Local Impact Statement Report

For Bills Enacted in 2015

Ohio Legislative Service Commission

September 2016

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Introduction

R.C. 103.143 requires the Legislative Service Commission (LSC) to determine whether a local impact statement (LIS) is required for each bill that is introduced and referred to committee. An LIS may be required when a bill could result in net additional costs beyond a minimal amount to school districts, counties, municipalities, or townships. An LIS is not required for budget bills or joint resolutions. It is also not required when the bill is permissive or when the bill's potential local costs are offset by additional revenues, offset by additional savings, or caused by a federal mandate. The LIS determination is based solely on the "As Introduced" version of the bill.

R.C. 103.143 also requires LSC to annually compile the final local impact statements completed for laws enacted in the preceding calendar year. The Report is to be completed by September 30 each year. This 2016 Report covers the 45 bills enacted in calendar year 2015, four of which required an LIS. The LIS requirement is met through the detailed analysis of local fiscal effects included in LSC's Fiscal Notes.

Regardless of whether a bill requires an LIS, the Fiscal Note analyzes the bill's fiscal effects on both the state and local government. However, under R.C. 103.143, when a bill requiring an LIS is amended in a committee, the bill may be voted out of the committee by a simple majority vote with a revised LIS (a requirement fulfilled by preparing an updated Fiscal Note) or by a two-thirds vote without a revised LIS. Because various bills are exempted from the LIS requirement, this Report does not include every bill enacted in 2015 that may have fiscal effects on local government. It should also be noted that Fiscal Notes in this Report were prepared for the General Assembly's deliberations on pending legislation. This means that cost estimates included in Fiscal Notes may differ from the actual costs of implementing these laws, as the estimates were made before the enacted legislation was implemented. For those who are interested in the local fiscal effects of all legislation enacted in 2015, please see the LSC Fiscal Notes for those laws, which are available on the LSC website (*www.lsc.ohio.gov*) by clicking on *Bills/Resolutions & Related Documents*.

In addition to this introduction, the Report contains comments from the County Commissioners' Association of Ohio, the Ohio Municipal League, the Ohio Township Association, and the Ohio School Boards Association. LSC is required to circulate the draft Report to these associations for comment and to include their responses in the final Report. The main section of the Report includes the final versions of the Fiscal Notes for the four bills enacted in 2015 that required an LIS and became law. All 32 House bills and 13 Senate bills enacted in 2015 are listed in the appendix.

This Report may be viewed online at *www.lsc.ohio.gov* by clicking on *Publications*, and then *Local Impact Statement Report* under the *Staff Research Reports* heading.

LOCAL GOVERNMENT ASSOCIATION COMMENTS

County Commissioners Association of Ohio

Serving Ohio Counties Since 1880

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On behalf of the County Commissioners Association of Ohio, thank you for this opportunity to provide comments regarding the 2015 Local Impact Statement Report. As you note in the report, various bills are exempted from the LIS requirement. Consequently, the Local Impact Statement Report does not accurately capture the impact of state policy decisions on local governments.

Primary among those exemptions is HB 64, the state's biennial budget bill, which, in addition to serving as a vehicle for the state funding plan, also tends to contain tax policy changes that impact county revenues. CCAO would like to note several important provisions included in HB 64 which positively impact county government. Additional funding to reimburse counties for indigent defense costs will bring the reimbursement rate near 50% for the first time in over 20 years. The administration of elections is a major county responsibility. The budget bill provided funding to assist counties with the purchase of electronic poll books and eliminated the February special election. Local Government Safety Capital Grant Program was established as a new program to assist counties and other local governments in acquiring vehicles, equipment, facilities, or systems needed to enhance public safety A significant element of this state budget also focused upon remediating drug and alcohol dependency and providing mental health care for individuals involved in the county administered criminal justice system.

Two of the four legislative Acts listed in this 2015 report are identified because they alter state tax policy (H.B. 19 and S.B. 208). Both Impact Statements readily acknowledge that tax policy changes effect the revenue flowing into the state's general revenue fund and thereby the allocation to the Local Government Fund (LGF). Because 1.66% of state general fund revenues are transferred to the LGF, any fluctuation in the state's general fund receipts has a corresponding impact upon the amount of funding counties receive from the LGF. For counties the LGF represents an important source of flexible funding to pay for various state-mandated programs and services counties are required to provide.

It must be remembered that counties are uniquely tied to the state as the provider of state services at the local level on the state's behalf. The vitality and viability of this state/county partnership is directly impacted through all actions of the General Assembly. Therefore, CCAO urges the General Assembly to review **all** legislation enacted for its impact upon Ohio's local governments through the LIS process. Only then will the General Assembly and the public receive the true picture of the impacts that unfunded mandates and policy decisions have upon the counties and other local governments.

CCAO thanks the Legislative Service Commission for the opportunity to comment on this report and wishes to acknowledge the long standing professionalism and expertise of the LSC staff.

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September 1, 2016

TO: Ohio Legislative Service Commission

RE: OML COMMENTS REGARDING LOCAL STATEMENT REPORTS

Dear Colleagues,

The Ohio Municipal League has reviewed the draft of the Local Impact Statement Report for Bills Enacted in 2015 and would like to make the following comments.

The report provides helpful information to organizations representing local governments, their respective members and the public: information that would otherwise be difficult to compile.

An area that still needs to be addressed is the section of law that exempts LSC from having to update a local impact statement for the biennial budget, capital appropriation bill or any other budget corrections bill. The League would support legislation that would allow the General Assembly to include these bills that are now exempted in Division (F) of RC 103.143 from these local impact statements. OML also believes that local impact statements should be required at each phase of the legislative process. This is particularly important as substitute versions and amended substitute versions of bills are enacted. Legislation can have a huge fiscal impact upon local government and should be known to all as these bills progress through the legislature.

We are always optimistic that this document will gain a larger recognition with state decision makers as they consider imposing additional programs or duties on local government or reducing limiting funding.

The Ohio Municipal League commends the staff of the Legislative Service Commission for the time and effort they put into the individual statements and to this report.

OHIO TOWNSHIP ASSOCIATION

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The Ohio Township Association (OTA) would like to thank the Ohio Legislative Service Commission (LSC) for the opportunity to comment on the proposed *2015 Local Impact Statement Report*. The *Report* helps educate our membership and the members of the General Assembly on the effect certain legislation will have on township budgets and keeps legislators and local officials aware of any unfunded mandate created in legislation proposed and passed by the General Assembly.

The fiscal impact legislation may have on townships often is underestimated. Provisions established in legislation such as filing, notification and public hearing requirements could create significant costs for townships. The OTA is pleased that LSC takes such costs into consideration when determining local fiscal impact.

According to the 2015 report, there are three bills with a local impact on townships. It is projected that the Local Government Fund (LGF), of which townships receive revenue, will see a reduction in funds from the enactment of HB 19 and SB 208. Monies from the LGF are used in every community across the state and therefore affect every resident in Ohio. For most townships, the LGF is the second highest source of revenue for townships behind property tax collection of inside and outside millage. Townships do not have the ability to make up the lost LGF revenue by passing other taxes such as the income or sales tax. Any lost LGF revenue will require additional property tax levies. In a time when it is increasingly difficult to pass levies, this could mean reductions in services provided by the township or financial troubles.

Senate Bill 11 creates the Volunteer Peace Officers Dependents Fund to pay for death benefits to survivors of volunteer, part-time and reserve police officers killed in the line of duty or disability benefits to such officers if they become disabled. The bill requires each township or joint township police district that employs volunteer police officers to become a member of the fund and contribute certain amounts toward the fund. As noted by the SB 11 Fiscal Note & Local Impact Statement, the required initial premiums and future assessments will increase costs to townships that have their own police department or are part of a joint police district that employs volunteer police officers.

While the *2015 Local Impact Statement Report* offers an analysis of legislation passed in 2015, it is not as inclusive as we would like. State budget bills are exempted from local impact statement requirements and, therefore, are not included in this report. The OTA encourages the General Assembly to include budget bills in the Local Impact Statement requirement in order to provide a more comprehensive look at how legislation passed affects local governments. A procedure should be established by which local governments can contest new laws that are not fully funded, yet give the General Assembly adequate time to modify or fund the mandates they impose.

Although the actual impact these new laws will have on townships will not be known until the laws are put into practice, the fiscal analyses provide a base for our townships to determine how a new law may affect their budgets. The Ohio Township Association appreciates the opportunity to provide our input and thanks the Legislative Service Commission for all of their hard work in compiling this data, as it is truly beneficial to legislators and local government groups.

Ohio School Boards Association

TO: Nelson Fox, Fiscal Division Chief

FROM: Richard Lewis, Executive Director
Damon Asbury, Director of Legislative Services

DATE: September 19, 2016

RE: **2016 FISCAL IMPACT STATEMENT REPORT**

The Ohio School Boards Association (OSBA) appreciates the opportunity to review the 2016 Local Impact Statement Report on bills enacted in 2015. The Legislative Services Commission (LSC) prepares an annual report for members of the Ohio General Assembly and the general public on the fiscal impact of certain specific bills on public school districts and other local government agencies. The report provides a concise and valuable analysis of the cost and programmatic implications of the selected bills.

The 2016 Local Impact Statement Report highlights four bills enacted during 2015 that require local impact statements. Two of the four bills have potentially negative fiscal impact on certain local school districts. The two bills are Am. House Bill (HB) 19 and Sub. Senate Bill (SB) 208.

Am. HB 19 incorporates the most recent changes in the Internal Revenue Code (IRC) into Ohio law. This is an important and necessary process. The changes act to reduce the Federal Adjusted Gross Income, which in turns reduces the Ohio Adjusted Gross Income. This leads to a reduction in total tax revenues for the State General Fund and particularly for school districts that levy a school district income tax. It is estimated that tax returns will be reduced by several million dollars in FY 15 and thereafter.

HR 5771, and Am. HB 19 include an extension of an above the line tax deduction of up to $250 for educators who incur expenses for books, supplies, computer equipment and software and supplementary materials used in the classroom. This presents mixed results, in that educators employed by the district may be more likely to spend personal dollars on educational supplies for their classrooms, but also reduces the total tax revenues available to the district.

The second bill, SB 208 addresses tax rates applicable to taxable business income, permits taxpayers to claim personal exemptions and credits, expands exclusions to the commercial activity tax and modifies levy reimbursement

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payments to certain school districts. The latter changes are due to legislative efforts to soften the phase out of tangible personal property (TPP) tax supplements. The changes ensure that for FY 17 traditional qualifying districts will receive at least 96% of FY 15 state aid plus reimbursements for fixed-rate operating levies. Further, the bill modifies the formula for reimbursement payments for TPP tax losses beginning in FY 18. The supplemental reimbursement payments will be phased on an annual basis at a uniform rate of 5/8 mill of property valuation. Such payments are expected to continue for an additional 15 years and will provide an estimated $325.4 million to school districts over time. This will apply to approximately 44 school districts that have been heavily dependent on previous TPP supplemental reimbursement payments. However, some joint vocational school districts will lose TPP reimbursement as compared to current law.

OSBA was very active throughout the budget process and worked hard to eliminate or mitigate the impact of the TPP phase-out on school districts. OSBA and others were successful in getting language to address such matters included in the budget (HB 64), but Governor Kasich vetoed the provisions. SB 208 provisions were designed to provide relief to those districts impacted by the veto. Efforts are ongoing to address the JVS issue.

Unrelated to the TPP payments, the changes to personal exemption eligibility may also reduce revenues to those school districts with a School District Income Tax.

OSBA continues to support the publication of fiscal impact statements. The association also supports legislation that would require the General Assembly to issue local impact statements of all bills prior to their final enactment. This would include the biennial budget, capital appropriations bill and any budget corrections bill which are now exempted from such local impact statements. As in prior years, we would encourage that fiscal impact statements be issued at each step of the legislative process as changes occur from the "As Introduced" version of a bill.

Once again, OSBA wishes to express appreciation to the Legislative Service Commission for its hard work and diligence on this important task. We look forward to working with you now and in the future.

DA:mg

FISCAL NOTES FOR BILLS ENACTED IN 2015 REQUIRING LOCAL IMPACT STATEMENTS

Ohio Legislative Service Commission

Garrett Crane

Fiscal Note & Local Impact Statement

Bill: H.B. 11 of the 131st G.A.

Date: September 30, 2015

Status: As Enacted

Sponsor: Reps. Brenner and Ruhl

Local Impact Statement Procedure Required: Yes

Contents: Delaware County Court of Common Pleas judgeship, retired assigned judge payments, declares an emergency

State Fiscal Highlights

STATE FUND	FY 2016	FY 2017* – FUTURE YEARS
General Revenue Fund (GRF)		
Revenues	- 0 -	- 0 -
Expenditures	Approximate $150,000 increase	Approximate $450,000 to $500,000 annual increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2016 is July 1, 2015 – June 30, 2016.
*The term of the new judge of the Delaware County Court of Common Pleas will begin January 1, 2017, the second half of FY 2017.

- Starting with calendar year 2017, the annual state share of the new Delaware County Court of Common Pleas judgeship will cost between $143,000 to $155,805 (salary and related personal services charges). That amount will increase on January 1, 2018 and again on January 1, 2019 as a result of expected salary adjustments.
- The requirement that the Supreme Court make payments to retired assigned judges under certain specified circumstances will increase its annual GRF expenditures by approximately $150,000 in FY 2016 and $300,000 in FY 2017 and beyond.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2016	FY 2017* – FUTURE YEARS
Delaware County		
Revenues	- 0 -	- 0 -
Expenditures	- 0 -	Annual increase of up to $142,000 to $155,000 for judge and court personnel

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.
*The new judge of the Delaware County Court of Common Pleas will be elected in 2016 for a term to begin January 1, 2017.

- **Delaware County Court of Common Pleas judgeship**. The new judgeship will cost Delaware County up to $142,000 to $155,000 annually. This includes the annual salary and related personal services charges for the new judge and up to three clerical staff.

Detailed Fiscal Analysis

Delaware County Court of Common Pleas domestic relations division

The bill creates a domestic relations division for the Delaware County Court of Common Pleas and adds a judge to that division to be elected in 2016, for a term to begin January 1, 2017.

Judicial salary (state and local shares)

Amended Substitute House Bill 64 of the 131st General Assembly, which contains the state's main operating budget for the FY 2016-FY 2017 biennium, includes a series of four 5% market adjustments to the judicial compensation schedule. The first adjustment took effect on Sept. 29, 2015. Succeeding adjustments take place on January 1, 2017, January 1, 2018, and January 1, 2019. At those future dates in time, the annual salary of a judge of a court of common pleas is expected to be $133,850, $140,050, and $147,450, respectively.

The state and local shares of that annual salary are determined by statute. The **local share** varies depending on a county's population as determined by the decennial census. The local amount is based on 18 cents per capita in the county, but may not be less than $3,500 or more than $14,000. With a population of 174,214, Delaware County will pay the maximum local share, or $14,000, annually. The **state share** is equal to the annual salary minus the local share, or $119,850 in calendar year (CY) 2017.

The new judgeship will also generate related personal services charges to be paid by the state and Delaware County. These charges include retirement system benefits, Medicare, workers' compensation, payroll administration services, and health insurance, and generally total an additional 20% to 30% of the annual salary. The annual amount of personal services charges will be $23,970 to $35,955 for the state and $2,800 to $4,200 for Delaware County.

The annual state and Delaware County shares of the judge's annual salary and related personal services charges in CY 2017 are summarized in the table below. The state's share of those expenses will be paid by the Supreme Court of Ohio with money appropriated from the General Revenue Fund (GRF).

Annual State and Local Cost Shares of Delaware County Common Pleas Court Judgeship			
Unit of Government	**CY 2017 Salary**	**Personal Services Charges**	**Total**
State	$119,850	$23,970 to $35,955	$143,820 to $155,805
Delaware County	$14,000	$2,800 to $4,200	$16,800 to $18,200

Other Delaware County costs

Up to three additional clerical workers will be hired by Delaware County to assist with the judge's caseload. The cost of a clerical worker, including personal services charges, is $42,000 to $45,500 annually. The annual cost of three clerical workers will total up to $126,000 to $136,500. Delaware County will incur no capital improvements costs as there will be sufficient building space to house the judge and related court personnel.

Retired assigned judge payments

The bill: (1) makes a retired assigned judge eligible to a receive a retired assigned judge payment if that judge completes not less than 100 hours of service in the preceding quarter as assigned by the Chief Justice or Acting Chief Justice of the Ohio Supreme Court, (2) requires the payment be $700 per quarter, (3) requires it be paid from money appropriated from the state treasury for this purpose, and (4) permits the Court to make these payments using money appropriated to GRF line item 005321, Operating Expenses – Judiciary/Supreme Court. The cost of those payments is expected to total approximately $150,000 in FY 2016, and approximately $300,000 annually thereafter.

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Ohio Legislative Service Commission

Russ Keller

Fiscal Note & Local Impact Statement

Bill: H.B. 19 of the 131st G.A.

Date: March 11, 2015

Status: As Enacted

Sponsor: Rep. Scherer

Local Impact Statement Procedure Required: Yes

Contents: To expressly incorporate recent changes in the Internal Revenue Code into Ohio law, and to declare an emergency

State Fiscal Highlights

STATE FUND	FY 2015	FY 2016	FUTURE YEARS
General Revenue Fund			
Revenues	Loss of tens of millions of dollars	Loss of indeterminate amount	Loss of indeterminate amount
Expenditures	- 0 -	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2016 is July 1, 2015 – June 30, 2016.

- Incorporating changes to the Internal Revenue Code (IRC) into Ohio law will reduce Ohio Adjusted Gross Income (OAGI) for Ohio taxpayers, and reduce Ohio revenues because OAGI serves as the starting point for determining Ohio taxable income. GRF revenue losses would be tens of millions of dollars in FY 2015. Annual losses in future years are dependent on the amount of bonus depreciation deductions and enhanced expensing occurring in calendar year 2014.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2015	FY 2016	FUTURE YEARS
Counties, municipalities, townships, and public libraries (LGF and PLF)			
Revenues	Loss of $1 million or more	Loss of indeterminate amount	Loss of indeterminate amount
Expenditures	- 0 -	- 0 -	- 0 -
School districts that levy a school district income tax (SDIT)			
Revenues	Loss up to several million dollars	Loss of indeterminate amount	Loss of indeterminate amount
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- All income tax revenues are deposited into the GRF, and the Local Government Fund (LGF) and Public Library Fund (PLF) each receive 1.66% of GRF receipts. Conforming to the federal definition of income will reduce combined revenue to the LGF and PLF by up to $1 million or more in FY 2015.
- The reduction in Ohio taxable income under the bill would reduce school district income tax revenues to those districts that use Ohio taxable income as the basis for calculation of taxes owed. Taxpayers living in these school districts have approximately 8.5% of Ohio taxable income. If tax returns from these areas claimed 8.5% of the marginal increase in this deduction, aggregate school district income tax (SDIT) revenues would be reduced by several million dollars in FY 2015.

Detailed Fiscal Analysis

The bill incorporates changes to the Internal Revenue Code (IRC) since March 22, 2013 into Ohio income tax law. Ohio tax law incorporates by reference parts of the IRC and other federal laws. Periodic amendments to federal law do not become part of Ohio law unless they are incorporated by an act of the General Assembly. Several changes have been made to the IRC since the last time Ohio conformed to federal income tax law (Am. S.B. 28 of the 130th General Assembly), and some of the changes are estimated to have materially changed Federal Adjusted Gross Income (FAGI). Ohio's income tax returns start with FAGI, and the reduction in FAGI affects Ohio taxable income (OTI).

The latest assorted federal changes being incorporated are those enacted by H.R. 5771, the "Tax Increase Prevention Act of 2014," which took effect December 19, 2014. The foregoing provisions are extensions of previous federal provisions. All of them are extended through December 31, 2014. The principal amendments to federal law the bill incorporates are the following income tax provisions:

- Elementary and secondary school teacher deduction for classroom expenses;
- Qualified tuition expenses deduction;
- Exclusion of Individual Retirement Arrangement (IRA) distributions for charitable purposes;
- Depreciation cost recovery period adjustments for race horses and motor sports entertainment complexes and certain leasehold improvement property, restaurant property, and retail improvement property;
- Bonus depreciation deductions and enhanced expensing (Ohio departs from federal income tax law and generally requires taxpayers to spread the immediate tax reductions from bonus depreciation and enhanced expensing in equal parts across six years);
- Exclusion of 100% of gain on certain small business stock;
- Exclusion of discharge of principal residence indebtedness for individuals;

- Parity for exclusion for employer-provided mass transit and parking benefits;
- Depreciation allowance for second generation biofuel plant property;
- Deduction for energy efficient commercial buildings;
- Election to expense advanced mine safety equipment;
- Special expensing rules for certain film and television productions;
- Basis adjustment to stock of S corporations making charitable contributions of property; and
- Income adjustments for businesses in a designated empowerment zone.

Fiscal effect

Some of the larger individual income tax effects are explained in further detail below:

H.R. 5771 permits taxpayers who have mortgage debt cancelled or forgiven after 2013 to avoid paying taxes on that amount as taxable income. Under this provision, up to $2 million of forgiven debt is eligible to be excluded from income ($1 million if married filing separately) through tax year (TY) 2014. This provision was originally created in the Mortgage Debt Relief Act of 2007 to shield taxpayers from having to pay taxes on cancelled mortgage debt stemming from mortgage loan modifications. Enacting conformity for this provision would reduce state revenues by $9 million to $15 million in FY 2015.

H.R. 5771 extends the ability to deduct the cost of mortgage insurance on a qualified personal residence. The deduction is phased out ratably by 10% for each $1,000 by which the taxpayer's AGI exceeds $100,000. Thus, the deduction is unavailable for a taxpayer with an AGI in excess of $110,000. The bill extends this provision for one additional year, through TY 2014. Enacting conformity for this provision would reduce state revenues $4 million to $7 million in FY 2015.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) created an above-the-line tax deduction for qualified higher education expenses. The maximum deduction was $4,000 for taxpayers with AGI of $65,000 or less ($130,000 for joint returns) or $2,000 for taxpayers with AGI of $80,000 or less ($160,000 for joint returns). H.R. 5771 extends the deduction to the end of TY 2014. Enacting conformity for this provision would reduce state revenues $3 million to $5 million in FY 2015.

H.R. 5771 extends for one year the provision that permits an Individual Retirement Arrangement ("IRA") owner who is age 70½ or older generally to exclude from gross income up to $100,000 per year in distributions made directly from the IRA to certain public charities. Enacting conformity for this provision would reduce state revenues by several million dollars in FY 2015.

H.R. 5771 extends for one year the $250 above-the-line tax deduction for teachers and other school professionals for expenses paid or incurred for books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and service), other equipment, and supplementary materials used by the educator in the classroom. Enacting conformity for this provision would reduce state revenues approximately $1 million in FY 2015.

The business tax provisions are not addressed in such detail because IRS statistics are less discrete about the business income and deductions incurred by sole proprietors, partnerships, and S corporations. The business tax extenders concerning bonus depreciation will differ from the individual income tax provisions because the Revised Code spreads the state revenue impact over a period that can be as long as six years. The fiscal effect for the bonus depreciation provisions will continue beyond its one-year extension because of the add-back and expensing formula specified in the Revised Code. The bonus depreciation amounts and increased Section 179 expensing applies to property placed into service after December 31, 2013. These provisions sunset on December 31, 2014, so much of the fiscal effect is centered in FY 2015.

Local taxing jurisdictions

All personal income tax (PIT) revenues are deposited into the GRF, and the Local Government Fund (LGF) and Public Library Fund (PLF) each receive 1.66% of GRF receipts. Enacting H.B. 19 will reduce the LGF and PLF each by hundreds of thousands of dollars.

School district income taxes (SDIT) are based on either Ohio taxable income of taxpayers residing in the school district or on the portion of that income that is earned income, generally limited to wages and self-employment income. School boards and voters of individual school districts choose whether to enact income taxes in their districts and which of these two tax bases to use. For school districts in which Ohio taxable income serves as the starting point for calculation of school district income taxes, conforming to the federal definition of income will reduce school district income tax revenues. LSC does not have an estimate of the amount of this reduction. As of January 2014, 146 school districts levied an income tax from the "traditional" tax base rather than the earned income tax base. During FY 2013, these school districts raised $277.2 million through school district income taxes. The local revenue reduction amount caused by H.B. 19 for each respective school district depends on the number (if any) of taxpayers living in that district who utilize the benefits conferred by H.B. 19. Taxpayers living in school districts with the "traditional" tax base have approximately 8.5% of Ohio taxable income. If tax returns from these areas claimed 8.5% of the income reductions granted by H.B. 19, aggregate SDIT revenues would be reduced by several million dollars during FY 2015.

Emergency clause

The bill includes an emergency provision which makes its provisions effective as soon as signed into law.

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Ohio Legislative Service Commission

Ruhaiza Ridzwan

Fiscal Note & Local Impact Statement

Bill: S.B. 11 of the 131st G.A.

Date: December 8, 2015

Status: As Enacted

Sponsor: Sens. Eklund and LaRose

Local Impact Statement Procedure Required: Yes

Contents: To create the Volunteer Peace Officers Dependents Fund to provide death benefits to survivors of volunteer peace officers killed in the line of duty and disability benefits to disabled volunteer peace officers and to make survivors of gaming agents and Department of Taxation investigators eligible for benefits from the Ohio Public Safety Officers Death Benefit Fund

State Fiscal Highlights

STATE FUND	FY 2016	FY 2017	FUTURE YEARS
Department of Commerce – Division of Administration Fund (Fund 1630)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase
Volunteer Peace Officers Dependents Fund (established by the bill)			
Revenues	Potential gain	Potential gain	Potential gain
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2016 is July 1, 2015 – June 30, 2016.

- The bill creates a new fund, the Volunteer Peace Officers Dependents Fund, in the state treasury to pay for death benefits to survivors of volunteer, part-time, and reserve police officers, sheriffs' deputies, constables, and deputy marshals killed in the line of duty and disability benefits to such officers and deputies if they become disabled. The bill requires each county, municipality, township, township police district, and joint police district with a police or sheriff's department that employs volunteer police officers to become a member of the fund and contribute certain amounts toward the fund, based on the member's assessed property valuation.
- The bill may minimally increase the Department of Commerce's administrative costs related to requirements associated with contributions toward the Volunteer Peace Officers Dependents Fund.

- The expansion of the Ohio Public Safety Officers Death Benefit Fund coverage to gaming commission and taxing commission agents may increase GRF expenditures. The Board of the Ohio Police and Fire Pension Fund (OP&F) administers the Death Benefit Fund. However, money in the program is paid to OP&F from the Treasurer of State's GRF line item 090575, Police and Fire Death Benefits Fund.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2016	FY 2017	FUTURE YEARS
Counties, municipalities, and townships			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase	Potential increase	Potential increase

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The bill requires each county, municipality, township, township police district, and joint police district with a police or sheriff's department that employs volunteer peace officers to establish a volunteer peace officers' dependents fund board to administer claims for certain benefits from the fund. The bill specifies that the five members of each board would not be compensated.
- The bill requires such entities that employ volunteer peace officers to become a member of the Volunteer Peace Officers Dependents Fund and contribute certain amounts toward the fund based on the member's assessed property valuation. The fund will be used to provide death benefits to survivors of volunteer, part-time, and reserve police officers and sheriffs' deputies killed in the line of duty and disability benefits to such disabled officers.
- Initial premiums and possible assessments to the fund will increase the costs to provide such benefits for those jurisdictions that employ volunteer peace officers. LSC staff could not determine the magnitude of the fiscal impact due to lack of information on the number of volunteer police officers and the number of entities employing such officers in Ohio. However, it is likely to increase costs eventually by more than $100,000 statewide.
- The bill requires the legislative authority of each fund member to provide sufficient meeting space and supplies for its board to carry out its duties.

Detailed Fiscal Analysis

Volunteer peace officers

The bill requires each county, municipality, township, township police district, and joint police district with a police or sheriff's department that employs volunteer peace officers to become a member of a newly created fund, the Volunteer Peace Officers Dependents Fund. The bill also requires each entity to establish a volunteer peace officers' dependents fund board to administer claims for benefits from the fund. The bill defines "volunteer peace officer" as any person who (1) is employed as a police officer or sheriff's deputy in a part-time, reserve, or volunteer capacity by a county sheriff's department or the police department of a municipal corporation, township, township police district, or joint police district and (2) is not a member of the Public Employees Retirement System (PERS), Ohio Police and Fire Pension Fund (OP&F), State Highway Patrol Retirement System (SHPRS), or the Cincinnati Retirement System (CRS).

Volunteer Peace Officers Dependents Fund

The bill creates a new fund, the Volunteer Peace Officers Dependents Fund, in the state treasury to pay for benefits to volunteer peace officers who are totally and permanently disabled as a result of discharging the duties of a volunteer peace officer, except to a volunteer peace officer who is receiving the officer's full salary during the time of the officer's disability, or to pay death benefits to survivors of such officers killed in the line of duty. The bill specifies the benefit amounts that must be paid from the fund: (1) to surviving spouses, a lump-sum award of $1,000, plus a $300 benefit per month, (2) to dependent children, a benefit of $125 per month, and (3) to disabled volunteer peace officers, a disability benefit of $300 per month.

Under the bill, each fund member is required to contribute an initial premium to the fund as specified in Table 1, depending on each member's assessed property valuation. A member's initial premium would be between $300 and $500.

Table 1. Initial Premiums

Member's Assessed Property Valuation	Initial Premium Amount
Less than $7 million	$300
$7 million or more, but less than $14 million	$350
$14 million or more, but less than $21 million	$400
$21 million or more, but less than $28 million	$450
$28 million or more	$500

The total of all initial premiums would be the basic capital account for the fund and no further contributions are required from fund members until claims against the fund have reduced its balance to 95% or less of its basic capital account. In that event, the Director of Commerce is required to certify additional premiums as specified in

Table 2, based on current property valuation, to the legislative authority of each member of the fund. A member's additional premium would be between $90 and $150.

Table 2. Additional Premiums	
Member's Assessed Property Valuation	**Assessment Amount**
Less than $7 million	$90
$7 million or more, but less than $14 million	$105
$14 million or more, but less than $21 million	$120
$21 million or more, but less than $28 million	$135
$28 million or more	$150

If a member of the fund fails to pay an initial premium, the bill requires the Director of Commerce to certify the failure as an assessment against the fund member to the auditor of the county within which the member is located. The county auditor must withhold the amount of the assessment, together with interest at the rate of 6%, from the next ensuing tax settlement due the member and pay the amount to the Treasurer of State to the credit of the fund.[1] The bill also provides that if a member of the fund fails to pay the additional premium within 45 days after receiving a notice of the assessment, the Director must proceed with collection as indicated above (for collecting initial premiums that have not been paid).

Volunteer Peace Officers Dependents Fund boards

The bill provides that each board would consist of five members. The bill specifies that such members will not receive any compensation. The bill requires the legislative authority of each fund member to provide sufficient meeting space and supplies for the board to carry out its duties. Each board may adopt necessary rules related to handling and processing claims for benefits. The bill also requires each board to perform other duties as necessary to implement the law governing the fund.

Fiscal effect

The required initial premiums and possible future assessments would increase costs of providing certain benefits to volunteer police officers, by certain counties, municipalities, townships, township police districts, and joint police districts with a police or sheriff's department that employs such officers. However, LSC staff could not determine the magnitude of the fiscal impact due to lack of information on the number of volunteer police officers and the number of entities employing such officers in Ohio. Under the bill, the contributions toward the fund will be used to provide death benefits to survivors of volunteer, part-time, and reserve police officers and sheriffs' deputies

[1] If a board secretary fails to submit to the Director a certificate of the member's current assessed property valuation, the Director must use the highest assessed property valuation ($28 million or more) as a basis for the assessment. Thus, the member will be required to pay an initial premium of $500.

killed in the line of duty and disability benefits to such officers who are totally and permanently disabled as a result of discharging their duties.

The existing Volunteer Firefighters' Dependents Fund (Fund 7085), which provides similar benefits, but related to volunteer firefighters, has experienced actual expenditures ranging between a low of $223,000 in FY 2011 and a high of $239,000 (in FY 2013), over the last five years. Based on the experience with Fund 7085, the bill is likely to increase costs to those local government entities that employ volunteer police officers by more than $100,000 statewide, though it would likely be less during the first few years of implementation because the benefits are not retroactive. The bill may also increase such local governments' costs associated with meeting space and supplies for the board to carry out its duties.

Ohio Public Safety Officers Death Benefit Fund

The bill would expand coverage under the Ohio Public Safety Officers Death Benefit Fund to gaming agents of the Ohio Casino Control Commission and investigators employed by the Department of Taxation. The fund provides monthly benefit payments to eligible surviving family members of such agents and investigators who have been killed in the line of duty or die of a duty-related injury.

Fiscal effect

The Board of the Ohio Police and Fire Pension Fund (OP&F) administers the Death Benefit Fund. Money for the program is disbursed to the OP&F from the Treasurer of State's GRF line item 090575, Police and Fire Death Benefits Fund. Thus, the provision may increase GRF expenditures. LSC staff do not have an estimate of the magnitude of the increase, though there should be no spending increase initially.

This provision has no fiscal impact to local governments.

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Ohio Legislative Service Commission

Russ Keller

Fiscal Note & Local Impact Statement

Bill: S.B. 208 of the 131st G.A. **Date**: October 27, 2015

Status: As Enacted **Sponsor**: Sen. Beagle

Local Impact Statement Procedure Required: Yes

Contents: To modify the 2015 income tax rates applicable to taxable business income, to permit income taxpayers to claim personal exemptions and credits regardless of their income type, to modify the commercial activity tax exclusion for receipts from the sale of certain consumer products, and to modify levy reimbursement payments to school districts

State Fiscal Highlights

- Modifying the personal income tax code for tax year 2015 will create a revenue loss. The FY 2016 GRF revenue loss is estimated between $75 million and $81 million.
- Beginning in FY 2017 and years thereafter, changes made to the availability and use of tax credits represent a GRF revenue loss because they reduce the income tax liability of certain taxpayers. The annual GRF revenue loss could range from slightly less than $2 million to nearly $8 million, depending on taxpayers' characteristics.
- The bill enacts modifications to the commercial activity tax (CAT) exclusion for receipts from the sale of certain consumer products within an integrated supply chain.
- The bill establishes a formula for payments to traditional school districts that guarantee a district receives at least 96% of FY 2015 state aid plus reimbursements for fixed-rate operating levies in FY 2017. The estimated cost of these payments is about $44 million. The payments are supported with existing cash in the School District TPP Supplement Fund (Fund 5RE0).
- The bill modifies the formula for calculating fixed-rate operating direct reimbursements for tangible personal property (TPP) tax losses for school districts beginning in FY 2018 by requiring the reimbursement payments be based on a uniform ⅝ mill of property valuation. Payments for traditional school districts are estimated to continue for an additional 15 years beyond what is currently contemplated, resulting in an additional $325.4 million in estimated reimbursement payments from FY 2018 until the phase-out runs its course. The payments are funded by a portion of CAT receipts.

Local Fiscal Highlights

- Modifying the personal income tax code for tax year 2015 will create a revenue loss for the Local Government Fund (LGF) and Public Library Fund (PLF). The LGF and PLF receive 1.66% and 1.70% of GRF tax revenues, respectively. During FY 2016, each fund could lose between $1.3 million and $1.4 million.
- Beginning in FY 2017 and years thereafter, the changes in S.B. 208 will reduce the combined revenues to these two funds by less than $300,000 per year.
- The bill permanently changes the applicability of personal exemptions to those returns that only have business income. This provision reduces the Ohio Taxable Income for some taxpayers, and to the extent that those affected taxpayers are subject to the School District Income Tax, school districts will lose revenue.
- Eligible traditional school districts may experience increases in state revenues from the changes made by the bill to the TPP Supplement in FY 2017 and to the TPP reimbursement phase-out beginning in FY 2018. Some joint vocational school districts will experience a decrease in TPP reimbursement payments compared to current law.

Detailed Fiscal Analysis

S.B. 208 changes the personal income tax (PIT) laws with two major provisions: (1) changing the tax rates applicable to the nonexempt portion of the first $250,000 of business income in tax year (TY) 2015 and (2) specifying that PIT personal exemptions and credits apply to PIT filers regardless of their income type. An itemized summary of the fiscal effects is in Table 1. Each major provision is discussed in further detail below.

Table 1. Revenue Effects of S.B. 208 PIT Provisions (amounts in millions)

Tax Provision	FY 2016 (TY 2015)	FY 2017 (TY 2016)
Tax nonexempt business income below $250k separately on a graduated tax table where marginal rates do not exceed 3%, rather than a flat 3% rate	($76)	$0
Specify that PIT personal exemptions and certain credits can also apply to those PIT filers with only business income	($2 to $8)	($2 to $8)
Total Revenue Gain/(Loss), All Funds	($78 to $84)	($2 to $8)

All revenue effect estimates in this Fiscal Note are, as with any Fiscal Note, compared to current law. In particular, the bill's fiscal effects are measured against income tax provisions enacted by Am. Sub. H.B. 64 of the 131st General Assembly. One implication from Table 1 is that no identically situated taxpayer with business income would pay more in TY 2015 under S.B. 208 than they would have under current law.

The bill includes two other significant provisions. The first makes changes to a commercial activity tax (CAT) exclusion that was enacted in H.B. 64, and is corrective in nature. The second establishes a formula for making tangible personal property (TPP) supplement payments for city, local, and exempted village school districts in FY 2017, and modifies the formula for calculating fixed-rate operating direct reimbursements for TPP tax losses for school districts beginning in FY 2018. These provisions are also further explained below.

Tax year 2015 small business deduction

The bill changes the tax rates applicable to the nonexempt portion of business income. Under current law, enacted in H.B. 64, the first 75% of business income up to $250,000 is exempt from tax in TY 2015, and the nonexempt business income is taxed at a 3% rate. S.B. 208 distinguishes between the nonexempt "wedge" income and the business income in excess of $250,000. Colloquially, the wedge can be described as the nonexempt 25% of the first $250,000 in business income; the size of the wedge cannot exceed $62,500. Under current law, the wedge is treated the same as all other nonexempt business income – it is subject to a 3% tax rate. The bill changes the tax treatment of this wedge by separating it from all other income and applying the graduated tax rates to this nonexempt business income. The graduated rates differ from those enacted in H.B. 64 because they are modified to ensure the marginal rate does not exceed 3%; all nonexempt business income in excess of $41,700 is taxed at 3%.

Relative to current law, separately taxing the wedge at the modified income tax rates represents a tax cut for most taxpayers and no change for others with low incomes. The $62,500 wedge would incur a tax liability (before credits) of $1,553, which is less than the liability incurred by a 3% flat tax – $1,875.

The fiscal effect depends on the incidence and distribution of business income. This sort of analysis can best be gleaned from access to Ohio tax returns. In the absence of this privileged information, LSC can examine summary tables publicly available on the Department of Taxation's website. According to the summary tables for TY 2013, the most recent year available, nearly 400,000 taxpayers claimed the small business deduction that year, deducting a total of $8.24 billion in income; tax law applicable to TY 2013 allowed taxpayers to deduct 50% of their business income below $250,000. The summary tables provide an average small business deduction value for given level of Ohio Taxable Income. In a very rough fashion, these two variables allow an estimation of the average taxpayer's total business income. Based on this methodology, the provision will yield a $76 million revenue decrease, of which the GRF would bear nearly $74 million and the remaining $2.5 million would be apportioned to the Local Government Fund and the Public Library Fund.

Expand applicability of the personal exemption and certain tax credits

According to the recent operating budget, H.B. 64, the personal exemption only reduces the Ohio Taxable Income of those returns with nonbusiness income. S.B. 208 removes that distinction and permits taxpayers to claim the personal exemption even if business income is the sole source of income. Separately, the enacted budget also created a new law making income tax credits applicable against: (a) nonbusiness income only, (b) business income only, or (c) both types of income. Refer to Table 2 for a comprehensive list of income tax credits and their current applicability. S.B. 208 removes these distinctions and permits taxpayers to claim any income tax credit for which they are eligible.

At this time, it is unclear how many Ohio tax returns will be affected by this expanded applicability of the personal exemption and certain tax credits. A critical determinant of this fiscal effect is unknown; namely, how many Ohio returns claiming the small business deduction have business income as their sole source of income. Nevertheless, federal tax return data can offer some clues. According to TY 2011 data analyzed by the Tax Policy Center,[2] 5.6% of tax units with business income had business income greater than 50% of the tax unit's Federal Adjusted Gross Income (FAGI). Presumably, a smaller percentage of returns had business income equal to 100% of FAGI, but LSC cannot speculate on this percentage. As a conservative approach, roughly 20,000 Ohio tax returns (where 5% is multiplied by 400,000 returns claiming the small business deduction) are assumed to be affected by this S.B. 208 provision.

As mentioned above, the budget bill limited some income tax credits based on the type of income (refer to Table 2). Some notable credits not available to those taxpayers with business income as their sole source include: the $20 personal exemption credit (claimed on 2.7 million TY 2013 returns, or 50% of all state returns), the joint filer credit (1.2 million returns, or 23% of total), the low income credit (1.2 million returns, or 22% of total), the retirement income credit (0.9 million returns, or 17% of total), the senior citizen credit (0.9 million returns, or 16% of total), and the earned income credit (0.5 million returns, or 9% of total). S.B. 208 expands the applicability of the personal exemption and these tax credits. If S.B. 208 allows 20,000 returns to reduce their average income tax liability by $100,[3] the state revenue loss would be $2 million. If the average taxpayer savings is closer to $400,[4] the state revenue loss would be $8 million. The GRF share would equal 96.64% of these revenue losses.

[2] Table T11-0150 from the Tax Policy Center, which is a joint venture of the Urban Institute and Brookings Institution, http://www.taxpolicycenter.org/numbers/displayatab.cfm?Docid=3031&DocTypeID=7.

[3] Generally, $100 reflects the tax savings for a return with 1.5 personal exemptions that avoids paying a marginal rate of 2.969% on income benefitting from the newly applicable personal exemption. In this example, no newly applicable credits are utilized.

[4] Generally, $400 reflects the tax savings for a return with multiple personal exemptions and the presence of other credits that now apply because of the bill.

Table 2. Summary of Personal Income Tax Credits and the Type of Income Against which the Credit is Applicable per Am. Sub. H.B. 64		
Nonbusiness Income Only	**Business Income Only**	**Both Types of Income**
retirement income credit	credit for employers that reimburse employee child care expenses	credit for adoption of a minor child
senior citizen credit	credit for purchases of lights and reflectors	nonresident credit
lump sum distribution credit	nonrefundable job retention credit	credit for a resident's out-of-state income
dependent care credit	credit for selling alternative fuel	refundable credit for rehabilitating a historic building
lump sum retirement income credit	second credit for purchases of new manufacturing machinery and equipment and the credit for using Ohio coal	refundable job creation credit or job retention credit
low-income credit	job training credit	refundable credit for taxes paid by a qualifying entity granted under R.C. 5747.059
credit for displaced workers	enterprise zone credit under R.C. 5709.66	refundable credits for taxes paid by a qualifying pass-through entity
campaign contribution credit	credit for the eligible costs associated with a voluntary action under R.C. 5747.32	refundable credit for losses on loans made to the Ohio venture capital program
$20 personal exemption credit	credit for employers that establish on-site child day-care centers	refundable motion picture production credit
joint filer credit	ethanol plant investment credit	refundable credit for financial institution taxes paid by a pass-through entity
earned income credit	credit for purchases of qualifying grape production property small business investment credit enterprise zone credits under R.C. 5709.65 research and development credit credit for rehabilitating a historic building	

The bill also removes several sections of the Revised Code that related to tax credits that have expired. The specific tax credits involved are detailed in the LSC Bill Analysis, and there is no fiscal effect from these changes.

Commercial activity tax exclusion

S.B. 208 modifies the CAT exclusion for receipts from the sale of certain consumer products within an integrated supply chain. Among other changes, the bill amends the definition of "qualifying integrated supply chain receipts" to mean "receipts of a qualified integrated supply chain vendor from the sale of qualified property delivered to, or integrated supply chain services provided to another qualified integrated supply chain vendor or to a retailer that is a member of the integrated supply chain."

The bill specifically states that qualifying integrated supply chain receipts do not include "receipts of a person that is not a qualified integrated supply chain vendor from the sale of raw materials to a member of an integrated supply chain, or receipts of a member of an integrated supply chain from the sale of qualified property or integrated supply chain services to a person that is not a member of the integrated supply chain."

Under the bill, vendors benefitting from this CAT exclusion must have a certificate from the Tax Commissioner. Each retailer, on or before October 1 of each year, must certify to the Tax Commissioner a list of the qualified integrated supply chain vendors providing or receiving integrated supply chain services within a qualified integrated supply chain district for the ensuing calendar year. On or before the following November 1, the Commissioner must issue a certificate to the retailer and to each vendor certified to the Commissioner on that list. The certificate must include the names of the retailer and of the qualified integrated supply chain vendors.

Because the CAT exclusion applies to tax periods beginning in 2011, each qualifying retailer must certify to the Tax Commissioner, on or before December 1, 2015, a list of qualifying supply chain vendors for tax periods from 2011 through 2016. The Commissioner must issue the certificate within 30 days after receiving that list to the retailer and to each vendor certified to the Commissioner on that list.

This provision amends language enacted in the biennial operating budget, H.B. 64. According to the Office of Budget and Management, the H.B. 64 exclusion reduces CAT receipts by $5 million in FY 2016 and $3 million in FY 2017. To the extent that this S.B. 208 provision amends the CAT law to match the underlying intent for the exclusion included in the budget act, the corrective language in the bill would allow the revenue loss estimated for H.B. 64 to be realized. Under existing law, 75% of CAT receipts are credited to the GRF, 20% are credited to the School District Tangible Property Tax Replacement Fund (Fund 7047), and 5% are credited to the Local Government Tangible Property Tax Replacement Fund (Fund 7081).

Local government funds and school district income tax

Modifying the personal income tax code for tax year 2015 will create a revenue loss for the Local Government Fund (LGF) and Public Library Fund (PLF). The LGF and PLF receive 1.66% and 1.7% of GRF tax revenues, respectively. During FY 2016, each fund could lose between $1.3 million and $1.4 million. Beginning in FY 2017 and years thereafter, the changes in the bill will reduce the combined revenues to these two funds by less than $0.3 million per year.

The bill permanently changes the applicability of personal exemptions to those returns that only have business income. This provision reduces the Ohio Taxable Income for some taxpayers, and to the extent that those affected taxpayers are subject to the School District Income Tax (SDIT), schools districts will lose an amount of revenue that cannot be estimated. Taxpayers with only business income could be subject to the "traditional" SDIT or the newer version of the SDIT that only applies to earned income. The earned income SDIT would not affect as many taxpayers as the traditional SDIT because the only business income applicable to this newer SDIT is self-employment income (including income from partnerships).

Tangible personal property tax-related provisions

The bill establishes a formula for making TPP supplement payments for city, local, and exempted village school districts to guarantee that the combined amount of foundation funding and fixed-rate operating direct reimbursements for TPP tax losses for a district does not fall below 96% of the FY 2015 level in FY 2017. TPP supplement payments in FY 2017 are estimated to be approximately $44 million statewide. TPP supplement payments are supported by cash that was transferred from the Medicaid Reserve Fund (Fund 5Y80) and FY 2015 GRF surplus revenues at the beginning of FY 2016.

In addition, the bill modifies the formula for calculating fixed-rate operating direct reimbursements for TPP tax losses for school districts beginning in FY 2018. Under current law, such payments are phased out by a certain percentage of total resources each year, starting between 1% and 2% in FY 2016, according to the district's property wealth and income. As the percentages increase incrementally each year, the amount of a district's payment decreases until the payments eventually end. Starting in FY 2018, the bill requires that reimbursement payments for fixed-rate operating levies be reduced based on a uniform ⅝ mill (0.000625) of the average of the total taxable value of the district for tax years 2014, 2015, and 2016. Payments for other types of levies remain unchanged by the bill.

The modifications to the formula for calculating fixed-rate operating direct reimbursements for TPP tax losses phase out the payments more gradually than the formula under current law. Under the bill, payments for traditional school districts are estimated to continue for an additional 15 years beyond what is currently contemplated, resulting in an additional $325.4 million in estimated reimbursement payments from FY 2018 until the phase-out runs its course. Because joint vocational school districts (JVSDs) have a much larger tax base, effective millage rates tend to be considerably smaller than traditional school districts. As a result, the proposed phase-out rate of ⅝ mill represents a much larger portion of a JVSD's local property tax revenue, causing the reimbursement payments to be completely phased out for those districts in FY 2018. Under current law, reimbursement payments to JVSDs are expected to amount to about $885,000 in FY 2018 and an accumulated total of $1.3 million from FY 2018 until they eventually end. Reimbursement payments are currently supported by 20% of receipts from the CAT, deposited into the School District Tangible Property Tax Replacement Fund (Fund 7047).

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Appendix

All House Bills Enacted in 2015

House Bill	LIS Required?	Subject
2	No	Revises the laws pertaining to the management and sponsorship of community schools
3	No	Reduces certain business filing fees charged and collected by the Secretary of State and provides additional access to the OhioMeansJobs website
4	No	Makes changes regarding the authority to furnish or dispense naloxone for opioid overdoses and establishes standards for certain opioid treatment programs, and declares an emergency
6	No	Revises the statute of limitations for prosecution of rape and sexual battery cases involving DNA analysis
7	No	Revises the administration of high school end-of-course exams, student enrollment calculation for the 2015-2016 school year, and restrictions on the use and release of individual test scores
11	Yes	Creates a new Delaware County Court of Common Pleas judgeship, revises retired assigned judge payments, and declares an emergency
19	Yes	Expressly incorporates recent changes in the Internal Revenue Code into Ohio law, and declares an emergency
28	No	Requires state institutions of higher education to develop and implement suicide prevention programs
29	No	Designates November as Alpha-1 Antitrypsin Deficiency Awareness Month
39	No	Authorizes schools and residential and child day camps to procure metered dose and dry powdered asthma inhalers, and exempts them from licensing requirements related to the possession of asthma inhalers
47	No	Permits the creation of outdoor refreshment areas, exempts persons within the area from the open container law, and declares an emergency
51*	No	Makes appropriations for the Ohio Industrial Commission for the FY 2016-FY 2017 biennium
52*	No	Makes appropriations for the Bureau of Workers' Compensation for the FY 2016-FY 2017 biennium
53*	No	Makes appropriations for the Department of Transportation and Department of Public Safety for the FY 2016-FY 2017 biennium
56	No	Prohibits public employers from including criminal history on employment applications
62	No	Designates the second week of September as "Krabbe Disease Awareness Week"
64*	No	Makes operating appropriations for the FY 2016-FY 2017 biennium
70	No	Initiates a community learning process to assist and guide school restructuring and replaces the current structure and procedures for academic distress commissions
71	No	Establishes indemnity agreement provisions in motor carrier transportation contracts
93	No	Establishes motorcycle "Breast Cancer Awareness" license plates
124	No	Grants authority to prescribe or furnish without examination a drug for a sexual partner of a patient diagnosed with chlamydia, gonorrhea, or trichomoniasis
131	No	Includes diseases of concern within the scope of the Animal Diseases Law and makes other changes concerning agricultural law
141	No	Changes the name of the Ohio Historical Society to the Ohio History Connection
142	No	Designates the month of March as "Endometriosis Awareness Month"
153	No	Delays the date of a presidential primary election by one week

House Bill	LIS Required?	Subject
155	No	Requires the Treasurer of State to create a program offering federally tax-advantaged savings accounts used to pay for qualified disability expenses and disregards the value of and income from that account in determining whether that person is eligible for state or local means-tested public assistance
188	No	Revises pharmacist consult agreements, prescribing based on a remote examination, and renewals of licenses and certificates by the Board of Nursing
237	No	Regulates transportation network companies and their services and exempts motor vehicle liability insurers from the requirement to provide identification cards
238	No	Authorizes the transfer of money from the Adult and Juvenile Correctional Facilities Bond Retirement Fund to any fund administered by DRC or DYS and authorizes land conveyances
244	No	Designates November 10 as Armed Services, Peace Officer, First Responder, and Dual Service Recognition Day
259	No	Regulates certificates of insurance prepared or issued to verify the existence of property or casualty insurance coverage, repeals and reenacts a subrogation provision in current law, updates prompt payment, and requires the Administrator of Workers' Compensation to reduce the transfer of negative experience to a successor employer under certain circumstances
340	No	Makes various operational changes to state programs

* Not required for budget bills

All Senate Bills Enacted in 2015

Senate Bill	LIS Required?	Subject
1	No	Revises various laws relative to agriculture, natural resources, and environmental protection
7	No	Prohibits generally the sale of pure caffeine products and sale of powdered or crystalline alcohol for human consumption
10	No	Makes changes to medical assistance recipients' eligibility for military-related health care benefits and homestead exemptions for disabled veterans
11	Yes	Creates the Volunteer Peace Officers Dependents Fund to provide death benefits to survivors of volunteer peace officers killed in the line of duty and disability benefits to disabled volunteer peace officers and makes other related changes
38	No	Establishes procedures for entering into private attorney contracts
61	No	Limits to whom a death certificate containing the decedent's Social Security number may be issued in the first five years after the decedent's death
110	No	Authorizes administration of certain drugs pursuant to delegation by certain advanced practice registered nurses and revises the law governing the practice of physician assistants
117	No	Designates October as "Rett Syndrome Awareness Month"
121	No	Requires elementary and secondary students to be immunized against meningococcal disease
161	No	Authorizes probate judges to issue search warrants
190	No	Designates memorial highways in Erie County
208	Yes	Modifies the 2015 income tax rates applicable to taxable business income, permits income taxpayers to claim personal exemptions and credits regardless of their income type, and makes other tax-related changes
223	No	Amends coverage benefit limits and exclusions for the Ohio Life and Health Insurance Guaranty Association, temporarily suspends H.B. 64 provision regarding subrogation recovery, amends life insurance company reinsurance regulations, updates prompt payment claim codes, and adds an emergency clause for certain provisions

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