Statehouse Update

June 23, 2017

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SCHOOL GROUPS ESTIMATE PROPOSED CAUV CHANGES COULD COST RESIDENTIAL TAXPAYERS $60 MILLION, IMPACT FUNDING FORMULA

School districts now have a clearer picture of just how much their tax revenues would be impacted under a proposal to revamp how agricultural land is valued.

Tweaks to the Cultural Agricultural Use Valuation model that are included in the Senate's version of the biennial budget (HB 49) could result in an average 30% reduction in farming property values, meaning other residents in a majority of districts will see their taxes rise.

That's the latest estimation from longtime school funding researcher Howard Fleeter, of the Ohio Education Policy Institute, a group that contracts with statewide school management organizations. Those groups, which are opposed to the CAUV changes, recently shared the findings with the Senate Finance Committee.

While farmers are pushing for the changes as a more stable approach to determining agricultural taxes - which have risen an average of 300% in recent years - K-12 advocates are concerned by Department of Taxation estimations that show taxes would be shifted to other types of property in a number of cases.

Of the state's 610 districts, 568 will have to institute increases in residential property taxes totaling $60 million to maintain current tax collection amounts, according to the OEPI analysis of the estimated CAUV change impacts.

More than 500 districts will see millage increased on fixed-sum levies, which are typically bond, emergency or substitute levies. The 35 districts with the highest concentration of agricultural land could raise millage by as much as 3.97 while 123 districts will experience increases between 1-2.5 mills.

Those millage rate increases would be even higher in areas where HB920 is in effect, Mr. Fleeter found.

"It is difficult to remember another piece of legislation that has caused such a large tax increase for residential taxpayers," Barbara Shaner said in recent testimony on behalf of the Ohio Association of School Business Officials, Ohio School Boards Association and Buckeye Association of School Administrators.

In addition to impacting voted millage and the amount of mills districts will have to seek in future elections, the OEPI analysis determined the CAUV changes would also impact the school funding formula because it's based on average property valuations.

In the first year of the biennium, 288 districts would see a reduction of nearly $8 million in state aid and 308 districts will lose about $14 million in the second year.

In combined state aid and property tax revenue, school districts stand to lose $26 million in Fiscal Year 2018 and $32 million in Fiscal Year 2019, the analysis shows.

"At a time when state resources are tight, we urge you to remove the CAUV provisions from the bill so local taxpayers and school districts will not be negatively impacted even further," Ms. Shaner told lawmakers last week.

However, those backing the inclusion of standalone CAUV legislation (SB 36) in the budget argue that the proposed new system is more sustainable.

In recent years, farmers have seen their property taxes increase an average of 300% making it difficult to maintain their businesses or plan for the future, said Leah Curtis with the Ohio Farm Bureau. The planned updates aim to reduce valuations and level them off.
"Farmers want their schools to be funded too, but we also want to make sure our property taxes are fair and accurate," she said in an interview.

She added that the new CAUV structure would take financial pressure off agricultural land owners, making it more likely that they'd support school ballot issues.

"I think we have seen in rural communities some struggles with passing some levies and I think that is in part because farm taxes have increased so much, so it could be helpful in those rural communities that have struggled with that recently," Ms. Curtis said.

ODI PUSHES FOR HEALTH INSURANCE WAIVER FLEXIBILITY AS SENATE ADDS TIMELINE FOR APPLICATION

The top Republican in the Senate says he's hopeful administrative changes at the federal level will allow the state to seek more flexibility in the private health insurance marketplace under the Affordable Care Act.

In the latest example of the GOP's ongoing pushback against "Obamacare," the Senate last week added a provision to the biennial budget (HB 49) to require the Department of Insurance to apply for a waiver from certain ACA provisions by the end of January 2018.

Last year's budget required the department to do so, but without a strict timeline given.

Even before the legislature's latest move, the department issued a request for proposals and is urging the federal Centers for Medicare and Medicaid Services to loosen restrictions on the waiver applications.

The waiver would give the state flexibility regarding ACA mandates on individual and employer coverage.

Senate President Larry Obhof (R-Medina) told reporters Thursday that federal regulators are more likely to relax requirements on waiver applications.

"One of the problems that we've had thus far is that the prior administration instituted some rules and offered guidance limiting not only what they were willing to grant, but what you could actually file a waiver request for," he said.

Sen. Obhof and other lawmakers from Ohio and around the nation traveled to Washington last week to meet with federal officials about the waivers, known as Section 1332 innovation waivers.

"It seemed like there were a substantial number of hurdles that had been placed in our way in terms of what we could do and what we couldn't, we're doing what we can now with the administration to relieve some of those hurdles," he said.

Department of Insurance Director Jillian Froment also recently urged federal officials to relax the requirements surrounding 1332 waivers.

"The position of the Department has always been that insurance - auto, health, home, life, etc. - should be regulated at the state level," she wrote in a June 1 letter to Administrator Seema Verma of the Centers for Medicare and Medicaid Services. "Across the country, states have a strong track record of protecting consumers while fostering strong insurance markets. Ohio needs flexibility to regulate health insurance in ways that make sense for Ohio's consumers and job creators."

Director Froment said the law said coverage under the waiver must be as comprehensive, affordable and cover as many people as without the waiver, but guidance issued by the administration placed more restrictive limits on ways states could seek flexibility.

"By rescinding this guidance, while also considering other opportunities for relief at the state level, CMS can help make Section 1332 innovation waiver applications more meaningful to states like Ohio and truly foster innovation," she wrote.

Steve Wagner, executive director of UHCAN Ohio, warned that changes to the marketplace done through waivers could create more instability and jeopardize coverage.
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While it has yet to be seen what a potential waiver would include, he said it could allow plans to deviate from federal rules on what they cover, such as essential health benefits and pre-existing conditions.

"A 1332 waiver would allow for coverage to be there that didn't cover the essential health benefits, and therefore could be problematic for people who have preexisting conditions," he said in an interview.

He attributed the current instability in the marketplace to federal policies that "look the other way" regarding the individual mandate and create doubt whether insurers will receive subsidies for marketplace plans.

"If you add to it whether or not there's going to be this 1332 waiver, which is going to completely change what the marketplace looks like, that adds even more uncertainty," he said.

HIGH COURT TO HEAR CASES
The high court will hear oral arguments in cases this week:

- In Buckeye Terminals v. Franklin County Board of Revision, a fuel supply company will contend that its $8.4 million property tax valuation at a Grove City petroleum tank farm was erroneous and should be dismissed.
- In Review of Alternative Energy Rider Contained in Tariffs of Ohio Edison Company, the court will determine if the Public Utilities Commission of Ohio properly ruled the electric company was required to repay $43.4 million it charged customers for the purchase of renewable energy credits in 2011.
- In Cleveland Board of Review v. MacDonald, the court will decide if Cleveland law allows for a man's supplemental executive retirement plan to be taxed.

HISTORY CONNECTION, ROVER PIPELINE BUILDER RESOLVE DISPUTE; OEPA SETS PUBLIC MEETING ON CUYAHOGA RIVER
The Ohio History Connection and the company behind the Rover Pipeline have resolved their ongoing disagreement after weeks of negotiations, according to a new federal filing.

The Federal Energy Regulatory Commission had given those parties three weeks to resolve their debate over whether Rover Pipeline LLC was meeting conservation obligations spelled out in its memorandum of agreement with OHC.

OHC originally requested FERC assistance in resolving the dispute in May, claiming that Rover failed to adhere to the agreement reached after the company improperly demolished the historic Stoneman House.

Now both parties have signed off on an amendment to their original memorandum clarifying the responsibilities Rover Pipeline LLC must shoulder under the deal.

The amendment modifies just one paragraph of the prior agreement including new language dictating that a previously disputed $1.5 million payment from Rover to the OHC Foundation must be made by July 7.

The language states the parties "shall continue to consult regarding additional mitigation measures to offset the adverse effects that have already occurred to the Stoneman House and adverse effects that shall occur to" a 1920s-era historic home in Crawford County.

It also identifies several other "education and statewide outreach mitigation opportunities" for Rover to support, including: preservation education programs, OHC’s fourth-grade online textbook, OHC’s initiative to reinterpret content at historic sites, infrastructure related to database and geographic information systems and associated staffing and training, and the expansion of Ohio Archaeology Month programming.

The dustup was one of a number of controversies centered on the Rover pipeline's construction, which has led to the spilling of more than 2 million gallons of drilling lubricant into Ohio wetlands. The Ohio Environmental Protection Agency has since said those spills contained traces of diesel fuel contrary to the company’s claims.

Tuesday, June 20, 2017
SENATE PANEL REPORTS BUDGET WITH CUTOFF DATE FOR NEW MEDICAID EXPANSION ENROLLMENT
The biennial budget is headed to the Senate floor after it received another round of extensive changes, including a provision that would cut off new enrollment in the Medicaid expansion population after July 1, 2018.

The Senate Finance Committee accepted the latest revisions to the measure (HB 49), most of which were contained in an omnibus amendment, before reporting it Tuesday evening on a 9-2 party-line vote. Sen. Vemon Sykes (D-Akron) recused himself based on his involvement in a Kent State University program.
The bill is slated for a Senate floor vote Wednesday.

Finance Committee Chairman Sen. Scott Oelslager (R-N. Canton) said the budget reduced overall spending by $1.055 billion from the as-introduced version. The Senate built on prior reductions made by the House, while significantly changing numerous policy provisions.

Senator President Larry Obhof (R-Medina) said it was the chamber's goal to ensure the budget was balanced.

"I think that things look pretty good right now overall fiscally," he said, adding that the Senate reduced GRF spending in the measure by more than the $800 million gap that was previously announced. "We are anticipating revenue numbers and Medicaid case loads coming in this week that will take the gap above that and instead of waiting until conference the Senate tried very hard to make sure that we closed 100% of it this week."

"I've had some very positive conversations with the governor and with the speaker and while we have limited time, I anticipate things going pretty well overall," he added. "I think we're all focused on the same things; on making sure first and foremost that Ohio has a balanced budget and we meet our constitutional requirement but also making sure that we continue to provide the citizens of the state of Ohio with the services they need."

The Medicaid enrollment cutoff would continue open enrollment for a year before preventing anyone new from joining the Group VIII, or expansion, population.

Those already on the program would continue to receive coverage as long as they were enrolled before the cutoff date, Sen. Oelslager told reporters.

He said the change is a way to reduce state spending and also address uncertainty with health care policy at the federal level. The state can revisit the cutoff before the date, he said.

"We had long discussions on how to deal with this issue to be fair to those who are covered and the taxpayers of Ohio," Sen. Oelslager said.

"This freeze will help us evaluate where the budget is a year from now, and more importantly, perhaps, to see what is happening in Washington," he added.

Sen. Michael Skindell (D-Lakewood), the committee's ranking Democrat, said the change will hurt the state's overall health care goals by reducing access to coverage.

"We have deep concerns about not allowing more people on Medicaid moving forward," he told reporters. "It's denying people valuable medical services in the state. Our goal as a state should be to increase coverage for medical care, not to restrict it."

Another Medicaid provision finds a middle ground between the Kasich administration's proposal to move long-term care into managed care and the House's delay of that move until 2021 at the earliest.

The Senate's version creates a Patient-Centered Medicaid Managed Care Long-Term Services and Supports Committee to examine the proposal, which would issue a report no later than the end of 2018. The General Assembly would then have to vote to move the population to managed care.

"We shortened, dramatically, the time the House had," Sen. Oelslager said.

The Senate also eased restrictions the House placed on Medicaid through the Controlling Board, no longer requiring the administration to come before the panel every six months and holding just the state share of the expansion spending in the Health and Human Services Fund, Sen. Oelslager said.

The committee accepted a few separate amendments before the vote, including one that would clarify the wind setback changes in the omnibus amendment to ensure no property owner could waive property rights for neighbors.
Another amendment, offered by Sen. Matt Dolan (R-Chagrin Falls) would change the state’s payment to counties and transit authorities for funding lost by the Medicaid managed care sales tax replacement from one payment in November 2017 to half in November 2017 and half in January 2018.

Sen. Dolan said the change helps and is supported by counties, whose fiscal years match up with calendar years. It also creates a difference between the administration and legislative versions of the plan, thereby allowing the conference committee to revisit the issue.

An amendment offered by Sen. John Eklund (R-Chardon) specifies that wages and guaranteed payments paid by a professional employer organization to an investor in a pass-through entity that is a client employer of the PEO may be considered business income, and therefore eligible for the business income tax deduction and 3% tax rate.

Sen. Eklund said the provision is revenue neutral and codifies the way in which the Department of Taxation is treating such income.

Sen. Obhof said he anticipated a productive conference committee after the bill’s Senate vote Wednesday.

"By and large, in all of the big-picture areas, you’re going to see more similarities than you expect. I think we tried to be collaborative and build off what they had already done," he said.

**Omnibus Changes:** A sampling of the omnibus amendment changes includes language that:
- Reduces the wind farm setback requirements from the current one and one-tenth times the total height of the turbine to two-tenths the total height as measured from the turbine’s base to the tip of its highest blade. It also requires the setback to be at least 1,225 feet in horizontal distance from the tip of the nearest blade at 90 degrees to the exterior of the nearest habitable residential structure rather than the current requirement which is 1,125 feet from the property line of the nearest residence. A last-minute amendment clarifies that an owner can only waive the setback law on their own property.
- Creates civil liability for employers who adopt or enforce a policy prohibiting concealed carry licensees from transporting or storing a firearm or ammunition in the person’s privately-owned vehicle.
- Removes language requiring the Public Utilities Commission to research the latest technological and regulatory innovations for the electric distribution system and permitting the PUCO to issue a report summarizing recommendations for implementing its findings.
- Eliminates unitization language under oil and gas laws.
- Specifies that power from small hydroelectric facilities is a renewable energy source.
- Replaces a school district’s three-year average property valuation with its most recent tax year valuation in FY 2018 and FY 2019 if at least 10% of the district’s total taxable value is comprised of public utility TPP and the public utility property has lost at least 10% of its total taxable value from the previous year and the total taxable value of power plants in the district is at least 10% less than the previous year.
- Requires appeals of a Board of Tax Appeals decision to be filed at the appellate level instead of directly to the Supreme Court.
- Removes a Senate-added provision that requires the Ohio Peace Officer Training Commission to reimburse for continuing professional training programs.
- Removes language requiring DAS to establish a high-deductible health plan.
- Authorizes the use of an electrically powered personal delivery device on sidewalks and crosswalks.
- Clarifies language on the centralized collection of business income taxes.
- Removes language dealing with property tax complaints and appeals.
- Removes Senate-added language dealing with prison populations and their relation to the collective bargaining law.
- States intent with regard to voting machines and specifies that reimbursement for machines are based on the number of registered voters in those counties as of Jan. 1, 2017.

The omnibus amendment also includes several other appropriation changes, some of which provided additional funding for various programs. Those additions include:
- $6 million over the biennium for the Oil and Gas Well Plugging Program.
- $8 million for Appalachian Workforce Assistance.
- $500,000 in non-GRF for various defense-related workforce efforts.
- $200,000 to promote aerospace efforts.
Democratic Amendments: The panel’s three Democrats offered dozens of amendments to the bill, nearly all of which were tabled by the Republican majority without comment. Two amendments offered by Democrats were accepted. One appropriates $48,831 in funding each fiscal year for the Ohio State University cooperative extension program in Ashtabula County. The other appropriates $100,000 annually for lupus prevention and awareness.

WORKERS’ COMP BUDGET HEADED TO SENATE FLOOR OVER DEMOCRATS’ OBJECTIONS
The $581 million Bureau of Workers’ Compensation budget for Fiscal Years 2018-2019 cleared a Senate committee Tuesday absent a controversial House-added provision on illegal aliens. Democrats nevertheless objected to the measure (HB 27) after Sen. Joe Schiavoni (D-Boardman) attempted to remove language that reduces the time allowed for submitting injury claims from two years to one.

A substitute version adopted by the Senate Insurance Committee before the party-line, 10-3 vote to report the bill also axed House language that would have restricted rule changes by state agencies and required preemptive legislative approval.

Key additions to the bill include requirements for BWC and the State Treasurer to tap the State Insurance Fund for the following initiatives: Safety Grants ($15 million); a Health and Wellness Program ($6 million) and a Statewide Safety Awareness and Education Campaign ($2.5 million). Like the SIF, the BWC budget is funded through employer premiums.

The sub bill also deletes a requirement in current law for professional employer organizations to submit supplemental combining schedules with financial statements. And another new provision entails what Sen. Bob Hackett (R-London) described as a technical change impacting PEOs.

Sen. Schiavoni said in arguing for removal of the shortened claims period that he had heard from constituents who wanted to testify on the proposal in separate legislation.

"This is a very serious and significant issue" when it comes to workers being able to participate in the system, he said. Some employees try to work through their injuries because they want to avoid filing a claim and may end up not meeting the new restrictive deadline.

The amendment was tabled along party lines without comment. In previous House deliberations, it was noted that a vast majority of claims are filed within a year. Supporters of the change also argued that it could prevent injuries from worsening over time, resulting in additional costs to the system, and it provided employers with more predictability regarding their claims.

Sen. Schiavoni also offered an amendment that would include corrections workers in BWC coverage currently granted to public safety workers such as EMS employees who come into contact with blood. It was also tabled 10-3 without comment.

Sen. Jay Hottinger (R-Newark), the committee chairman, said after the meeting that the illegal alien language was removed from the bill in part because senators didn’t believe there was time to properly vet the proposal given the relatively short period the chamber was given to move the measure.

The ban on BWC coverage for illegal aliens could trigger unintended consequences, he said.

Members also questioned whether the bureau would have the means to enforce the provision. Sen. Hottinger said, noting there are 60-70,000 undocumented immigrants in the state and many are probably working somewhere. "BWC doesn’t have that information because there’s not an easy way to be able to track that."

While he understood the push for the ban, detractors could argue that BWC is the best way to deal with such workers because otherwise they would end up costing taxpayers in other ways such as indigent care, he said. "If someone is injured, they are going to get treated."

"I’m not hearing from businesses that this is a problem," the chairman added. "Illegal immigration is something that needs to be handled on the immigration front."
Sen. Hottinger, and later Senate President Larry Obhof (R-Medina), indicated the issue was best vetted in separate legislation.

"I think the majority of our members...obviously felt that was the right way to go on that, but I'm sure anyone who is interested in having further discussion on that topic if we have another bill that addresses that we’ll have hearings and listen to witnesses and see where we end up," Sen. Obhof said.

Policy Matters Ohio had submitted testimony in opposition to the illegal alien language but ended up not testifying.

Kara Afrates also asked the panel in written testimony to remove that provision as well as the language on the reduced claims period and a House-added modification of firefighter cancer claims procedures.

The bill is slated for a Senate floor vote on Wednesday.

**COMMITTEE ADDS CAPS, DELAYS VOTE ON OVEC COST RECOVERY BILL**

A House committee on Tuesday held off on reporting a controversial bill to permit cost recovery for utility owners of the Ohio Valley Electric Corporation in order to buy more time for interested party talks.

Instead, the House Public Utilities Committee adopted a substitute bill (HB 239) with sponsor Rep. Rick Carfagna (R-Westerville) promising more changes in the future.

The changes are aimed at mitigating opponent concerns and include a new provision installing a cost caps for ratepayers of $2.50 per month for residential consumers and $2,500 for all other customers.

"I think some of the stakeholders disagree the changes reflect what they were intended to do," Rep. Carfagna told reporters. "I think we just disagree on the interpretation of some of the language, but they want to add again some more clarifying remarks in here to try to tighten up some of these provisions."

The bill would create a cost recovery mechanism for AEP Ohio, FirstEnergy, Dayton Power & Light and Duke Energy - all partial owners of OVEC. Proponents say the move would acknowledge OVEC’s unique ownership structure while opponents say it will put ratepayers on the hook for supporting a pair of outdated coal plants.

One of the principal updates in the substitute version limits the cost recovery to "prudently-incurred costs." Sponsors during the bill's first hearing said that language was their original intent but that it was mistakenly left out during the drafting process.

The new language defines those as costs, including deferred expenses, allocated pursuant to a power agreement approved by the Federal Energy Regulatory Commission relating to a national security generation resource and excluding any added return on investment. It also excludes recovery of remaining debt in the event of the premature retirement of such a facility.

Other changes in the sub bill:
- Discontinue cost recovery in 2030, rather than the previous version's 2040, without action by the General Assembly.
- Require the Public Utilities Commission to conduct an inquiry in 2029 to determine whether continuing the cost recovery mechanism is in the best interest of the state.
- Require the PUCO to conduct a prudency review to true up and evaluate costs every three years.

Lawmakers met for several hours Tuesday with interested parties, hashing out some of the concerns. Chairman Rep. Bill Seitz (R-Cincinnati) said talks are now focused on "minor changes," some of which he deems "ridiculous."

"We are going to strengthen the language that says (OVEC owners) cannot get a rate of return or return on equity," Rep. Seitz acknowledged.

Rep. Seitz, who will step down as committee chairman at the end of the month, likened his role in the ongoing negotiations to lion taming.

"That's this job," he said. "You're a lion tamer. You've got 50 lions around here and you've got to get a bull whip and snap it at them occasionally and say settle down."
Opponents this week stepped up their efforts to protest the bill, with the Ohio Environmental Council Action Fund launching a statewide TV and digital ad campaign blasting the proposal as a move to hike rates on families and divert customer dollars and jobs to the benefit of an Indiana OVEC plant. Sponsors and proponents have denied that the bill would benefit that plant.

OECAF Director Aryeh Alex said the proposals "would send Ohio families' and small business owners' hard-earned dollars to fund poor business decisions made by corporate utilities."

"These rate-payer funded subsidies distort trends in the market that are pushing electric utilities to cleaner, more efficient generation options," he added.

AEP Ohio and the American Petroleum Institute-Ohio submitted written testimony on opposite sides of the issue.

AEP counsel Steve Nourse said OVEC provides more than $62 million in economic benefit to the state.

"Sub. HB239 should be adopted as a fair-minded solution to follow through on the long-term decisions made when the OVEC plants were built to serve the national security of the United States," Mr. Nourse wrote.

But Chris Zeigler, API's executive director, echoed opponent concerns the bill would undermine the competitive energy market.

"As introduced, House Bill 239 will effectively allow utilities to charge back unspecified costs to ratepayers, while potentially displacing new natural gas-fired power generation and skewing competitive markets," he said. "API Ohio believes that House Bill 239 ensures that additional, unquantifiable costs will be passed on to Ohio ratepayers while discouraging efficient operation of the OVEC plants."

**AGENCY BRIEFS: ODNR**
Six horizontal permits were issued for the Utica/Point Pleasant wells through the week ending June 17, according to Department of Natural Resources data. Four of the six permits were issued in Belmont County, with the remaining two issued in Jefferson County. There are now 2,533 horizontal permits issued, with 2,025 wells drilled and 1,574 of them producing.

**INTRODUCED IN THE HOUSE**

**HB 281**  **BROADBAND EXPANSION** (Carfagna, R.) To establish the residential broadband expansion program within the Development Services Agency to award matching grants for last mile broadband expansion in municipal corporations and townships and to make an appropriation. En. 122.09, 122.091, 122.092, 122.093, 122.095, 122.096, 122.097, 122.098, 122.0910, 122.0911, 122.0912, 122.0912, 122.0913, 122.0915, and 122.0916.

**HOUSE COMMITTEE HEARINGS**

**State & Local Government**

**SB 37**  **POLICE CHIEF TRAINING** (Hite, C.) To require the Ohio Peace Officer Training Commission to develop and conduct a chief of police training course for newly appointed village, city, and township chiefs of police. (REPORTED-AMENDED (No testimony); 4th Hearing-All testimony-Possible amendments & vote)
Prior to a unanimous report, Rep. Steve Hambley (R-Brunswick) sponsored an amendment that he said would alter the training requirements for law enforcement agencies and include university law enforcement in the bill's language.

**Ways & Means**

**HB 243**  **HEATING FUELS** (Patterson, J., Cera, J.) To exempt from sales and use taxation the bulk sale of firewood and certain other heating fuels, and to reimburse the Local Government Fund and Public Library Fund and county and transit sales tax collections for the resulting revenue losses. (CONTINUED; 1st Hearing-Sponsor)

Sponsors said the bill, in addition to exempting the bulk sales of firewood and other heating fuels from sales and use taxes, would reimburse the Local Government Fund, the Public Library Fund and county and transit sales tax collections for any resulting revenue losses.

Rep. John Patterson (D-Jefferson) said those heating fuels are a necessary product. Natural gas is not subject to those taxes, he argued, meaning that the bill would create a "level playing field."
"HB243's chief goal is to ease the financial burden on working families," Rep. Patterson said. "Ohioans across our great state continue to reel from the 2008 economic collapse, and recent pass-the-buck budgeting and tax shift policies have benefited the interests of the wealthy few at the expense of working families."

Rep. Jack Cera (D-Bellaire) called the bill "a matter of fairness."

"This is a necessity," Rep. Cera. "A lot of people in my part of the state and in Rep. Patterson's part of the state have no other options to heat their home."

Fielding questions from the panel, sponsors expressed a willingness to expand the bill's language to include other sources such as wood pellets or coal.

Rep. Craig Riedel (R-Defiance) asked whether sponsors would consider removing the language reimbursing communities since a similar reimbursement mechanism does not exist when it comes to natural gas sales.

"We'll consider a lot of things," Rep. Patterson said. "But I also know there's a tipping point. Our schools, our local governments, our county transit. We don't want to further cause economic distress among them but we'll consider anything."

Rep. Cera said he would like to review the forthcoming fiscal analysis before committing either way. "If it's minimal we certainly could go for that," he said.

**Finance**

**HB 168**  
**Cemetery Registration** (Stein, D.) To modify duties of the Division of Real Estate in the Department of Commerce regarding cemetery registration, to specify cemetery owners must reasonably maintain cemeteries, to establish the Cemetery Grant Program, and to make an appropriation. (CONTINUED; 1st Hearing-Sponsor)

In addition to establishing a grant program for non-profit cemeteries looking to renovate and restore properties, sponsor Rep. Dick Stein (R-Norwalk) said the bill also updates cemetery registration language to reflect current practices.

The measure, which is based on an Ohio Cemetery Law Force report and recommendations from 2014, also allows cemetery trust funds to be bonded or insured with appropriate policies and permits trustees to invest funds pursuant to the Ohio Prudent Investor Act, he said.

"This concept is supported by the Ohio Township Association, the Ohio Cemetery Association, and the Catholic Conference," the sponsor said. "The goal of HB168 is to provide an additional funding stream and provide needed assistance for the care and maintenance of public cemeteries; as this important responsibility is mandated by law."

Funding for the proposed grant program would come from $1 of each burial permit fee, Mr. Stein told the committee. Money will be added to the fund until it reaches $100,000.

Answering questions from the panel, he said there is no concern among stakeholders that the permit fee fund would be negatively impacted by the shift in dollars and cemeteries could only restore their properties and not use grant dollars to complete basic maintenance.

**Criminal Justice**

**HB 48**  
**War Relics** (Schaffer, T.) To prohibit a war relic that is located on public property or on the property of a cemetery association from being sold or otherwise disposed of, or destroyed, relocated, removed, altered, or otherwise disturbed, except under certain circumstances. (CONTINUED-AMENDED; 1st Hearing-Sponsor)

Before hearing testimony, the committee adopted an amendment offered by Rep. Jeff Rezabek (R-Clayton) to limit the definition of war relics.

Sponsoring Rep. Tim Schaffer (R-Lancaster) welcomed the change, saying it will help tailor the legislation to prevent "unscrupulous private dealers and collectors" from hiding war relics from the public.

"It is far from uncommon for these collectors to approach cash-strapped local governments or cemetery associations and offer them what seems like a sizable amount of money for their historic cannons," he said.
"For some of these organizations, it can be an offer too good to pass up. They can erase a deficit by liquidating one of their assets, which may appear on the surface to be a reasonable financial strategy to pursue."

But Rep. Bill Seitz (R-Cincinnati) called for a mens rea requirement to be added to the legislation. "I think the defendant needs to know that this is a war relic and is on public property," he said.

While Rep. Schaffer said dealers and collectors know what they are doing, he said he would be open to such an amendment.

Public Utilities

HB 133 Disaster Work (Ryan, S.) To create the Disaster Relief Act to exempt out-of-state disaster businesses and qualifying out-of-state employees from certain taxes and laws with respect to disaster work on critical infrastructure performed in this state during a declared disaster. (REPORTED; 3rd Hearing-All testimony-Possible amendments, substitute & vote)

The committee unanimously reported the bill with little discussion. Several entities submitted written proponent testimony for this third hearing, including joint feedback from the Ohio Gas Association, the Ohio Electric Utility Institute, the Ohio Cable Telecommunications Association and the Telecom Association.

Those proponent groups argued that current regulation "impedes and burdens the administration of disaster response efforts."

AT&T Counsel Jon Kelly also wrote in support, saying the state should not erect "unreasonable" barriers to disaster recovery efforts. He said deploying those workers leads to regulatory entanglements in a number of areas including state and local taxes, business licensing, workers' and unemployment compensation, and occupational licensing.

"A person sent in for a few days' work to restore power or telephone service (either landline or wireless) should not be treated as a regular Ohio employee," Mr. Kelly wrote. "And that person's employer should get a 'pass' insofar as Ohio business taxation and regulation is concerned."

The Ohio Municipal League and the Buckeye Institute submitted written testimony as interested parties. OML Executive Director Kent Scarrett said the bill "leaves several unanswered questions that concern Ohio's municipalities."

"How realistic will it be to monitor the individual employees of a business to determine if they qualify?" he asked. "What if an employee worked for another company in the previous year in Ohio and was not part of a disaster relief project? Will a list of employees and their Social Security Numbers be provided from the business to review if there was withholding in the prior year for any of them? We ask this legislation not be passed before these concerns can be addressed."

HB 247 Utility Law (Romanchuk, M.) To require refunds to utility customers who have been improperly charged, to eliminate electric security plans and require all electric standard service offers to be delivered through market-rate offers, and to strengthen corporate separation requirements. (CONTINUED; 1st Hearing-Sponsor)

Rep. Mark Romanchuk (R-Mansfield) introduced the committee to his bill, which would in part ban electric security plans and create a new Supreme Court mechanism for consumers that have been overcharged to obtain refunds.

Consumer advocates - including the Consumers' Counsel, AARP and others - have already endorsed the bill, which they say will drive down prices, while at least one utility - AEP - has expressed concerns about eliminating ESPs.

Rep. Romanchuk said ESPs were meant to be temporary in order to ease the transition into a deregulated market. He said the OCC has documented more than $11 billion in charges through such plans approved by the Public Utilities Committee since 2000.

"At a time when lower prices in competitive electricity markets ought to be reflected in lower electric bills for Ohio customers, anti-competitive provisions of SB221 are depriving customers savings realized from competition in generation markets," the sponsor said.

He further said the bill would clarify that state law forbids utilities and their affiliates from owning generation.

"House Bill 247 is pro-consumer, pro-business, and pro-markets," Rep. Romanchuk said. "It creates an environment conducive to continued business investment, economic growth and job creation."
The Northwest Ohio Aggregation Coalition on Tuesday issued a letter to lawmakers in both chambers and Gov. John Kasich supporting the proposal and bemoaning current energy prices.

"This situation exists because the ESPs allow these companies to engage in self-dealing among their unregulated parent corporation, unregulated subsidiaries and the regulated utility," the letter reads. "As long as ESPs are permitted, these companies will continue their attempts to increase profits by using them."

The committee asked no questions of the sponsor, but Chairman Rep. Bill Seitz (R-Cincinnati) told reporters the bill is full of "intriguing points of view" and that it will receive the "same long due consideration" as other bills before the committee.

**Energy & Natural Resources**

HB 225  **OIL GAS WELLS** (Thompson, A.) To allow a landowner to report an idle and orphaned well or abandoned well, to require the Chief of the Division of Oil and Gas Resources Management to inspect and classify such a well, to require the Chief to begin plugging a well classified as distressed-high priority within a specified time period, and to authorize an income tax deduction for reimbursements paid by the state to a landowner for costs incurred to plug an idle or orphaned well. (CONTINUED; 2nd Hearing-All testimony)

Rebecca Clutter, a volunteer board member of the National Association of Royalty Owners Appalachia Chapter and founder of the Landowners for Energy Access and Safe Exploration, said she regularly hears about idled and orphaned wells discovered on private properties.

Ms. Clutter said she has three on her own Medina County property.

"All three of these old wells are within 100 feet of my house. My adjacent neighbors all have similar issues with active leaks on their properties," she said. "Some of my neighbors have made it onto the plug list while others, including mine, have not. Of those that have made it onto the plug list, no timelines have been provided."

Ms. Clutter said she was advised that delays are related to a lack of funding.

"Bumping the percentage would certainly speed the process of improving the environment. The tax exemption portion of this bill removes the financial hardship from land owners and is critical for accurate reporting," she said. However, she asked that the severance tax not be increase to pay for additional funding to the program.

Rep. Andy Thompson (R-Marietta) questioned how prevalent the problem of orphaned wells is in Medina County

Ms. Clutter said a nearby property of 19 acres has five wells leaking.

"Chatham Township is considered ground zero for this pretty much," she said.

In a related development Tuesday, the Senate added $6 million to the well plug fund through an amendment to the biennial budget (HB 49).

**Economic Development, Commerce & Labor**

HB 127  **STEEL WELDING** (Perales, R., Dever, J.) To establish in the Ohio Building Code requirements pertaining to structural steel welding and bridge welding. (CONTINUED; 2nd Hearing-Proponent)

William Woodward, president of the Iron Workers District Council of Southern Ohio and Vicinity, said the bill would eliminate fraudulent certification methods used by unscrupulous contractors by mandating on-site and in-person certification, as well as third-party welding inspections. He gave several examples that show the lack of certification oversight, including a deceased man's certificate being used for years after he died.

"Another way of cheating the system is to have someone take the test for you and then take it to a non-accredited facility for testing. This has resulted in Henry Wolfe, Robert Dash, Adam Barker, and Stewart Noon getting welding certifications," he said. "The problem is - these are three dogs and a cat that are legitimate certified welders."

The committee members asked many questions regarding the proper procedure for welding certification. Mr. Woodward explained that a certified welder ought to complete four years of school and then take a test at an accredited testing facility in the presence of a qualified inspector.
Wednesday, June 21, 2017

BUDGET HEADS TO CONFERENCE COMMITTEE AFTER SENATE PASSAGE

The budget process entered the home stretch Wednesday evening as the Senate passed the biennial spending bill by a vote of 24-8. The vote on the $65.3 billion plan covering Fiscal Years 2018-2019 (HB 49) came after a rush of changes by the upper chamber in the past several days.

Debate over the bill stretched into the evening Wednesday, with Democrats offering more than a dozen amendments, nearly all of which were defeated by majority Republicans.

The discussion centered largely on small business tax changes in past budgets, which Democrats blamed for the revenue shortfall, along with cuts to local government funding and the reallocation of money for schools.

Sen. Kris Jordan (R-Ostrander) joined most Democrats in voting against the measure. Sen. Sandra Williams (D-Cleveland), who got in a floor amendment, voted in support. Sen. Vernon Sykes (D-Akron) was recused.

In previous committee actions on the measure, Senate Republicans made dozens of changes in a substitute version that included most of the reductions that Senate President Larry Obhof (R-Medina) said took the overall cost of the plan to more than $1 billion below what Gov. John Kasich originally proposed.

The sub bill also removed numerous policy proposals and earmarks added by the House.

The bill came out of the Senate Finance Committee Tuesday evening after lawmakers adopted an omnibus amendment.

Among the changes made were a shortened delay of the move to Medicaid managed long-term services and supports and a cutoff date for new enrollment in the Medicaid expansion.

Sen. Obhof said after the vote Wednesday that he believed the budget will ultimately accomplish the goals of being balanced, fund necessary services and making government run as efficiently and effectively as possible.

"We had some pretty tough circumstances," he said. "We will find out for sure what the revenue projections are tomorrow and what the Medicaid caseloads are going to be, but we have anticipated a more than $1 billion hole that needed to be closed. This bill does that."

Sen. Scott Oelslager (R-N. Canton), who chairs the Finance Committee, said the Senate focused on creating a budget that was balanced and protected essential services.

"We've crafted a budget that protects vulnerable Ohioans while reducing the size of state government, but most importantly this budget is balanced," he said.

The bill now heads to conference committee, set to start Thursday at 1 p.m. with revenue and Medicaid caseload updates from Tim Keen, director of the Office of Budget and Management, and Mark Flanders, director of the Legislative Service Commission.

Among the major questions the conference will have to settle is just what the guardrails the legislature places on the Medicaid expansion will look like. The House version required the administration to go before the Controlling Board every six months to receive funding for the population, while the Senate version has the Controlling Board holding just the state share, without a strict timeline on when the administration needs to come before it.

The Senate version also implemented the cutoff date of July 1, 2018, for new enrollment in the Medicaid expansion.

Sen. Charleta B. Tavares (D-Columbus) voiced opposition to the Medicaid changes, offering an amendment, ultimately defeated, to remove them. Among the changes she opposed were new work requirements for certain Medicaid beneficiaries, premiums and requirements to seek waivers to exempt the state from certain requirements of the Affordable Care Act.

"Adding work requirements will result in problems for people who live in areas where the unemployment rate is above the national average, or for seasonal employees who only work for parts of the year," she said.
Sen. Oelslager said the Medicaid expansion enrollment cutoff will allow the state to better evaluate the program amid changes at the federal level and with state revenues.

“Nothing in this bill states the program will stop,” he said. “We just don’t know where we’re going to be a year from now, so we’re saying let’s put a freeze on it.”

Sen. Obhof said the innovation waivers the state is required to request under the budget would give Ohio more control over how its insurance market is shaped.

“The provisions in this bill are opportunities, as I see them, to say we do it better in this state than Washington,” he said.

Sen. Obhof said after the vote that he wasn’t worried that the Medicaid expansion enrollment freeze would affect the fight against the drug crisis. He said all of the things the budget bill does related to health care are designed to stabilize the individual market and make it easier for people to move off of Medicaid.

“It’s a lot of moving parts working together to try to improve health care for the people of Ohio and also run government more effectively and efficiently,” he said.

Sen. Michael Skindell (D-Lakewood) said not all Ohioans have seen their well-being improve in the past several years, and blamed tax cuts in recent budgets for hampering the state’s growth. He said those tax cuts are responsible for the budget hole the state now faces.

“The solution of the majority reflected in the budget before us is to continue untargeted and wasteful tax giveaways and cut its way to prosperity,” he said.

“The budget that we will vote on today continues to offer shortsighted, short-term solutions for long-term problems,” he added.

Sen. Randy Gardner (R-Bowling Green) discussed education provisions in the budget, including an additional $8.9 million for public libraries, $11.3 million for the Ohio College Opportunity Grant program, and a revised school funding formula that means fewer schools will receive less money than they did the year before.

“We agree that we should count students, but we do so in a different way,” he said. “We only go back two years in looking at student losses instead of five years.”

On the opiate crisis, Sen. Gayle Manning (R-N. Ridgeville) said the Senate tried to focus on prevention efforts, connecting individuals to community providers and enforcement efforts.

The Senate added about $6 million to the $170 million added by the House targeting the drug problem.

“It is our sincere hope that these funds will slow and ultimately end the flow of overdosed Ohioans through our local coroners’ offices,” she said.

Sen. Tavares said she had concerns with provisions added by the Senate that used money intended for local governments to fight the drug crisis.

“I do not support taking the funds from local communities only to give it back with strings attached telling them how they have to use it,” she said. “They are on the front lines of this fight. They need a partner in this fight, not a parent to tell them what they can and can’t do.”

Sen. Dave Burke (R-Marysville) said the budget gap the legislature needs to fill was “not necessarily an economically driven issue,” but rather an “economic forecast issue.” He said the state has invested in human services in the past and that the budget helps the poorest Ohioans by eliminating the bottom two tax brackets.

“Ohio is doing fine; let’s make no mistake. We need to make budget corrections in order to stay competitive,” he said.

Several Republicans said the budget was still a work in progress, pointing to the work yet to be done in the conference committee, and said nobody is going to be perfectly happy with the result.
"We don’t have a constitutional right to get everything we want in this budget," Sen. Matt Dolan (R-Chagrin Falls) said.

Sen. Bob Peterson (R-Sabina) said the Senate could have raised taxes and increased revenue to fill the budget gap, but instead chose to go through it line-by-line and look for ways to provide a balanced budget without doing so.

"We had two paths when we started. One path, the easy path to this tight budget, was to spend more; raise revenue. Raising revenue means taxes - increase what Ohioans paid in the state of Ohio that we could redistribute," he said. "We, in this budget, chose the other path, the path of making decisions, of balancing the budget."

**BILLS ON VOTING, MORTGAGE LENDING AMONG 15 MEASURES PASSED BY HOUSE**

Legislation to revise voting procedures, streamline mortgage lending laws and strengthen computer science education was among the slew of bills passed by the House Wednesday. In all, the chamber passed 15 pieces of legislation, while tabling a number of Democratic amendments in the process.

The House approved by 86-2 a bill to lower the threshold to prove a protection order or consent agreement has been served to a recipient (SB 7). And the chamber also advanced by 82-10 a measure to strengthen the Lake Erie Commission and expand regulation of construction and demolition debris facilities (SB 2).

Among other bills passing were measures to: create an enhanced penalty for committing a moving violation while distracted (HB 95); permit persons who quit work to accompany their spouse on a military transfer to be eligible for unemployment compensation benefits (HB 158); and legalize the use of paid transportation services such as Uber and Lyft among wheelchair patients heading to medical appointments (HB 195).

But the most debate occurred over potential amendments to a trio of bills - changes that were ultimately tabled by majority Republicans. Those included a measure that the sponsor described as streamlining the early balloting process.

Rep. Dorothy Pelanda (R-Marysville) described her voter bill as a "win-win for everyone in the election process," although Rep. Kathleen Clyde (D-Kent) disagreed. The pair is among three candidates, including Sen. Frank LaRose (R-Copley), vying for their party's respective nominations for secretary of state.

"It's my belief...that the language contained in HB 41 enacts common sense and much needed reforms to our absentee voter and registration laws," Rep. Pelanda said. "These changes make eminent sense."

The bill decreases the timeline for a qualified elector to apply to correct a precinct registration list or challenge an elector's right to vote to 10 days and shortens the window to apply for or cast an absent voter's ballot to 11 days. It also modifies the process for appointing election observers and processing absent voters' ballots.

Rep. Clyde, in offering her amendment, said she has no problem with much of the bill, but she "strongly" opposed eight lines that she said change the early voting ID law.

"What these lines do is change the instruction to voters from, 'You just need to know your ID number and not think about a long list of things you may or may not be allowed to bring,' to 'You need to bring ID from that long list of confusing things,'" Rep. Clyde said. "This bill is a sneak attack on early voting."

An additional amendment from Rep. Alicia Reece (D-Cincinnati) would have permitted the last four digits of a voter's Social Security Number to be used as verification. The chamber passed the bill 63-30 without making any changes on the floor.

A bill from Rep. Louis Blessing (R-Cincinnati) that passed 67-17 calls for the creation of the Ohio Residential Mortgage Lending Act to regulate non-depository lending secured by residential real estate. The billreshuffles the Revised Code to isolate language pertaining to unsecured loans and loan secured by other than residential real estate to a separate section.

Democrats pushed four amendments to that bill to install new consumer protections - each of which had previously failed in committee. Republicans argued the bill doesn't change the substance of the law so much as it reorganizes existing code, making additional protections unnecessary.
Statehouse Update

And the chamber expressed support - in a 78-12 vote - for a bill (HB 170) from Rep. Rick Carfagna (R-Westerville) and Rep. Mike Duffey (R-Worthington) to charge the State Board of Education with adopting academic content standards and curriculum for the computer science field by the end of 2018. Districts would then have the option of adopting those standards.

"This is where I want to be absolutely clear," Rep. Carfagna said. "This is not a mandate. ... This legislation is about empowering our students and helping our districts offer diverse, challenging, robust technology course options."

Democrats put forth an amendment that would have removed computer science as a substitute for algebra II but that too was tabled after Rep. Duffey argued the language was unnecessary since algebra II is not a requirement for graduation.

KASICH LOOKS AHEAD, INTEREST GROUPS WEIGH IN ON SENATE BUDGET IMPACTS

Gov. John Kasich welcomed the Senate's passage Wednesday of what he deemed a financially prudent budget plan and looked forward to conference deliberations that start in earnest this week.

"Gov. Kasich is grateful to members of the Ohio Senate for their passage of a state budget that keeps Ohio's fiscal house in order and strengthens our jobs-friendly climate," spokeswoman Emmalee Kalmach said.

"Now that the Senate has concluded its work, the governor looks forward to working with the joint House/Senate conference committee to hammer out a final two-year budget that preserves Ohio's fiscal health, furthers our pro-growth policies and protects our most vulnerable citizens."

Interest groups meanwhile were quick to react Wednesday with statements on the Senate-passed version of the biennial budget, voicing concerns or praise depending on their constituencies.

The Medicaid coalition took issue with several provisions in the bill (HB 49), including the plan to freeze enrollment in the Medicaid expansion population on July 1, 2018, a requirement to resubmit the Healthy Ohio waiver, work or school requirements for expansion enrollees, and fund restrictions.

"Pending any further changes, the Senate's addition of a freeze on enrollment in the Medicaid expansion will be a death knell for health coverage for hundreds of thousands of Ohioans who have improved their lives and health under the expansion program," the group stated. "In addition to the freeze on enrollment, the bill's poorly drafted work requirements will ensure that Ohioans will be cut out of health care coverage without the ability to return as their circumstances change."

The coalition also lamented that the Senate had not adopted its proposals for acceptable "guardrails" to the Medicaid entitlement.

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The coalition also lamented that the Senate had not adopted its proposals for acceptable "guardrails" to the Medicaid entitlement.

"The Senate changes will ensure hundreds of thousands of Ohioans will no longer have access to primary and preventative health care over the next biennium. At a time when Ohio faces an opiate epidemic and tough economic times, the Senate version of the bill creates additional barriers and harm on poor working Ohioans and those struggling with drug addiction," the group said.

The Universal Health Care Action Network of Ohio had a similar take on what the group deemed as the "damaging" Medicaid language.

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The Universal Health Care Action Network of Ohio had a similar take on what the group deemed as the "damaging" Medicaid language.

"The Ohio Senate Finance Committee's version of the state budget will exacerbate the pain felt by adults with low-paying jobs and will fan the fire of addiction in Ohio," UHCAN Ohio Executive Director Steve Wagner said.

Lisa Hamler-Fugitt, executive director of the Ohio Association of Foodbanks and co-chair of Advocates for Ohio's Future, said the budget falls short in several areas, including the Ohio Housing Trust Fund, the Earned Income Tax Credit, aging and Adult Protective Services, and others.

"At Advocates for Ohio's Future, we believe that healthy people build strong communities," she said. "The proposal from the Ohio Senate hurts vulnerable people in all of Ohio's communities at a time when the economic outlook is darker. We can't make Ohioans more competitive, create good jobs, increase opportunity and make our economy stronger if we are disinvesting in essential human resources like health care, housing, senior services, nutrition and more."
Angela Sausser, executive director of the Public Children Services Association of Ohio, applauded a new investment of $15 million per year for children services. The funding will help address the impact that the opioid epidemic has had on children and their families, she said.

"Ohio's children services system is in crisis, but this new investment will improve our ability to provide vital services to our most vulnerable population, abused and neglected children," she said. "By investing new dollars for children services, the Senate has ensured that public child protection agencies can more appropriately respond to the impact of Ohio's opioid epidemic on children and families."

The Ohio Consumers' Counsel and the Ohio Manufacturers' Association objected to language in the omnibus amendment that the groups said would lead to undue electric utility rate increases. The groups said it was the first time they had seen the language despite being engaged with lawmakers early in the process.

"These rate increases could occur in electric security plans, for achieving utility credit ratings. Electric security plans, under the 2008 law (SB221), are already unfair to Ohio families and businesses (and we support House Bill 247 to rescind authority for the electric security plans)," the groups wrote in a letter to Senate leaders.

"Today's legislation would only worsen Ohioans' predicament with their already rising electric bills and charges above market prices. We respectfully ask you and your colleagues to remove from the budget bill these anti-consumer provisions that have had no public discourse. If there is legislative interest in these issues, then public debate could occur in stand-alone legislation where all stakeholders can be heard."

The Fraternal Order of Police of Ohio asked lawmakers in a release to "stop diverting Local Government Funds away from communities and towards the newly created Targeting Addiction Assistance Fund," arguing that the budget proposal will negatively impact public safety.

"Our communities have to make ends meet and diverting Local Government Funds will force local leaders to make very difficult decisions," FOP of Ohio President Jay McDonald said. "Layoffs of police officers who are on the front lines of the opioid epidemic would be a significant setback - an empty cruiser cannot administer Narcan or arrest a drug dealer."

The police group also expressed opposition to the prisoner diversion plan aimed at easing overcrowding in state institutions.

"We also oppose the so-called prison reform legislation that would result in dangerous felons serving their sentences in local jails rather than in prisons overseen by the Department of Corrections," Mr. McDonald said. "Local jails are already overcrowded and anyone can see that shifting this cost and responsibility onto local governments will result in more dangerous felons on the streets."

Policy Matters Ohio said the Senate's budget "deepens disinvestment" from the "deeply flawed" House version.

The group was also critical of the Medicaid changes, and like Senate Democrat's urged the reversal of $1 billion in annual small business "pass-through" tax cuts.

"Neither the House nor the Senate budget provides a permanent replacement for $200 million in annual local revenue that counties and transit agencies will lose as the state narrows the sales tax base, hurting local entities that levy a piggyback sales tax," the group stated, referring to the federal government-forced changes to the Medicaid managed care sales tax. "The Senate would add another blow to local public services with a new round of cuts to cities by diverting municipal distribution of Local Government Fund revenue to state activities to combat the drug epidemic."

Regarding the Senate's education plan, Policy Matters stated, "Fewer school districts lose funding under the Senate bill than the House bill, but the Senate plan still leaves support to schools trailing inflation. Support for higher education remains weak, and modest increases for the grant program for low-income college students still fall far short of 2008-2009 levels."

The Buckeye Institute for Public Policy Solutions said in a statement that it was supportive of reduced spending and Medicaid restraint, as well as criminal justice reforms and less restrictive occupational licensing.
"The final Ohio Senate budget keeps spending on a tight leash by historical budget standards, which is a real accomplishment," research fellow Greg Lawson said. "However, there are many reductions that can still be made to assure the budget remains balanced. This could be especially important if revenues remain slower than anticipated and to assure for long-term sustainability of state budgets moving forward."

Rea S. Hederman Jr., the Institute’s executive vice president, stated, "The Senate proposal to freeze Medicaid expansion is a prudent step to help focus Medicaid services on the needy."

"Medicaid expansion enrollment has drastically exceeded expectations and an enrollment freeze will enable the state to refocus the program," he added. "The Senate should also add a Medicaid freeze to the Healthy Ohio waiver that is also in the budget."

The Ohio Farm Bureau Federation welcomed the language in the bill adjusting the Current Agricultural Use Value formula.

"The Ohio Senate has responded to a pressing need affecting Ohio’s family farmers by including farm property tax reforms in its recently passed budget bill," the group stated. The changes "correct a flaw under which farmland taxes have increased by more than 300% in recent years, a burden that any business or individual would find unsustainable. The reforms also remove penalties on farmers for applying practices to farmland that protect water quality."

**PASSED IN THE HOUSE**

**SB 2**  
**ENVIRONMENTAL LAWS**  
(Hite, C.) To revise specified laws relating to environmental protection. 82-10

**HB 69**  
**TIF DISTRICTS**  
(Cupp, R.) To require reimbursement of certain township fire and emergency medical service levy revenue forgone because of the creation of a municipal tax increment financing district. 86-0

**HB 125**  
**COURT JURISDICTIONS**  
(Craig, H., Seitz, B.) To specify the jurisdiction of municipal and county courts over municipal traffic ordinances and to establish requirements governing fines, fees, or other charges for traffic violations and infractions imposed by a municipal corporation that does not have the authority to establish a mayor's court. 89-0

**HOUSE REFUSES TO CONCUR IN SENATE AMENDMENTS**

**HB 49**  
**BIENNIAL BUDGET**  
(Smith, R.) To provide authorization and conditions for the operation of state programs. 1-93 (Hood) Conferees: Reps. R. Smith, Ryan & Cera; Sens. Oelslager, Manning and Skindell

**HOUSE COMMITTEE HEARINGS**

Transportation & Public Safety

**HB 255**  
**TOWNSHIP OFFICERS**  
(Hambley, S.) To authorize a township officer who serves a population of greater than 5,000 to make arrests for specified traffic offenses on interstate highways within and adjacent to the officer's territory and to prohibit townships from using traffic law photo-monitoring devices on interstate highways.  
(CONTINUED; 1st Hearing-Sponsor)

Rep. Steve Hambley (R-Brunswick) said the bill clarifies that townships with populations of more than 5,000 can enforce traffic laws on interstate highways within their borders - a move that responds to an Ohio Supreme Court decision that found otherwise.

He said the court’s decision resulted in the dismissal of a series of drug-related charges that were brought as a result of township law enforcement efforts.

The sponsor said the current limitation on smaller townships is arbitrary and blocks coordination of drug interdiction efforts along Ohio highways. Further, he said the bill would result in better service for travelers in the case of an accident or calls about impaired drivers.

Mr. Hambley said the bill blocks townships from using photo-monitoring devices on interstates and specifies that all funds raised through ticketing as a result of the change would be deposited in a county fund dedicated for highway construction and improvements.

The destination of the funds, he said, means that townships would have no financial stake tied to the increased authority.
The sponsor said law enforcement and townships are supportive of the change, noting that township officers don't want their hands tied in blocking the drug trade.

The sponsor said he would also be willing to consider dedicating funds to coordinated drug prevention efforts if there are concerns about the proposed destination of funds.

**Government Accountability & Oversight**

**HB 226 FIREWORKS** (Seitz, B., Sweeney, M.) To establish a fireworks study group to review and make recommendations regarding the Fireworks Law, to extend to July 1, 2020, the moratorium on issuing fireworks manufacturer and wholesaler licenses, to eliminate, beginning January 1, 2021, the moratorium on geographic transfer of fireworks manufacturer and wholesaler licenses, and, beginning July 1, 2020, to impose a fee on the retail sale of consumer grade fireworks in this state and to expand the ability of individuals to obtain 1.3G display fireworks and obtain and use 1.4G consumer fireworks. (CONTINUED (No testimony); 4th Hearing-All testimony)

**PASSED IN THE SENATE**

**HB 49 BIENNIAL BUDGET** (Smith, R.) To provide authorization and conditions for the operation of state programs. 24-8 (Amended)

**SENATE COMMITTEE HEARINGS**

**Government Oversight & Reform**

**HB 103 FISCAL PLANNING COMMISSIONS** (Reineke, B.) To modify the composition and powers of the financial planning and supervision commission of a political subdivision that is in a state of fiscal emergency and to clarify the duties of that political subdivision. (CONTINUED; 1st Hearing-Sponsor)

Sponsoring Rep. Bill Reineke (R-Tiffin) said the legislation "will increase independence and accountability on the Financial Planning and Supervision Commission."

Under the bill, the number of local government appointees would be reduced from five to three, which is the same composition for school districts in fiscal emergency.

Another provision would make permanent a requirement that local governments are escalated from Fiscal Watch to Fiscal Emergency when they do not submit and implement a financial recovery plan.

That provision in current law is set to expire at the end of the year, Rep. Reineke said.

The measure would also expand what can be included in a financial recovery plan and grant additional powers to the commission.

Rep. Reineke said his bill "is about saving our local governments money and allowing them to return to effective and efficient government sooner rather than later."

**SB 97 ECONOMIC DEVELOPMENT** (LaRose, F., Yuko, K.) To establish a Regional Economic Development Alliance Study Committee to study the benefits and challenges involved in creating regional economic development alliances. (CONTINUED; 1st Hearing-Sponsor)

Sen. Frank LaRose (R-Hudson) said the idea behind his bill is that "our economic futures are tied together."

Boundaries, he said, are arbitrary to constituents.

"Collaborative regional economic development has been shown to benefit all participating entities. The committee would study the features, benefits, and challenges involved in establishing regional economic development alliances that would incentivize cooperation, enhance success, and provide for greater efficiency in economic development among participating municipal corporations," Sen. LaRose said.

Follow sponsoring Sen. Kenny Yuko (D-Richmond Hts.) said collaborative economic development efforts are already underway in Lake County.

"It works. We sit down. We share ideas," he said.

Chairman Sen. Bill Coley (R-Liberty Twp.) also remarked that the study panel will sunset after it issues a report.
Thursday, June 22, 2017

REVISED REVENUE, MEDICAID CASELOAD ESTIMATES CORROBORATE $1 BILLION-PLUS BUDGET HOLE CONCERNS

The latest state financial projections prepared by administration and legislative budget analysts and released Thursday verify concerns that led lawmakers to adjust the pending two-year budget by more than $1 billion compared to the plan proposed by Gov. John Kasich earlier this year.

The Legislative Service Commission and Office of Budget and Management presentations to the Conference Committee on the Fiscal Year 2018-2019 budget bill (HB 49) came with few surprises given the warnings in recent weeks sounded by GOP legislative leaders who were briefed earlier on the trends.

LSC's updated revenue and Medicaid caseload forecast, presented by Director Mark Flanders, indicates tax revenue will come in under original estimates by $1.02 billion and the state's share of Medicaid costs will be $59 million higher over the biennium.

OBM's updated estimates for tax intake and the entitlement spending, as detailed by Director Tim Keen, call for revenues to fall short by $949 million and Medicaid spending to exceed original budget planning numbers by $138 million over the next two years.

Analysts also project a tax revenue deficit for the current fiscal year, although OBM has been sounding the warning on that front for months.

Largely due to Medicaid underspending, Mr. Keen told conferees that the state will still end FY 2017 in the black even though tax revenues lag estimates by hundreds of millions of dollars.

The state will also use previously authorized transfers of $100 million in agency account "rotary raids," a drawdown from the Health and Human Services backup fund, miscellaneous agency lapses and underspending in property tax reimbursements and debt service to close out the year in balance, he said. In addition, OBM will also be able to carry forward the traditional half-percent of General Revenue Fund cash flow into the next fiscal year.

The latest FY 2018-2019 figures match what Senate President Larry Obhof (R-Medina) has been saying in recent weeks as the Senate worked to reduce spending in the document. He said the version passed by the Senate Tuesday meets the goal of balancing to the new data.

That's despite the fact that LSC's most current HB49 spreadsheet shows the Senate actually appropriates more in GRF than did the House. Officials said the discrepancy mostly results in the chambers' different accounting treatments for Medicaid expansion dollars.

Mr. Flanders in general had a similar take to OBM's concerning his agency's outlook for trends over the next two years.

"LSC's forecasts are more pessimistic across the board," he said.

As such, the agency dropped its revenue predictions for the current year by $466 million and over the next two years by $501 million and $520 million, respectively, he said.

"LSC's forecasts are based on our expectation, informed by an economic forecast from the consulting firm IHS Economics, that the economic expansion will continue at a moderate pace," he said in prepared testimony.

Indeed, the agency still calls for growth in state tax intake, he said, just less than was anticipated last February, when Mr. Kasich's plan was first rolled out.

On the Medicaid side, Mr. Flanders said it revised the baseline forecast higher by $163 million ($48 million state share) in FY 2018 and $38 million ($11 million state share) in FY 2019. That's due to changes in the projected caseload, he said.

Mr. Keen said updated economic forecasts are essentially the same that underpinned the original set of estimates, "but the continued sluggish performance of the non-auto sales tax and of employer withholding has led OBM to hedge the wage and salary income forecast even further."
Key economic risks moving forward entail federal monetary policy that could result in bond and equity price declines that could cause pullbacks in consumer spending and investment, and geopolitical instability, the director said.

Because the recent IHS economic forecasts used by OBM to develop its estimates have resulted in the agency missing the mark, the agency created its own, more conservative forecast for wage and salary income, a key component in developing revenue estimates. Along with downward revisions to the income tax intake over the next two years, Mr. Keen said the other major reduction comes in the non-auto sales tax.

All told, OBM dropped its revenue estimates over the biennium by $949 million, Mr. Keen said.

The agency’s revised Medicaid projections, like those of LSC, are based on new expectations for higher caseloads. The OBM director said those entail: dually-eligible Medicare/Medicaid recipients; Children’s Health Insurance Program enrollees; Covered Families and Children beneficiaries; and Medicare Part D caseload and retroactive billing amounts.

As such, OBM increased its expected state GRF share of Medicaid spending by $138 million during the next two fiscal years.

A bright spot in the state’s near-future financial outlook is in lottery profits, which have beaten estimates for most of the current fiscal year.

“Primarily as a result of FY 2017’s strong performance, baseline forecasts of lottery profits have been increased slightly from the executive budget in both FY 2018 and FY 2019,” Mr. Keen said.

Along with a relatively small boost in expected FY 2017 revenue from the lottery, the three-year revisions provide an additional $26 million in projected income to the state, he said.

**CONFERENCE COMMITTEE CHAIRMAN ANTICIPATES REPORT TUESDAY OR WEDNESDAY**

The conference committee on the biennial budget bill (HB 49) is expected to complete its work by the middle of next week, setting up final votes on the bill possibly Wednesday, the committee’s chairman said.

The committee is expected to issue its report Tuesday or Wednesday, Rep. Ryan Smith (R-Bidwell) said after it wrapped up its first meeting Thursday.

Although the committee has a short time for its work, the members are well aware of what they’re working with, he said. Office of Budget and Management Director Tim Keen presented revenue projections Thursday, showing the budget passed by the Senate within about $20 million to $25 million of revenue estimates. (See separate story)

Rep. Smith said the estimates are about what lawmakers expected.

"We’ve been in communication all along," he said. "Even though it’s been a tough environment, we’ve communicated well."


Director Keen said after the meeting Thursday that while there are issues that need to be worked out, the budget will be balanced.

“I presume there are going to be numerous changes that are going to be made in the next week, and I am certain that we will have a balanced budget and a structurally balanced budget that the governor can sign a week from tomorrow,” he said.

**HOUSE DEMOCRATS PRIORITIZE MEDICAID, TAXES, LGF IN CONFERENCE COMMITTEE**

House Democrats plan to spend the last week of the budget process pushing for changes to healthcare, education and opiate policies, among others.

At a Statehouse news conference Thursday, House Minority Leader Fred Strahorn (D-Dayton) rattled off a list of areas where Ohio is ranked among the worst in the country, including opiate overdoses, infant mortality and job growth.
He said the budget (HB 49) as it currently stands doesn't go far enough to address those issues and is simply a "continuation of a series of Republican budgets that have not emphasized the right priorities for Ohio's economy to grow and for Ohio's future to prosper."

As conference committee talks began (see separate stories), Rep. Strahom said the goal will be to ensure the budget includes a Medicaid Managed Care tax fix, an increase in K-12 funding and additional efforts to make higher education more affordable.

Further mirroring comments made by their Senate colleagues during a floor debate on the budget Wednesday, House Democrats said ideally they would also like to see the elimination of the small-business income tax cut, the maintenance of Medicaid expansion and dollars from the "rainy day" Budget Stabilization Fund go toward addressing the state's opiate crisis.

"We must get Ohio back on track," Mr. Strahom said. "We're urging Republicans to take this last opportunity with the conference committee to really invest in our state, get out of the pockets of working Ohioans and avert a big economic catastrophe.

If their efforts fail, minority leadership said they'll hope that Gov. John Kasich at least vetoes the plan to freeze Medicaid expansion, which they adamantly oppose.

The governor has asked lawmakers in Columbus and Washington to consider the negative impact reducing access to Medicaid will have on opiate addiction treatment.

Rep. Nickie Antonio (D-Lakewood) said she's especially concerned about how communities will continue their efforts to address the opiate epidemic under the Senate's plan, which pulls money from the Local Government Fund and earmarks it for the fight against addiction.

She suggested that the state should instead use money from the BSF to counter what she described as a "state of emergency" in regard to opiates.

"We need to be...real clear about what the money is intended for and if this crisis isn't enough to use some of those funds to stabilize the budget, I have no what kind of a crisis we would need to be in," she said.

Senate President Larry Obhof (R-Medina) earlier this week said that it was unnecessary for the state to declare an emergency because the General Assembly's actions on the topic have made it clear the issue is a top priority.

"We lead the country in overdose deaths and that's obviously something we're all concerned about and I don't think it matters if you're a Republican or a Democrat or if you're the governor or the House or the Senate," he told reporters. "I think we're all worried about the same things and that's why not just in this budget bill, but this entire spring and going back a number of years we've been focused on trying to clamp down on this."

While Democrats have laid out a range of categories that are taking priority over the next week, conferee Rep. Jack Cera (D-Bellaire), who serves as ranking member on the House Finance Committee, said he'll be looking at the big picture.

He said he's skeptical of the Senate and House revenue and spending projections. The majority party argues it reduced spending by $1 billion compared to the executive version.

"You can throw numbers around all day; none of them are real, none of them make any sense. I think that's the problem," he said. "I look through what the Senate did...and I see a lot of opportunities to transfer monies from all different funds into the GRF and give OBM the authority to do that, which says to me that this budget is built on one-time monies and it's not structurally sound."

"I'll say this about the governor's budget: I didn't agree with a lot of it, but at least you can look at his budget when it was introduced and you can see the numbers," Rep. Cera added.

In various instances, the bill allows the administration to make determinations for when to reduce funding in certain areas to cover shortfalls in others throughout the biennium, he said, saying that such moves are irresponsible.
"It's the legislature's responsibility to appropriate dollars. When I look and see we're afraid to deal with the issue of lack of funding in certain areas by allowing the administration to rob various funds for one-time monies, that's a problem to me," he said. "That shows there is a lack of understanding in the legislature these days that it's our responsibility to do this. We should not be abdicating things to the administration."

Friday, June 23, 2017
MEDICAID CHANGES AT CENTER OF HOUSE, SENATE BUDGET DIFFERENCES
Both the House and the Senate made significant changes to what Gov. John Kasich originally proposed for the Medicaid program in the budget, and now they'll have to sort out what approaches to take before the bill heads to his desk next week.

The Conference Committee reviewing the biennial spending bill (HB 49) has differences to work through across all areas of the budget, but one of the biggest will be figuring out just what legislative oversight the chambers agree on for the Medicaid expansion.

The House-passed version placed the money for Medicaid expansion under the Controlling Board and required the Department of Medicaid to come before the board every six months to receive it. The Senate's version softened that somewhat, placing only the state share of the money in the fund and eliminating the six-month requirement.

There were other guidelines placed on the expansion population, including work requirements added by the House. The Senate's changes to that were minimal, adding an exemption for individuals with intensive physical health needs or serious mental illness.

The Senate also chose to freeze new enrollment in the Medicaid expansion population beginning July 1, 2018.

Another significant difference deals with the move of long-term services and supports into managed care. While the executive budget proposed the move starting July 1, 2018, the House moved that back to 2021 at the earliest, with a committee set to study it. The Senate moved up the committee's reporting deadline to the end of 2018, with an affirmative vote by the General Assembly required to make the change.

Some limits on the Medicaid program were added by the House and removed by the Senate, such as a provision requiring ODM to go before the Joint Medicaid Oversight Committee before raising any payment rates.

The House changed an ODM policy setting varied rates for pharmacy dispensing fees based on volume to a flat rate of $10.49 per prescription filled, which the Senate reverted back to the ODM proposal.

Another health care provision added by the House would require health plans to cover telemedicine services if they cover the same service in person. The Senate removed the language, citing a two-year moratorium created late last session on new coverage mandates, and reinstated the moratorium for the duration of the 132nd General Assembly.

MCO Sales Tax: Neither chamber made significant changes to the administration's Medicaid managed care sales tax replacement plan, but the Senate made one tweak - splitting the one-time payment to local governments into two. That change could set up further discussions for a possible change to replace the revenue that local governments stand to lose.

Chairman Rep. Ryan Smith (R-Bidwell) said after Thursday's Conference Committee meeting that some changes could be coming.

"We've been in discussions all along to try to figure out where we can land that would help," he said. "There's an effort to move that direction."

Tim Keen, director of the Office of Budget and Management, reiterated the administration's position Thursday that counties and transit authorities had only received the money for a few years, and therefore there was no need for a permanent replacement, just temporary assistance to help those most dependent on the tax.

Utility Rates: The main point of contention in the energy sector is Senate-added language that would permit the Public Utilities Commission to upwardly adjust rates for customers of an electric distribution utility so that the company may achieve or maintain a minimum credit rating that is at least investment grade.
Statehouse Update

Consumer advocates have written legislative leaders and Gov. Kasich in recent days blasting the language - including a Thursday letter to members of the budget conference committee.

Among opponents are the Consumers' Counsel, the Ohio Manufacturers' Association, NFIB, AARP, the Northeast Ohio Public Energy Council and the Ohio Chemistry Technology Council. They said it would reverse Ohio Supreme Court rulings and interfere with current appeals brought by consumers.

"The new language passed by the Senate will enable utilities to charge Ohio families and businesses many millions of dollars in subsidies to support utility credit ratings," the group wrote. "Moreover, there should be the opportunity to be heard on matters of this importance and impact to Ohio's utility consumers. This opportunity should start with the introduction of a stand-alone bill, LSC review, and then public testimony and input before a vote."

As the Legislative Service Commission comparison document notes, "Ratepayers in all six EDU service areas could pay higher electricity charges under this provision."

**Wind Setbacks:** Senators also added long-awaited changes to the state's wind setbacks - partly walking back stiffer regulations added in a 2014 mid-biennium review bill that wind advocates said stifled wind farm development.

Although the language, from Sen. Cliff Hite (R-Findlay), wouldn't return the setbacks to pre-2014 levels it has met favor from environmental and renewable energy companies. Sen. Bill Seitz (R-Cincinnati) ripped the Senate's inclusion of the provision in a floor speech this week, saying it deserved further vetting.

The Senate-passed version would reduce setbacks from the current one and one-tenth times the total height of the turbine to two-tenths the total height. It would also require a setback of at least 1,225 feet in horizontal distance from the exterior of the nearest habitable residence - a decrease from the current requirement of 1,125 feet from the nearest property line.

**CAUV Changes:** Conference will have to decide where the final budget will land on the Current Agricultural Use Valuation formula. The Senate's version would reduce the values of agricultural property, lowering the taxes that farmers pay.

School districts have said the change could force other residents to bear more of the burden of local school funding, driving up their taxes.

**Manufactured Homes Commission:** The House and the Senate disagreed on the fate of the Manufactured Homes Commission, which Gov. John Kasich's budget proposed would be eliminated and merged into the Department of Commerce. The House took out that change, but the Senate reverted it back to the executive proposal.

**NO JUNE VOTE EXPECTED FOR ENERGY STANDARDS BILL**

The chairman of a Senate committee vetting a bill to render the state's renewable energy standards as unenforceable goals confirmed this week the measure will not receive a vote before the end of this month.

Environmental advocates and renewable energy companies have remained on high alert, watching for potential legislative action on a bill (HB 114) they've argued will drive investment and jobs away from the state.

Sen. Troy Balderson (R-Zanesville) had previously said the committee started hearings this month in order to ensure adequate time for a vote if the caucus chose that route.

But in an interview, he confirmed his committee will not meet next week due to the continued focus on the budget, meaning no committee vote will occur at least until after lawmakers return to Columbus later this year.

The delay gives opponents more time to make their case to lawmakers and buys time for senators who have said they hope to reach a compromise with Gov. John Kasich, who last year vetoed similar, yet less far-reaching legislation.

**SIERRA CLUB, ALLIES REQUEST INVESTIGATION INTO ROVER PIPELINE CONSTRUCTION**

Environmental groups are asking the Federal Energy Regulatory Commission for a “formal and full” investigation into the construction of the Rover Pipeline.
Statehouse Update

In a filing this week, groups from Ohio, Michigan and elsewhere joined in their request, asking also for the suspension of the project's certificate and for "substantial civil penalties."

"Rover Pipeline has...shown an outrageous lack of concern for state environmental laws," the groups alleged. "We believe this situation demands nothing less than the full use of the commission's enforcement power."

The filing amounts to a formal request under the Code of Federal Regulations, which could begin a preliminary examination in which FERC staff will seek to determine whether to grant the request for a formal investigation.

Those filing the request included several factions of the Sierra Club, including the Ohio and Michigan chapters, representatives from the Center for Biological Diversity, the Ohio River Citizens' Alliance and nine other groups.

A Rover spokeswoman declined to comment on the filing, saying only, "We do not comment on current or pending legal matters."

To date, the project has spilled more than 2 million gallons of drilling mud - with Ohio regulators say contained diesel fuel - into Ohio wetlands and the company faces proposed fines of $914,000 from the Ohio Environmental Protection Agency.

"The unprecedented number and widespread impact of the company's environmental violations demonstrate, at best, a complete breakdown in the professionalism of its construction preparations," the groups wrote.

"Far worse, the discovery by state regulators of diesel fuel in three separate locations in Stark County, Ohio, where the company's drilling fluids were present, indicates a high probability that the company's actions involve knowing illegal acts in violation of numerous environmental laws and of its certificate from the commission," they said.

Rover and its parent, Energy Transfer Partners, said previously they believe there is no evidence the diesel fuel detected came from the company's activity and that it is fully cooperating with OEPA and FERC.

FERC has already expressed alarm at the ongoing controversies around the project, with acting chairwoman Cheryl LaFleur and commissioner Colette Honorable - currently the only two members of the five-member commission - writing to parties that they are "troubled" and vowing to "closely monitor" the project.

But the groups are pressing for more and said FERC's failure to inspect pipeline construction has allowed the "company's reckless actions to multiply."

"The widespread and serious nature of these violations makes it apparent to our members that the commission's oversight process has failed and is incapable of deterring even the most serious illegalities by Rover Pipeline LLC," the groups contend.

AGENCY BRIEFS: AUDITOR REPORTS ON FISCAL EMERGENCY VILLAGES

An audit of the Village of Wellsville (Columbiana County) released by Auditor Dave Yost discovered two former fiscal officers repeatedly failed to make payments on time during 2014 and 2015.

Former Fiscal Officers Donna Rudder and Cassandra Bloor failed to submit employee tax and pension withholdings on time to the IRS, Ohio Public Employees Retirement System, and Ohio Police and Fire Retirement System, according to the auditor's office.

As a result, auditors issued $19,067 in findings for recovery against the individuals, Mr. Yost said. A separate finding for recovery was issued against former Mayor Susan Haugh, who allegedly received a reimbursement of $109 from the village for alcohol purchases made during an employee dinner.

The Village was placed in a state of fiscal emergency for its third time on Nov. 15, 2016, the most for any local government.

In a separate release, the auditor announced that the Village of Mount Sterling (Madison County) is also now in a state of fiscal emergency, due to substantial deficit fund balances.
The deficit balances are in excess of $250,000 and are not helped by the past thefts by several corrupt public officials, the auditor reported.

Former Village Administrator Joseph Johnson was sentenced in March for stealing $724,000 from the village, while former Mayor Charles Neff was indicted in April on charges of theft in office and falsification.

"Mount Sterling is still reeling from a heavy financial blow inflicted by corrupt former officials and employees," Auditor Yost said. "While the courts determine their fate, the village must move forward and rebuild. My office stands ready to help."

The Village will come under the oversight of a financial planning and supervision commission headed by the Auditor, and must create a plan within 120 days for eliminating the fiscal emergency conditions.

The auditor's office also announced that the Newton Falls Joint Fire District (Trumbull County) was fined $5,347 for making late payments to the state between 2014 and 2015.

Although former Fiscal Officer Joseph Sosnowski properly withheld income taxes and pension contributions from employee paychecks, he did not forward the funds to the appropriate entities on time on several occasions.

The fire district had been on the auditor's "unauditable" list since August 2016, but the release of the audit signals the district's removal from the list.

**LEGISLATIVE COMMITTEE SCHEDULES BEGINNING 6/26/2017**

**Tuesday, June 27**

**Senate Local Government, Public Safety & Veterans Affairs** (Chr. Uecker, J., 466-8082), South Hearing Rm., 9:45 a.m.

**SB 43 BUILDING CODES** (Bacon, K.) To enable limited home rule townships to adopt building codes regardless of any similar codes adopted by the county in which the township resides. (4th Hearing-All testimony-Possible amendments & vote)

**SB 103 EMERGENCY PROGRAMS** (Coley, B.) To permit a board of county commissioners, as an alternative to entering into an agreement to establish a countywide emergency management agency, to enter into a contract of not longer than four years with the county sheriff or a chief of a fire department that has countywide authority to implement a countywide emergency management program. (1st Hearing-Sponsor)

**Wednesday, June 28**

**Senate Government Oversight & Reform** (Chr. Coley, B., 466-8072), Finance Hearing Rm., 9:45 a.m.

**HB 103 FISCAL PLANNING COMMISSIONS** (Reineke, B.) To modify the composition and powers of the financial planning and supervision commission of a political subdivision that is in a state of fiscal emergency and to clarify the duties of that political subdivision. (2nd Hearing-All testimony-Possible amendments & vote)

**SB 79 AGENCY REVIEWS** (Jordan, K.) To require standing committees of the General Assembly to establish a schedule for the periodic review and sunset of state departments that are currently in the Governor's cabinet, and to require that Auditor of State performance audits be scheduled to coincide with the periodic review. (3rd Hearing-All testimony-Possible amendments & vote)

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