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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

H.B. 101
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Re-reported by Senate Finance

Primary Sponsors: Reps. Schmidt and Bird

Local Impact Statement Procedure Required: No

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Highlights

Appropriations

- The bill appropriates GRF funding of \$1.60 million and \$1.25 million in FY 2024 and FY 2025, respectively, under the Department of Natural Resources budget for operation of the Buckeye State Tree Nursery.
- The bill abolishes the center for civics, culture, and society within the University of Cincinnati (UCN) that was established by H.B. 33 of the 135th General Assembly, the main operating budget bill. Instead, the bill establishes a center for civics, culture, and workforce development within Wright State University (WSU) and transfers \$2.0 million earmarked from the GRF in each of FY 2024 and FY 2025 for UCN's center to WSU to support its center.
- The bill corrects an engrossing error in H.B. 33 by reducing the appropriation for GRF appropriation line item (ALI) 195415, Business Development Services, under the Department of Development's budget, from \$7.0 million to \$4.0 million in FY 2024.

Education

- The bill applies the 16-month time period (increased from 13 months by H.B. 33) for a school district to secure its local share of school facilities project funding to projects that receive conditional approval at any time during calendar year 2023.

Health and human services

- The Department of Medicaid will be permitted to continue distribution of any remaining funds from the \$15.0 million set aside by H.B. 45 of the 134th General Assembly for one

additional year, through FY 2025, to support one-time payments to freestanding dialysis centers in the state.

- The Board of Nursing may realize a decrease in compensation costs due to the provision that removes the ability of a Doula Advisory Board member to request per-diem compensation. However, the bill also increases membership to 17 members (rather than between 13 and 15), which will increase member reimbursements for necessary expenses.
- The Board of Nursing may realize a decrease in doula certification and renewal fees due to the provision that allows the Board to waive fees for applicants in families with incomes less than 300% of the federal poverty level (FPL – currently, fees can be waived for applicants in families with incomes less than 200% FPL).
- Changes are made to require the Ohio Department of Medicaid (ODM) to include effectiveness of the doula coverage in an annual report. Additionally, it is clarified that Medicaid payments for doula services are per pregnancy, and not per birth, in the case of a pregnancy resulting in multiple births.

Taxation

- The bill requires the Executive Director of the Ohio Housing Finance Agency (OHFA) to forward a copy of these reports to the Tax Commissioner and Superintendent of Insurance. OHFA would incur little or no additional cost for doing so.

Criminal justice

- The bill modifies the distribution of proceeds from any court order, judgment, settlement, or compromise received by the state to the Attorney General Court Order and Settlement Fund.
- The bill increases the reimbursement caps for indigent defense in capital cases to match the current rate of compensation set by the Capital Case Attorney Fee Council, which is \$140 per hour. The effect of this change will preserve funding for counties so that those costs may continue to be reimbursed by the Ohio Public Defender.

Next generation 9-1-1

- The bill applies next generation 9-1-1 access fees to wireless services prices below \$5 per month. Services below this price are currently exempt from the fee. This will result in additional revenue deposited to the 9-1-1 Government Assistance Fund (Fund 7094), the 9-1-1 Administrative Fund (Fund 5BP0), the 9-1-1 Program Fund (Fund 5NM0), and the NG 9-1-1 Fund (Fund 7093).
- The bill requires that refunds for 9-1-1 fees be made from the recipient funds in the same proportion that those funds received the revenue initially. Current law requires the refund to be made only from the 9-1-1 Government Assistance Fund (Fund 7094). This may result in additional funding being available for counties to provide 9-1-1 services.

Local government

- The bill consolidates the village dissolution process through a new Transition Supervisory Board, potentially yielding some cost savings for the townships absorbing the assets and liabilities of the dissolving village.
- The bill increases the competitive bidding threshold for villages and park districts from \$50,000 to \$75,000, and provides an increase of this threshold of 3% beginning in calendar year 2025.
- The bill specifies that Geauga County, rather than the city of Chardon, be responsible for the prosecution of cases in the unincorporated area of the county. As a result, the city of Chardon could see some minimal savings and Geauga County could see some minimal cost increases for prosecuting these cases.
- The bill modifies the F-9 permit to expand the eligible applicants to include nonprofits that provide entertainment programming at a municipal park, instead of just nonprofits that operate on park property. The bill does not make any changes to the population requirements to obtain an F-9 permit. The permit fee is \$1,700.

Detailed Analysis

Appropriations

Department of Natural Resources

The bill appropriates \$1.60 million in FY 2024 and \$1.25 million in FY 2025 under GRF appropriation line item (ALI) 725459, Buckeye State Tree Nursery. The bill requires the Department of Natural Resources to use the funding to pay the operating and maintenance costs of the nursery. These costs may include building upgrades and maintenance, greenhouse construction and maintenance, personnel costs, and costs related to nursery operations, supplies, equipment, seeds, seedlings, and transportation costs.

Department of Higher Education

H.B. 33 earmarks \$2.0 million in each of FY 2024 and FY 2025 from GRF line item 235533, Program and Project Support, in the Department of Higher Education budget, to support a center for civics, culture, and society within the University of Cincinnati (UCN). Generally, the center is tasked with conducting teaching and research in the historical ideas, traditions, and texts that have shaped the American constitutional order and society.

The bill abolishes UCN's center for civics, culture, and society. Instead, it establishes a center for civics, culture, and workforce development at Wright State University (WSU), and amends H.B. 33 to transfer the \$2.0 million earmark in each of FY 2024 and FY 2025 from line item 235533 from UCN to WSU to support the WSU center. Under the bill, WSU's center will be established as an independent academic division (physically located on its Dayton campus) within WSU to conduct teaching and research in the historical ideas, traditions, and texts that have shaped the American constitutional order and society and the U.S. armed forces. The center must also develop a set of standards and procedures to maximize the granting of academic credit for military training, experience, and coursework, and is prohibited from charging more than its in-state instructional and general fees to any current or honorably discharged member of the U.S. armed forces, or the spouse or dependents of a member, who enrolls in a program offered

by the center, regardless of whether that member, spouse, or dependent is an Ohio resident. The bill requires the WSU Board of Trustees to appoint, with the advice and consent of the Senate, a seven-member academic council that will conduct a nationwide search for candidates for a director of the center. The director will have exclusive authority in hiring faculty and staff and will oversee, develop, and approve the center's curriculum. Finally, the director will submit an annual report regarding the center's achievements and challenges to WSU's board of trustees and the General Assembly.

Department of Development

The bill corrects an engrossing error in H.B. 33 by reducing the appropriation for GRF ALI 195415, Business Development Services, under the Department of Development's budget, from \$7.0 million to \$4.0 million in FY 2024.

Education

Levies for school facilities projects approved in 2023

H.B. 33 extended, from 13 months to 16 months, the time during which the voters of a school district must approve bond and tax levies to support the local share for a school facilities project after the Ohio Facilities Construction Commission (OFCC) grants conditional approval of the project. The bill applies the 16-month time period for a district to secure its local share to school facilities projects that receive conditional approval at any time during calendar year 2023. In July 2023 (before the H.B. 33 provision became effective), OFCC granted conditional approval to Athens City (Athens County), Buckeye Local (Ashtabula County), Greenview Local-Segment 2F (Greene County), Troy City-Segment 1 (Miami County), and Williamsburg Local-Segment 1 (Clermont County). Under the bill, these five school districts will have three additional months to secure their local shares of their respective OFCC facilities projects if they do not do so prior to 13 months, as required under prior law.

Minimum state share percentage for JVSDs

The bill increases the minimum state share percentage for joint vocational school districts (JVSDs) in the school funding formula from 5% to 10%, aligning it with the percentage for traditional districts. This change has no fiscal effect, as all JVSDs currently have a state share percentage well above 10%.

Autism scholarship timing qualification

The bill corrects a drafting error in H.B. 33 related to the timing of applications for the Autism Scholarship Program. Under current law, a child meeting the diagnostic qualifications for the Autism Scholarship Program is eligible if they were either enrolled in or eligible to enter school in any of grades preschool through 12 in the year prior to the year in which a scholarship is first sought. The bill modifies this to qualify a child who was enrolled in school in the year prior to seeking a scholarship or who is eligible to enter school during the school year in which a scholarship is first sought. This aligns the Autism Scholarship's timing qualifications with that of the Jon Peterson Special Needs Scholarship. The change does not appear to affect the awarding of scholarships by the Department of Education and Workforce.

Changes related to transfer of state K-12 education governance

H.B. 33 renamed the Department of Education to the Department of Education and Workforce (DEW) and transferred control of most of the Department's functions from the State Board of Education and the Superintendent of Public Instruction to the new position of Director of Education and Workforce (DEW Director), who is appointed by the Governor with the advice and consent of the Senate. However, the State Board and Superintendent retain duties and powers regarding educator licensure and discipline, school district territory transfers, and certain other areas. H.B. 33 established the State Board as a separate entity with its own budget.

The bill makes various changes to align the law with the establishment of DEW. These provisions include making the State Board, rather than DEW, responsible for criminal records checks and enrollment in the Retained Applicant Fingerprint Database (RAPBACK)¹ for individuals with pre-service teaching permits, transferring the responsibility to adopt reading competencies for all reading credentials and training from the State Board to DEW, removing the DEW Director or the Director's designee from the Educator Standards Board, and making corrective changes to account for the establishment of DEW.

State Teachers Retirement System (STRS) memberships

The bill modifies the law regarding the State Teachers Retirement System (STRS) membership eligibility, making student teachers who hold a pre-service teacher permit and employed as substitute teachers members of STRS, instead of the School Employees Retirement System (SERS). This provision has no direct fiscal effect on the state or political subdivisions. It does not change the employer contribution rate for STRS or SERS.

Health and human services

Department of Medicaid

The bill amends H.B. 45 of the 134th General Assembly by permitting any unencumbered, unexpended balance of the \$15.0 million originally appropriated in H.B. 45 at the end of FY 2024 to be reappropriated for the same purpose in FY 2025. The original legislation made the FY 2023 allocation of \$15.0 million of the enhanced federal medical assistance percentage, enacted as a result of the COVID-19 pandemic, in the Families First Coronavirus Response Act and specified that the funds should be used to provide a one-time payment to each freestanding dialysis center in the state. The original legislation additionally reappropriated any unexpended, unencumbered balance of the allocation at the end of FY 2023 for the same purpose in FY 2024. The new provision extends this reappropriations clause for one additional fiscal year, so it is now through FY 2025.

Ohio Department of Children and Youth

The bill requires that the Ohio Department of Children and Youth (ODCY) alone, instead of with DEW, be responsible for adopting minimum rules or standards for preschool programs, adopting rules for school child programs, and ensuring that the rules adopted regarding preschool and school child programs are consistent with and meet or exceed the state law

¹ RAPBACK is a continuous criminal record monitoring service operated by the Bureau of Criminal Investigation within the Attorney General's Office. RAPBACK provides participating entities notice that an individual they have enrolled in the database has been arrested or convicted of a criminal offense.

requirements for child care centers that serve preschool children. The bill also requires the minimum standards for preschool programs to include requirements that children participating in such programs be immunized to the extent considered appropriate by the ODCY Director, instead of the DEW Director. Further, the bill requires ODCY to, as appropriate, incorporate DEW's rules or standards for special education and related services for children with disabilities into the licensing requirements for preschool programs and into the minimum standards for preschool programs. Under the bill, DEW is required to consult with ODCY on rules or standards regarding the provision of special education and related services for children with disabilities from three to five years of age. To the extent that any rules need to be updated to clarify ODCY's responsibilities, there could be rule promulgation costs. The bill also confirms the General Assembly's intent regarding existing law establishing ODCY's responsibility for the licensing of preschool programs and school child programs.

Board of Nursing

The bill changes the name of the "Doula Advisory Board" to the "Doula Advisory Group." It is possible that the Board of Nursing may need to make changes to their website or documents to reflect this change. However, any fiscal impact should be negligible. Additionally, the bill removes the option for a Doula Advisory Board member to request per-diem compensation for fulfilling their duties. This will decrease related compensation costs. The total impact will depend on the number of members who would have otherwise requested per-diem compensation. The Advisory Board meetings are held at the call of the Advisory Board's chairperson. The bill also modifies membership and increases the number of members from at least 13 but no more than 15, to 17 members. Increasing membership will result in an increase in member reimbursements. The bill also requires the Advisory Board to submit an annual report to the General Assembly with specified information beginning two years after the bill's effective date. The Board is required to provide virtual meeting technology.

The bill requires an applicant for certification as a doula to undergo a criminal records check. Base fees of the state-only and Federal Bureau of Investigation (FBI) background checks are \$22.00 and \$25.25, respectively. The \$22.00 state-only background check fee and a portion of the FBI background check fee are deposited into the state treasury to the credit of the Attorney General's General Reimbursement Fund (Fund 1060). The remaining portion of the FBI background check fee is sent to the FBI. Background checks may also be obtained by county sheriff's offices or other Webcheck locations, which may charge additional fees.

The bill also permits the Board to waive an applicant's fee for certification and renewal if the applicant's family income is less than 300% FPL, rather than 200% FPL. This could increase the number of fee waivers granted, which could result in a decrease in application fee revenue. The total impact will depend on the number of applicants with family income between 200% and 300% FPL.

Taxation

OHFA tax credit

Current law, enacted in H.B. 33, authorizes a nonrefundable tax credit against the insurance premiums, financial institution, or income tax for investment in the development and construction of affordable single-family housing. Under the program, the Executive Director of the Ohio Housing Finance Agency (OHFA) may reserve a state tax credit for any project in Ohio

that qualifies for the credit, as long as the project is located in Ohio and meets affordability qualifications adopted by OHFA. Qualifying project developers must submit a list of any project investors or equity partners along with their respective allocations of the tax credit to the Executive Director of OHFA. The bill requires the Executive Director to forward a copy of these reports to the Tax Commissioner and Superintendent of Insurance. OHFA would incur little or no additional cost for doing so.

Criminal justice

Attorney General

Beginning January 1, 2025, the bill modifies the distribution of proceeds from any court order, judgment, settlement, or compromise received by the state. The bill directs those proceeds to the Attorney General Court Order and Settlement Fund (currently named the Attorney General Court Order Fund), with specific transfer requirements depending on the amount at issue:

- With exceptions, amounts exceeding \$5 million are to be transferred by the Office of Budget and Management (OBM) Director to the Large Settlements and Awards Fund, created by the bill.
- Amounts under \$5 million are to be transferred to the appropriate custodial or state fund as determined by the OBM Director in consultation with the Attorney General.

The bill requires the OBM Director or the Attorney General, as applicable, to notify the LSC Director of these determinations and transfers, which will result in administrative costs for these agencies to comply.

In addition to renaming the Attorney General Court Order Fund to the Attorney General Court Order and Settlement Fund, the bill also requires that this fund be part of the state treasury and not under the supervision of the Treasurer as it is in current law. This means that all future appropriations from this fund will be part of the typical biennial budgeting process by the General Assembly.

Public defender – indigent defense support

The bill increases, from \$75 per hour to \$140 per hour, the cap on State Public Defender reimbursements paid to counties from GRF ALI 019501, County Reimbursement, for indigent defense in capital cases. The bill retains the \$75 per hour cap on reimbursements for other cases. Under the bill, the reimbursement caps for indigent defense in capital cases will match the current rate of compensation set by the Capital Case Attorney Fee Council. This change will preserve funding for counties so that those costs may continue to be reimbursed by the Ohio Public Defender.

Next generation 9-1-1

Next generation 9-1-1 access fees

The bill repeals a provision in current law that exempts wireless services that are priced below \$5 per month from next generation 9-1-1 access fees and will result in increased revenue deposited to several funds used to provide and administer the state's 9-1-1 system. It is difficult to estimate the amount of additional revenue that would be received because the number of wireless services that cost less than \$5 per month is not readily available. The table below shows

the funds that receive revenue from next generation 9-1-1 access fees and the portion of the fees that each receive. Next generation 9-1-1 access fees are set at 25¢ per month and are levied on each communication service capable of making a 9-1-1 call, including wireless telephone service, multiline telephone systems, and VoIP devices. Continuing law increases the fee to 40¢ per month for the period beginning January 1, 2024, and ending October 1, 2025, after which the fee returns to 25¢ per month.

Distribution of Next Generation 9-1-1 Access Fees	
Fund Name	% of Fee Received
9-1-1 Government Assistance Fund (Fund 7094)	72%
9-1-1 Administrative Fund (Fund 5BPO)	1%
9-1-1 Program Fund (Fund 5NMO)	2%
Next Generation 9-1-1 Fund (Fund 7093)	25%

Refunds of next generation 9-1-1 fees

The bill requires refund amounts for wireless 9-1-1 charges and next generation 9-1-1 access fees be transferred by the Director of Budget and Management from the 9-1-1 Government Assistance Fund (Fund 7094), 9-1-1 Administrative Fund (Fund 5BPO), 9-1-1 Program Fund (Fund 5NMO), and the Next Generation 9-1-1 Fund (Fund 7093) in the same percentage of the total refund amount as moneys are placed into each fund. Under current law, refunds are transferred only from Fund 7094. Overall, these provisions have no impact on state revenue and expenditures. However, because Fund 7094 will retain more of what is deposited to its credit this change will result in additional funding being available to counties for the provision of 9-1-1 services.

Under continuing law, Fund 7094 receives 72% of the revenue from 9-1-1 fees. Money credited to the fund is distributed by the Tax Commissioner to the counties each month based on the proportional share each county received from the fund during the same calendar month the previous year. Counties are required to use this money for the provision and administration of 9-1-1 services.

Local government provisions

Village dissolution

The bill modifies the process for concluding the affairs of a dissolved village through the creation of a Transition Supervisory Board, which must appoint a receiver-trustee to conduct these duties. The bill does not, however, affect the three current-law processes used to initiate dissolution, except for altering when a village dissolution question can appear on the ballot by requiring it to appear on the ballot only during a general election in an even-numbered year. Furthermore, the bill specifies that a petition is only valid if filed during an even-numbered year on or after July 1, and at least 90 days before the next general election. This change precludes a special election for this purpose, resulting in some election cost savings in cases where the vote

on dissolution is otherwise the only issue on the village ballot. This is because, under current law, the entire cost of holding a special election held on a day other than the day of a primary or general election, both in odd-numbered or in even-numbered years, is charged to the subdivision holding the election.

Under the bill, a Transition Supervisory Board consists of the county auditor, a member of the board of county commissioners, the county recorder, and either a trustee or fiscal officer from each impacted township as nonvoting members. By consolidating oversight of the dissolution under a Transition Supervisory Board, along with the appointed receiver-trustee, it is possible that townships taking over the territory of a dissolving village could see some administrative costs savings. The county offices represented on the Transition Supervisory Board might, however, see some increased costs for their roles in overseeing village dissolution.

Under the bill, a Transition Supervisory Board and the appointed receiver-trustee would be responsible for managing the various aspects of the village dissolution. This includes the collection of taxes, resolution of debts, distribution of property, continuity of utility services, handling of public records, and various other matters. A village representative, and the individuals serving as the fiscal officer and primary legal counsel before the village dissolved, are required to provide consultation to the Board. These responsibilities are largely unchanged with respect to the requirements of village dissolution overall. However, consolidating oversight of a village dissolution under a Transition Supervisory Board and appointed receiver-trustee could streamline the process for townships absorbing dissolved villages in two areas: collection of municipal taxes and disposition of outstanding village debts. Facilitating these efforts through the Transition Supervisory Board could reduce the administrative costs to the applicable township fiscal officer associated with the transition.

The bill also specifies that the Transition Supervisory Board and receiver-trustee are liable for any findings for recovery and other citations resulting from the Auditor of State's (AOS) final audit that occurs as part of the village dissolution process. In these cases, the individuals who commit actions leading to a finding of recovery must pay the amounts identified as recoverable.

Village and park district competitive bidding

The bill increases the competitive bidding threshold amount for villages and park districts from \$50,000 to \$75,000. It also provides that this \$75,000 limit will increase by 3% each year, beginning in calendar year 2025. The increase in the village and park district competitive bidding threshold may result in fewer projects being bid, thereby reducing the administrative costs associated with the bidding process. The impact to overall contract costs, however, is uncertain.

Geauga County prosecutions

The bill requires the Geauga County prosecuting attorney to prosecute all violations of state law arising within the unincorporated areas of Geauga County, with other criminal prosecutions being handled in accordance with relevant sections of law. This adds Geauga County to the list of 13 other counties with this arrangement. The cases impacted by this provision would otherwise be handled by the city of Chardon. The total number of cases impacted by this change appears to be low, with the city of Chardon experiencing some minimal savings, offset by some minimal additional costs to Geauga County for prosecuting these cases.

F-9 permit changes

The bill expands eligibility for an F-9 liquor permit, an existing temporary permit for certain nonprofits holding entertainment events on municipal park property. The current criteria allow these permits only in Franklin County. Broadening eligibility could result in the Department of Commerce's Division of Liquor Control issuing some additional permits statewide. The permit fee for an F-9 permit is \$1,700 and is valid for up to nine months. The fee revenue is deposited into the Undivided Liquor Permit Fund (Fund 7066).

Transmission of election results

The bill makes some modifications to the required transmission of election results that do not appear to have significant fiscal effects. Specifically, the bill requires county boards of elections to transmit election results to the Administrative Director of the Supreme Court by email or other electronic means, including the results of county court and municipal court judge elections. The bill further requires the Secretary of State, upon receiving forms with the results for judicial races from county boards of elections, to promptly send each form by email or other electronic format to the Administrative Director of the Supreme Court. Finally, the bill also requires forms showing election results for Governor, members of Congress, and other offices to be emailed to the Ohio Senate President, rather than mailed as under current law. Any costs that county boards of elections or the Secretary of State incur as a result of these changes, if any, are likely to be negligible.