



Dave Yost
Auditor of State



Local Government Officials
Conference 2014

Legislative Update

Presented by:
Shawn Busken
Legislative Director

Ohio Auditor of State
Dave Yost

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Agenda

- AOS Legislative Affairs Section
- 130th General Assembly
- Enacted Legislation
- Pending Legislation
- General Assembly's Legislative Priorities
- Questions and Discussion



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AOS Legislative Affairs

- The Office of Legislative Affairs will provide effective advocacy on behalf of Auditor of State Dave Yost, his proposals and any issues pertaining to the mission of the office.



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AOS Legislative Affairs

- Day to Day Operations
 - Advocating policy and law changes
 - Controlling board approvals
 - Administrative rule filings
 - Constituent responses
 - General Assembly research requests



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130th General Assembly



- A new legislative session is assembled every two years on the first Monday in January of the odd-numbered years



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130th General Assembly

- All members must be U.S. citizens and reside in the districts from which they are elected.
- 33 Senate Members (4 year terms)
 - Term limited to two consecutive terms, eight years
- 99 House Members (2 year terms)
 - Term limited to four consecutive terms, eight years



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Enacted Legislation

Am. Sub. HB 59 – FY 2014-2015 Budget Bill

ISSUE	DESCRIPTION
Homestead - Property Tax Rollbacks (Sec. 395.10)	<ul style="list-style-type: none"> - Eliminates the property tax rollback for all new levies and replacement levies - Current levies and renewed levies would still be reimbursed - All types of levies placed on ballot in August 2013 will receive rollback reimbursement if passed - New and replacement levies placed on ballot in November 2013 and beyond would not receive reimbursement <p>Effective June 30, 2013</p>



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Am. Sub. HB 59 Budget

ISSUE	DESCRIPTION
Executive Session for Economic Development (Sec. 121.22)	<ul style="list-style-type: none"> - Allows a public body to hold an executive session to consider the terms of an application for economic development assistance to be provided or administered by a local government - Applies only to the consideration of confidential information related to the applicant's marketing plans, specific business strategy, production techniques, or personal financial statements - Also applies to negotiations with other political subdivisions for economic development purposes in so far as the negotiations relate to JEDDs, JEDZs, TIFs, and CEDAs <p>Effective September 29, 2013</p>



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Am. Sub. HB 59 Budget

ISSUE	DESCRIPTION
Transfer of a Township Cemetery (Sec. 517.271)	<ul style="list-style-type: none"> - Permits a company, association or religious society that previously owned a cemetery to petition the probate court to transfer the ownership back to the company, association or religious society - Petitioner must meet all of the following requirements: <ul style="list-style-type: none"> - Has financial resources to operate and maintain cemetery - Is in compliance with all applicable laws and rules concerning the owning and operating of a cemetery, including registration - Does not owe any delinquent taxes - If requirements are met, the cemetery is to be transferred from the township to the company, association or religious society - Township shall give all records and documents, including sale of lots, concerning the cemetery to the company, association or religious society <p>Effective September 29, 2013</p>



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Am. Sub. HB 59 Budget

ISSUE	DESCRIPTION
Local Government Fund Estimates (Sec. 5747.501, Sec. 757.10)	- Essentially freezes the amounts of LGF provided to each county as of July 1, 2013 - Keeps the minimum threshold, established in last budget, for the smaller counties Effective June 30, 2013



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Am. Sub. HB 59 Budget

ISSUE	DESCRIPTION
Local Government Innovation Program (Sec. 257.30)	- Appropriates \$16 million each FY to be used for loans and grants - Program is administered by the Development Services Agency and they are permitted to use up to \$175,000 of the appropriated funds for administration Effective June 30, 2013



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Am. Sub. HB 59 Budget

ISSUE	DESCRIPTION
Homestead/Property Tax Rollbacks (Sec. 395.10)	- Makes an appropriation for the rollbacks distributed to local governments and schools - Eliminates the property tax rollback for all new levies and replacement levies - Current levies and renewed levies would still be reimbursed - All types of levies placed on ballot in August 2013 will receive rollback reimbursement if passed - New and replacement levies placed on ballot in November 2013 and beyond would not receive reimbursement Effective June 30, 2013



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Enacted Legislation

HB 51 – Transportation Budget

TURNPIKE OPERATIONS (McGregor, R., Patmon, B.) To authorize the Ohio Turnpike Commission to issue revenue bonds for infrastructure projects, to rename the Ohio Turnpike Commission as the Ohio Turnpike and Infrastructure Commission, to repeal authority allowing the Director of Budget and Management and the Director of Transportation to execute a contract with a private entity for the purpose of outsourcing turnpike-related highway services, to make other changes in the law governing the Ohio Turnpike Commission, and to make an appropriation. *Effective 04/01/13; certain sections effective 07/01/13*



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Enacted Legislation

HB 138 – Board of Tax Appeals

BOARD OF TAX APPEALS (McClain, J., Letson, T.) To make changes to the law governing the Board of Tax Appeals, including authorizing a small claims division within the Board, requiring the Board to institute measures to manage certain appeals, requiring the Board to receive notices of appeal and statutory transcripts electronically, providing pleading standards for appeals to the Board, granting the Board authority to grant summary judgments and consider motions, vesting hearing examiners with the authority to determine credibility of witnesses and issue statements of fact and conclusions of law separately, and authorizing the Board to require parties to engage in mediation, and to authorize the Tax Commissioner to expedite and issue a final determination for residential property value appeals with written consent of the parties *Effective 10/1/13; certain sections effective 01/01/15*



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Enacted Legislation

SB 67 – Audit Procedures (AUP)

AUDIT PROCEDURES (Peterson, B.) To create an agreed-upon procedure audit for certain eligible political subdivisions and to eliminate the Auditor of State's exemption from filing a rule summary and fiscal analysis with proposed rules. Am. 111.15, 117.11, 117.12, 117.16, 117.20, and 127.18 and to enact section 117.114

Effective 9/04/13



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SB 67 – Reducing Audit Costs

Expanding Access to Agreed-Upon Procedure Audits

- In September 2012, Auditor Yost expanded access to Agreed-Upon Procedure (AUP) audits, which could save one in four Ohio governments up to half of their traditional full audit costs.
- Agreed-Upon Procedures have been used in Ohio since 2009, but previously were available only to public offices with annual expenditures less than \$1 million. The new policy raises the threshold to \$5 million and eliminates the exclusion of governments that have named new fiscal officers in the current or prior audit period.



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SB 67 – Reducing Audit Costs

Expanding Access to Agreed-Upon Procedure Audits

- Under the new policy, as many as 1,400 governments might qualify for AUP audits, an increase of 800 entities. Auditors commonly estimate that AUP audits save from 25 to 50 percent of full audit costs.
- In addition to the AUPs, Auditor Yost also introduced an option for a basic audit, which is an on-site limited review, available to qualifying governments that disburse less than \$100,000 annually. Since its inception in September 2012, 66 entities have taken advantage of these lower-cost audits and realized on average a 70% cost savings.



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Pending Legislation

SB 6 / HB 10 – Fiscal Integrity Act

“When somebody’s got the checkbook with taxpayers’ money in it, they’re armed and dangerous.”

Auditor of State Dave Yost

The Vindicator, April 20, 2012



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 Press Release - Ohio Auditor of State

For Immediate Release

Former Alger Fiscal Officer Charged with Theft in Office
Former Employee Hit with \$37,853 in Findings for Recovery (February 24, 2011)

Wife of Harrison Township Fiscal Officer Forged Checks; Stole Township Money for Personal Use (March 15, 2011)

Island Township Misuses Public Dollars for Boxers, Bar Stool and Bowls \$10,635 in Findings for Recovery Issued (June 23, 2011)

Former Trimble Fiscal Officer Stole \$61,866 (August 9, 2011)

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Fiscal Integrity Act

Fact: The majority of Ohio's fiscal officers and treasurers do an exceptional job for the taxpayers.

Fact: Accountability creates an environment where people are less likely to fall short, especially when they know they will be held accountable for their actions.

Goal: Fiscal Integrity Act to expand these facts.

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Ziegler Case



Stark Treasurer Zeigler resigns as part of settlement

Associated report by Gary Zeigler

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Accountability Process

- Laws providing for the removal of county treasurers have been declared unconstitutional.
 - The Fiscal Integrity Act provides uniform removal process.
 - Adds due process requirements for the removal of fiscal officers.
 - Expands the removal process to township, village and municipal fiscal officers.



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Pending Legislation

SB 6 / HB 10 – Fiscal Integrity Act

- Creates a new removal procedure for county auditors, treasurers, elected municipal fiscal officers and township fiscal officers
 - Auditor of State will review an affidavit and evidence of fiscal misconduct
 - If the Auditor believes there is clear and convincing evidence to support the allegations, the Auditor will send affidavit and evidence to the Attorney General for review
 - If the Attorney General believes there is clear and convincing evidence to support the allegations, the Attorney General will commence an action for removal in court of common pleas



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Pending Legislation

SB 6 / HB 10 – Fiscal Integrity Act (cont.)

- Requires continuing education (CE) for township and municipal fiscal officers.
 - Newly elected or appointed: 6 hours in the first year and 18 hours during remainder of the term
 - Re-elected: 12 hours during term
 - » CPIM hours & public records training count toward CE
 - » At least 2 CE hours must pertain to ethics in each term



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Pending Legislation

HB 5 – Municipal Income Tax Reform

- Streamlines the municipal tax system in Ohio
- Works to uniform the rules for businesses
- Phases in a 5 year net-operating lost from 2015 to 2016
- Clarifies the casual entrant rule
 - Has passed the House of Representatives, will be heard in Senate Finance Committee



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Pending Legislation

HB 289 – JEDZs / JEDDs Changes

- Original bill would have created new petition requirements that would have significantly hindered the use of JEDZs and JEDDs for development and re-development
- Latest version of bill require new or amended JEDZs and JEDDs to create a Joint Economic Development Review Council (JEDRC) to make sure revenue from JEDZ or JEDD is being used in accordance with the JEDZ or JEDD contract
 - Has passed the House of Representatives, will be heard in Senate Finance Committee



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Pending Legislation

HBs 321-324 DataOhio Initiative

- HB 321 would create a Data Ohio Board, which would specify requirements for posting public records online
- HB 322 would require the Auditor of State to adopt rules regarding a uniform accounting system for public offices
- HB 323 would establish an online catalog of public data at a specific website - data.Ohio.gov
- HB 324 would establish a grant program that would award local governments up to \$10,000 to assist in posting public records online



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Pending Legislation

HB 375 Oil & Gas Severance tax

- Would increase the severance tax on well owners of oil and gas severed from horizontal wells
- Would create a nonrefundable tax credit for the amount of horizontal well severance tax paid
- Impact on local governments as written:
 - * LGF could be reduced
 - * No revenue for impacted communities



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GA's Legislative Priorities

Mid-Biennium Review (MBR)

- Should be introduced in the next few weeks
- It is a review of the current budget (HB 59)
- Just like any operating budget, it will have many policy initiatives and possible tax changes



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GA's Legislative Priorities

Capital Budget (Capital Improvements)

- Should be introduced in the next few weeks
- The Office of Budget and Management has begun a several-month process to develop a capital budget.
- This capital spending plan will provide fiscally responsible investments to maintain and improve the state's educational and public-service infrastructure.
- The capital bill is expected to focus on the most pressing needs of state government, schools and higher education, with particular emphasis given to each investment's impact on jobs and economic growth.



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For More Information

Please contact your local government association:



Ohio Township Association
614-863-0045
<http://www.ohiotownships.org/>



Ohio Municipal League
614-221-4349
<http://www.omloho.org/>



Ohio County Commissioners Association of Ohio
614-221-5627
<http://www.ccao.org/>



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QUESTIONS AND DISCUSSION

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