Statehouse Update

January 3, 2020

Monday, December 30, 2019

USDA Approves Ohio Hemp Plan
The federal government has accepted Ohio's plan for domestic hemp production, putting the state a step closer to launching the newly legalized industry.

The U.S. Department of Agriculture's green light makes Ohio one of the first states to have their proposals approved following legalization of hemp in the 2018 Farm Bill. Ohio legalized hemp and related products at the state level earlier this year through standalone legislation (SB 57).

Also approved by the USDA were plans submitted by Louisiana, New Jersey and several Native American tribes: the Flandreau Santee Sioux, the Santa Rose Cahuilla and the La Jolla Band of Luiseno Indians.

SB 57, which was passed and signed by Gov. Mike DeWine in July, in part required Director of Agriculture Dorothy Pelanda to submit a regulatory proposal to the U.S. Secretary of Agriculture Sonny Perdue for approval.

The Ohio plan is a 12-page document outlining the broad strokes of the state’s nascent hemp program in areas including data collection, sample testing, and the disposal of plants not meeting requirements. It is based on draft regulations currently advancing through the rulemaking process.

Now that federal approval has been attained, the law enables ODA to continue moving forward with establishing the Hemp Cultivation and Processing Program. The agency hopes to finalize rules in early 2020.

Following the Farm Bill's passage, agriculture groups labeled state-level legalization of hemp as a priority. After discussion and clarification over how hemp differs from related marijuana plants, lawmakers this summer passed the legalization bill with an emergency clause.

Gov. DeWine signed the measure into law at the Ohio State Fair, immediately decriminalizing hemp and hemp products such as CBD oils and enabling the rulemaking process to begin.

In addition to requiring a cultivator or processor to be licensed by the state, the law establishes a Hemp Marketing Program and a Hemp Program Fund to administer and enforce the program.

ODA in September sought an initial $3.3 million from the emergency purposes fund to cover startup costs for its program. The Controlling Board approved that spending, which is to include staffing, information technology and equipment.

Census Projections Show Ohio Still On Track To Lose Congressional Seat
New Census projections released on Monday provide another indicator that Ohio may lose a congressional when district boundaries are drawn in the future.

Population estimates released by the U.S. Census Bureau show Ohio remains in line to drop to 15 congressional seats if trends continue to hold.

The bureau's data provides an overview of state-by-state population estimates for the year ending July 1. They generally show the landscape favoring some southern and western states at the expense largely of the Midwest and Northeast.

According to the figures, Ohio was one of nine states with a population of over 10 million in 2019, coming in at an estimated 11.69 million residents. That represents an increase of 1.3% from the nearly 11.54 million reported in the 2010 Census, but not enough to maintain the state’s current 16 U.S. House seats.
Ohio was among 40 states and the District of Columbia that did not see an estimated population decrease between 2018 and 2019, according to the bureau, and was among 42 states and D.C. to have fewer births in 2019 than in 2018.

Overall the figures showed the nation's population growth continuing to slow, with "natural increase" dropping below one million for the first time in decades. That's in part due to fewer births and an increase in deaths, experts said.

"While natural increase is the biggest contributor to the U.S. population increase, it has been slowing over the last five years," said Sandra Johnson, a demographer and statistician for the bureau. "Natural increase, or when the number of births is greater than the number of deaths, dropped below one million in 2019 for the first time in decades."

Southern states saw the largest growth with another one million residents between 2018-2019, thanks to natural increase and net domestic migration. The Midwest states, in contrast, gained 92,576 between those years, according to estimates.

Efforts in Ohio have already begun to ensure an accurate Census count next year, including the work of Gov. Mike DeWine's appointed Census 2020 Complete Count Commission.

**Tuesday, December 31, 2019**

**2019 In Review: Increased Bipartisanship But Late Budgets, Along With Contentious Abortion And Energy Bills, Dominate State Government**

A new governor and a new power dynamic in the House led to more bipartisanship but no shortage of conflict in Ohio's government in 2019.

Gov. Mike DeWine, sworn in as the state's 70th governor in January, set a tone of cooperation across party lines as he laid the groundwork for his first budget proposals, which sought to address long-festering issues that often required more spending and revenue.

In the 133rd General Assembly, Speaker Larry Householder (R-Glenford) reclaimed the gavel after more than a decade out of the legislature after a protracted battle with Rep. Ryan Smith (R-Bidwell), who had finished the previous session as the chamber's leader. Rep. Householder won the battle on opening day with the help of House Democrats, who gave the new speaker the edge despite most of the majority Republicans backing Rep. Smith.

That new power structure led to the speaker often relying on Democrats for key votes and a more bipartisan tone as the legislature dealt with a handful of budget bills and other key legislation. Rep. Householder's ascension also set up a conflict between the House and the Senate, which likewise saw a surge of bipartisanship, leading to conflicts being drawn more on lines of the House versus the Senate, rather than party lines.

While a proposal early in the year to ban abortions after the detection of a fetal heartbeat (SB 23) passed along party lines, other major efforts tended to be bipartisan, although not without difficulty.

Gov. DeWine's first spending package, the transportation budget (HB 62), was wrapped up a few days late after the House and Senate struggled to reach an agreement. At the core of that fight was the dispute over a proposed gas tax increase driven by a significant shortfall in gas tax revenue.

Then came the operating budget (HB 166) and the budget for the Bureau of Workers' Compensation (HB 80). The main two-year spending bill began with the new governor's emphasis on dealing with long-term issues and addressing future needs. It covered significant increases for education, child care, children services, health care and other human services, alongside policy efforts like raising the tobacco purchase age.

By the time lawmakers were done with it, it would also include significant income tax cuts and a host of policy changes. But getting it done took an extra 17 days beyond the June 30 deadline, a delay that necessitated a continuation budget and extended negotiations between the two chambers. They eventually passed the bill with significant support across party lines – 75-17 in the House and 29-1 in the Senate.

The BWC budget was also caught in the House-Senate crossfire, with the lower chamber adding a bevy of policy changes – namely post-traumatic stress disorder coverage for first responders and language around the misclassification of workers – and the upper chamber preferring a spending bill largely clean of policy. After the 17-day delay, House-proposed policy additions were ultimately nixed.
The only one of the four budget bills passed in 2019 to be signed on time was that for the Industrial Commission (HB 79), which literally saw no changes as it moved through the legislative process.

In the middle of the budget fracas was another contentious bill, this one focused on the state's energy infrastructure (HB 6). It grew out of efforts from the previous General Assembly to provide subsidies for a pair of struggling nuclear power plants owned by FirstEnergy Solutions, and eventually included myriad other energy policies. When it eventually passed, it did so narrowly but with the support and opposition of members of both parties.

Unlike the budgets, the battle over HB6 did not end there. Opponents immediately sought to repeal the law via a referendum, spurring a battle between "dark money" groups on both sides that included claims of intimidation of signature collectors. Eventually the opponents were not able to collect enough signatures to place the issue on the ballot, although legal challenges continue.

**Thursday, January 2, 2020**

**Firm Notes Few Blips In Review Of JobsOhio's Compliance**

An outside analysis of JobsOhio determined the state's private economic development arm largely complied with state laws and accounting standards during its previous fiscal year.

State Auditor Keith Faber on Tuesday released the compliance and control review for JobsOhio's year that ended June 30 conducted by international professional services firm Deloitte.

The firm found no compliance issues in 40 of 41 procedures it performed to determine whether the entity was following state policies.

The lone exception involved Ohio Ethics Commission reporting guidelines.

For the procedure, the firm selected 10 companies from OEC lists of each JobsOhio board member's employer or ownership interests for 2018 and compared it to incentive offers. Deloitte then checked to see whether JobsOhio reported to the OEC any offers made to those firms in a July 26 letter.

"One company was not properly identified as having an active project or arrangement on the letter back to the OEC," the review states. "The company had previously had an active arrangement or project as observed through its original offer letter dated in fiscal year 2019. The one company was not included within the letter back to OEC dated July 26, 2019 in relation to its offer letter as the offer was made in calendar year 2018 and during the first six months of fiscal year 2019, but the company did not execute the agreement until calendar year 2019."

One other company of the 10 selected was properly identified as having an offer, while the remaining eight were properly identified as having no active projects or arrangements with JobsOhio.

"As in all previous years, there were no material findings in the annual compliance review, which means JobsOhio is and has been operating responsibly and as it is required to under Ohio law," JobsOhio spokesman Matt Englehart said in an email. "Moving forward, JobsOhio will continue our work to attract jobs and investment for the people of Ohio responsibly and with accountability and transparency."

JobsOhio Beverage System – an affiliate of the state's economic development organization – received a clean report card after Deloitte undertook 18 procedures to review its compliance with state policies.

Auditor Faber noted in a letter released with the report that the review follows the guidelines established by the legislature for oversight of the entity.

Mr. Faber's predecessor in the role, Attorney General Dave Yost, repeatedly sought the ability for the office to audit JobsOhio to no effect.

Auditor Faber indicated in a statement Thursday he would not take up that same fight.

"Many of our concerns have been addressed with the increased transparency of JobsOhio and we appreciate their willingness to make changes and progress toward giving the public a better look at their functions," he said. "If the General Assembly deems it appropriate to increase the Auditor's oversight, we are prepared and willing to fully exercise any authority given to us."
While the Senate last session passed a House bill (HB10, 132nd General Assembly) on intrastate crowdfunding after amending it to require performance audits of JobsOhio every four years, the measure was never signed into law.

Mr. Faber's letter states JobsOhio had operating expenses of $162.1 million for the fiscal year that ended last summer. JobsOhio President J.P. Nauseef recently announced plans to double the firm's annual spending going forward as part of its "JobsOhio Strategy 2.0."

Friday, January 3, 2020

Governor Seeks Fair Officials' Support For Gun Safety Plan
Gov. Mike DeWine on Friday called on representatives of Ohio's county fairs to urge state lawmakers to pass his STRONG Ohio plan aimed at reducing gun violence.

The governor's request came during remarks at the annual Ohio Fair Managers Association Convention in Columbus.

"I would ask for your help and support in talking to members of the General Assembly," Gov. DeWine told attendees. "You all are leaders in your communities. You see members of the General Assembly coming to your fairs. You know them."

A bill (SB 221) based on the governor's multifaceted proposal received three hearings in the Senate Government Oversight & Reform Committee last year following its introduction by Sen. Matt Dolan (R-Chagrin Falls).

The measure has an uncertain future after Speaker Larry Householder (R-Glenford) said the House majority caucus has "deep concerns" about the proposal, while Senate Democrats have questioned whether the bill goes far enough.

Gov. DeWine told officials that while the measure would not prevent every future shooting in the state, it would save lives.

"We've got to do this. We've got to do this to make our families safe," he said.

The governor also invited county fair officials to offer their advice on any number of issues to his administration. In particular, he called for suggestions on the future of the Ohio State Fair.

"We're open to ideas," he said. "We think we have a great state fair. It could always be greater."

Gov. DeWine last year created a group, the Expo 2050 Task Force, to prepare for the future of the state fair and the Ohio Expo Center.

Lt. Gov. Jon Husted, who also spoke at the event, encouraged fair boards to conduct events aimed at connecting employers with high school students. He cited MakerFest, which is hosted at the Allen County Fairgrounds, as an example.

"I would really like to know if you're doing those kind of things at your fairs so that we can share those with other folks," he said. "And if you're not doing it, I encourage you to work with your local employers, to work with your career center."

Other officials who attended the convention included Speaker Householder, State Auditor Keith Faber, State Treasurer Robert Sprague and ODA Director Dorothy Pelanda.

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