Monday, January 13, 2019

Debate Continues On Ohio Hemp Rules

A push for more regulatory flexibility and questions about appropriate setback distances are a few of the outstanding issues driving conversations over Ohio’s pending hemp rules.

During a recent public hearing, stakeholders broached those and other issues with Department of Agriculture staff who are hoping to have the regulatory plan finalized by June. The rules package is pending before the Joint Committee on Agency Rule Review and was recently approved by the USDA.

Among concerns from those hoping to enter the hemp industry is the proposed half-mile setback between hemp crops and medical marijuana plants – a figure Medical Marijuana License Holder Coalition attorney Alex Thomas argued is too lenient.

As discussed during legislative debate over the hemp legalization bill (SB 57), hemp plants can easily cross-pollinate with marijuana plants, rendering the marijuana ineffective.

"The licensed cultivators in Ohio's medical marijuana program are concerned that the proposed half-mile setback distance is insufficient to preserve the marijuana cultivation operations that they in the state have spent so much time and effort setting up," Mr. Thomas testified.

Still, Mr. Thomas said the group isn't entirely sure what an adequate distance would be due to a lack of research on the subject.

Others testifying urged the department to tweak the rules to ensure they can more easily be changed to align with changes at the federal level.

Chris Eidson, agronomist at Brookside Laboratories, said much discussion has been had on whether the current 15-day federal testing window should be increased to 28 days. If that federal change happens, he argued, Ohio's regulations should enable a similar expansion of the state window.

Comments also centered on the legal definition of hemp, which is currently a plant containing no greater than 0.3% THC. Witnesses said there have been some efforts to raise that limit to 0.5% or 1%.

"I'd like to see something specifically written in Ohio's rules that if it's changed at the federal level, we can quickly match that," Mr. Eidson said.

The USDA's pending hemp rules have sparked concerns about stringent test requirements – a concern shared by some parties in regard to Ohio's rules.

Julie Doran, cofounder of the Ohio Hemp Farmers' Cooperative, said the testing provisions could be setting some farmers up for failure. The proposal calls for any plants "co-mingled" with plants exceeding the legal limit to be destroyed.

"With testing and labs, there's just not enough around for the farmers to absolutely test their plants before harvest to make sure they're staying below the state minimum requirements," she said.

She added that farmers should be permitted to have the THC removed from their crop at a later stage.

"We should have the option to do that through processing," she said. "I would also like the option adopted into our state rules that we can change regulations for more leniency at any time."
Statehouse Update

Farmer Scott Apple expressed similar concerns, adding that it doesn't make sense for a farmer's entire crop to be destroyed if one plant is found to surpass the legal threshold for THC.

"Why can't they mechanically process it into CBD or fiber or something else so they don't lose their whole crop just because of a test that may or may not be representative of the whole field?" he asked.

Not all parties had concerns with the ODA proposal, however. A representative of Scotts Miracle-Gro Company spoke in support, thanking the agency for providing it needed "flexibility" to test various products and services.

And Tim Johnson, of the Ohio Cannabis and Hemp Chamber of Commerce, said although a few "tweaks" are needed, "We're very supportive."

Tuesday, January 14, 2019
HUD Secretary Announces $106M In Homeless Funding For Ohio

U.S. Housing Secretary Ben Carson used his experience as a renowned brain surgeon to reflect on the challenges facing homeless youth during an Ohio stop Tuesday.

The analogy came as the Department of Housing and Urban Development chief was on hand in Columbus to announce the awarding of $2.163 billion in homeless assistance funding nationwide – $106.8 million of which is headed Ohio's way.

Describing the human brain as an incredible organ, the secretary said he chose to operate on young people during his medical career because of their potential. But he added that children must have a solid foundation in order to realize that promise.

"That's why we need to make sure we intervene at the earliest possible stage and provide them with the kind of support they really need, particularly in cases of homelessness," Secretary Carson said. "That's what I want to concentrate on: laying the right foundation."


Gov. DeWine, for his part, said he planned to use the visit to spark continued discussion among his cabinet members, several of whom attended the tour, on the issue of homelessness. He said youth homelessness is too often "out of sight, out of mind to the general public."

"We're going to the governor's residence, we're going to have lunch, and we're going to have, really, an exchange for an hour and a half about these issues," the governor said. "We've taken the approach in our administration that we have to take a holistic approach to youth homelessness."

Huckleberry House is the only 24-hour crisis shelter for youth in Central Ohio, offering housing, counseling and other services to the more than 3,000 youth estimated to experience homelessness in a given year in Franklin County alone. In 2019, the shelter served 630 youth.

Plenty of challenges remain in assisting those youth, including the very definition of homelessness itself, which at the federal level excludes those under 18 years old. Reps. Stivers and Beatty have repeatedly called on HUD to change its approach and their joint legislation to that effect has passed the U.S. House and awaits Senate action.

"If we don't change the definition we can't get people assistance," Rep. Stivers said.

Mr. Carson credited the increase in homelessness in some areas, including Ohio, in part to the housing crisis and drug addiction. He added that although the 2020 awards mark a funding increase over the prior year, "We do not solve these problems with money."

"The solution is getting at the root cause of the problem," he said. "What is producing the runaway costs in housing? What is producing the proclivity for people to get addicted to drugs? Those are the kinds of things we need to be looking at."

The funding is awarded to continuums of care – regional or local planning organizations that coordinate services. Ohio received the fourth greatest amount for 2019, below only California, New York and Illinois. In 2018, Ohio received $103.5 million.
This year's awards for Ohio continuums are:

- $21.4 million for Hamilton County.
- $3.5 million for Lucas County.
- $38.2 million for Cuyahoga County.
- $14.3 million for Franklin County.
- $1.8 million for Mahoning County.
- $10.1 million for Montgomery County.
- $4.5 million for Summit County.
- $19.9 million for the Ohio Balance of State.
- $2.9 million for Stark County.

**Wednesday, January 15, 2019**

**DeWine Announces $30 Million In Water Quality Funding**

Farmers in 14 counties are eligible for a slice of $30 million in funding as the DeWine Administration continues the rollout of its H2Ohio water quality program.

Gov. Mike DeWine and Department of Agriculture Director Dorothy Pelanda announced the funding opportunity Wednesday, elaborating more on how officials plan to utilize the priority initiative announced late last year.

In November, the administration announced the broad strokes of the plan, saying they wanted to boost resources for farmers working to implement 10 proven strategies to reduce runoff – first in the Maumee River watershed and then statewide.

"Since announcing the details of my H2Ohio plan in November, we've had a great deal of interest from farmers in the Maumee River Watershed who want to do their part to improve the health of Lake Erie," the governor said in a statement. "H2Ohio will provide farm-by-farm support to help farmers minimize phosphorus runoff while increasing profit over the long-run."

The dollars will be divided among eligible farmers in 14 northwest counties: Allen, Auglaize, Defiance, Fulton, Hancock, Hardin, Henry, Lucas, Mercer, Paulding, Putnam, Van Wert, Williams and Wood. The agency will hold eight public information sessions across those communities beginning Feb. 4.

Farmers can apply for the funding beginning Feb. 1 at their local soil and water conservation district. The funding will support strategies including: soil testing, variable rate fertilization, subsurface nutrient application, manure incorporation, conservation crop rotation, and more.

"Ohio farmers want to be part of the solution to water quality concerns in our state," Director Pelanda said. "The Ohio Department of Agriculture is excited to work with our partners to help farmers implement these best practices which is a critical first step toward achieving better water quality through H2Ohio."

Lawmakers provided $172 million for H2Ohio in the budget, to be split between ODA, the Department of Natural Resources and the Environmental Protection Agency. Those agencies have already begun announcing the rollout of their spending plans.

ODNR previously already announced a first wave of six pending wetland projects funded with H2Ohio funds. And OEPA has outlined the first of its H2Ohio-backed projects, which will focus on infrastructure improvements and septic system replacements.

In other H2Ohio-related developments, the governor's office recently published a job posting for an H2Ohio communication's director as it continues rounding out staffing needs for the new program. Once hired, that person will report directly to the Lake Erie Commission director.

**Senate Expands Live Committee Broadcasts**

Thursday marks the initiation of the Senate's expansion of live broadcasts of all its panels with the streaming of the Higher Education Committee at 11 a.m.

The chamber, which previously announced the move, will join the House in providing live streams for all committees moving forward.
The broadcasts will be available through the Ohio Channel on Public Broadcasting Stations around the state as well as on the OhioChannel website.

"We believe in increasing access to your elected officials and providing transparency to state government proceedings, and live coverage of our committees is another way for us to bring the Statehouse to the people," Senate President Larry Obhof (R-Medina) said in a release.

Senate Minority Leader Kenny Yuko (D-Richmond Hts.) said the expansion will make Statehouse activities "more accessible to Ohioans than ever."

"President Obhof and I want people to engage in their state government and be a part of the process," he said. "We encourage citizens to visit OhioChannel.org and get involved."

The House began full committee streaming last year.

Thursday, January 16, 2019

**Lawmakers Keeping Close Eye On OPERS Benefit Changes**

A move by Ohio's largest public employee pension fund to reduce health care benefits is drawing the attention of legislators.

The Ohio Public Employees Retirement System's Board of Trustees this week gave its approval to a host of changes to health care benefits for retirees, including the replacement of a group plan for pre-Medicare retirees with an allowance for those retirees to buy plans on the individual insurance market.

The revisions, effective in 2022, also include modifications to eligibility for retirees and to the base allowance for both Medicare and pre-Medicare retirees.

The plan has been in the works since last year, when OPERS considered a series of health care updates, many more severe than those accepted this week. Along with a two-year freeze to the cost-of-living adjustment, the moves are part of an overall effort to shore up the system's pension and health care funds.

OPERS's actions drew the attention of lawmakers, who would have to pass a bill in order to make any modifications to the COLA. Health care coverage is not a statutorily required benefit, and therefore the board doesn't need to ask the General Assembly for approval.

House Speaker Larry Householder (R-Glenford) told reporters Thursday his office will consider the status of the system to evaluate if any other changes are needed.

"We need to look at it further," he said.

Sen. Hearcel Craig (D-Columbus), who sits on the Ohio Retirement Study Council, said the changes will require close scrutiny from lawmakers, who must focus on the effects on public workers.

"We have to make certain that we're doing all that we can to do our due diligence regarding this matter," he said in an interview. "There's still a lot of information that we need to be working through with leadership there."

OPERS spokesman Mike Pramik said the system has begun discussions with the legislature about the COLA change but has not yet asked any legislators to sponsor a bill.

Such a proposal might face some hesitance in the General Assembly after a different effort by OPERS (HB413, 132nd General Assembly), which would have permanently reduced the COLA, was scuttled two years ago in the face of retiree opposition.

It's also an election year, making lawmakers potentially even more skittish about benefit cuts, said Geoff Hetrick, president and CEO of Public Employee Retirees Inc.

PERI, which represents OPERS retirees, opposed the measure two years ago but "very reluctantly" supports the current effort, Mr. Hetrick said.
"Nobody likes to see these cuts or these reductions, but if it's going to shore up the long-term solvency of the health care fund and at the same time help OPERS reduce their $24 billion liability, which is the largest in their history. These are painful steps that need to be taken," he said in an interview.

OPERS says the health care fund's solvency is projected at 11 years, while the main pension fund won't be in a position to allow for contributions to be steered toward the health care fund for 15 years or more.

"Sometimes you have to look at the reality and see the situation as it is," Mr. Hetrick said.

Another possible option, which would require legislative action, is an increase in what the state or employees pay into the fund, he said. That rate is currently 14%, and all is paid into the pension fund, with none going toward health care.

While the legislative appetite for that is uncertain – Speaker Householder said it would require more study – Mr. Hetrick said it wouldn't necessarily solve all of the current concerns.

"You can't make sound policy decisions based on the expectation that's going to happen," he said. "It would help, but I don't think it would materially alter what OPERS has needed to do both on the COLA side and with health care. It would certainly provide a little bit of a cushion or a buffer."

The health care and COLA changes are not popular with retirees, but Mr. Hetrick said his group voiced its support for the move because it appeared to help protect health care in the long run.

"Nobody likes to be in this position," he said. "I would say the majority of our members are understanding and sympathetic. But does that mean they're happy? No."

**Hemp Farming Rules Clear JCARR**

Ohio's farmers are one step closer to being able to grow hemp after the Joint Committee on Agency Rule Review advanced a Department of Agriculture rules package Thursday.

The much-awaited rules, required under the 2019 hemp legalization bill (SB 57), were among dozens that cleared the committee at its first meeting of the year.

Like other rule packages on the committee's agenda, the hemp regulations were accepted without discussion during the panel's first meeting under the leadership of recently appointed Chair Sen. Theresa Gavarone (R-Bowling Green).

The hemp legalization bill was passed after the 2018 Farm Bill legalized hemp production at the federal level. The state law required ODA to draft rules outlining areas including data collection, sample testing and the disposal of plants not meeting requirements.

Those rules received the green light from the USDA in December, and with JCARR's approval they can now move forward.

"The next step is for the Ohio Department of Agriculture to final file the rules on Jan. 21," ODA spokeswoman Katie Boyer said. "The rules will then be effective 10 days after they are final filed."

The department's goal remains having farmers licensed and able to plant by the spring growing season.

ODA's rules did raise some concerns as they worked through the rulemaking process, including from stakeholders who wanted more flexibility to adapt the state's approach to future federal changes.

The only concerns raised over the hemp rules centered on land-use restrictions preventing licensed cultivators from growing hemp without agency approval in the following conditions: on less than one-quarter acre of outdoor land, in an indoor growing area of less than 1,000 square feet or in a crop of less than 1,000 plants.

Amalie Lipstreu, policy director for Ohio Ecological Food and Farm Association, argued in written testimony: "These calculations are in conflict with the growing practices of many target producers."

"We doubt that the state, through its regulatory process, would allow the selection of winners and losers in the free marketplace," Ms. Lipstreu wrote. "Toward that end, please ensure that producers of all scales will have the same access to this emerging market and that these rules do not disadvantage small scale producers."
The group suggested the minimum hemp cultivation limit be lowered to 60 row feet and further requested hemp fees be made "more reasonable and similar to those of neighboring states to improve access to this important, emerging market for small, mid-scale and organic producers."

Adam Porter, a farmer in Cadiz, expressed the same concerns with the growing limitations, writing that a 300-400 plant minimum would be preferable to "still show legitimacy and intent of a farmer while keeping a 'backyard' grow off limits."

**PUCO Exploring Barriers To Natural Gas Access**

Ensuring adequate access to natural gas for rural communities will require more than just laying new pipes, Public Utilities Commission of Ohio Chair Sam Randazzo said Thursday.

Remarking on that challenge during the commission's second forum on the topic, Mr. Randazzo encouraged stakeholders to consider engineering-based solutions that could more easily highlight what infrastructure changes are needed and how to pay for them.

"The infrastructure being built has to be adequate to support the end use need and that's an engineering analysis," he said.

"My experience in this area tells me people want to jump ahead and have a conversation about who's going to pay for the infrastructure and that often blinds people to the need for good engineering analysis," he continued.

With such a review, he added, "it gets easier to deal with the 'who pays' question because…now we have numbers."

Thursday's event was the second forum hosted by commissioners to foster continued discussion on how to best expand natural gas access. About one-third of Ohioans – and two-thirds of the state geographically – lack access to natural gas, which can serve as an impediment to economic development.

Mr. Randazzo, who assumed leadership of the PUCO early last year, said he heard many concerns about natural gas access as he met with stakeholders prior to assuming his post.

"I was surprised that it seemed to be the No. 1 issue that folks wanted to talk about as I visited with them," Mr. Randazzo said. "So, I think the meetings are timely and I appreciate the constructive tone and input that we had in the first meeting and we will endeavor to continue that constructive approach to dealing with that issue."

Various stakeholder groups and gas suppliers presented during the hours-long forum.

Encino Energy said part of the challenge is that low prices in Ohio have led the company to export its gas to other states. The state, the company argues, should encourage new gas-fired generation, support development of new petrochemical plants and build out distribution systems.

Duke Energy, for its part, said efforts should be devoted to finding temporary solutions to bridge gaps between customer needs and system capabilities or to identify projects that qualify for its infrastructure development rider.

Dominion Energy suggested a working group be established to meet regularly in an effort to identify system constraints and areas of high economic growth. JobsOhio, which presented at the commission's first forum, could also be a partner in identifying significant load tied to large projects, the company said.

Several parties focused on a concept raised at the group's first forum – the establishment of an information database to help craft engineering solutions.

Aspire Energy asked stakeholders to consider how the database might help long-term planning efforts, what barriers might limit the sharing of data or what information a company would need to share to make the database useful.

Mr. Randazzo said a third forum on the subject is tentatively eyed for March to continue the discussion.

**Friday, January 17, 2019**

**DeWine State Of The State Address Planned For March 31**

Gov. Mike DeWine on Friday accepted the House's invitation to deliver his second State of the State Address at the Statehouse on March 31.
Earlier in the day, Speaker Larry Householder (R-Glenford) announced his request to the governor as well as Senate President Larr Obhof (R-Medina). The speech will be delivered at noon during a joint session in the House chambers.

"The Ohio House of Representatives shares your commitment to Ohio and its future," Speaker Householder wrote to the governor. "Our members are eager to continue working alongside you and the Ohio Senate in ensuring opportunities for growth and prosperity for all Ohioans."

"I look forward to having you join us in the House chambers to speak about the accomplishments of this great state and the important issues that are on the horizon for Ohio," he concluded.

Mr. DeWine's office confirmed the governor will deliver the address for the second time in the Statehouse, sticking with the long-held tradition that was bucked by his predecessor.

Former Gov. John Kasich opted to take the speech – as well as the legislature and accompanying staff – on the road for his last seven annual addresses after his first one was marked by loud protests over a far-reaching collective bargaining law (SB5, 129th General Assembly) that was eventually overturned by voters.

Mr. Kasich's speeches were staged at different sites around the state, which he said was an effort to highlight the history and offerings of those areas.

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