makes the refundable motion picture tax credit transferrable. The Development Services Agency (DSA) must manage and verify the movement of tax credit certificates via information that must be submitted to DSA by the motion picture company. The motion picture company may not make more than one transfer, but the company may allocate the authority to claim a portion of the credit to more than one transferee. All the changes to the existing tax credit would be effective for tax credits issued on or after July 1, 2016.

The annual revenue loss, borne primarily by the GRF, would average up to $20 million. After accounting for portions of the revenue loss that would be passed through to the local government funds, the GRF revenue loss would average up to $19 million per year. The Local Government Fund (LGF) and Public Library Fund (PLF) receive 1.66% and 1.70%, respectively, of GRF taxes during FY 2016 and FY 2017. The PLF share will revert to 1.66% beginning in FY 2018 under current law. The two funds' combined average annual revenue loss could be up to $1.0 million. Revenue loss from the CAT would affect the School District Tangible Property Tax Replacement Fund (Fund 7047) and the Local Government Tangible Property Tax Replacement Fund (Fund 7081) which receive 20% and 5%, respectively, of CAT revenue.

Film and Multimedia Trainee Program

Beginning in FY 2017, DSA must establish a program for the training of Ohio residents who are or wish to be employed in the film or multimedia industry. Doing so entails: (1) certifying individuals as film and multimedia trainees, (2) accepting applications from motion picture companies that intend to hire and provide on-the-job training to one or more certified film and multimedia trainees, and (3) authorizing a reimbursement payment to each motion picture company that must equal 50% of the salaries paid to film and multimedia trainees employed in the tax-credit eligible production.

Although the bill does not include a funding source or an appropriation for the training program, DSA currently funds the costs of administering the Motion Picture Tax Credit Program through the Business Assistance Fund (Fund 4510). DSA is authorized under current law to set "a reasonable application fee" by rule to cover the program's operating costs.[3] DSA would presumably be permitted to add or change program fees to cover the new training program.

Review of Job Retention Tax Credit applications

The bill makes changes to the process by which the Tax Credit Authority under the Development Services Agency (DSA) reviews applications and makes awards for Job Retention Tax Credits (JRTCs) to qualifying businesses. Under continuing law, the Tax Credit Authority must forward copies of an application for these credits to the Office of Budget and Management, the Department of Taxation, and, when the application involves an insurance company, the Department of Insurance. The applications are also forwarded to DSA. The Director of Budget and Management, the Tax Commissioner, and, where applicable, the Superintendent of Insurance are to review the applications and submit summaries of their "determinations and recommendations" to the Tax Credit Authority.

The bill revises the application review process undertaken by the Director of Budget and Management, the Tax Commissioner, and the Superintendent of Insurance by requiring them to submit only their determinations to the Tax Credit Authority. Left unchanged, however, is the requirement that the Director of Development Services submit determinations and recommendations on JRTC applications to the Authority. These administrative changes do not appear to have any direct fiscal effect.

Repeal of Utilities Service Tax

The bill repeals the authority of counties to levy a tax on utility services purchased by consumers in the county. Currently, the excise tax can be levied pursuant to a resolution adopted by the Board of County Commissioners. With some enumerated exceptions, the tax applies to all charges for utility service. The excise tax rate cannot exceed 2% of utility service charges.

The utilities service tax was enacted in 1967. According to the County Commissioners Association of Ohio, no county has ever utilized this tax. Therefore, the repeal in this bill has no fiscal effect.

Department of Administrative Services

Cash transfers to the Professions Licensing System Fund (Fund 5JQ0)

The bill amends section 207.190 of Am. Sub. H.B. 64 of the 131st General Assembly to increase the amount of cash the Director of Budget and Management is authorized to transfer from the Occupational Licensing and Regulatory Fund

[3] R.C. 122.85(G).

(Fund 4K90), the State Medical Board Operating Fund (Fund 5C60), and the Casino Control Commission – Operating Fund (Fund 5HS0) to the Professions Licensing System Fund (Fund 5JQ0) by $16.8 million, from just over $6.0 million to approximately $22.8 million over the FY 2016-FY 2017 biennium. Continuing law requires the amount transferred from each fund to be in proportion to the number of current licenses issued by the licensing boards and commissions that use each fund, and for the Casino Control Commission, the number of current and anticipated licenses. Continuing law also requires the transferred amount to be used by the Director of Administrative Services for the initial acquisition and development of the Professions Licensing System, a replacement for the state's current e-licensing system used to manage the issuance and renewal of various professional licenses.

Salary schedules for exempt employees

Under current law, most exempt state employees are paid under pay schedules E-1, E-2, or "E-1 for step 8 only." The bill phases out pay schedule "E-1 for step 8 only" beginning with the first day of the pay period that includes July 1, 2016. It does so by splitting schedule E-1 pay grades 12-16 step 7 into schedule E-1 pay grades 12-16 step 7 and step 8. Employees currently paid according to schedule "E-1 for step 8 only" whose performance is graded satisfactory would be moved to the new schedule E-1 step 8. Without satisfactory performance, they would remain at their base rate of pay as of the last pay period before the one that includes July 1, 2017 until their performance is determined to be satisfactory. For employees paid according to schedule "E-1 for step 8 only" in pay grades 17-18, they would remain at their base rate of pay until successive general wage increases lift the hourly rate for schedule E-1 step 6 above their current rate, at which time those employees would be moved to schedule E-1 step 6. In total, fewer than 200 employees would be affected by these changes. Assuming all of those employees are currently considered to be performing satisfactorily, increased annual payroll costs to the state from moving those employees from schedule "E-1 for step 8 only" to the new schedule E-1 step 8 would total approximately $500,000 after the changes take effect at the beginning of FY 2017.

Ohio Environmental Protection Agency

Alternative Fuel Vehicle Conversion Program

The bill creates an alternative fuel vehicle conversion program to be administered by the Director of Environmental Protection. Under the program, the Director is permitted to make grants to a person that purchases one or more new alternative fuel vehicles or converts one or two traditional fuel vehicles into alternative fuel vehicles. Related temporary law requires the Director of Budget and Management, in consultation with the Director of Development Services, to make at least $5 million available in FY 2017 for this program from the Alternative Fuel Transportation Fund (Fund 5CG0), used by the Development Services Agency.

Department of Education

College Credit Plus earmark

The bill increases an earmark from GRF line item 200550, Foundation Funding, supporting payments for the College Credit Plus (CCP) Program for home-instructed students by $1.0 million in each fiscal year, from $500,000 to $1.5 million. However, the bill maintains the overall amount currently appropriated in item 200550 each fiscal year. CCP allows qualified Ohio students to take college courses at state expense for both college and high school credit.

State operating funding for educational service centers

The bill increases an earmark from GRF line item 200550, Foundation Funding, providing per-pupil state operating funding for educational service centers (ESCs) by $3.65 million in FY 2016, from $37.95 million to $41.6 million, and by $200,000 in FY 2017, from $41.4 million to $41.6 million. However, the bill maintains the overall amount currently appropriated in item 200550 each fiscal year.

The additional funding is in response to the Cleveland Municipal School District and Akron City School District entering into an agreement with the Cuyahoga County ESC to provide services for the districts beginning in FY 2016. Since state operating funding for ESCs is based on a per-pupil amount for each student of the ESC's member districts and the calculated state subsidy payments currently must be prorated to avoid exceeding the amount appropriated, the addition of the two urban districts lowered the prorated per-pupil funding amount for all ESCs. The increase in the earmarked appropriation for ESCs provides per-pupil funding of about $27, an amount that is roughly flat with the prorated per-pupil amount in FY 2015.

In addition, the bill aligns the per-pupil amounts more closely to the prorated levels in recent years by decreasing those amounts to $27 in FY 2016 and to $25 in FY 2017, though ESCs determined to be "high performing" by the State Board of Education will continue to receive $27 per pupil that year. As a result, ESCs that are not determined to be "high performing" would lose funding of $2 per pupil under the bill from FY 2016 to FY 2017. Currently, the per-pupil state funding for all ESCs, before proration, is set at $33 in FY 2016 and either $35 (for "high performing" ESCs) or $33 (for all other ESCs) in FY 2017. Designations of "high performing" ESCs have yet to be made.

Ohio School for the Blind

The bill increases Ohio School for the Blind (OSB) GRF line item 226321, Operations, by $1.4 million in FY 2017. The additional GRF funds will be used to support payroll-related costs that were formerly paid by a federal grant for special education outreach.

Auditor of State

The bill establishes GRF appropriation item 070409, School District Performance Audits, and appropriates $1.0 million in FY 2017 to be used by the Auditor of State for expenses incurred by the Auditor of State in conducting performance audits of school districts under fiscal watch, fiscal caution, and fiscal emergency under section 3316.042 of the Revised Code. The bill alters the procedures for determining what school districts are selected for performance audits by (1) requiring that the Department of Education and the Office of Budget and Management be consulted in the selection process, and (2) specifying that priority be given to school districts with fiscal conditions that could lead to fiscal watch or fiscal emergency.

Currently, performance audit costs for school districts in fiscal caution, fiscal watch, or fiscal emergency are paid from GRF appropriation item 200422, School Management Assistance, used by the Department of Education. Since the bill requires these expenses to be paid from the Auditor of State's budget, the bill reduces funding under appropriation item 200422 by $1.0 million, from $3.0 million to $2.0 million in FY 2017.

Department of Rehabilitation and Correction

FY 2017 GRF appropriation changes

The bill increases the amount appropriated for certain GRF appropriation items that will be used by the Department of Rehabilitation and Correction in FY 2017 by a total of $18,008,972 as follows:

- Increases appropriation item 501321, Institutional Operations, by $12,585,299, from $975,215,085 to $987,800,384;
- Increases appropriation item 505321, Institution Medical Services, by $5,211,763, from $249,000,000 to $254,211,763; and
- Increases appropriation item 506321, Institution Education Services, by $211,910, from $30,454,204 to $30,666,114.

Of the total appropriation increase of just over $18.0 million, about $14.7 million will be directed to institutional operations and medical-related services to accommodate an increase in the security Level 3 population.[4] This will require hiring additional staff and opening new beds within certain institutions. Another $2.1 million will be used to fund the Treatment Transfer Program, which is a community-based substance use disorder treatment program providing services to offenders who are transferred to participating halfway houses. The remaining $1.2 million will be used to pay various administrative expenses.

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[4] Ohio has a five-tier classification system: Levels 1, 2, 3, 4, and 5. Level 1 represents the lowest or minimum level of supervision and Level 5 involves the highest level of security for the most dangerous inmates. Level 3, sometimes referred to as "close security," is designed for inmates who are more likely to, or have previously, engaged in disruptive behavior.

Legislative Service Commission

Elimination of Correctional Institution Inspection Committee; creation of Joint State Correctional Institution Oversight Committee

The bill eliminates the eight-member Correctional Institution Inspection Committee (CIIC) and reduces its FY 2017 appropriation from GRF appropriation item 035405, Correctional Institution Inspection Committee, under the Legislative Service Commission's budget, from $460,845 to $76,808. It creates a separate six-member Joint State Correctional Institution Oversight Committee (JCIOC) and appropriates $350,000 in FY 2017 from GRF appropriation item 016321, Operating Expenses. The balance of CIIC's FY 2017 appropriation, or $34,037, is added to LSC's GRF appropriation item 035321, Operating Expenses. The bill requires, on the effective date of the provision, that all assets and liabilities of CIIC be transferred to JCIOC.

Judiciary/Supreme Court

Court of Claims – Public records adjudication

The bill creates new GRF line item 015403, Public Records Adjudication, with an appropriation of $500,000 in FY 2017. Related temporary law requires the Court of Claims to use this appropriation for costs it incurs in performing its duties and responsibilities as directed by S.B. 321 of the 131st General Assembly, which creates a procedure within the Court to hear complaints alleging a denial of access to public records.

Capital Case Attorney Fee Council

The bill creates the Capital Case Attorney Fee Council, which replaces the Supreme Court of Ohio as the entity that sets the rate of compensation for counsel selected by indigent persons or appointed by the courts in capital cases. The five members comprising the Council, all sitting state appellate court judges, are to be appointed by the Chief Justice of the Supreme Court. Members will receive no additional compensation for their service, but may be reimbursed for expenses reasonably incurred in service to the Council, to be paid by the Supreme Court. The Supreme Court is also required to provide administrative support to the Council, which is required to meet not less than annually. The costs for the Supreme Court to support the Council's operations will be minimal at most annually.

Judicial Conference of Ohio

FY 2017 GRF appropriation changes

The bill increases GRF appropriation item 018321, Operating Expenses, by $295,000 in FY 2017, from $389,250 to $684,250. The Judicial Conference of Ohio's expenses are paid from this item and non-GRF appropriation item 018601, Ohio Jury Instructions. H.B. 64 reduced funding for GRF item 018321 by 11.4% from FY 2015 to FY 2016 and an additional 48.0% from FY 2016 to FY 2017. After the appropriation increase in this bill, the reduction from FY 2016 to FY 2017 is 8.7%.

Ohio Jury Instructions Fund

The Ohio Jury Instructions Fund (Fund 4030) and related non-GRF appropriation item 018601, Ohio Jury Instructions, is used by the Conference in conjunction with GRF item 018321 to pay the Conference's expenses. The fund receives revenues from royalties, member dues, and meeting registration fees. H.B. 64 reduced appropriation item 018601 by 33.9% from FY 2015 to FY 2016 and an additional 50% from FY 2016 to FY 2017. The bill appropriates any cash accruing to the fund in excess of the amounts already appropriated in H.B. 64. The bill also prohibits the Director of Budget and Management or the Controlling Board from transferring cash from the fund to any other fund.

Sunset Review Law

The bill exempts the Judicial Conference from review by the Sunset Review Committee during the 131st General Assembly and renews it to operate until the end of December 31, 2020.

Facilities Construction Commission

Grants for replacement of plumbing fixtures containing lead

The bill appropriates $12 million in capital funding from the Public School Building Fund (Fund 7021) to the Facilities Construction Commission to provide grants to eligible public and chartered nonpublic schools (schools housed in buildings constructed before 1990) for the reimbursement of up to $15,000 per school toward costs incurred on or after January 1, 2016 associated with replacing drinking fountains, water coolers, plumbing fixtures, and limited connected piping that are found to be a cause of lead above the federal action level in drinking water. The money may also be used to reimburse eligible public and chartered nonpublic schools for the cost of drinking water assessments performed by a commercial laboratory certified by the Ohio Environmental Protection Agency to perform chemical analysis on public drinking water that follow testing protocols consistent with U.S. EPA guidelines. To help support the grant program, the bill authorizes the transfer of up to $2 million over the FY 2017-FY 2018 capital biennium from the Ohio Water Development Authority to Fund 7021.

Capitol Square Review and Advisory Board

The bill increases Capitol Square Review and Advisory Board (CSRAB) GRF line item 874320, Maintenance and Equipment, by $250,000 in FY 2017 and earmarks $50,000 of this amount for a display inside the Statehouse of historically significant United States, Ohio, and Ohio military flags. The bill requires the members of CSRAB to approve of the use of the earmark. In addition, CSRAB must consult with the Ohio History Connection regarding the display.

Department of Health

Aligning planning and assessment

The bill requires, not later than July 1, 2017, each board of health and tax-exempt hospital (includes nonprofit or government-owned hospitals) to submit to the Ohio Department of Health (ODH) any existing plans regarding improving community health, hospital implementation strategies, and assessments of community health for the most recent assessment and planning period. Additionally, beginning January 1, 2020, each board of health and tax-exempt hospital is required to complete these assessments and plans in alignment on a three-year interval established by ODH. ODH is required under the bill to provide guidance regarding submitting plans and assessments and must provide an online repository for the plans and assessments. Local boards of health currently do some level of assessment regarding public/community health, so there would be no fiscal increase unless additional assessment was necessary. Government-owned hospitals currently conduct assessments as well. However, depending on how often these assessments are currently completed, there might be costs to align to the new timelines specified by the bill. ODH may experience an increase in costs to develop and maintain an online repository of such plans and assessments.

Nonprofit hospital schedule H submission

The bill also requires tax-exempt hospitals to submit information to ODH, not later than July 1, 2017, and annually thereafter. If the hospital is not a government-owned hospital, the hospital must submit a copy of the hospital's schedule H (form 990) submitted to the Internal Revenue Service (IRS) for the preceding year, along with certain related documents. Subsequent filings must be submitted to ODH not later than 30 days after filing with the IRS. If the hospital is a government-owned hospital, the hospital is to submit equivalent information under the same schedule. ODH is required to provide an online repository for schedule H and equivalent information submitted by tax-exempt hospitals. Government-owned hospitals may experience a minimal increase in administrative costs to submit the required information to ODH. ODH may experience an increase in costs to develop and maintain an online repository for the abovementioned information.

Certificate of need reviewable activity

The bill adds to the list of reviewable activities related to a certificate of need (CON) any failure to conduct a reviewable activity in substantial accordance with the approved application for which a certificate of need was granted, including a change in the site, if the failure occurs within five years after implementation of the reviewable activity for which the certificate was granted. ODH may realize an increase in administrative costs for additional reviewability rulings. However, costs associated with the CON program are paid for with application fees.

Development Services Agency

Earmark for Connect Ohio

The bill increases appropriations to a line item under the budget of the Development Services Agency (DSA) and earmarks the increased amount for Connect Ohio to provide broadband mapping and technology research and assistance. The earmarked amount for Connect Ohio comes to $250,000 in FY 2016 and $950,000 in FY 2017, for a total of $1.2 million over the biennium under GRF line item 195453, Technology Programs and Grants.

Adjutant General

The bill creates new capital appropriation item C74540, Arial Port of Embarkation/Debarkation, with an appropriation of $250,000, and earmarks that money to acquire a cargo facility, tarmac, and the surrounding property from the Western Reserve Port Authority.

Ohio Turnpike and Infrastructure Commission

The Ohio Turnpike and Infrastructure Commission is responsible for the operation and maintenance of the Ohio Turnpike. The Commission consists of ten members, the membership of which is set forth under section 5537.02 of the Revised Code. Two of these members are the Director of Transportation and the Director of Budget and Management, who each serve ex officio without compensation. The bill amends section 5537.02 to allow the directors of these agencies to appoint designees in their place on the Commission. This provision has no fiscal effect.

Department of Veterinary Medicine

The bill restores a requirement that candidates for veterinary licensure take and pass a national examination before they are issued a license by the Veterinary Medical Licensing Board. This requirement was inadvertently removed among other changes intended to streamline the licensure process that were included in H.B. 64. The changes related to the examination sought only to remove a requirement that candidates for licensure be approved by the Veterinary Medical Licensing Board before taking the examination. There was no intent to remove the requirement to take and pass the examination itself as part of the streamlining.

Library board property tax bonds

The bill amends requirements for a library board that issues library facilities notes for the purposes of paying the costs of financing certain facilities or property, or to refund its refunded obligations. Under current law unchanged by the bill, the projected annual note service charges on the notes, or on the notes being anticipated by anticipation notes, must not exceed the sum of 30% of the average of the Public Library Fund allocations for two calendar years prior to such issuance. The bill provides that in addition the projected service charges may include the portion of proceeds from a tax levied under R.C. 5705.23 that is covenanted to pay note service charges. Under that section, anticipatory notes may be issued with principal amount of up to 50% of total estimated property tax proceeds over a ten-year period. The bill specifies that a library property tax levy that is either pledged, or that a board has covenanted to appropriate annually, to pay the note service charges and projected note service charges must not be repealed while those notes are outstanding. If such a tax is reduced while those notes are outstanding, the taxing authority to whose jurisdiction the board is subject must continue to levy and collect the tax under the authority of the original election authorizing the tax at a rate in each year that the board of library trustees reasonably estimates will produce an amount equal to the note service charges on the notes for that year.

Legislative intent concerning capital appropriations and reappropriations

The bill includes a statement of legislative intent that capital appropriations and reappropriations made in bills of the 131st General Assembly are for capital construction projects that are ready to begin construction or for projects that will be completed within the applicable two-year fiscal biennium. Further, the bill states that it is the intent of the General Assembly for those projects that are neither started nor completed within the biennium to be allowed to lapse and not be reappropriated. Lastly, the provision specifies that the General Assembly recognizes that there are times when extraordinary circumstances prevent construction projects from progressing as originally conceived, but reappropriations for these projects will be the exception, not the default.

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