(122nd General Assembly)
(Amended Substitute House Bill Number 770)

AN ACT

To amend sections 126.14, 131.35, 131.44, 133.06, 325.19, 703.21, 718.01, 3301.0711, 3302.03, 3313.646, 3313.841, 3313.842, 3313.975, 3313.98, 3314.03, 3314.07, 3314.08, 3317.01, 3317.013, 3317.02, 3317.021, 3317.022, 3317.023, 3317.024, 3317.029, 3317.0212, 3317.0213, 3317.0214, 3317.0215, 3317.0216, 3317.03, 3317.05, 3317.051, 3317.06, 3317.082, 3317.10, 3317.11, 3317.161, 3317.19, 3318.06, 3318.08, 3318.10, 3319.22, 3323.091, 3323.12, 3323.142, 3734.28, 3734.57, 3734.82, 4123.40, 4701.10, 4701.20, 4743.05, 4745.01, 5101.93, 5104.32, 5104.34, 5104.35, 5104.38, 5126.04, 5126.05, 5711.22, 5733.04, 5733.05, 5733.057, 5733.0611, 5733.12, 5733.40, 5733.98, 5739.02, 5747.01, 5747.02, 5747.08, 5747.43, and 5747.98; to enact sections 107.031, 715.013, 3314.12, 3314.13, 3315.171, 3315.181, 3317.15, 3317.20, 3323.021, 3345.122, 3702.5212, 4981.091, 5733.058, 5733.401, 5733.402, 5747.37, 5747.401, 5747.511, 5907.022, and 5907.15; and to repeal section 5747.452 of the Revised Code; to amend section 3109.401 of the Revised Code as enacted by Am. Sub. S.B. 112 of the 122nd General Assembly; to repeal section 5747.511 of the Revised Code effective December 31, 2000; to amend Section 50.11 of Am. Sub. H.B. 215 of the 122nd General Assembly, as subsequently amended; to amend Section 50.11 of Am. Sub. H.B. 215 of the 122nd General Assembly, as subsequently amended, for the purpose of changing its number to section 3317.162 of the Revised Code; to

amend Sections 20.05, 47.13, 50.52, 50.52.2, 50.52.4, 50.52.7, 50.52.9, 58, 62.01, 67.08, 101, 119, 190, and 210 of Am. Sub. H.B. 215 of the 122nd General Assembly; to amend Section 67.05 of Am. Sub. H.B. 215 of the 122nd General Assembly, as amended by Sub. H.B. 446 of the 122nd General Assembly; to amend Sections 50, 50.07, 50.09, 50.10, 50.12, 50.13, 50.14, 50.24, 50.43, 50.44, 50.52.5, 50.52.10, and 69.03 of Am. Sub. H.B. 215 of the 122nd General Assembly, as amended by Am. Sub. H.B. 650 of the 122nd General Assembly; to amend Section 18 of Am. Sub. H.B. 650 of the 122nd General Assembly; to amend Section 50.06 of Am. Sub. H.B. 215 of the 122nd General Assembly, as amended by Am. Sub. H.B. 182 and Am. Sub. H.B. 650 of the 122nd General Assembly; and to repeal Section 50.52.12 of Am. Sub. H.B. 215 of the 122nd General Assembly to correct, supplement, and modify certain authorizations and conditions established for the operation and administration of state programs, to create the Committee to Establish the Veterans' Home Network to study the establishment of a network of facilities to expand the delivery of certain services to veterans, to authorize the Board of Trustees of the Ohio Veterans' Home to enter into certain agreements to provide those services, and to make appropriations for the biennium ending June 30, 1999.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 126.14, 131.35, 131.44, 133.06, 325.19, 703.21, 718.01, 3301.0711, 3302.03, 3313.646, 3313.841, 3313.842, 3313.975, 3313.98, 3314.03, 3314.07, 3314.08, 3317.01, 3317.013, 3317.02, 3317.021, 3317.022, 3317.023, 3317.024, 3317.029, 3317.0212, 3317.0213, 3317.0214, 3317.0215, 3317.0216, 3317.03, 3317.05, 3317.051, 3317.06,

3317.082, 3317.10, 3317.11, 3317.161, 3317.19, 3318.06, 3318.08, 3318.10, 3319.22, 3323.091, 3323.12, 3323.142, 3734.28, 3734.57, 3734.82, 4123.40, 4701.10, 4701.20, 4743.05, 4745.01, 5101.93, 5104.32, 5104.34, 5104.35, 5104.38, 5126.04, 5126.05, 5711.22, 5733.04, 5733.05, 5733.057, 5733.0611, 5733.12, 5733.40, 5733.98, 5739.02, 5747.01, 5747.02, 5747.08, 5747.43, and 5747.98 be amended and sections 107.031, 715.013, 3314.12, 3314.13, 3315.171, 3315.181, 3317.15, 3317.20, 3323.021, 3345.122, 3702.5212, 4981.091, 5733.058, 5733.401, 5733.402, 5747.37, 5747.401, 5747.511, 5907.022, and 5907.15 of the Revised Code be enacted, that section 3109.401 of the Revised Code as enacted by Am. Sub. S.B. 112 of the 122nd General Assembly be amended, and that Section 50.11 of Am. Sub. H.B. 215 of the 122nd General Assembly, as most recently amended by Am. Sub. H.B. 650 of the 122nd General Assembly, be amended and renumbered as section 3317.162 of the Revised Code to read as follows:

Sec. 107.031. Until the first committee appointed under division (C) of section 3317.012 Of the Revised Code to reexamine the cost of an adequate education makes its report to the office of budget and management and the general assembly, the governor shall ensure that among the various budget recommendations made by the governor and the director of budget and management to the general assembly each biennium there are recommendations for appropriations to the Ohio school facilities commission, aggregating not less than three hundred million dollars per fiscal year, for constructing, acquiring, replacing, reconstructing, or adding to classroom facilities, as such term is defined in section 3318.01 Of the Revised Code.

Sec. 126.14. The release of any money appropriated for the purchase of real estate shall be approved by the controlling board. The release of money appropriated for all other capital projects is also subject to the approval of the controlling board, except that the director of budget and management may approve the release of money appropriated for specific projects in accordance with the requirements of this section.

Within sixty days after the effective date of any act appropriating money for capital projects, the director shall determine which appropriations are for general projects and which are for specific projects. Specific projects may include specific higher education projects that are to be funded from general purpose appropriations from the higher education ~~improvements~~ improvement fund created in section 154.21 of the Revised Code. Upon determining which projects are general and which are specific, the director shall submit to the controlling board a list that includes a brief description of and the estimated expenditures for each specific project. The release of

money for any specific higher education projects that are to be funded from general purpose appropriations from the higher education ~~improvements~~ improvement fund but that are not included on the list, and the release of money for any specific higher education projects included on the list that will exceed the estimated expenditures by more than ten per cent, are subject to the approval of the controlling board. The director may create new appropriation line items and make transfers of appropriations to them for specific higher education projects included on the list that are to be funded from general purpose appropriations for basic renovations that are made from the higher education improvement fund.

Sec. 131.35. (A) With respect to the federal funds received into any fund of the state from which transfers may be made under division (D) of section 127.14 of the Revised Code:

(1) No state agency may make expenditures of any federal funds, whether such funds are advanced prior to expenditure or as reimbursement, unless such expenditures are made pursuant to specific appropriations of the general assembly identifying the federal program that is the source of funds, are authorized pursuant to section 131.38 of the Revised Code, are authorized by the controlling board pursuant to division (A)(5) of this section, or are authorized by an executive order issued in accordance with section 107.17 of the Revised Code, and until an allotment has been approved by the director of budget and management. All federal funds received by a state agency shall be reported to the director within fifteen days of the receipt of such funds or the notification of award, whichever occurs first. The director shall prescribe the forms and procedures to be used when reporting the receipt of federal funds.

(2) If the federal funds received are greater than the amount of such funds appropriated by the general assembly for a specific purpose, the total appropriation of federal and state funds for such purpose shall remain at the amount designated by the general assembly, except that the expenditure of federal funds received in excess of such specific appropriation may be authorized by the controlling board.

(3) To the extent that the expenditure of excess federal funds is authorized, the controlling board may transfer a like amount of general revenue fund appropriation authority from the affected agency to the emergency purposes appropriation of the controlling board, if such action is permitted under federal regulations.

(4) Additional funds may be created by the controlling board to receive revenues not anticipated in an appropriations act for the biennium in which such new revenues are received. Expenditures from such additional funds

may be authorized by the controlling board, but such authorization shall not extend beyond the end of the biennium in which such funds are created.

(5) Controlling board authorization for a state agency to make an expenditure of federal funds ~~under division (A)(1) of this section~~ constitutes authority for the agency to participate in the federal program providing the funds, and the agency is not required to obtain an executive order under section 107.17 of the Revised Code to participate in the federal program.

(B) With respect to nonfederal funds received into the waterways safety fund, the wildlife fund, and any fund of the state from which transfers may be made under division (D) of section 127.14 of the Revised Code:

(1) No state agency may make expenditures of any such funds unless the expenditures are made pursuant to specific appropriations of the general assembly.

(2) If the receipts received into any fund are greater than the amount appropriated, the appropriation for that fund shall remain at the amount designated by the general assembly or as increased and approved by the controlling board.

(3) Additional funds may be created by the controlling board to receive revenues not anticipated in an appropriations act for the biennium in which such new revenues are received. Expenditures from such additional funds may be authorized by the controlling board, but such authorization shall not extend beyond the end of the biennium in which such funds are created.

(C) The controlling board shall not authorize more than ten per cent of additional spending from the occupational licensing and regulatory fund, created in section 4743.05 of the Revised Code, in excess of any appropriation made by the general assembly to a licensing agency except an appropriation for costs related to the examination or reexamination of applicants for a license. As used in this division, "licensing agency" and "license" have the same meanings as in section 4745.01 of the Revised Code.

Sec. 131.44. (A) As used in this section:

(1) "Surplus revenue" means the excess, if any, of the total fund balance over the required year-end balance.

(2) "Total fund balance" means the sum of the unencumbered balance in the general revenue fund on the last day of the preceding fiscal year plus the balance in the budget stabilization fund.

(3) "Required year-end balance" means the sum of the following:

(a) Five per cent of the general revenue fund revenues for the preceding fiscal year;

(b) "Ending fund balance," which means one-half of one per cent of

general revenue fund revenues for the preceding fiscal year;

(c) "Carryover balance," which means, with respect to a fiscal biennium, the excess, if any, of the estimated general revenue fund appropriation and transfer requirement for the second fiscal year of the biennium over the estimated general revenue fund revenue for that fiscal year;

(d) "Capital appropriation reserve," which means the amount, if any, of general revenue fund capital appropriations made for the current biennium that the director of budget and management has determined will be encumbered or disbursed;

(e) "Income tax reduction impact reserve," which means an amount equal to the reduction projected by the director of budget and management in income tax revenue in the current fiscal year attributable to ~~the~~ any credit for a previous ~~reduction in the income tax rate made by the tax commissioner pursuant to division (B) of~~ taxable year under section ~~5747.02~~ 5747.37 of the Revised Code.

(4) "Estimated general revenue fund appropriation and transfer requirement" means the most recent adjusted appropriations made by the general assembly from the general revenue fund and includes both of the following:

(a) Appropriations made and transfers of appropriations from the first fiscal year to the second fiscal year of the biennium in provisions of acts of the general assembly signed by the governor but not yet effective;

(b) Transfers of appropriation from the first fiscal year to the second fiscal year of the biennium approved by the controlling board.

(5) "Estimated general revenue fund revenue" means the most recent such estimate available to the director of budget and management.

(B)(1) Not later than the thirty-first day of July each year, the director of budget and management shall determine the surplus revenue that existed on the preceding thirtieth day of June and transfer from the general revenue fund, to the extent of the unobligated, unencumbered balance on the preceding thirtieth day of June in excess of one-half of one per cent of the general revenue fund revenues in the preceding fiscal year, the following:

(a) First, to the budget stabilization fund, any amount necessary for the balance of the budget stabilization fund to equal five per cent of the general revenue fund revenues of the preceding fiscal year;

(b) Then, to the income tax reduction fund, which is hereby created in the state treasury, an amount equal to the surplus revenue.

(2) Not later than the thirty-first day of July each year, the director shall determine the percentage that the balance in the income tax reduction fund is of the amount of revenue that the director estimates will be received from

the tax levied under section 5747.02 of the Revised Code in the current fiscal year without regard to any reduction under ~~division (B) of that~~ section 5747.37 Of the Revised Code. If that percentage exceeds thirty-five one hundredths of one per cent, the director shall certify the percentage to the tax commissioner not later than the thirty-first day of July.

(C) The director of budget and management shall transfer money in the income tax reduction fund to the general revenue fund, the local government fund, the library and local government support fund, and the local government revenue assistance fund as necessary to offset revenue reductions resulting from the ~~reductions in taxes required~~ credit claimed under ~~division (B) of~~ section ~~5747.02~~ 5747.37 of the Revised Code in the respective amounts and percentages prescribed by divisions (A)(1), (2), and (4) of section 5747.03 of the Revised Code as if the amount transferred had been collected as taxes under Chapter 5747. of the Revised Code. If no ~~reductions in taxes are made~~ credits are authorized under that ~~division~~ section that affect revenue received in the current fiscal year, the director shall not transfer money from the income tax reduction fund to the general revenue fund, the local government fund, the library and local government support fund, and the local government revenue assistance fund.

Sec. 133.06. (A) A school district shall not incur, without a vote of the electors, net indebtedness that exceeds an amount equal to one-tenth of one per cent of its tax valuation except as provided in divisions (G) and (H) of this section and in division (C) of section 3313.372 of the Revised Code.

(B) Except as provided in divisions (E) and (F) of this section, a school district shall not incur net indebtedness that exceeds an amount equal to nine per cent of its tax valuation.

(C) A school district shall not submit to a vote of the electors the question of the issuance of securities in an amount that will make the district's net indebtedness after the issuance of the securities exceed an amount equal to four per cent of its tax valuation, unless the superintendent of public instruction, acting under policies adopted by the state board of education, and the tax commissioner, acting under written policies of the commissioner, consent to the submission. A request for the consents shall be made at least thirty days prior to the election at which the question is to be submitted except that the superintendent of public instruction and the tax commissioner may waive this thirty-day deadline or grant their consents after the election if the school district shows good cause for such waiver or consent after the election.

(D) In calculating the net indebtedness of a school district none of the following shall be considered:

(1) Securities issued to acquire school buses and other equipment used in transporting pupils or issued pursuant to division (D) of section 133.10 of the Revised Code;

(2) Securities issued under division (F) of this section, under section 133.301 of the Revised Code, and, to the extent in excess of the limitation stated in division (B) of this section, under division (E) of this section;

(3) Indebtedness resulting from the dissolution of a joint vocational school district under section 3311.217 of the Revised Code, evidenced by outstanding securities of that joint vocational school district;

(4) Loans, evidenced by any securities, received under sections 3313.483, 3317.0210, 3317.0211, and 3317.64 of the Revised Code;

(5) Debt incurred under section 3313.374 of the Revised Code;

(6) Debt incurred pursuant to division (B)(5) of section 3313.37 of the Revised Code to acquire computers and related hardware.

(E) A school district may become a special needs district as to certain securities as provided in division (E) of this section.

(1) A board of education, by resolution, may declare its school district to be a special needs district by determining both of the following:

(a) The student population is not being adequately serviced by the existing permanent improvements of the district.

(b) The district cannot obtain sufficient funds by the issuance of securities within the limitation of division (B) of this section to provide additional or improved needed permanent improvements in time to meet the needs.

(2) The board of education shall certify a copy of that resolution to the superintendent of public instruction with a statistical report showing all of the following:

(a) A history of and a projection of the growth of the student population;

(b) The history of and a projection of the growth of the tax valuation;

(c) The projected needs;

(d) The estimated cost of permanent improvements proposed to meet such projected needs.

(3) The superintendent of public instruction shall certify the district as an approved special needs district if the superintendent finds both of the following:

(a) The district does not have available sufficient additional funds from state or federal sources to meet the projected needs.

(b) The projection of the potential average growth of tax valuation during the next five years, according to the information certified to the superintendent and any other information the superintendent obtains,

indicates a likelihood of potential average growth of tax valuation of the district during the next five years of an average of not less than three per cent per year. The findings and certification of the superintendent shall be conclusive.

(4) An approved special needs district may incur net indebtedness by the issuance of securities in accordance with the provisions of this chapter in an amount that does not exceed an amount equal to the greater of the following:

(a) Nine per cent of the sum of its tax valuation plus an amount that is the product of multiplying that tax valuation by the percentage by which the tax valuation has increased over the tax valuation on the first day of the sixtieth month preceding the month in which its board determines to submit to the electors the question of issuing the proposed securities;

(b) Nine per cent of the sum of its tax valuation plus an amount that is the product of multiplying that tax valuation by the percentage, determined by the superintendent of public instruction, by which that tax valuation is projected to increase during the next ten years.

(F) A school district may issue securities for emergency purposes, in a principal amount that does not exceed an amount equal to three per cent of its tax valuation, as provided in this division.

(1) A board of education, by resolution, may declare an emergency if it determines both of the following:

(a) School buildings or other necessary school facilities in the district have been wholly or partially destroyed, or condemned by a constituted public authority, or that such buildings or facilities are partially constructed, or so constructed or planned as to require additions and improvements to them before the buildings or facilities are usable for their intended purpose, or that corrections to permanent improvements are necessary to remove or prevent health or safety hazards.

(b) Existing fiscal and net indebtedness limitations make adequate replacement, additions, or improvements impossible.

(2) Upon the declaration of an emergency, the board of education may, by resolution, submit to the electors of the district pursuant to section 133.18 of the Revised Code the question of issuing securities for the purpose of paying the cost, in excess of any insurance or condemnation proceeds received by the district, of permanent improvements to respond to the emergency need.

(3) The procedures for the election shall be as provided in section 133.18 of the Revised Code, except that:

(a) The form of the ballot shall describe the emergency existing, refer to this division as the authority under which the emergency is declared, and

state that the amount of the proposed securities exceeds the limitations prescribed by division (B) of this section;

(b) The resolution required by division (B) of section 133.18 of the Revised Code shall be certified to the county auditor and the board of elections at least seventy-five days prior to the election;

(c) The county auditor shall advise and, not later than sixty-five days before the election, confirm that advice by certification to, the board of education of the information required by division (C) of section 133.18 of the Revised Code;

(d) The board of education shall then certify its resolution and the information required by division (D) of section 133.18 of the Revised Code to the board of elections not less than sixty days prior to the election.

(4) Notwithstanding division (B) of section 133.21 of the Revised Code, the first principal payment of securities issued under this division may be set at any date not later than sixty months after the earliest possible principal payment otherwise provided for in that division.

(G) The board of education may contract with an architect, professional engineer, or other person experienced in the design and implementation of energy conservation measures for an analysis and recommendations pertaining to installations, modifications of installations, or remodeling that would significantly reduce energy consumption in buildings owned by the district. The report shall include estimates of all costs of such installations, modifications, or remodeling including costs of design, engineering, installation, maintenance, repairs, and debt service, and estimates of the amounts by which energy consumption and resultant operational and maintenance costs, as defined by the Ohio school facilities commission, would be reduced.

If the board finds after receiving the report that the amount of money the district would spend on such installations, modifications, or remodeling is not likely to exceed the amount of money it would save in energy and resultant operational and maintenance costs over the ensuing ~~ten~~ fifteen years, the board may submit to the commission a copy of its findings and a request for approval to incur indebtedness to finance the making or modification of installations or the remodeling of buildings for the purpose of significantly reducing energy consumption.

If the commission determines that the board's findings are reasonable, it shall approve the board's request. Upon receipt of the commission's approval, the district may issue securities without a vote of the electors in a principal amount not to exceed nine-tenths of one per cent of its tax valuation for the purpose of making such installations, or modifications, or

remodeling, but the total net indebtedness of the district without a vote of the electors incurred under this and all other sections of the Revised Code shall not exceed one per cent of the district's tax valuation.

So long as any securities issued under division (G) of this section remain outstanding, the board of education shall monitor the energy consumption and resultant operational and maintenance costs of buildings in which installations or modifications have been made or remodeling has been done pursuant to division (G) of this section and shall maintain and annually update a report documenting the reductions in energy consumption and resultant operational and maintenance cost savings attributable to such installations, modifications, or remodeling. The report shall be certified by an architect or engineer independent of any person that provided goods or services to the board in connection with the energy conservation measures that are the subject of the report. The resultant operational and maintenance cost savings shall be certified by the school district treasurer. The report shall be made available to the commission upon request.

(H) With the consent of the superintendent of public instruction, a school district may incur without a vote of the electors net indebtedness that exceeds the amounts stated in divisions (A) and (G) of this section for the purpose of paying costs of permanent improvements, if and to the extent that both of the following conditions are satisfied:

(1) The fiscal officer of the school district estimates that receipts of the school district from compensation derived from or under agreements entered into pursuant to section 5709.82 of the Revised Code, or distributions under division (C) of section 5709.43 of the Revised Code, or any combination thereof, are, after accounting for any appropriate coverage requirements, sufficient in time and amount, and are committed by the proceedings, to pay the debt charges on the securities issued to evidence that indebtedness and payable from those receipts, and the taxing authority of the district confirms the fiscal officer's estimate, which confirmation is approved by the superintendent of public instruction;

(2) The fiscal officer of the school district certifies, and the taxing authority of the district confirms, that the district, at the time of the certification and confirmation, reasonably expects to have sufficient revenue available for the purpose of operating such permanent improvements for their intended purpose upon acquisition or completion thereof, and the superintendent of public instruction approves the taxing authority's confirmation.

The maximum maturity of securities issued under division (H) of this section shall be the lesser of twenty years or the maximum maturity

calculated under section 133.20 of the Revised Code.

Sec. 325.19. (A)(1) The granting of vacation leave under division (A)(1) of this section is subject to divisions (A)(2) and (3) of this section. Each full-time employee in the several offices and departments of the county service, including full-time hourly rate employees, after service of one year with the county or any political subdivision of the state, shall have earned and will be due upon the attainment of the first year of employment, and annually thereafter, eighty hours of vacation leave with full pay. One year of service shall be computed on the basis of twenty-six biweekly pay periods. A full-time county employee with eight or more years of service with the county or any political subdivision of the state shall have earned and is entitled to one hundred twenty hours of vacation leave with full pay. A full-time county employee with fifteen or more years of service with the county or any political subdivision of the state shall have earned and is entitled to one hundred sixty hours of vacation leave with full pay. A full-time county employee with twenty-five years of service with the county or any political subdivision of the state shall have earned and is entitled to two hundred hours of vacation leave with full pay. Such vacation leave shall accrue to the employee at the rate of three and one-tenth hours each biweekly period for those entitled to eighty hours per year; four and six-tenths hours each biweekly period for those entitled to one hundred twenty hours per year; six and two-tenths hours each biweekly period for those entitled to one hundred sixty hours per year; and seven and seven-tenths hours each biweekly period for those entitled to two hundred hours per year.

(2) Full-time employees granted vacation leave under division (A)(1) of this section who render any standard of service other than forty hours per week as described in division ~~(I)~~(J) of this section and who are in active pay status in a biweekly pay period, shall accrue a number of hours of vacation leave during each such pay period that bears the same ratio to the number of hours specified in division (A)(1) of this section as their number of hours which are accepted as full-time in active pay status, excluding overtime hours, bears to eighty hours.

(3) Full-time employees granted vacation leave under division (A)(1) of this section who are in active pay status in a biweekly pay period for less than eighty hours or the number of hours of service otherwise accepted as full-time by their employing office or department shall accrue a number of hours of vacation leave during that pay period that bears the same ratio to the number of hours specified in division (A)(1) of this section as their number of hours in active pay status, excluding overtime hours, bears to

eighty or the number of hours of service accepted as full time, whichever is applicable.

(B) A board of county commissioners, by resolution, may grant vacation leave with full pay to part-time county employees. A part-time county employee shall be eligible for vacation leave with full pay upon the attainment of the first year of employment, and annually thereafter. The ratio between the hours worked and the vacation hours awarded to a part-time employee shall be the same as the ratio between the hours worked and the vacation hours earned by a full-time employee as provided for in this section.

(C) Days specified as holidays in section 124.19 of the Revised Code shall not be charged to an employee's vacation leave. Vacation leave shall be taken by the employee during the year in which it accrued and prior to the next recurrence of the anniversary date of the employee's employment, provided the appointing authority may, in special and meritorious cases, permit such employee to accumulate and carry over his vacation leave to the following year. No vacation leave shall be carried over for more than three years. An employee is entitled to compensation, at the employee's current rate of pay, for the prorated portion of any earned but unused vacation leave for the current year to the employee's credit at time of separation, and in addition shall be compensated for any unused vacation leave accrued to the employee's credit, with the permission of the appointing authority, for the three years immediately preceding the last anniversary date of employment.

(D)(1) In addition to vacation leave, a full-time county employee is entitled to eight hours of holiday pay for New Year's day, Martin Luther King day, Washington-Lincoln day, Memorial day, Independence day, Labor day, Columbus day, Veterans' day, Thanksgiving day, and Christmas day, of each year. Except as provided in division (D)(2) of this section, holidays shall occur on the days specified in section 1.14 of the Revised Code. In the event that any of the aforesaid holidays fall on Saturday, the Friday immediately preceding shall be observed as the holiday. In the event that any of the aforesaid holidays fall on Sunday, the Monday immediately succeeding shall be observed as the holiday. If an employee's work schedule is other than Monday through Friday, the employee is entitled to holiday pay for holidays observed on the employee's day off regardless of the day of the week on which they are observed.

(2) When a classified employee of a county board of mental retardation and developmental disabilities works at a site maintained by a government entity other than the board, such as a public school, the board may adjust the employee's holiday schedule to conform to the schedule adopted by the

government entity. Under an adjusted holiday schedule, an employee shall receive the number of hours of holiday pay granted under division (D)(1) of this section.

(E) In the case of the death of a county employee, the unused vacation leave and unpaid overtime to the credit of any such employee, shall be paid in accordance with section 2113.04 of the Revised Code, or to the employee's estate.

(F) Notwithstanding this section or any other section of the Revised Code, any appointing authority of a county office, department, commission, board, or body may, upon notification to the board of county commissioners, establish alternative schedules of vacation leave and holidays for employees of the appointing authority for whom the state employment relations board has not established an appropriate bargaining unit pursuant to section 4117.06 of the Revised Code, provided that the alternative schedules are not inconsistent with the provisions of a collective bargaining agreement covering other employees of that appointing authority.

(G) The employees of a county children services board that establishes vacation benefits under section 5153.12 of the Revised Code are exempt from division (A) of this section.

(H) The provisions of this section do not apply to superintendents and management employees of county boards of mental retardation and developmental disabilities.

(I) Division (A) of this section does not apply to an employee of a county board of mental retardation and developmental disabilities who works at, or provides transportation services to pupils of, a special education program provided by the county board pursuant to division (A)(4) of section 5126.05 Of the Revised Code, if the employee's employment is based on a school year and the employee is not subject to a contract with the county board that provides for division (A) of this section to apply to the employee.

(J) As used in this section:

(1) "Full-time employee" means an employee whose regular hours of service for a county total forty hours per week, or who renders any other standard of service accepted as full-time by an office, department, or agency of county service.

(2) "Part-time employee" means an employee whose regular hours of service for a county total less than forty hours per week, or who renders any other standard of service accepted as part-time by an office, department, or agency of county service, and whose hours of county service total at least five hundred twenty hours annually.

(3) "Management employee" has the same meaning as in section

5126.20 of the Revised Code.

Sec. 703.21. The surrender of corporate powers by a village under section 703.20 of the Revised Code does not affect vested rights or accrued liabilities of ~~such~~ the village, or the power to settle claims, dispose of property, or levy and collect taxes to pay existing obligations, but, after the presentation of the petition mentioned in ~~such~~ that section, the legislative authority of the village shall not create any new liability until the result of the election is declared, or thereafter, if the result is in favor of the surrender of corporate powers. Due and unpaid taxes may be collected after ~~such~~ the surrender, and all moneys or property remaining after the surrender belongs to the ~~school district embracing~~ township or townships located wholly or partly within the village. If more than one township is to receive the remaining money or property, the money and property shall be divided among the townships in proportion to the amount of territory that each township has within the village boundaries as compared to the total township territory within the village.

Sec. 715.013. Except as otherwise expressly authorized by the Revised Code, no municipal corporation shall levy a tax that is the same as or similar to a tax levied under Chapter 322., 3734., 3769., 4123., 4141., 4301., 4303., 4305., 4307., 4309., 5707., 5725., 5727., 5728., 5729., 5731., 5735., 5737., 5739., 5741., 5743., or 5749. of the Revised Code.

This section does not prohibit a municipal corporation from levying a tax on amounts received for admission to any place.

Sec. 718.01. (A) As used in this chapter:

(1) "Internal Revenue Code" means the Internal Revenue Code of 1986, 100 Stat. 2085, 26 U.S.C. 1, as amended.

(2) "Schedule C" means internal revenue service schedule C filed by a taxpayer pursuant to the Internal Revenue Code.

(3) "Form 2106" means internal revenue service form 2106 filed by a taxpayer pursuant to the Internal Revenue Code.

(4) "Intangible income" means income of any of the following types: income yield, interest, dividends, or other income arising from the ownership, sale, exchange, or other disposition of intangible property including, but not limited to, investments, deposits, money, or credits as those terms are defined in Chapter 5701. of the Revised Code.

(B) No municipal corporation with respect to that income which it may tax shall tax such income at other than a uniform rate.

(C) No municipal corporation shall levy a tax on income at a rate in excess of one per cent without having obtained the approval of the excess by a majority of the electors of the municipality voting on the question at a

general, primary, or special election. The legislative authority of the municipal corporation shall file with the board of elections at least seventy-five days before the day of the election a copy of the ordinance together with a resolution specifying the date the election is to be held and directing the board of elections to conduct the election. The ballot shall be in the following form: "Shall the Ordinance providing for a ... per cent levy on income for (Brief description of the purpose of the proposed levy) be passed?

FOR THE INCOME TAX

AGAINST THE INCOME TAX"

In the event of an affirmative vote, the proceeds of the levy may be used only for the specified purpose.

(D)(1) Except as otherwise provided in division (D)(2) of this section, no municipal corporation shall exempt from a tax on income, compensation for personal services of individuals over eighteen years of age or the net profit from a business or profession.

(2) The legislative authority of a municipal corporation may, by ordinance or resolution, exempt from a tax on income any compensation arising from the grant, sale, exchange, or other disposition of a stock option; the exercise of a stock option; or the sale, exchange, or other disposition of stock purchased under a stock option.

(E) Nothing in this section shall prevent a municipal corporation from permitting lawful deductions as prescribed by ordinance. If a taxpayer's taxable income includes income against which the taxpayer has taken a deduction for federal income tax purposes as reportable on the taxpayer's form 2106, and against which a like deduction has not been allowed by the municipal corporation, the municipal corporation shall deduct from the taxpayer's taxable income an amount equal to the deduction shown on such form allowable against such income, to the extent not otherwise so allowed as a deduction by the municipal corporation. In the case of a taxpayer who has a net profit from a business or profession that is operated as a sole proprietorship, no municipal corporation may tax or use as the base for determining the amount of the net profit that shall be considered as having a taxable situs in the municipal corporation, a greater amount than the net profit reported by the taxpayer on schedule C filed in reference to the year in question as taxable income from such sole proprietorship, except as otherwise specifically provided by ordinance or regulation.

(F) No municipal corporation shall tax any of the following:

(1) The military pay or allowances of members of the armed forces of the United States and of members of their reserve components, including the

Ohio national guard;

(2) The income of religious, fraternal, charitable, scientific, literary, or educational institutions to the extent that such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property, or tax-exempt activities;

(3) Except as otherwise provided in division (G) of this section, intangible income;

(4) Compensation paid under section 3501.28 or 3501.36 of the Revised Code to a person serving as a precinct election official, to the extent that such compensation does not exceed one thousand dollars annually. Such compensation in excess of one thousand dollars may be subjected to taxation by a municipal corporation. A municipal corporation shall not require the payer of such compensation to withhold any tax from that compensation.

(5) Compensation paid to an employee of a transit authority, regional transit authority, or regional transit commission created under Chapter 306. of the Revised Code for operating a transit bus or other motor vehicle for the authority or commission in or through the municipal corporation, unless the bus or vehicle is operated on a regularly scheduled route, the operator is subject to such a tax by reason of residence or domicile in the municipal corporation, or the headquarters of the authority or commission is located within the municipal corporation.

(6) The income of a public utility when that public utility is subject to the tax levied under section 5727.30 of the Revised Code.

(G) Any municipal corporation that taxes any type of intangible income on March 29, 1988, pursuant to Section 3 of Amended Substitute Senate Bill No. 238 of the 116th general assembly, may continue to tax that type of income after 1988 if a majority of the electors of the municipal corporation voting on the question of whether to permit the taxation of that type of intangible income after 1988 vote in favor thereof at an election held on November 8, 1988.

(H) Nothing in this section or section 718.02 of the Revised Code, shall authorize the levy of any tax on income which a municipal corporation is not authorized to levy under existing laws or shall require a municipal corporation to allow a deduction from taxable income for losses incurred from a sole proprietorship or partnership.

Sec. 3109.401. (A) The general assembly finds the following:

(1) That the parent and child relationship is of fundamental importance to the welfare of a child, and that the relationship between a child and each parent should be fostered unless inconsistent with the child's best interests;

(2) That parents have the responsibility to make decisions and perform

other parenting functions necessary for the care and growth of their children;

(3) That the courts, when allocating parenting functions and responsibilities with respect to the child in a divorce, dissolution, legal separation, annulment, or any other proceeding addressing the allocation of parental rights and responsibilities, must determine the child's best interests;

(4) That the courts and parents must take into consideration the following general principles when allocating parental rights and responsibilities and developing appropriate terms for parenting plans:

(a) Children are served by a parenting arrangement that best provides for a child's safety, emotional growth, health, stability, and physical care.

(b) Exposure of the child to harmful parental conflict should be minimized as much as possible.

(c) Whenever appropriate, parents should be encouraged to meet their responsibilities to their children through agreements rather than by relying on judicial intervention.

(d) When a parenting plan provides for mutual decision-making responsibility by the parents but they are unable to make decisions mutually, they should make a good faith effort to utilize the mediation process as required by the parenting plan.

(e) In apportioning between the parents the daily physical living arrangements of the child and the child's location during legal and school holidays, vacations, and days of special importance, a court should not impose any type of standard schedule unless a standard schedule meets the needs of the child better than any proposed alternative parenting plan.

(B) It is, therefore, the purpose of Chapter 3109. of the Revised Code, when it is in the child's best interest, to foster the relationship between the child and each parent when a court allocates parental rights and responsibilities with respect to the child in a divorce, dissolution, legal separation, annulment, or any other proceeding addressing the allocation of parental rights and responsibilities.

(C) There is hereby created the task force on family law and children consisting of twenty-four members. The Ohio state bar association shall appoint three members who shall be attorneys with extensive experience in the practice of family law. The Ohio association of domestic relations judges shall appoint three members who shall be domestic relations judges. The Ohio association of juvenile and family court judges shall appoint three members who shall be juvenile or family court judges. The chief justice of the supreme court shall appoint eight members, three of whom shall be persons who practice in the field of family law mediation, two of whom shall be persons who practice in the field of child psychology, one of whom

shall be a person who represents parent and child advocacy organizations, one of whom shall be a person who provides parenting education services, and one of whom shall be a magistrate employed by a domestic relations or juvenile court. The speaker of the house of representatives shall appoint two members who shall be members of the house of representatives and who shall be from different political parties. The president of the senate shall appoint two members who shall be members of the senate and who shall be from different political parties. The governor shall appoint two members who shall represent child caring agencies. One member shall be the director of human services or the director's designee. The chief justice shall designate one member of the task force to chair the task force.

The appointing authorities and persons shall make ~~initial~~ appointments to the task force on family law and children within thirty days after the effective date of this section. ~~Initial appointments to the task force shall be for terms ending July 1, 1999. Thereafter, terms of office shall be for two years, with each term ending on the first day of July of the following odd-numbered year. Members who are members of the general assembly shall hold office until the end of the term for which the member was appointed or until the person ceases to be a member of the general assembly, whichever occurs first. The director of human services shall hold office until the director ceases to be director of human services. Each member shall hold office from the date of the person's appointment until the end of the term for which the member was appointed. Members may be reappointed. Vacancies shall be filled in the manner provided for original appointments. Any member appointed to fill a vacancy occurring prior to the expiration date of the term for which the member's predecessor was appointed shall hold office as a member for the remainder of that term. A member shall continue in office subsequent to the expiration date of the member's term until the member's successor takes office or until a period of sixty days has elapsed, whichever occurs first.~~ Section 101.84 of the Revised Code does not apply to the task force.

(D) The task force on family law and children shall do all of the following:

(1) Appoint and fix the compensation of any technical, professional, and clerical employees and perform any services that are necessary to carry out the powers and duties of the task force on family law and children. All employees of the task force shall serve at the pleasure of the task force.

(2) By December 31, 1999, submit to the speaker and minority leader of the house of representatives and to the president and the minority leader of the senate a report of its findings and recommendations on how to create a

more civilized and constructive process for the parenting of children whose parents do not reside together. The recommendations shall propose a system to do all of the following:

(a) Put children first;

(b) Provide families with choices before they make a decision to obtain or finalize a divorce, dissolution, legal separation, or annulment;

(c) Redirect human services to intervention and prevention, rather than supporting the casualties of the current process;

(d) Avoid needless conflict between the participants;

(e) Encourage problem solving among the participants;

(f) Force the participants to act responsibly;

(g) Shield both the participants and their children from lasting emotional damage.

(3) Gather information on and study the current state of family law in this state;

(4) Collaborate and consult with entities engaged in family and children's issues including, but not limited to, the Ohio association of child caring agencies, the Ohio family court feasibility study, and the Ohio courts futures commission;

(5) Utilize findings and outcomes from pilot projects conducted by the Ohio family court feasibility study to explore alternatives in creating a more civilized and constructive process for the parenting of children whose parents do not reside together with an emphasis on the areas of mediation and obtaining visitation compliance.

(E) Courts of common pleas shall cooperate with the task force on family law and children in the performance of the task force's duties described in division (D) of this section.

Sec. 3301.0711. (A) The department of education shall:

(1) Annually furnish, grade, and score all tests required by section 3301.0710 of the Revised Code to city, local, and exempted village school districts;

(2) Adopt rules for the ethical use of tests and prescribing the manner in which the tests prescribed by section 3301.0710 of the Revised Code shall be administered to students.

(B) Except as provided in divisions (C) and (J)(2) of this section, the board of education of each city, local, and exempted village school district shall, in accordance with rules adopted under division (A) of this section:

(1) Administer the test prescribed under division (A)(1) of section 3301.0710 of the Revised Code to measure skill in reading as follows:

(a) For students entering fourth grade in school years that start prior to

July 1, 2001, at least once annually to all students in the fourth grade;

(b) For students entering fourth grade beginning with the school year that starts July 1, 2001, twice annually to all students in the fourth grade who have not attained the score designated for that test under division (A)(1) of section 3301.0710 of the Revised Code and once each summer to students receiving summer remediation services under division (B)(3) of section 3313.608 of the Revised Code.

(2) Administer the tests prescribed under division (A)(1) of section 3301.0710 of the Revised Code to measure skill in writing, mathematics, science, and citizenship at least once annually to all students in the fourth grade.

(3) Administer the tests prescribed under division (A)(2) of section 3301.0710 of the Revised Code at least once annually to all students in the sixth grade.

(4) Administer any tests prescribed under division (A)(3) of section 3301.0710 of the Revised Code at least once annually to any student in the twelfth grade who, on all the tests prescribed under division (B) of that section, has attained the applicable scores designated under such division prior to the first day of January of that year.

(5) Administer any test prescribed under division (B) of section 3301.0710 of the Revised Code as follows:

(a) At least once annually, subsequent to the fifteenth day of March, to all tenth grade students and at least twice annually to all students in eleventh or twelfth grade who have not yet attained the score on that test designated under that division;

(b) To any person who has successfully completed the curriculum in any high school or the individualized education program developed for the person by any high school pursuant to section 3323.08 of the Revised Code but has not received a high school diploma and who requests to take such test, at any time such test is administered in the district.

(C)(1) Any student receiving special education services under Chapter 3323. of the Revised Code shall be excused from taking any particular test required to be administered under this section if the individualized education program developed for the student pursuant to section 3323.08 of the Revised Code excuses the student from taking that test. In the case of any student so excused from taking a test, the school district board of education shall not prohibit the student from taking the test. Any student enrolled in a chartered nonpublic school who has been identified, based on an evaluation conducted in accordance with section 3323.03 of the Revised Code or section 504 of the "Rehabilitation Act of 1973," 87 Stat. 355, 29 U.S.C.A.

794, as amended, as a child with a disability shall be excused from taking any particular test required to be administered under this section if a plan developed for the student pursuant to rules adopted by the state board excuses the student from taking that test. In the case of any student so excused from taking a test, the chartered nonpublic school shall not prohibit the student from taking the test.

(2) A district board may, for medical reasons or other good cause, excuse a student from taking a test administered under this section on the date scheduled, but any such test shall be administered to such excused student not later than fifteen days following the scheduled date. The board shall annually report the number of students who have not taken one or more of the tests required by this section to the state board of education not later than the thirtieth day of June.

(D) In the school year next succeeding the school year in which the tests prescribed by division (A)(1) of section 3301.0710 of the Revised Code are administered to any student, the board of education of any school district in which the student is enrolled in that year shall provide intervention services to the student in any skill in which the student failed on those tests to demonstrate at least fourth-grade levels of literacy and basic competency. This division does not apply to any student receiving services pursuant to an individualized education program developed for the student pursuant to section 3323.08 of the Revised Code.

(E) Except as provided in section 3313.608 of the Revised Code and division (M) of this section, no school district board of education shall permit any student to be denied promotion to a higher grade level solely because of the student's failure to attain a specified score on any test administered under this section.

(F) No person shall be charged a fee for taking any test administered under this section.

(G) Not later than sixty days after any administration of any test prescribed by section 3301.0710 of the Revised Code, the department shall send to each school district board a list of the individual test scores of all persons taking the test.

(H) Individual test scores on any tests administered under this section shall be released by a district board only in accordance with section 3319.321 of the Revised Code and the rules adopted under division (A) of this section. No district board or its employees shall utilize individual or aggregate test results in any manner that conflicts with rules for the ethical use of tests adopted pursuant to division (A) of this section.

(I) Except as provided in division (G) of this section, the department

shall not release any individual test scores on any test administered under this section and shall adopt rules to ensure the protection of student confidentiality at all times.

(J) Notwithstanding division (D) of section 3311.19 and division (D) of section 3311.52 of the Revised Code, this section does not apply to the board of education of any joint vocational or cooperative education school district except as provided under rules adopted pursuant to this division.

(1) In accordance with rules that the state board of education shall adopt, the board of education of any city, exempted village, or local school district with territory in a joint vocational school district or a cooperative education school district established pursuant to divisions (A) to (C) of section 3311.52 of the Revised Code may enter into an agreement with the board of education of the joint vocational or cooperative education school district for administering any test prescribed under this section to students of the city, exempted village, or local school district who are attending school in the joint vocational or cooperative education school district.

(2) In accordance with rules that the state board of education shall adopt, the board of education of any city, exempted village, or local school district with territory in a cooperative education school district established pursuant to section 3311.521 of the Revised Code shall enter into an agreement with the cooperative district that provides for the administration of any test prescribed under this section to both of the following:

(a) Students who are attending school in the cooperative district and who, if the cooperative district were not established, would be entitled to attend school in the city, local, or exempted village school district pursuant to section 3313.64 or 3313.65 of the Revised Code;

(b) Persons described in division (B)(5)(b) of this section.

Any testing of students pursuant to such an agreement shall be in lieu of any testing of such students or persons pursuant to this section.

(K)(1) Any chartered nonpublic school may participate in the testing program by administering any of the tests prescribed by section 3301.0710 of the Revised Code if the chief administrator of the school specifies which tests the school wishes to administer. Such specification shall be made in writing to the superintendent of public instruction prior to the first day of August of any school year in which tests are administered and shall include a pledge that the nonpublic school will administer the specified tests in the same manner as public schools are required to do under this section and rules adopted by the department.

(2) The department of education shall furnish the tests prescribed by section 3301.0710 of the Revised Code to any chartered nonpublic school

electing to participate under this division.

(L)(1) Except as provided in division (L)(3) of this section, the superintendent of the state school for the blind and the superintendent of the state school for the deaf shall administer the tests described by section 3301.0710 of the Revised Code. Each superintendent shall administer the tests in the same manner as district boards are required to do under this section and rules adopted by the department of education.

(2) The department of education shall furnish the tests described by section 3301.0710 of the Revised Code to each superintendent.

(3) Any student enrolled in the state school for the blind or the state school for the deaf shall be excused from taking any particular test required to be administered under division (L)(1) of this section if the individualized education program developed for the student pursuant to section 3323.08 of the Revised Code excuses the student from taking that test. In the case of any student so excused from taking a test, the superintendent of the school shall not prohibit the student from taking the test.

(M) Notwithstanding division (E) of this section, beginning July 1, 1999, a school district may retain any student for an additional year in such student's current grade level if such student has failed to attain the designated scores on three or more of the five tests described by division (A)(1) or (2) of section 3301.0710 of the Revised Code.

This division does not supersede the requirements of section 3313.608 of the Revised Code.

(N) ~~Effective July 1, 1999, the department of education shall make available to the public the state's proficiency tests offered the previous year. The department shall continue to make these documents available to the public each year following the administration of the test. Only the tests administered the previous year shall be available to the public~~ (1) All proficiency tests required by section 3301.0710 Of the Revised Code shall become public records pursuant to section 149.43 Of the Revised Code on the first day of July following the school year that the test was administered.

(2) The department may field test proposed proficiency test questions with samples of students to determine the validity, reliability, or appropriateness of test questions for possible inclusion in a future year's proficiency test.

Field test questions shall not be considered in computing test scores for individual students. Field test questions may be included as part of the administration of any proficiency test required by section 3301.0710 Of the Revised Code.

(3) Any field test question administered under division (N)(2) of this

section shall not be a public record. Such field test questions shall be redacted from any proficiency tests which are released as a public record pursuant to division (N)(1) of this section.

Sec. 3302.03. (A) Beginning with the fiscal year that starts on July 1, 1999, every three years the department of education shall calculate and report for each school district its percentages on each of the performance indicators listed in section 3302.02 of the Revised Code and shall specify for each such district the extent to which the acceptable performance indicator has been achieved and whether the district is an effective school district, needs continuous improvement, is under an academic watch, or is in a state of academic emergency.

(B)(1) A school district shall be declared an effective school district if it meets at least ninety-four per cent of the state performance standards.

(2) A school district shall be declared to be in need of continuous improvement if it meets more than fifty per cent but less than ninety-four per cent of the state performance standards.

(3) A school district shall be declared to be under an academic watch if it meets more than thirty-three per cent but not more than fifty per cent of the state performance standards.

(4) A school district shall be declared to be in a state of academic emergency if it does not meet more than thirty-three per cent of the state performance standards.

(C) Whenever feasible, the department shall utilize three-year averaging of the district's percentages on the performance standards specified in section 3302.02 of the Revised Code.

~~(C)~~(D)(1) The department shall issue annual report cards for each shool district and for the state as a whole based on education and fiscal performance data.

(2) The department shall not include in the report card required by this division proficiency test passage data according to any ethnic, racial, or gender classification.

Sec. 3313.646. (A) The board of education of a school district, except a cooperative education district established pursuant to section 3311.521 of the Revised Code, may establish and operate a preschool program except that no such program shall be established after March 17, 1989, unless both of the following apply at the time the program is established:

(1) The board has demonstrated a need for the program.

(2) Unless it is a cooperative education district established pursuant to divisions (A) to (C) of section 3311.52 of the Revised Code, the school district is eligible for moneys distributed by the department of education

pursuant to section 3317.029 of the Revised Code. A board may use school funds in support of preschool programs. The board shall maintain, operate, and admit children to any such program pursuant to rules adopted by such board and the rules of the state board of education adopted under sections 3301.52 to 3301.57 of the Revised Code.

A board of education may establish fees or tuition, which may be graduated in proportion to family income, for participation in a preschool program. In cases where payment of fees or tuition would create a hardship for the child's parent or guardian, the board may waive any such fees or tuition.

(B) No board of education that is not receiving funds under the "Head Start Act," 95 Stat. 489 (1981), 42 U.S.C.A. 9831, on March 17, 1989, shall compete for funds under the "Head Start Act" with any grantee receiving funds under that act.

(C) A board of education may contract with any of the following preschool providers to provide preschool programs, other than programs for units described by ~~division (E)~~ divisions (B) and (C) of section 3317.05 of the Revised Code, for children of the school district:

(1) Any organization receiving funds under the "Head Start Act";

(2) Any nonsectarian eligible nonpublic school as defined in division (H) of section 3301.52 of the Revised Code;

(3) Any child day-care provider licensed under Chapter 5104. of the Revised Code.

Boards may contract to provide preschool programs only with such organizations whose staff meet the requirements of rules adopted under section 3301.53 of the Revised Code or those of the child development associate credential established by the national association for the education of young children.

(D) A contract entered into under division (C) of this section may provide for the board of education to lease school facilities to the preschool provider or to furnish transportation, utilities, or staff for the preschool program.

(E) The treasurer of any board of education operating a preschool program pursuant to this section shall keep an account of all funds used to operate the program in the same manner as he would any other funds of the district pursuant to this chapter.

Sec. 3313.841. The boards of education and governing boards of two or more city, local, joint vocational, or exempted village school districts or educational service centers may contract in accordance with the terms of this section for the sharing on a cooperative basis of the services of supervisory

teachers, special instruction teachers, special education teachers, and other licensed personnel necessary to conduct approved cooperative classes ~~of the type described in division (B) of section 3317.05 of the Revised Code for handicapped pupils~~ for special education and related services and gifted education.

The boards of two or more districts or service centers desiring to enroll students in such classes shall each adopt resolutions indicating such desire and designating one of the participating districts or service centers as the funding agent for purposes of this section. The district or service center designated as the funding agent shall enter into an employment contract with each licensed teacher whose services are to be shared among the participating districts and service centers. In turn, the funding agent shall enter into contracts with each of the districts and service centers which have adopted resolutions agreeing to participate in the cooperative program upon terms agreed to by all parties to such contract. Such contracts between districts and service centers shall set forth the services to be provided by the licensed teacher employed by the funding agent whose services are to be shared by the participating districts and service centers and the basis for computing the amounts to be paid for such services to the funding agent by the participating districts and service centers.

For purposes of division (B) of section 3317.05 of the Revised Code, the funding agent shall count all pupils enrolled in cooperative programs for handicapped pupils as pupils enrolled in such programs in the funding agent district. Upon receipt of payment for such programs, the funding agent district shall credit the account of districts participating in the cooperative program for the amounts due under contracts entered into under the terms of this section in proportion to the number of resident students enrolled in the cooperative program from each participating district and service center.

In determining the terms of the contract entered into by the funding agent district or service center and the participating districts and service centers, the superintendent of schools of each participating board of education and governing board shall serve as a committee which shall recommend such terms to such boards.

Sec. 3313.842. The boards of education of any two or more school districts may enter into an agreement for joint or cooperative establishment and operation of any educational program including any class, course, or program that may be included in a school district's graded course of study and staff development programs for teaching and nonteaching school employees. Each school district that is party to such an agreement may contribute funds of the district in support of the agreement and for the

establishment and operation of any educational program established under the agreement. The agreement shall designate one of the districts as the district responsible for receiving and disbursing the funds contributed by the districts that are parties to the agreement.

~~A student participating in an educational program established pursuant to this section shall be included in the formula ADM certified under section 3317.03 of the Revised Code of the district in which the student is enrolled.~~

Sec. 3313.975. As used in this section and in sections 3313.975 to 3313.979 of the Revised Code, "the pilot project school district" or "the district" means any school district included in the pilot project scholarship program pursuant to this section.

(A) The superintendent of public instruction shall establish a pilot project scholarship program and shall include in such program any school districts that are or have ever been under federal court order requiring supervision and operational management of the district by the state superintendent. The program shall provide for a number of students residing in any such district to receive scholarships to attend alternative schools, and for an equal number of students to receive tutorial assistance grants while attending public school in any such district.

(B) The state superintendent shall establish an application process and deadline for accepting applications from students residing in the district to participate in the scholarship program. In the initial year of the program students may only use a scholarship to attend school in grades kindergarten through third.

The state superintendent shall award as many scholarships and tutorial assistance grants as can be funded given the amount appropriated for the program. In no case, however, shall more than fifty per cent of all scholarships awarded be used by students who were enrolled in a nonpublic school during the school year of application for a scholarship.

(C)(1) The pilot project program shall continue in effect each year that the general assembly has appropriated sufficient money to fund scholarships and tutorial assistance grants. In each year the program continues, no new students may receive scholarships unless they are enrolled in grade kindergarten, one, two, or three. However, any student who has received a scholarship the preceding year may continue to receive one until the student has completed grade eight.

(2) If the general assembly discontinues the scholarship program, all students who are attending an alternative school under the pilot project shall be entitled to continued admittance to that specific school through all grades up to the eighth grade that are provided in such school, under the same

conditions as when they were participating in the pilot project. The state superintendent shall continue to make scholarship payments in accordance with division (A) or (B) of section 3313.979 of the Revised Code for students who remain enrolled in an alternative school under this provision in any year that funds have been appropriated for this purpose.

If funds are not appropriated, the tuition charged to the parents of a student who remains enrolled in an alternative school under this provision shall not be increased beyond the amount equal to the amount of the scholarship plus any additional amount charged that student's parent in the most recent year of attendance as a participant in the pilot project, except that tuition for all the students enrolled in such school may be increased by the same percentage.

(D) Notwithstanding sections 124.39, 3307.35, and 3319.17 of the Revised Code, if the pilot project school district experiences a decrease in enrollment due to participation in a state-sponsored scholarship program pursuant to sections 3313.974 to 3313.979 of the Revised Code, the district board of education may enter into an agreement with any teacher it employs to provide to that teacher severance pay or early retirement incentives, or both, if the teacher agrees to terminate the employment contract with the district board, provided any collective bargaining agreement in force pursuant to Chapter 4117. of the Revised Code does not prohibit such an agreement for termination of a teacher's employment contract.

~~(E) The state superintendent shall make a grant to the pilot project school district sufficient to defray one hundred per cent of the additional costs to the district of providing transportation to and from the alternative school for all students utilizing a scholarship to attend an alternative school.~~

Sec. 3313.98. Notwithstanding division (D) of section 3311.19 and division (D) of section 3311.52 of the Revised Code, the provisions of this section and sections 3313.981 to 3313.983 of the Revised Code that apply to a city school district do not apply to a joint vocational or cooperative education school district unless expressly specified.

(A) As used in this section and sections 3313.981 to 3313.983 of the Revised Code:

(1) "Parent" means either of the natural or adoptive parents of a student, except under the following conditions:

(a) When the marriage of the natural or adoptive parents of the student has been terminated by a divorce, dissolution of marriage, or annulment or the natural or adoptive parents of the student are living separate and apart under a legal separation decree and the court has issued an order allocating the parental rights and responsibilities with respect to the student, "parent"

means the residential parent as designated by the court except that "parent" means either parent when the court issues a shared parenting decree.

(b) When a court has granted temporary or permanent custody of the student to an individual or agency other than either of the natural or adoptive parents of the student, "parent" means the legal custodian of the child.

(c) When a court has appointed a guardian for the student, "parent" means the guardian of the student.

(2) "Native student" means a student entitled under section 3313.64 or 3313.65 of the Revised Code to attend school in a district adopting a resolution under this section.

(3) "Adjacent district" means a city, exempted village, or local school district having territory that abuts the territory of a district adopting a resolution under this section.

(4) "Adjacent district student" means a student entitled under section 3313.64 or 3313.65 of the Revised Code to attend school in an adjacent district.

(5) "Adjacent district joint vocational student" means an adjacent district student who enrolls in a city, exempted village, or local school district pursuant to this section and who also enrolls in a joint vocational school district that does not contain the territory of the district for which that student is a native student and does contain the territory of the city, exempted village, or local district in which the student enrolls.

(6) "Adjusted formula amount" means the formula amount defined in division (B) of section 3317.02 of the Revised Code multiplied by the cost-of-doing-business factor for a district defined in division (N) of section 3317.02 of the Revised Code.

(7) "Poverty line" means the poverty line established by the director of the United States office of management and budget as revised by the director of the office of community services in accordance with section 673(2) of the "Community Services Block Grant Act," 95 Stat. 1609, 42 U.S.C.A. 9902, as amended.

(8) "IEP" means an individualized education program defined by division (E) of section 3323.01 of the Revised Code.

(9) "Other district" means a city, exempted village, or local school district having territory outside of the territory of a district adopting a resolution under this section.

(10) "Other district student" means a student entitled under section 3313.64 or 3313.65 of the Revised Code to attend school in an other district.

(11) "Other district joint vocational student" means a student who is enrolled in any city, exempted village, or local school district and who also

enrolls in a joint vocational school district that does not contain the territory of the district for which that student is a native student in accordance with a policy adopted under section 3313.983 of the Revised Code.

(B)(1) The board of education of each city, local, and exempted village school district ~~may~~ shall adopt a resolution establishing for the school district one of the following policies:

(a) A policy that entirely prohibits the enrollment of students from adjacent districts or other districts, other than students for whom tuition is paid in accordance with section 3317.08 of the Revised Code~~,~~;

(b) A policy that permits enrollment of students from all adjacent districts in accordance with ~~a~~ policy statements contained in the resolution~~, or~~;

(c) A policy that permits enrollment of students from all other districts in accordance with ~~a~~ policy statements contained in the resolution.

(2) A policy permitting enrollment of students from adjacent or from other districts, as applicable, shall provide for all of the following:

~~(1)~~(a) Application procedures, including deadlines for application and for notification of students and the superintendent of the applicable district whenever an adjacent or other district student's application is approved.

~~(2)~~(b) Procedures for admitting adjacent or other district applicants free of any tuition obligation to the district's schools, including, but not limited to:

~~(a)~~(i) The establishment of district capacity limits by grade level, school building, and education program;

~~(b)~~(ii) A requirement that all native students wishing to be enrolled in the district will be enrolled and that any adjacent or other district students previously enrolled in the district shall receive preference over first-time applicants;

~~(c)~~(iii) Procedures to ensure that an appropriate racial balance is maintained in the district schools.

(C) Except as provided in section 3313.982 of the Revised Code, the procedures for admitting adjacent or other district students, as applicable, shall not include:

(1) Any requirement of academic ability, or any level of athletic, artistic, or other extracurricular skills;

(2) Limitations on admitting applicants because of handicapping conditions, except that a board may refuse to admit a student receiving services under Chapter 3323. of the Revised Code, if the services described in the student's IEP are not available in the district's schools;

(3) A requirement that the student be proficient in the English language;

(4) Rejection of any applicant because the student has been subject to disciplinary proceedings, except that if an applicant has been suspended or expelled by the student's district for ten consecutive days or more in the term for which admission is sought or in the term immediately preceding the term for which admission is sought, the procedures may include a provision denying admission of such applicant.

(D)(1) Each school board permitting only enrollment of adjacent district students shall provide information about the policy adopted under this section, including the application procedures and deadlines, to the superintendent and the board of education of each adjacent district and, upon request, to the parent of any adjacent district student.

(2) Each school board permitting enrollment of other district students shall provide information about the policy adopted under this section, including the application procedures and deadlines, upon request, to the board of education of any other school district or to the parent of any student anywhere in the state.

(E) Any school board shall accept all credits toward graduation earned in adjacent or other district schools by an adjacent or other district student or a native student.

(F)(1) No board of education may adopt a policy discouraging or prohibiting its native students from applying to enroll in the schools of an adjacent or any other district that has adopted a policy permitting such enrollment, except that:

(a) A district may object to the enrollment of a native student in an adjacent or other district in order to maintain an appropriate racial balance.

(b) The board of education of a district receiving funds under 64 Stat. 1100 (1950), 20 U.S.C.A. 236 et seq., as amended, may adopt a resolution objecting to the enrollment of its native students in adjacent or other districts if at least ten per cent of its students are included in the determination of the United States secretary of education made under section 20 U.S.C.A. 238(a).

(2) If a board objects to enrollment of native students under this division, any adjacent or other district shall refuse to enroll such native students unless tuition is paid for the students in accordance with section 3317.08 of the Revised Code. An adjacent or other district enrolling such students may not receive funding for those students in accordance with section 3313.981 of the Revised Code.

(G) The state board of education shall monitor school districts to ensure compliance with this section and the districts' policies. The board may adopt rules requiring uniform application procedures, deadlines for application, notification procedures, and record-keeping requirements for all school

boards that adopt policies permitting the enrollment of adjacent or other district students, as applicable. If the state board adopts such rules, no school board shall adopt a policy that conflicts with those rules.

(H) A resolution adopted by a board of education under this section that entirely prohibits the enrollment of students from adjacent and from other school districts does not abrogate any agreement entered into under section 3313.841 or 3313.92 of the Revised Code or any contract entered into under section 3313.90 of the Revised Code between the board of education adopting the resolution and the board of education of any adjacent or other district or prohibit these boards of education from entering into any such agreement or contract.

(I) Nothing in this section shall be construed to permit or require the board of education of a city, exempted village, or local school district to exclude any native student of the district from enrolling in the district.

Sec. 3314.03. (A) Each contract entered into under section 3314.02 of the Revised Code between a sponsor and the governing authority of a community school shall specify the following:

(1) That the school shall be established as a nonprofit corporation established under Chapter 1702. of the Revised Code;

(2) The education program of the school, including the school's mission, the characteristics of the students the school is expected to attract, the ages and grades of students, and the focus of the curriculum;

(3) The academic goals to be achieved and the method of measurement that will be used to determine progress toward those goals, which shall include the statewide proficiency tests;

(4) Performance standards by which the success of the school will be evaluated by the sponsor;

(5) The admission standards of section 3314.06 of the Revised Code;

(6) Dismissal procedures;

(7) The ways by which the school will achieve racial and ethnic balance reflective of the community it serves;

(8) Requirements and procedures for ~~program and~~ financial audits~~, including audits~~ by the auditor of state ~~and the department of education~~. The contract shall require financial records of the school to be maintained in the same manner as are financial records of school districts, pursuant to rules of the auditor of state and the audits shall be conducted in accordance with section 117.10 Of the Revised Code.

(9) The facility to be used and its location;

(10) Qualifications of teachers, including a requirement that the school's classroom teachers be licensed in accordance with sections 3319.22 to

19.31 of the Revised Code, except that a community school may engage noncertificated persons to teach up to twelve hours per week pursuant to section 3319.301 of the Revised Code;

(11) That the school will comply with the following requirements:

(a) The school will provide learning opportunities to a minimum of twenty-five students for a minimum of nine hundred twenty hours per school year;

(b) The governing authority will purchase liability insurance, or otherwise provide for the potential liability of the school;

(c) The school will be nonsectarian in its programs, admission policies, employment practices, and all other operations, and will not be operated by a sectarian school or religious institution;

(d) The school will comply with sections 9.90, 9.91, 109.65, 121.22, 149.43, 2151.358, 2151.421, 2313.18, 3301.0710, 3301.0711, 3301.0714, 3313.50, 3313.643, 3313.66, 3313.661, 3313.662, 3313.67, 3313.672, 3313.673, 3313.69, 3313.71, 3313.80, 3313.96, 3319.321, 3319.39, 3321.01, 3327.10, 4111.17, and 4113.52 and Chapters 117., 1347., 2744., 4112., 4123., 4141., and 4167. of the Revised Code as if it were a school district;

(e) The school shall comply with Chapter 102. of the Revised Code except that nothing in that chapter shall prohibit a member of the school's governing board from also being an employee of the school and nothing in that chapter or section 2921.42 of the Revised Code shall prohibit a member of the school's governing board from having an interest in a contract into which the governing board enters;

(f) The school will comply with sections 3313.61 and 3313.611 of the Revised Code, except that the requirement in those sections that a person must successfully complete the curriculum in any high school prior to receiving a high school diploma may be met by completing the curriculum adopted by the governing authority of the community school rather than the curriculum specified in Title XXXIII of the Revised Code or any rules of the state board of education;

(g) The school governing authority will submit an annual report of its activities and progress in meeting the goals and standards of divisions (A)(3) and (4) of this section and its financial status to the sponsor ~~and to,~~ the parents of all students enrolled in the school, and the legislative office of education oversight.

(12) Arrangements for providing health and other benefits to employees;

(13) The length of the contract, which shall begin at the beginning of an academic year and shall not exceed ~~three~~ five years;

(14) The governing authority of the school, which shall be responsible

for carrying out the provisions of the contract;

(15) A financial plan detailing an estimated school budget for each year of the period of the contract and specifying the total estimated per pupil expenditure amount for each such year. The plan shall specify for each year the base formula amount that will be used for purposes of funding calculations under section 3314.08 of the Revised Code. This base formula amount for any year shall not exceed the formula amount defined under section 3317.02 of the Revised Code. The plan may also specify for any year a percentage figure to be used for reducing the per pupil amount of disadvantaged pupil impact aid calculated pursuant to section 3317.029 of the Revised Code the school is to receive that year under section 3314.08 of the Revised Code.

(16) Requirements and procedures regarding the disposition of employees of the school in the event the contract is terminated or not renewed pursuant to section 3314.07 of the Revised Code;

(17) Whether the school is to be created by converting all or part of an existing public school or is to be a new start-up school, and if it is a converted public school, specification of any duties or responsibilities of an employer that the board of education that operated the school before conversion is delegating to the governing board of the community school with respect to all or any specified group of employees provided the delegation is not prohibited by a collective bargaining agreement applicable to such employees;

(18) Provisions establishing procedures for resolving disputes or differences of opinion between the sponsor and the governing authority of the community school.

(B) The community school shall also submit to the sponsor a comprehensive plan for the school. The plan shall specify the following:

(1) The process by which the governing authority of the school will be selected in the future;

(2) The management and administration of the school;

(3) If the community school is a currently existing public school, alternative arrangements for current public school students who choose not to attend the school and teachers who choose not to teach in the school after conversion;

(4) The instructional program and educational philosophy of the school;

(5) Internal financial controls.

(C) A contract entered into under section 3314.02 of the Revised Code between a sponsor and the governing authority of a community school may provide for the community school governing authority to make payments to

the sponsor, which is hereby authorized to receive such payments as set forth in the contract between the governing authority and the sponsor.

Sec. 3314.07. (A) The expiration of the contract for a community school between a sponsor and a school shall be the date provided in the contract. A successor contract may be entered into unless the contract is terminated or not renewed pursuant to this section.

(B)(1) A sponsor may choose not to renew a contract at its expiration or may choose to terminate a contract prior to its expiration for any of the following reasons:

(a) Failure to meet student performance requirements stated in the contract;

(b) Failure to meet generally accepted standards of fiscal management;

(c) Violation of any provision of the contract or applicable state or federal law;

(d) Other good cause.

A termination shall be effective only at the conclusion of a school year.

(2) At least ~~sixty~~ one hundred eighty days prior to the termination or nonrenewal of a contract, the sponsor shall notify the school of the proposed action in writing. The notice shall include the reasons for the proposed action in detail and that the school may, within fourteen days of receiving the notice, request an informal hearing before the sponsor. Such request must be in writing.

(3) A decision by the sponsor to terminate a contract may be appealed to the state board of education. The decision by the state board pertaining to an appeal under this division is final.

(C) A child attending a community school whose contract has been terminated or nonrenewed or that closes for any reason shall be admitted to the schools of the district in which the child is entitled to attend under section 3313.64 or 3313.65 of the Revised Code. Any deadlines established for the purpose of admitting students under section 3313.97 or 3313.98 shall be waived for students to whom this division pertains.

(D) A sponsor of a community school and the officers, directors, or employees of such a sponsor are not liable in damages in a tort or other civil action for harm allegedly arising from either of the following:

(1) A failure of the community school or any of its officers, directors, or employees to perform any statutory or common law duty or responsibility or any other legal obligation;

(2) An action or omission of the community school or any of its officers, directors, or employees that results in harm.

(E) As used in this section:

(1) "Harm" means injury, death, or loss to person or property.

(2) "Tort action" means a civil action for damages for injury, death, or loss to person or property other than a civil action for damages for a breach of contract or another agreement between persons.

Sec. 3314.08. (A) As used in this section:

(1) "Base formula amount" means the amount specified as such in a community school's financial plan for a school year pursuant to division (A)(15) of section 3314.03 of the Revised Code.

(2) "Cost-of-doing-business factor" has the same meaning as in section 3317.02 of the Revised Code.

(3) "IEP" means an individualized education program defined by division (E) of section 3323.01 of the Revised Code.

(4) "~~Actual~~ Average county cost" means the ~~actual~~ cost, averaged among school districts within a county, of providing special education and related services to ~~a special education student pursuant to an IEP in the school district where that student is entitled to attend school pursuant to section 3313.64 or 3313.65 of the Revised Code~~ similarly handicapped children, as calculated in a manner acceptable to the superintendent of public instruction.

(5) "DPIA reduction factor" means the percentage figure, if any, specified for reducing the per pupil amount of disadvantaged pupil impact aid a community school is entitled to receive pursuant to division (D)(3) of this section in any year, as specified in the school's financial plan for the year pursuant to division (A)(15) of section 3314.03 of the Revised Code.

(B) The state board of education shall adopt rules requiring both of the following:

(1) The board of education of each city, exempted village, and local school district to annually report the number of students entitled to attend school in the district pursuant to section 3313.64 or 3313.65 of the Revised Code who are enrolled in grades one through twelve and one-half of the kindergarten students enrolled in a community school established under this chapter and for each child the community school in which the child is enrolled. In addition, for each such child receiving special education and related services enrolled in grades kindergarten through twelve or in a preschool handicapped unit in a community school pursuant to an IEP, the board shall report the ~~actual~~ average county cost for such child ~~and, if~~. If the district receives disadvantaged pupil impact aid pursuant to division (B) or divisions (C) and (e) of section 3317.029 of the Revised Code, it also shall report the amount received for each such child.

(2) The governing authority of each community school established

under this chapter to annually report the number of students enrolled in grades one through twelve and one-half the number of kindergarten students in the school who are not receiving special education and related services pursuant to an IEP; the number of enrolled students in grades one through twelve and one-half the number of kindergarten students who are receiving special education and related services pursuant to an IEP; the number of enrolled preschool handicapped students receiving special education services in a state-funded unit; the community school's base formula amount; and the city, exempted village, or local school district in which the school is located. Each governing authority shall also report any DPIA reduction factor that applies to a school year.

(C) From the payments made to a city, exempted village, or local school district under Chapter 3317. of the Revised Code and, if necessary, sections 321.14 and 323.156 of the Revised Code, the department of education shall annually subtract all of the following:

(1) An amount equal to the sum of the amounts obtained when, for each community school where the district's students are enrolled, the number of the district's students reported under division (B)(2) of this section who are enrolled in grades one through twelve and one-half the number of kindergarten students in that community school and are not receiving special education and related services pursuant to an IEP is multiplied by the base formula amount of that community school as adjusted by the school district's cost-of-doing-business factor.

(2) The sum of the ~~actual~~ average county costs for all district students reported under division (B)(2) of this section who are to be receiving special education and related services pursuant to an IEP in their respective community schools, less the sum of the prorated share for each such student of any amounts received from state preschool handicapped unit funding or from federal funds to provide special education and related services to students in the respective community schools. This prorated share of state or federal funds received for each such student shall be determined on the basis of all such funds received by a community school for students receiving similar services, as calculated in a manner acceptable to the superintendent of public instruction.

(3) An amount equal to the sum of the amounts obtained when, for each community school where the district's students are enrolled, the number of the district's students enrolled in that community school and residing in the district in a family participating in Ohio works first under Chapter 5107. of the Revised Code is multiplied by the per pupil amount of disadvantaged pupil impact aid the school district receives that year pursuant to division

(B) or divisions (C) and (E) of section 3317.029 of the Revised Code, as adjusted by any DPIA reduction factor of that community school.

(D) The department shall annually pay to a community school established under this chapter all of the following:

(1) An amount equal to the sum of the amounts obtained when the number of students enrolled in grades one through twelve plus one-half of the kindergarten students in the school as reported under division (B)(2) of this section who are not receiving special education and related services pursuant to an IEP is multiplied by the community school's base formula amount, as adjusted by the cost-of-doing-business factor of the school district in which the school is located;

(2) For each student enrolled in the school receiving special education and related services pursuant to an IEP, an amount equal to the ~~actual~~ average county cost for such student, less a prorated share for the student of any amount received from state preschool handicapped unit funding or federal funds to provide special education and related services to students in the community school. This prorated share shall be determined as described under division (C)(2) of this section.

(3) An amount equal to the number of students enrolled in the community school and residing in the school district in a family participating in Ohio works first ~~is~~ multiplied by the per pupil amount of disadvantaged pupil impact aid that school district receives that year pursuant to division (B) or divisions (C) and (E) of section 3317.029 of the Revised Code, as adjusted by any DPIA reduction factor of the community school.

(E) A community school may apply to the department of education for preschool handicapped or gifted unit funding the school would receive if it were a school district. Upon request of its governing authority, a community school that received unit funding as a school district-operated school before it became a community school shall retain any units awarded to it as a school district-operated school provided the school continues to meet eligibility standards for the unit.

A community school shall be considered a school district and its governing authority shall be considered a board of education for the purpose of applying to any state or federal agency for grants that a school district may receive under federal or state law or any appropriations act of the general assembly. The governing authority of a community school may apply to any private entity for additional funds.

(F) A board of education sponsoring a community school may utilize local funds to make enhancement grants to the school or may agree, either

as part of the contract or separately, to provide any specific services to the community school at no cost to the school.

(G) A community school may not levy taxes or issue bonds secured by tax revenues.

(H) No community school shall charge tuition for the enrollment of any student.

(I) A community school may borrow money to pay any necessary and actual expenses of the school in anticipation of the receipt of any portion of the payments to be received by the school pursuant to division (D) of this section. The school may issue notes to evidence such borrowing to mature no later than the end of the fiscal year in which such money was borrowed. The proceeds of the notes shall be used only for the purposes for which the anticipated receipts may be lawfully expended by the school.

(J) For purposes of determining the number of students for which division (D)(3) of this section applies in any school year, a community school may submit to the state department of human services, no later than the first day of March, a list of the students enrolled in the school. For each student on the list, the community school shall indicate the student's name, address, and date of birth and the school district where the student is entitled to attend school under section 3313.64 or 3313.65 of the Revised Code. Upon receipt of a list under this division, the department of human services shall determine, for each school district where one or more students on the list is entitled to attend school under section 3313.64 or 3313.65 of the Revised Code, the number of students residing in that school district who were included in the department's report under section 3317.10 of the Revised Code. The department shall make this determination on the basis of information readily available to it. Upon making this determination and no later than ninety days after submission of the list by the community school, the department shall report to the state department of education the number of students on the list who reside in each school district who were included in the department's report under section 3317.10 of the Revised Code. In complying with this division, the department of human services shall not report to the state department of education any personally identifiable information on any student.

(K) The department of education shall adjust the amounts subtracted and paid under divisions (C) and (D) of this section to reflect any enrollment of students in community schools for less than the equivalent of a full school year.

Sec. 3314.12. <u>The legislative office of education oversight shall produce and issue an annual composite informational report on community schools</u>

established under this chapter or under Section 50.52 of Amended Substitute House Bill No. 215 of the 122nd general assembly to the speaker of the house of representatives, the president of the senate, and the governor. The report shall include the number of schools in operation, the size and characteristics of enrollment for the schools, the academic performance of the schools, the financial status of the schools, and any other pertinent information.

Sec. 3314.13. (A) As used in this section:

(1) "All-day kindergarten" and "DPIA index" have the same meanings as in section 3317.029 of the Revised Code.

(2) "Formula amount" has the same meaning as in section 3317.02 of the Revised Code.

(B) The department of education annually shall pay each community school established under this chapter or under Section 50.52 of Amended Substitute House Bill No. 215 of the122nd general assembly one-half of the formula amount for each student who is entitled to attend school under section 3313.64 or 3313.65 of the Revised Code in a school district with a DPIA index of one or greater and who is reported by the community school as enrolled in all-day kindergarten at the community school. If a student for whom payment is made under this section is entitled to attend school in a district that receives any payment for all-day kindergarten under division (D) of section 3317.029 of the Revised Code, the department shall deduct the payment to the community school under this section from the amount paid that school district under that division. If that school district does not receive payment for all-day kindergarten under that division, the department shall pay the community school from state funds appropriated generally for disadvantaged pupil impact aid.

(C) The department shall adjust the amounts deducted from school districts and paid to community schools under this section to reflect any enrollments of students in all-day kindergarten in community schools for less than the equivalent of a full school year.

Sec. 3315.171. As used in this section, "securities" has the same meaning as in section 133.01 Of the Revised Code.

The board of education of a city, exempted village, local, or joint vocational school district may replace revenues received for operating expenses with money received from any of the following sources in meeting the amount required by division (A) of section 3315.17 of the Revised Code to be deposited in the district's textbook and instructional materials fund:

(A) A permanent improvement levy authorized by section 5705.21 of the Revised Code to the extent the proceeds are restricted by the district

board to expenditures for textbooks, instructional software, and instructional materials, supplies, and equipment;

(B) The proceeds of securities whose use is restricted to expenditures for textbooks, instructional software, and instructional materials, supplies, and equipment;

(C) The proceeds of any school district income tax levied under Chapter 5748. Of the Revised Code for permanent improvements, to the extent the proceeds are restricted to expenditures for textbooks, instructional software, and instructional materials, supplies, and equipment;

(D) Any other revenue source identified by the auditor of state, in consultation with the department of education, in rules adopted by the auditor of state.

Sec. 3315.181. As used in this section, "securities" has the same meaning as in section 133.01 of the Revised Code.

Notwithstanding division (A) of section 3315.18 of the Revised Code, the board of education of a city, exempted village, local, or joint vocational school district, in meeting the amount required by that division to be deposited in the district's capital and maintenance fund, may replace general fund revenues with proceeds received from a permanent improvement levy authorized by section 5705.21 of the Revised Code only to the extent the proceeds are available to be used for the acquisition, replacement, enhancement, maintenance, or repair of permanent improvements as defined in section 5705.01 of the Revised Code. In addition, the board may replace general fund revenues with proceeds received from any of the following sources in meeting the amount required by that division to be deposited in the fund:

(A) proceeds received from any securities whose use is limited to the acquisition, replacement, enhancement, maintenance, or repair of permanent improvements;

(B) insurance proceeds received as a result of the damage to or theft or destruction of a permanent improvement to the extent a board of education places the proceeds in a separate fund for the acquisition, replacement, enhancement, maintenance, or repair of permanent improvements;

(C) proceeds received from the sale of a permanent improvement to the extent the proceeds are paid into a separate fund for the construction or acquisition of permanent improvements;

(D) proceeds received from a tax levy authorized by section 3318.06 of the Revised Code to the extent the proceeds are available to be used for the maintenance of capital facilities;

(E) Proceeds of certificates of participation issued as part of a

e-purchase agreement entered into under section 3313.375 of the Revised Code;

(F) Proceeds of any school district income tax levied under Chapter 5748. Of the Revised Code for permanent improvements, to the extent the proceeds are available for the acquisition, replacement, enhancement, maintenance, or repair of permanent improvements;

(G) Any other revenue source identified by the auditor of state, in consultation with the department of education, in rules adopted by the auditor of state.

Sec. 3317.01. As used in this section and section 3317.011 of the Revised Code, "school district," unless otherwise specified, means any city, local, exempted village, joint vocational, or cooperative education school district and any educational service center.

This chapter shall be administered by the state board of education. The superintendent of public instruction shall calculate the amounts payable to each school district and shall certify the amounts payable to each eligible district to the treasurer of the district as provided by this chapter. No moneys shall be distributed pursuant to this chapter without the approval of the controlling board.

The state board of education shall, in accordance with appropriations made by the general assembly, meet the financial obligations of this chapter, except that moneys to meet the financial obligations of section 3301.17 of the Revised Code shall be supplemented from funds available to the state from the United States or any agency or department thereof for a driver education course of instruction.

Annually, the department of education shall calculate and report to each school district the district's total state and local funds for providing an adequate basic education to the district's nonhandicapped students, utilizing the determination in section 3317.012 Of the Revised Code. In addition, the department shall calculate and report separately for each school district the district's total state and local funds for providng an adequate education for its handicapped students, utilizing the determinations in both sections 3317.012 and 3317.013 Of the Revised Code.

Moneys distributed pursuant to this chapter shall be calculated and paid on a fiscal year basis, beginning with the first day of July and extending through the thirtieth day of June. The moneys appropriated for each fiscal year shall be distributed at least monthly to each school district unless otherwise provided for. ~~With each payment, the state board shall submit to each school district a detailed statement of state special education support indicating the amount of the payment calculated under division (A) of~~

~~ion 3317.022 of the Revised Code as basic aid that is attributable to the district's category one, two, and three special education ADMs plus the amount of the distribution computed under division (C) of section 3317.022 of the Revised Code.~~ The state board shall submit a yearly ~~distrieution~~ distribution plan to the controlling board at its first meeting in July. The state board shall submit any proposed midyear revision of the plan to the controlling board in January. Any year-end revision of the plan shall be submitted to the controlling board in June. If moneys appropriated for each fiscal year are distributed other than monthly, such distribution shall be on the same basis for each school district.

The total amounts paid each month shall constitute, as nearly as possible, one-twelfth of the total amount payable for the entire year. Payments made during the first six months of the fiscal year may be based on an estimate of the amounts payable for the entire year. Payments made in the last six months shall be based on the final calculation of the amounts payable to each school district for that fiscal year. Payments made in the last six months may be adjusted, if necessary, to correct the amounts distributed in the first six months, and to reflect enrollment increases when such are at least three per cent. Except as otherwise provided, payments under this chapter shall be made only to those school districts in which:

(A) The school district, except for any educational service center and any joint vocational or cooperative education school district, levies for current operating expenses at least twenty mills. Levies for joint vocational or cooperative education school districts or county school financing districts, limited to or to the extent apportioned to current expenses, shall be included in this qualification requirement. School district income tax levies under Chapter 5748. of the Revised Code, limited to or to the extent apportioned to current operating expenses, shall be included in this qualification requirement to the extent determined by the tax commissioner under division (C) of section 3317.021 of the Revised Code.

(B) The school year next preceding the fiscal year for which such payments are authorized meets the requirement of section 3313.48 or 3313.481 of the Revised Code, with regard to the minimum number of days or hours school must be open for instruction with pupils in attendance, for individualized parent-teacher conference and reporting periods, and for professional meetings of teachers. This requirement shall be waived by the superintendent of public instruction if it had been necessary for a school to be closed because of disease epidemic, hazardous weather conditions, inoperability of school buses or other equipment necessary to the school's operation, damage to a school building, or other temporary circumstances

due to utility failure rendering the school building unfit for school use, provided that for those school districts operating pursuant to section 3313.48 of the Revised Code the number of days the school was actually open for instruction with pupils in attendance and for individualized parent-teacher conference and reporting periods is not less than one hundred seventy-five, or for those school districts operating on a trimester plan the number of days the school was actually open for instruction with pupils in attendance not less than seventy-nine days in any trimester, for those school districts operating on a quarterly plan the number of days the school was actually open for instruction with pupils in attendance not less than fifty-nine days in any quarter, or for those school districts operating on a pentamester plan the number of days the school was actually open for instruction with pupils in attendance not less than forty-four days in any pentamester.

A school district shall not be considered to have failed to comply with this division or section 3313.481 of the Revised Code because schools were open for instruction but either twelfth grade students were excused from attendance for up to three days or only a portion of the kindergarten students were in attendance for up to three days in order to allow for the gradual orientation to school of such students.

The superintendent of public instruction shall waive the requirements of this section with reference to the minimum number of days or hours school must be in session with pupils in attendance for the school year succeeding the school year in which a board of education initiates a plan of operation pursuant to section 3313.481 of the Revised Code. The minimum requirements of this section shall again be applicable to such a district beginning with the school year commencing the second July succeeding the initiation of one such plan, and for each school year thereafter.

A school district shall not be considered to have failed to comply with this division or section 3313.48 or 3313.481 of the Revised Code because schools were open for instruction but the length of the regularly scheduled school day, for any number of days during the school year, was reduced by not more than two hours due to hazardous weather conditions.

(C) The school district has on file, and is paying in accordance with, a ~~teacher's~~ teachers' salary schedule which complies with section 3317.13 of the Revised Code.

A board of education or governing board of an educational service center which has not conformed with other law and the rules pursuant thereto, shall not participate in the distribution of funds authorized by sections 3317.022 to 3317.0211, 3317.11, 3317.16, 3317.17, and 3317.19 of the Revised Code, except for good and sufficient reason established to the

satisfaction of the state board of education and the state controlling board.

All funds allocated to school districts under this chapter, except those specifically allocated for other purposes, shall be used to pay current operating expenses only.

Sec. 3317.013. This section does not apply to ~~preschool~~ handicapped preschool students.

Analysis of special education cost data has resulted in a finding that the average special education ~~excess~~ additional cost per pupil, including the costs of related services, can be expressed as a multiple of the base cost per pupil calculated under section 3317.012 of the Revised Code. The multiples for the following categories of special education programs, as these programs are defined for purposes of Chapter 3323. of the Revised Code, are as follows:

(A) A multiple of 0.22 for students identified as specific learning disabled, other health handicapped, or developmentally handicapped, as these terms are defined pursuant to Chapter 3323. of the Revised Code;

(B) A multiple of 3.01 for students identified as hearing handicapped, orthopedically handicapped, vision impaired, multihandicapped, and severe behavior handicapped, as these terms are defined pursuant to Chapter 3323. of the Revised Code.

Further analysis indicates that approximately one-eighth of the total costs of serving special education ~~costs consist~~ students consists of the furnishing of the related services specified in division ~~(A)~~(B)(3) of section ~~3317.024~~ 3317.022 of the Revised Code.

Sec. 3317.02. As used in this chapter:

(A) Unless otherwise specified, "school district" means city, local, and exempted village school districts.

(B) "Formula amount" means the base cost for the fiscal year specified in section 3317.012 of the Revised Code, except that to allow for the orderly phase-in of the increased funding specified in that section, the formula amount for fiscal year 1999 shall be $3,851; the formula amount for fiscal year 2000 shall be $4,038; and the formula amount for fiscal year 2001 shall be $4,226. Thereafter, the formula amount shall be as specified in that section.

(C) "FTE basis" means a count of students based on full-time equivalency, in accordance with rules adopted by the department of education pursuant to section 3317.03 of the Revised Code. In adopting its rules under this division, the department shall provide for counting any student in a district's category one, two, or three special education ADM in the same proportion the student is counted in formula ADM.

(D)(1) "Formula ADM" means the ~~greater of the~~ number reported pursuant to division (A) of section 3317.03 of the Revised Code ~~or the three-year~~.

(2) "Three-year average formula ADM" means the average of ~~that number and the number reported under that division~~ a school district's formula ADMs for the current and preceding two fiscal years. However, as applicable in fiscal years 1999 and 2000, the three-year average ~~specified in this division~~ shall be determined utilizing the FY 1997 ADM or FY 1998 ADM in lieu of ~~a number reported under division (A) of section 3317.03 of the Revised Code~~ formula ADM for fiscal year 1997 or 1998.

(E) "~~Preschool special education ADM" means the sum of the average daily membership of handicapped preschool children receiving services in preschool special education units approved pursuant to division (B) of section 3317.05 of the Revised Code~~ FY 1997 ADM" or "FY 1998 ADM" means the district's average daily membership reported for the applicable fiscal year under the version of division (A) of section 3317.03 of the Revised Code in effect during that fiscal year, adjusted as follows:

(1) Minus the average daily membership of handicapped preschool children;

(2) Minus one-half of the average daily membership attending kindergarten;

(3) Minus three-fourths of the average daily membership attending a joint vocational school district;

(4) Plus the average daily membership entitled under section 3313.64 or 3313.65 of the Revised Code to attend school in the district but receiving educational services in approved units from an educational service center or another school district under a compact or a cooperative education agreement, as determined by the department;

(5) Minus the average daily membership receiving educational services from the district in approved units but entitled under section 3313.64 or 3313.65 Of the Revised Code to attend school in another school district, as determined by the department.

(F)(1) "Category one special education ADM" means the average daily membership of handicapped children receiving special education services for those handicaps specified in division (A) of section 3317.013 of the Revised Code and reported under division (B) of section 3317.03 of the Revised Code.

(2) "Category two special education ADM" means the average daily membership of handicapped children receiving special education services for those handicaps specified in division (B) of section 3317.013 of the

Revised Code and reported under division (B) of section 3317.03 of the Revised Code.

(3) "Category three special education ADM" means the average daily membership of students receiving special education services for students identified as autistic, having traumatic brain injuries, or as both visually and hearing disabled as these terms are defined pursuant to Chapter 3323. of the Revised Code, and reported under division (B) of section 3317.03 of the Revised Code.

(G) "~~Family assistance" means assistance received under the Ohio works first program or, for the purpose of determining the five-year average of recipients of family assistance for fiscal years 1999 through 2002, assistance received under an antecedent family assistance program known as TANF or ADC~~ Handicapped preschool child" means a handicapped child, as defined in section 3323.01 of the Revised Code, who is at least age three but is not of compulsory school age, as defined in section 3321.01 of the Revised Code, and who has not entered kindergarten.

(H) "~~DPIA ADM" means the five-year average of the number of children ages five to seventeen years residing in the school district and living in a family receiving family assistance, as certified or adjusted under section 3317.10 of the Revised Code~~ County MR/DD board" means a county board of mental retardation and developmental disabilities.

(I)~~(1) "DPIA percentage" means a school district's DPIA ADM for the fiscal year divided by the district's three-year average formulaADM for that fiscal year.~~

~~(2) "Three-year average formulaADM" means the average of the district's formula ADM for the current and preceding two fiscal years, provided that in fiscal years 1999 and 2000, the department shall calculate this average utilizing the district's ADMreported for fiscal years 1997 and 1998 pursuant to division (A) of section 3317.03 of the Revised Code, minus one-half the kindergarten students~~ "Recognized valuation" means the amount calculated for a school district pursuant to section 3317.015 of the Revised Code.

(J) "Transportation ADM" means the number of children reported under division (B)(9) of section 3317.03 of the Revised Code.

(K) "Most efficient transportation use cost per transported student" for a district means ~~the most efficient cost per transported student for that district as developed~~ a statistical representation of transportation costs as calculated under division (D)(4) of section 3317.022 of the Revised Code.

(L) "Taxes charged and payable" means the taxes charged and payable against real and public utility property after making the reduction required

by section 319.301 of the Revised Code, plus the taxes levied against tangible personal property.

(M) "Total taxable value" means the sum of the amounts certified for a city, local, exempted village, or joint vocational school district under divisions (A)(1) and (2) of section 3317.021 of the Revised Code.

(N)(1) "Cost-of-doing-business factor" means the amount indicated in this division for the county in which the district is located, adjusted in accordance with division (N)(2) of this section. If the district is located in more than one county, the factor is the amount indicated for the county to which the district is assigned by the state department of education.

COUNTY	COST-OF-DOING-BUSINESS FACTOR AMOUNT
Adams	1.0100
Allen	1.0272
Ashland	1.0362
Ashtabula	1.0540
Athens	1.0040
Auglaize	1.0300
Belmont	1.0101
Brown	1.0218
Butler	1.0662
Carroll	1.0180
Champaign	1.0432
Clark	1.0489
Clermont	1.0498
Clinton	1.0287
Columbiana	1.0320
Coshocton	1.0224
Crawford	1.0174
Cuyahoga	1.0725
Darke	1.0360
Defiance	1.0214
Delaware	1.0512
Erie	1.0414
Fairfield	1.0383
Fayette	1.0281
Franklin	1.0548
Fulton	1.0382
Gallia	1.0000
Geauga	1.0608

Greene	1.0418
Guernsey	1.0091
Hamilton	1.0750
Hancock	1.0270
Hardin	1.0384
Harrison	1.0111
Henry	1.0389
Highland	1.0177
Hocking	1.0164
Holmes	1.0275
Huron	1.0348
Jackson	1.0176
Jefferson	1.0090
Knox	1.0276
Lake	1.0627
Lawrence	1.0154
Licking	1.0418
Logan	1.0376
Lorain	1.0573
Lucas	1.0449
Madison	1.0475
Mahoning	1.0465
Marion	1.0289
Medina	1.0656
Meigs	1.0016
Mercer	1.0209
Miami	1.0456
Monroe	1.0152
Montgomery	1.0484
Morgan	1.0168
Morrow	1.0293
Muskingum	1.0194
Noble	1.0150
Ottawa	1.0529
Paulding	1.0216
Perry	1.0185
Pickaway	1.0350
Pike	1.0146
Portage	1.0595
Preble	1.0523

Putnam	1.0308
Richland	1.0232
Ross	1.0111
Sandusky	1.0361
Scioto	1.0082
Seneca	1.0265
Shelby	1.0274
Stark	1.0330
Summit	1.0642
Trumbull	1.0465
Tuscarawas	1.0109
Union	1.0488
Van Wert	1.0181
Vinton	1.0065
Warren	1.0678
Washington	1.0124
Wayne	1.0446
Williams	1.0316
Wood	1.0431
Wyandot	1.0227

(2) As used in this division, "multiplier" means the number for the corresponding fiscal year as follows:

FISCAL YEAR OF THE COMPUTATION	MULTIPLIER
1998	9.6/7.5
1999	11.0/7.5
2000	12.4/7.5
2001	13.8/7.5
2002	15.2/7.5
2003	16.6/7.5
2004 and thereafter	18.0/7.5

Beginning in fiscal year 1998, the department shall annually adjust the cost-of-doing-business factor for each county in accordance with the following formula:

[(The cost-of-doing-business factor specified under division (N)(1) of this section - 1) X (the multiplier for the fiscal year of the calculation)] + 1

The result of such formula shall be the adjusted cost-of-doing-business factor for that fiscal year.

(O) "Tax exempt value" of a school district means the amount certified for a school district under division (A)(4) of section 3317.021 of the Revised

Code.

(P) "Potential value" of a school district means the adjusted total taxable value of a school district plus the tax exempt value of the district.

(Q) "District median income" means the median Ohio adjusted gross income certified for a school district. On or before the first day of July of each year, the tax commissioner shall certify to the department of education for each city, exempted village, and local school district the median Ohio adjusted gross income of the residents of the school district determined on the basis of tax returns filed for the second preceding tax year by the residents of the district.

(R) "Statewide median income" means the median district median income of all city, exempted village, and local school districts in the state.

(S) "Income factor" for a city, exempted village, or local school district means the quotient obtained by dividing that district's median income by the statewide median income.

(T) ~~"Valuation~~ Except as provided in division (B)(3) of section 3317.012 Of the Revised Code, "valuation per pupil" for a city, exempted village, or local school district means the district's recognized valuation divided by the greater of the district's formula ADM or three-year average formula ADM.

(U) Except as provided in section 3317.0213 of the Revised Code, "adjusted valuation per pupil" means the amount calculated in accordance with the following formula:

District valuation per pupil - [$60,000 X (1 - district income factor)]

If the result of such formula is negative, the adjusted valuation per pupil shall be zero.

(V) "Income adjusted valuation" means the product obtained by multiplying the district's adjusted valuation per pupil by the greater of the district's formula ADM or three-year average formula ADM.

(W) ~~"Adjusted~~ Except as provided in division (A)(2) of section 3317.022 Of the Revised Code, "adjusted total taxable value" means one of the following:

(1) In any fiscal year that a district's income factor is less than or equal to one, the amount calculated under the following formula:

(Income adjusted valuation X 1/5) + (recognized valuation X 4/5)

(2) In fiscal year 1999, if a district's income factor is greater than one, the amount calculated under the following formula:

(Income adjusted valuation X 1/15) + (recognized valuation X 14/15)

Thereafter, the adjusted total taxable value of a district with an income factor greater than one shall be its recognized valuation.

~~(X) "Recognized valuation" means the amount calculated for a school district pursuant to section 3317.015 of the Revised Code.~~

~~(Y) "CountyMR/DD board" means a county board of mental retardation and developmental disabilities.~~

~~(Z) "Handicapped preschool child" means a handicapped child, as defined in section 3323.01 of the Revised Code, who is at least age three but is not of compulsory school age, as defined in section 3321.01 of the Revised Code, and who has not entered kindergarten.~~

~~(AA) "FY 1997 or FY 1998ADM" means for either fiscal year, as applicable, the district's average daily membership as described by division (A) of former section 3317.02 of the Revised Code, plus the district's average daily membership based upon full-time equivalency in approved vocational units as certified by the district under division (A)(2) of former section 3317.03 of the Revised Code and the district's average daily membership of all handicapped children, except for preschool handicapped children, in classes in the district as certified under division (a)(3) of former section 3317.03 of the Revised Code, as those divisions and sections existed in the applicable fiscal year.~~

Sec. 3317.021. (A) On or before the first day of June of each year, the tax commissioner shall certify to the department of education the following information for each city, exempted village, and local school district and the information required by divisions (A)(1) and (2) of this section for each joint vocational school district, and it shall be used, along with the information certified under division (B) of this section, in making the computations for the district under section 3317.022 or 3317.16 of the Revised Code:

(1) The taxable value of real and public utility real property in the school district subject to taxation in the preceding tax year, by class and by county of location;

(2) The taxable value of tangible personal property, including public utility personal property, subject to taxation by the district for the preceding tax year;

(3) The total property tax rate and total taxes charged and payable for the current expenses for the preceding tax year and the total property tax rate and the total taxes charged and payable to a joint vocational district for the preceding tax year that are limited to or to the extent apportioned to current expenses;

(4) The value of all real and public utility real property in the school district exempted from taxation minus both of the following:

(a) The value of real and public utility real property in the district owned

by the United States government and used exclusively for a public purpose;

(b) The value of real and public utility real property in the district exempted from taxation under Chapter 725. or 1728. or section 3735.67, 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, 5709.73, or 5709.78 of the Revised Code.

(5) The total effective operating tax rate for the district in the tax year for which the most recent data are available.

(B) On or before the first day of May each year, the tax commissioner shall certify to the department of education the total taxable real property value of railroads and, separately, the total taxable tangible personal property value of all public utilities for the preceding tax year, by school district and by county of location.

(C) If on the basis of the information certified under division (A) of this section, the department determines that any district fails in any year to meet the qualification requirement specified in division (A) of section 3317.01 of the Revised Code, the department shall immediately request the tax commissioner to determine the extent to which any school district income tax levied by the district under Chapter 5748. of the Revised Code shall be included in meeting that requirement. Within five days of receiving such a request from the department, the tax commissioner shall make the determination required by this division and report the quotient obtained under division (C)(3) of this section to the department. This quotient represents the number of mills that the department shall include in determining whether the district meets the qualification requirement of division (A) of section 3317.01 of the Revised Code.

The tax commissioner shall make the determination required by this division as follows:

(1) Multiply one mill times the total taxable value of the district as determined in divisions (A)(1) and (2) of this section;

(2) Estimate the total amount of tax liability for the current tax year under taxes levied by Chapter 5748. of the Revised Code that are apportioned to current operating expenses of the district;

(3) Divide the amount estimated under division (C)(2) of this section by the product obtained under division (C)(1) of this section.

(D) As used in this section:

(1) "Class I taxes charged and payable for current expenses" means taxes charged and payable for current expenses on land and improvements classified as residential/agricultural real property under section 5713.041 of the Revised Code.

(2) "Class I taxable value" means the taxable value of land and

improvements classified as residential/agricultural real property under section 5713.041 of the Revised Code.

(3) "Class I effective operating tax rate" of a school district means the quotient obtained by dividing the school district's Class I taxes charged and payable for current expenses by the district's Class I taxable value.

(4) "Income tax equivalent tax rate" of a school district means the quotient obtained by dividing the income tax ~~liability for the most recently concluded~~ revenue disbursed during the current fiscal year under any tax levied pursuant to Chapter 5748. of the Revised Code by total taxable value of the district to the extent the revenue from the tax is allocated or apportioned to current expenses.

(5) "Total effective operating tax rate" means the sum of the Class I effective operating tax rate and the income tax equivalent tax rate.

~~(6) "State taxable value per pupil" means the quotient obtained by dividing the total taxable value of all city, local, and exempted village school districts in this state by the sum of the formula ADMs of all city, local, and exempted village school districts in this state.~~

Sec. 3317.022. (A)(1) The department of education shall compute and distribute state basic aid to each school district for the fiscal year in accordance with the following formula, using adjusted total taxable value as defined under division (W) of section 3317.02 of the Revised Code or division (A)(2) of this section and the information obtained under section 3317.021 of the Revised Code in the calendar year in which the fiscal year begins.

Compute the following for each eligible district:

~~(~~[cost-of-doing-business factor X the formula amount X (the greater of formula ADM or three-year average formula ADM)] - (.023 X adjusted total taxable value)

If the difference obtained is a negative number, the district's computation shall be zero.

(2)(a) For each school district for which the tax exempt value of the district equals or exceeds twenty-five per cent of the potential value of the district, the department of education shall calculate the difference between the district's tax exempt value and twenty-five per cent of the district's potential value.

(b) For each school district to which division (A)(2)(a) of this section applies, the adjusted total taxable value used in the calculation under division (A)(1) of this section shall be the adjusted total taxable value modified by subtracting the amount calculated under division (A)(2)(a) of this section.

(B) As used in division (C) of this section ~~and in section 3317.024 of the Revised Code~~:

(1) The "total special education weight" for a district means the sum of the following amounts:

(a) The district's category one special education ADM multiplied by the multiple specified under division (A) of section 3317.013 of the Revised Code;

(b) The sum of the district's category two and category three special education ADMs multiplied by the multiple specified under division (B) of section 3317.013 of the Revised Code.

(2) "State share percentage" means the percentage calculated for a district as follows:

(a) Calculate the basic aid amount for the district for the fiscal year under division (A) of this section. If the district would not receive any state basic aid for that year under that division, the district's state share percentage is zero.

(b) If the district would receive basic aid under that division, divide that basic aid amount by an amount equal to the following:

Cost-of-doing-business factor X the formula amount X (the greater of formula ADM or three-year average formula ADM)

The resultant number is the district's state share percentage.

(3) "Related services" includes:

(a) Child study, special education supervisors and coordinators, speech and hearing services, adaptive physical development services, occupational or physical therapy, teacher assistants for handicapped children whose handicaps are described in division (B) of section 3317.013 or division (F)(3) of section 3317.02 of the Revised Code, behavioral intervention, interpreter services, work study, nursing services, and specialized integrative services as those terms are defined by the department;

(b) Speech and language services provided to any student with a handicap, including any student whose primary or only handicap is a speech and language handicap;

(c) Any related service not specifically covered by other state funds but specified in federal law, including but not limited to, audiology and school psychological services;

(d) Any service included in units funded under former division (O)(1) of section 3317.023 of the Revised Code;

(e) Any other related service needed by handicapped children in accordance with their individualized education plans.

(C)(1) The department shall compute and distribute state ~~basic~~ special

ducation and related services additional weighted costs funds to each school district in accordance with the following formula:

The district's state share percentage
X ~~seven-eighths of~~ the formula amount for the year
for which the aid is calculated
X the district's total special education weight

(2) In any fiscal year, a school district receiving funds under division (C)(1) of this section shall spend on related services the lesser of the following:

(a) The amount the district spent on related services in the preceding fiscal year;

(b) 1/8 X [cost-of-doing-business factor X the formula amount X (the category one special education ADM + category two special education ADM + category three special education ADM)] + the amount calculated for the fiscal year under division (C)(1) of this section + the local share of special education and related services additional weighted costs

(3) The local share of special education and related services additional weighted costs equals:

(1 - the district's state share percentage) X the district's total special education weight X the formula amount

(4) The department shall compute and pay in accordance with this division additional state aid to school districts for students in category three special education ADM. If a district's costs for the fiscal year for a student in its category three special education ADM are twenty-five thousand dollars or more, the district may submit to the superintendent of public instruction documentation, as prescribed by the superintendent, of all its costs for that student. Upon submission of documentation for a student of the type and in the manner prescribed, the department shall pay to the district an amount equal to the district's costs for the student in excess of twenty-five thousand dollars multiplied by the district's state share percentage.

(D)(1) As used in this division, "log density" means ~~a statistical representation of the most efficient transportation use cost per transported student for each district based on a statewide analysis~~ the logarithmic calculation (base 10) of each district's transportation ADM per linear mile.

(2) In addition to funds paid under divisions (A) and (C) of this section, each district shall receive a payment equal to sixty per cent of the district's transportation ADM times the district's most efficient transportation use cost per transported student.

(3) In fiscal years 1999 through 2002, notwithstanding the amount

lculated for each district under division (D)(2) of this section, each district shall receive in the corresponding fiscal year the following percentage of the district's transportation ADM times the district's most efficient transportation use cost per transported student:

FISCAL YEAR	PERCENTAGE
1999	50%
2000	52.5%
2001	55%
2002	57.5%

(4) For purposes of funding the student transportation portion, the department of education shall determine the most efficient transportation use cost per transported student for each school district. This cost per student shall be an amount equal to the number ten to a power calculated in accordance with the following formula:

(-0.413148 X log density) + 2.493129

(5) The department of education shall ~~biennially~~ annually update the most efficient transportation use cost per transported student for each district in accordance with the formula in division (D)(4) of this section, including the figures and log density component of that formula, based on ~~a~~ an annual statewide analysis of each district's transportation ADM per linear mile, and shall notify the office of budget and management of such update by September of ~~each even-numbered~~ every year.

The department of education shall use the most recent available data as of the first day of July of each year to complete the annual update. The department shall apply a 2.8 per cent inflation cost adjustment factor for each fiscal year since the fiscal year for which the data applies to adjust the amount calculated for each district under division (D)(2) or (3) of this section to the current fiscal year level.

(6) In addition to funds paid under division (D)(2) or (3) of this section, each district shall receive in accordance with rules adopted by the state board of education a payment for students transported by means other than board-owned or contractor-operated buses and whose transportation is not funded under division (J) of section 3317.024 of the Revised Code. The rules shall include provisions for school district reporting of such students.

Sec. 3317.023. (A) Notwithstanding section 3317.022 of the Revised Code, the amounts required to be paid to a district under ~~that section~~ this chapter shall be adjusted by the amount of the computations made under divisions (B) to ~~(J)~~(K) of this section.

As used in this section:

(1) "Classroom teacher" means a licensed employee who provides direct

instruction to pupils, excluding teachers funded from money paid to the district from federal sources; educational service personnel; and vocational and special education teachers.

(2) "Educational service personnel" shall not include such specialists funded from money paid to the district from federal sources or assigned full-time to vocational or special education students and classes and may only include those persons employed in the eight specialist areas in a pattern approved by the department of education under guidelines established by the state board of education.

(3) "Annual salary" means the annual base salary stated in the state minimum salary schedule for the performance of the teacher's regular teaching duties that the teacher earns for services rendered for the first full week of October of the fiscal year for which the adjustment is made under division (C) of this section. It shall not include any salary payments for supplemental teachers contracts.

(4) "Regular student population" means the formula ADM plus the number of students reported as enrolled in the district pursuant to division (A)(1) of section 3313.981 Of the Revised Code; minus the number of students reported under division (A)(2) of section 3317.03 of the Revised Code ~~and~~; minus the FTE of students reported under division (B)(5), (6), (7), or (8) of that section who are enrolled in a vocational education class or receiving special education~~,~~; and minus one-fourth of the students enrolled concurrently in a joint vocational school district.

(B) If the district employs less than one full-time equivalent classroom teacher for each twenty-five pupils in the regular student population in any school district, deduct the sum of the amounts obtained from the following computations:

(1) Divide the number of the district's full-time equivalent classroom teachers employed by one twenty-fifth;

(2) Subtract the quotient in (1) from the district's regular student population;

(3) Multiply the difference in (2) by seven hundred fifty-two dollars.

(C) If a positive amount, add one-half of the amount obtained by multiplying the number of full-time equivalent classroom teachers by:

(1) The mean annual salary of all full-time equivalent classroom teachers employed by the district at their respective training and experience levels minus;

(2) The mean annual salary of all such teachers at their respective levels in all school districts receiving payments under this section.

The number of full-time equivalent classroom teachers used in this

computation shall not exceed one twenty-fifth of the district's regular student population. In calculating the district's mean salary under this division, those full-time equivalent classroom teachers with the highest training level shall be counted first, those with the next highest training level second, and so on, in descending order. Within the respective training levels, teachers with the highest years of service shall be counted first, the next highest years of service second, and so on, in descending order.

(D) This division does not apply to a school district that has entered into an agreement under division (A) of section 3313.42 of the Revised Code. Deduct the amount obtained from the following computations if the district employs fewer than five full-time equivalent educational service personnel, including elementary school art, music, and physical education teachers, counselors, librarians, visiting teachers, school social workers, and school nurses for each one thousand pupils in the regular student population:

(1) Divide the number of full-time equivalent educational service personnel employed by the district by five one-thousandths;

(2) Subtract the quotient in (1) from the district's regular student population;

(3) Multiply the difference in (2) by ninety-four dollars.

(E) If a local school district, or a city or exempted village school district to which a governing board of an educational service center provides services pursuant to section 3313.843 of the Revised Code, deduct the amount of the payment required for the reimbursement of the governing board under section 3317.11 of the Revised Code.

(F)(1) If the district is required to pay to or entitled to receive tuition from another school district under division (C)(2) or (3) of section 3313.64 or section 3313.65 of the Revised Code, or if the superintendent of public instruction is required to determine the correct amount of tuition and make a deduction or credit under section 3317.08 of the Revised Code, deduct and credit such amounts as provided in division (I) of section 3313.64 or section 3317.08 of the Revised Code.

(2) For each child for whom the district is responsible for tuition or payment under division (A)(1) of section 3317.082 or section 3323.091 of the Revised Code, deduct the amount of tuition or payment for which the district is responsible.

(G) If the district has been certified by the superintendent of public instruction under section 3313.90 of the Revised Code as not in compliance with the requirements of that section, deduct an amount equal to ten per cent of the amount computed for the district under section 3317.022 of the Revised Code.

(H) If the district has received a loan from a commercial lending institution for which payments are made by the superintendent of public instruction pursuant to division (E)(3) of section 3313.483 of the Revised Code, deduct an amount equal to such payments.

(I)(1) If the district is a party to an agreement entered into under division (D), (E), or (F) of section 3311.06 or division (B) of section 3311.24 of the Revised Code and is obligated to make payments to another district under such an agreement, deduct an amount equal to such payments if the district school board notifies the department in writing that it wishes to have such payments deducted.

(2) If the district is entitled to receive payments from another district that has notified the department to deduct such payments under division (I)(1) of this section, add the amount of such payments.

(J) If the district is required to pay an amount of funds to a cooperative education district pursuant to a provision described by division (B)(4) of section 3311.52 or division (B)(8) of section 3311.521 of the Revised Code, deduct such amounts as provided under that provision and credit those amounts to the cooperative education district for payment to the district under division (B)(1) of section 3317.19 of the Revised Code.

(K)(1) If a district is educating a student entitled to attend school in another district pursuant to a shared education contract, compact, or cooperative education agreement other than an agreement entered into pursuant to section 3313.842 of the Revised Code, credit to that educating district on an FTE basis both of the following:

(a) An amount equal to the formula amount times the cost of doing business factor of the school district where the student is entitled to attend school pursuant to section 3313.64 or 3313.65 of the Revised Code;

(b) An amount equal to the formula amount times the state share percentage times any multiple applicable to the student pursuant to section 3317.013 of the Revised Code.

(2) Deduct any amount credited pursuant to division (K)(1) of this section from amounts paid to the school district in which the student is entitled to attend school pursuant to section 3313.64 or 3313.65 of the Revised Code.

(3) If the district is required by a shared education contract, compact, or cooperative education agreement to make payments to an educational service center, deduct the amounts from payments to the district and add them to the amounts paid to the service center pursuant to section 3317.11 Of the Revised Code.

Sec. 3317.024. In addition to the moneys paid to eligible school districts

pursuant to section 3317.022 of the Revised Code, moneys appropriated for the education programs in divisions (A) to (L), ~~and~~ (O) ~~to (Q)~~, and (P) of this section shall be distributed to school districts meeting the requirements of section 3317.01 of the Revised Code; in the case of divisions (I) and (J) and, in fiscal year 1999 only, division (P)(1) of this section, to educational service centers as provided in section 3317.11 of the Revised Code; in the case of ~~division~~ divisions (E), (M), and (N) of this section, to county MR/DD boards; in the case of division (I) of this section, to joint vocational and cooperative education school districts; in the case of division (K) of this section, to cooperative education school districts; ~~in the case of divisions (M) and (N) of this section, to county MR/DD boards;~~ and in the case of division ~~(R)~~(Q) of this section, to the institutions defined under section 3317.082 of the Revised Code providing elementary or secondary education programs to children other than children receiving special education under section 3323.091 of the Revised Code. The following shall be distributed monthly, quarterly, or annually as may be determined by the state board of education:

(A)~~(1) An amount for related services equal to one-eighth of the district's total special education weight times the formula amount times the district's state share percentage.~~

~~(2) In any fiscal year, a school district receiving funds under this division shall spend on related services at least the lesser of:~~

~~(a) The amount the district spent on related services in the preceding fiscal year;~~

~~(b) The sum of the amount it receives under this division in state funds plus an amount equal to the local share of related services costs.~~

~~(3) As used in this division:~~

~~(a) "Local share of related services costs" equals the amount calculated under the following formula:~~

~~[(1 minus the district's state share) X 1/8 of the district's total special education weight X the formula amount]~~

~~(b) "Related services" means programs and services related to the provision of special education to handicapped students, and includes child study; special education supervisors and coordinators; speech and hearing services; adaptive physical development services; and occupational or physical therapy, as those terms are defined by the department of education~~ A per pupil amount to each school district that establishes a summer school remediation program that complies with rules of the state board of education.

(B) An amount for each island school district and each joint state school

district for the operation of each high school and each elementary school maintained within such district and for capital improvements for such schools. Such amounts shall be determined on the basis of standards adopted by the state board of education.

(C) An amount for each school district operating classes for children of migrant workers who are unable to be in attendance in an Ohio school during the entire regular school year. The amounts shall be determined on the basis of standards adopted by the state board of education, except that payment shall be made only for subjects regularly offered by the school district providing the classes.

(D) An amount for each school district with guidance, testing, and counseling programs approved by the state board of education. The amount shall be determined on the basis of standards adopted by the state board of education.

(E) An amount for the emergency purchase of school buses as provided for in section 3317.07 of the Revised Code;

(F) An amount for each school district required to pay tuition for a child in an institution maintained by the department of youth services pursuant to section 3317.082 of the Revised Code, provided the child was not included in the calculation of the district's average daily membership for the preceding school year.

(G) An amount to each school district for supplemental salary allowances for each licensed employee except those licensees serving as superintendents, assistant superintendents, principals, or assistant principals, whose term of service in any year is extended beyond the term of service of regular classroom teachers, as described in section 3301.0725 of the Revised Code;

(H) An amount for adult basic literacy education for each district participating in programs approved by the state board of education. The amount shall be determined on the basis of standards adopted by the state board of education.

(I) Notwithstanding section 3317.01 of the Revised Code, to each city, local, and exempted village school district, an amount pursuant to section 3301.17 of the Revised Code for conducting driver education courses at high schools for which the state board of education prescribes minimum standards and to joint vocational and cooperative education school districts and educational service centers, an amount pursuant to such section for conducting driver education courses to pupils enrolled in a high school for which the state board prescribes minimum standards;

(J) An amount for the approved cost of transporting developmentally

handicapped pupils whom it is impossible or impractical to transport by regular school bus in the course of regular route transportation provided by the district or service center. No district or service center is eligible to receive a payment under this division for the cost of transporting any pupil whom it transports by regular school bus and who is included in the district's transportation ADM. The state board of education shall establish standards and guidelines for use by the department of education in determining the approved cost of such transportation for each district or service center.

(K) An amount to each school district, including each cooperative education school district, pursuant to section 3313.81 of the Revised Code to assist in providing free lunches to needy children and an amount to assist needy school districts in purchasing necessary equipment for food preparation. The amounts shall be determined on the basis of rules adopted by the state board of education.

(L) An amount to each school district, for each pupil attending a chartered nonpublic elementary or high school within the district. The amount shall equal the amount appropriated for the implementation of section 3317.06 of the Revised Code divided by the average daily membership in grades kindergarten through twelve in nonpublic elementary and high schools within the state as determined during the first full week in October of each school year.

(M) An amount for each county MR/DD board, distributed on the basis of standards adopted by the state board of education, for the approved cost of transportation required for children attending special education programs operated by the county MR/DD board under section 3323.09 of the Revised Code;

(N) An amount for each county MR/DD board, distributed on the basis of standards adopted by the state board of education, for supportive home services for preschool children;

(O) An amount for each school district that establishes a mentor teacher program that complies with rules of the state board of education. No school district shall be required to establish or maintain such a program in any year unless sufficient funds are appropriated to cover the district's total costs for the program.

(P) ~~A per-pupil amount to each school district that establishes a summer school remediation program that complies with rules of the state board of education;~~

~~(Q)~~(1) For fiscal year 1999 only, an amount to each school district or educational service center for the total number of gifted units approved pursuant to section 3317.05 of the Revised Code. The amount for each such

unit shall be the sum of the minimum salary for the teacher of the unit, calculated on the basis of the teacher's training level and years of experience pursuant to section 3317.13 of the Revised Code, plus fifteen per cent of that minimum salary amount, plus two thousand six hundred seventy-eight dollars.

(2) ~~Beginning with fiscal year 2000, an amount for each school district for programs for gifted students calculated under the following formula:~~

~~[.10 (formula ADM) multiplied by .10 (formula amount)]~~

~~No money shall be distributed to a school district under division (Q)(2) of this section in any fiscal year unless the superintendent has on file by the first day of that year a district plan specifying the manner in which funds will be utilized to serve gifted students and the method for selecting students to participate in gifted programs and activities.~~

~~(3) Prior to October 1, 1998, the~~ The general assembly ~~shall~~ intends to begin a review and revision of the funding formula for gifted education services in 1999. The analysis and any resulting calculations shall be based upon a rational methodology for calculating the cost of adequate gifted education services. The analysis shall use data generated by a study funded through the department of education.

~~(R)~~(Q) An amount to each institution defined under section 3317.082 of the Revised Code providing elementary or secondary education to children other than children receiving special education under section 3323.091 of the Revised Code. This amount for any institution in any fiscal year shall equal the total of all tuition amounts required to be paid to the institution under division (A)(1) of section 3317.082 of the Revised Code.

The state board of education or any other board of education or governing board may provide for any resident of a district or educational service center territory any educational service for which funds are made available to the board by the United States under the authority of public law, whether such funds come directly or indirectly from the United States or any agency or department thereof or through the state or any agency, department, or political subdivision thereof.

Sec. 3317.029. (A) As used in this section:

(1) "DPIA percentage" means the quotient obtained by dividing the five-year average number of children ages five to seventeen residing in the school district and living in a family receiving family assistance, as certified or adjusted under section 3317.10 of the Revised Code, by the district's three-year average formula ADM.

(2) "Family assistance" means assistance received under the Ohio works first program or, for the purpose of determining the five-year average

number of recipients of family assistance in fiscal years 1999 through 2002, assistance received under an antecedent program known as TANF or ADC.

(3) "Statewide DPIA percentage" means the five-year average of the total number of children ages five to seventeen years residing in the state and receiving family assistance, divided by ~~the average of~~ the sum of the three-year average formula ADMs ~~reported~~ for all school districts in the state ~~for the current and preceding two fiscal years, provided that in fiscal years 1999 and 2000, the department shall calculate this three-year average utilizing district ADMs reported pursuant to the version of division (A) of section 3317.03 of the Revised Code in effect in fiscal years 1997 and 1998;~~.

~~(2)~~(4) "DPIA index" means the quotient obtained by dividing the school district's DPIA percentage by the statewide DPIA percentage~~;~~.

~~(3)~~(5) "Kindergarten ADM" means the number of students reported under section 3317.03 of the Revised Code as enrolled in kindergarten~~;~~.

~~(4)~~(6) "Kindergarten through third grade ADM" means the ~~sum obtained by multiplying~~ amount calculated as follows:

(a) Multiply the kindergarten ADM by ~~two, adding~~ the sum of one plus the all-day kindergarten percentage;

(b) Add the kindergarten ADM to the product calculated under division (A)(6)(a) of this section;

(c) Add to the sum calculated under division (A)(6)(b) of this section the number of students in grades one through three~~, and subtracting~~;

(d) Subtract from the sum calculated under division (A)(6)(c) of this section the number of special education students in grades ~~one~~ kindergarten through three~~;~~.

~~(5)~~(7) "Statewide average teacher salary" means thirty-nine thousand ninety-two dollars, which includes an amount for the value of fringe benefits~~;~~.

~~(6) "Statewide formulaADM" means the sum total of the formula ADM for all school districts in the state;~~

~~(7)~~(8) "All-day kindergarten" means a kindergarten class that is in session five days per week for not less than the same number of clock hours each day as for pupils in grades one through six.

(9) "All-day kindergarten percentage" means the percentage of a district's actual total number of students enrolled in kindergarten who are enrolled in ~~classes that are in session five days per week for not less than the same number of clock hours each day as for pupils in grades one through six;~~ all-day kindergarten.

~~(8)~~(10) "Buildings with the highest concentration of need" means the

school buildings in a district with percentages of students receiving family assistance in grades kindergarten through three at least as high as the district-wide percentage of students receiving family assistance. If, however, the information provided by the department of human services under section 3317.10 of the Revised Code is insufficient to determine the family assistance percentage in each building, "buildings with the highest concentration of need" has the meaning given in rules that the department of education shall adopt. The rules shall base the definition of "buildings with the highest concentration of need" on family income of students in grades kindergarten through three in a manner that, to the extent possible with available data, approximates the intent of this division and division (G) of this section to designate buildings where the family assistance percentage in those grades equals or exceeds the district-wide family assistance percentage.

(B) In addition to the amounts required to be paid to a school district under section 3317.022 of the Revised Code, a school district shall receive the greater of the amount the district received in fiscal year 1998 pursuant to division (B) of section 3317.023 of the Revised Code as it existed at that time or the ~~amount of the~~ sum of the ~~following~~ computations made under divisions (C) to (E) of this section.

(C) A supplemental payment that may be utilized for measures related to safety and security and for remediation or similar programs, calculated as follows:

(1) If the DPIA index of the school district is greater than or equal to thirty-five-hundredths, but less than one, an amount obtained by multiplying the five-year average number of pupils in a district receiving family assistance by two hundred thirty dollars;

(2) If the DPIA index of the school district is greater than or equal to one, an amount obtained by multiplying the DPIA index by two hundred thirty dollars and multiplying that product by the five-year average number of pupils in a district receiving family assistance.

(D) A payment for all-day kindergarten if the DPIA index of the school district is greater than or equal to one or if the district's three-year average formula ADM exceeded seventeen thousand five hundred, calculated by multiplying the all-day kindergarten percentage by the kindergarten ADM and multiplying that product by the formula amount.

(E) A class-size reduction payment based on calculating the number of new teachers necessary to achieve a lower student-teacher ratio, as follows:

(1) Determine or calculate a formula number of teachers per one thousand students based on the DPIA index of the school district as follows:

(a) If the DPIA index of the school district is less than six-tenths, the formula number of teachers is 43.478, which is the number of teachers per one thousand students at a student-teacher ratio of twenty-three to one;

(b) If the DPIA index of the school district is greater than or equal to six-tenths, but less than two and one-half, the formula number of teachers is calculated as follows:

43.478 + [(DPIA index-0.6)/1.9] X 23.188

Where 43.478 is the number of teachers per one thousand students at a student-teacher ratio of twenty-three to one; 1.9 is the interval from a DPIA index of six-tenths to a DPIA index of two and one-half; and 23.188 is the difference in the number of teachers per one thousand students at a student-teacher ratio of fifteen to one and the number of teachers per one thousand students at a student-teacher ratio of twenty-three to one.

(c) If the DPIA index of the school district is greater than or equal to two and one-half, the formula number of teachers is 66.667, which is the number of teachers per one thousand students at a student-teacher ratio of fifteen to one.

(2) Multiply the formula number of teachers determined or calculated in division (E)(1) of this section by the kindergarten through third grade ADM for the district and divide that product by one thousand;

(3) Calculate the number of new teachers as follows:

(a) Multiply the kindergarten through third grade ADM by 43.478, which is the number of teachers per one thousand students at a student-teacher ratio of twenty-three to one, and divide that product by one thousand;

(b) Subtract the quotient obtained in division (E)(3)(a) of this section from the product in division (E)(2) of this section.

(4) Multiply the greater of the difference obtained under division (E)(3) of this section or zero by the statewide average teachers salary.

(F) This division applies only to school districts whose DPIA index is one or greater.

(1) Each school district subject to this division shall first utilize funds received under this section <u>so that, when combined with other funds of the district, sufficient funds exist</u> to provide all-day kindergarten to at least the number of children in the district's all-day kindergarten percentage.

(2) Up to an amount equal to the district's DPIA index multiplied by the five-year average number of pupils in a district receiving family assistance multiplied by two hundred thirty dollars of the money distributed under this section may be utilized for one or both of the following:

(a) Programs designed to ensure that schools are free of drugs and

olence and have a disciplined environment conducive to learning;

(b) Remediation for students who have failed or are in danger of failing any of the proficiency tests administered pursuant to section 3301.0710 of the Revised Code.

(3) Except as otherwise required by division (G) of this section, all other funds distributed under this section to districts subject to this division ~~under this section~~ shall be utilized for the purpose of the third grade guarantee. The third grade guarantee consists of increasing the amount of instructional attention received per pupil in kindergarten through third grade, either by reducing the ratio of students to instructional personnel or by increasing the amount of instruction and curriculum-related activities by extending the length of the school day or the school year.

School districts may implement a reduction of the ratio of students to instructional personnel through any or all of the following methods:

(a) Reducing the number of students in a classroom taught by a single teacher;

(b) Employing full-time educational aides or educational paraprofessionals issued a permit or license under section 3319.088 of the Revised Code;

(c) Instituting a team-teaching method that will result in a lower student-teacher ratio in a classroom.

Districts may extend the school day either by increasing the amount of time allocated for each class, increasing the number of classes provided per day, offering optional academic-related after-school programs, providing curriculum-related extra curricular activities, or establishing tutoring or remedial services for students who have demonstrated an educational need. In accordance with section 3319.089 of the Revised Code, a district extending the school day pursuant to this division may utilize a participant of the work experience program who has a child enrolled in a public school in that district and who is fulfilling the work requirements of that program by volunteering or working in that public school. If the work experience program participant is compensated, the school district may use the funds distributed under this section for all or part of the compensation.

Districts may extend the school year either through adding regular days of instruction to the school calendar or by providing summer programs.

(G) Each district subject to division (F) of this section shall not expend any funds received under division (E) of this section in any school buildings that are not buildings with the highest concentration of need, unless there is a ratio of instructional personnel to students of no more than fifteen to one in each kindergarten and first grade class in all buildings with the highest

concentration of need. This division does not require that the funds used in buildings with the highest concentration of need be spent solely to reduce the ratio of instructional personnel to students in kindergarten and first grade. A school district may spend the funds in those buildings in any manner permitted by division (F)(3) of this section, but may not spend the money in other buildings unless the fifteen-to-one ratio required by this division is attained.

(H)(1) By the first day of August of each fiscal year, each school district wishing to receive any funds under division (D) of this section shall ~~certify~~ submit to the department of education an estimate of its all-day kindergarten percentage. Each district shall update its estimate throughout the fiscal year in the form and manner required by the department, and the department shall adjust payments under this section to reflect the updates.

(2) Annually by the end of December, the department of education, utilizing data from the information system established under section 3301.0714 of the Revised Code and after consultation with the legislative office of education oversight, shall determine for each school district subject to division (F) of this section whether in the preceding fiscal year the district's ratio of instructional personnel to students; and its number of kindergarten students receiving all-day kindergarten appear reasonable, given the amounts of money the district received for that fiscal year pursuant to divisions (D) and (E) of this section. If the department is unable to verify from the data available that students are receiving reasonable amounts of instructional attention and all-day kindergarten, given the funds the district has received under this section and that class-size reduction funds are being used in school buildings with the highest concentration of need as required by division (G) of this section, the department shall conduct a more intensive investigation to ensure that funds have been expended as required by this section. The department shall file an annual report of its findings under this division with the chairpersons of the committees in each house of the general assembly dealing with finance and education.

(I) Any school district with a DPIA index less than one and a three-year average formula ADM exceeding seventeen thousand five hundred shall first utilize funds received under this section so that, when combined with other funds of the district, sufficient funds exist to provide all-day kindergarten to at least the number of children in the district's all-day kindergarten percentage. Such a district shall expend at least seventy per cent of the remaining funds received under this section, and any other district with a DPIA index less than one shall expend at least seventy per

cent of ~~the~~ all funds received under this section, for any of the following purposes:

(1) The purchase of technology for instructional purposes;

(2) All-day kindergarten;

(3) Reduction of class sizes;

(4) Summer school remediation;

(5) Dropout prevention programs;

(6) Guaranteeing that all third graders are ready to progress to more advanced work;

(7) Summer education and work programs;

(8) Adolescent pregnancy programs;

(9) Head start or preschool programs;

(10) Reading improvement programs described by the department of education;

(11) Programs designed to ensure that schools are free of drugs and violence and have a disciplined environment conducive to learning;

(12) Furnishing, free of charge, materials used in courses of instruction, except for the necessary textbooks required to be furnished without charge pursuant to section 3329.06 of the Revised Code, to pupils living in families participating in Ohio works first in accordance with section 3313.642 of the Revised Code;

(13) School breakfasts provided pursuant to section 3313.813 of the Revised Code.

Each district shall submit to the department, in such format and at such time as the department shall specify, a report on the programs for which it expended funds under this division.

(J) If at any time the superintendent of public instruction determines that a school district ~~has used the~~ receiving funds ~~received~~ under division (D) of this section ~~for any purpose other than to provide all-day kindergarten as required under this section, or if the superintendent determines that a school district~~ has enrolled less than the all-day kindergarten percentage reported for that fiscal year, the superintendent shall withhold from the funds otherwise due ~~a~~ the district under this section ~~the amount of the funds spent in violation of this section or~~ a proportional amount ~~of the funds~~ as determined by the difference in the certified all-day kindergarten percentage and the percentage actually enrolled in all-day kindergarten.

The superintendent shall also withhold an appropriate amount of funds otherwise due a district for any other misuse of funds not in accordance with this section.

Sec. 3317.0212. Divisions (B) and (C) of this section do not apply to a

school district with a formula ADM of one ~~humdred~~ hundred fifty or less.

(A) As used in this section:

(1) "Fundamental FY 1997 state aid" or "fundamental FY 1998 state aid" for a district means the total amount of state money received by the district ~~under sections 3317.022 and 3317.023 of the Revised Code before any deductions required by division (G), (J), (K), or (L) of section 3317.023 of the Revised Code, plus any amounts for which the district was eligible pursuant to divisions (M), (N), and (O) of section 3317.024 and sections 3317.0212 and 3317.0213 of the Revised Code, as those divisions and sections existed in fiscal year 1998, plus the district's share of state funds for service center units~~ in the applicable fiscal year as reported on the department of education's form "SF-12," adjusted as follows:

(a) Minus the amount for transportation;

(b) Minus any amounts for approved preschool handicapped units;

(c) Minus any additional amount attributable to the reappraisal guarantee of division (C) of section 3317.04 of the Revised Code;

(d) Plus the amount deducted for payments to an educational service center;

(e) Plus an estimated portion of the state money distributed in the applicable fiscal year to other school districts or educational service centers for approved units, other than preschool handicapped or gifted education units, attributable to the costs of providing services in those units to students entitled to attend school in the district;

(f) Minus an estimated portion of the state money distributed to the school district in the applicable fiscal year for approved units, other than preschool handicapped units or gifted education units, attributable to the costs of providing services in those units to students entitled to attend school in another school district;

(g) Plus any additional amount paid in the applicable fiscal year pursuant to the vocational education recomputation required by Section 45.12 of Amended Substitute House Bill No. 117 of the121st general assembly or former Section 50.22 of Amended Substitute House Bill No. 215 of the 122nd general assembly;

(h) Plus any additional amount paid in the applicable fiscal year pursuant to the special education recomputation required by former division (I) of section 3317.023 of the Revised Code;

(i) Plus any amount paid for equity aid in the applicable fiscal year under section 3317.0213 of the Revised Code.

(2) "Enhanced FY 1998 state aid" for a district means its fundamental FY 1998 state aid plus any amounts for which the district was eligible

pursuant to division (K) of section 3317.024 of the Revised Code, as that division existed in fiscal year 1998.

(3) "State basic aid" for a district in any fiscal year after fiscal year 1998 means the sum of the following:

(a) The amount computed for the district for basic formula aid and special education ~~aid~~ funding under divisions (A) and (C)(1) of section 3317.022 and sections 3317.025 to 3317.028 of the Revised Code and DPIA aid under section 3317.029 of the Revised Code in the current fiscal year ~~but after~~ before any deduction or credit required by division (B), (D), (E), (F), (G), (H), (I), (J), or (K) of section 3317.023 or division (J) of section 3317.029 of the Revised Code~~, plus any~~;

(b) Any amounts for which the district is eligible pursuant to division (C) of section 3317.023, divisions (G) and ~~(Q)~~(P) of section 3317.024, and division (B) of section 3317.162 of the Revised Code~~, plus any amounts~~;

(c) Any equity aid for which the district is eligible under section 3317.0213 of the Revised Code.

~~(4) "FY 1998ADM" for a district means the district's average daily membership as described by division (A) of section 3317.02 of the Revised Code, for fiscal year 1998, plus the district's average daily membership based upon full-time equivalency in approved vocational units as certified by the district in fiscal year 1998 under division (A)(2) of section 3317.03 of the Revised Code and the district's average daily membership of all handicapped children, except for preschool handicapped children, in classes in the district as certified in fiscal year 1998 under division (A)(3) of section 3317.03 of the Revised Code, as those divisions and sections existed in fiscal year 1998.~~

~~(5) "District's share of state funds for service center units" means an estimated portion of the state money distributed to educational service centers for approved units in fiscal year 1998 attributable to the costs of providing services in such units to students, other than preschool handicapped students, residing in the district.~~

~~(6) "Fundamental FY 1997 state aid" for a district means the total amount of state money received by the district under sections 3317.022 and 3317.023 of the Revised Code before any deductions required by division (G), (J), (K), or (L) of section 3317.023 of the Revised Code, plus any amounts for which the district was eligible pursuant to divisions (M), (N), and (O) of section 3317.024 and sections 3317.0212 and 3317.0213 of the Revised Code, as those divisions and sections existed in fiscal year 1997, plus the district's share of state funds for service center units.~~

(B) Upon request of the department of education, the treasurer of any

school district or educational service center shall furnish data needed to calculate the amounts specified in divisions (A)(1)(e) and (f) of this section. The department ~~of education~~ shall compute the state basic aid guarantee for each school district for the fiscal year as follows:

(1) Subtract the amount of state basic aid from the amount of fundamental FY 1998 state aid. If a negative number, this computation shall be deemed to be zero~~;~~.

(2) Compute the following amounts:

(a) Formula ADM X (state basic aid/formula ADM);

(b) ~~Formula~~ The greater of formula ADM or three-year average formula ADM X (fundamental FY 1998 state aid/FY 1998 ADM).

(3) If the amount computed under division (B)(2)(b) of this section is greater than the amount computed under division (B)(2)(a) of this section, determine the amount by which it is greater. If the amount computed under division (B)(2)(b) of this section is not greater than the amount computed under division (B)(2)(a) of this section, this computation shall be deemed to be zero.

(4) Except as provided in division (C) of this section, the department shall determine for each district the lesser of the amounts computed in divisions (B)(1) and ~~(2)~~(3) of this section and, if greater than zero, pay the district that amount.

(C)~~(1)~~ In fiscal year 1999, ~~if a district's amount under division (B)(4) of this section is zero,~~ the department shall ~~determine~~ calculate for each ~~such~~ district the ~~following:~~

~~(2) Add to~~ sum of the district's state basic aid for fiscal year 1999 ~~the sum of~~ plus the transportation portion of state aid computed under division (D) of section 3317.022 of the Revised Code for the district for fiscal year 1999~~;~~

~~(3).~~ If a district's enhanced FY 1998 state aid is greater than ~~the district's amount calculated in division (C)(2) of this section~~ that sum, then the department shall pay the district in fiscal year 1999 one hundred per cent of the difference or the amount required by division (B)(4) of this section, whichever is greater.

(D)(1) The state basic aid guarantee in any fiscal year for a school district with a formula ADM of one hundred fifty or less shall be the greatest of the following amounts:

(a) The district's state basic aid for the fiscal year;

(b) The district's fundamental FY 1998 state aid;

(c) The district's fundamental FY 1997 state aid;

(2) If in any fiscal year the state basic aid for a school district with a

formula ADM of one hundred fifty or less is less than the guarantee amount determined for the district under division (D)(1) of this section, the department of education shall pay the district the amount of the difference.

Sec. 3317.0213. No money shall be distributed under this section after fiscal year 2001.

(A) As used in this section:

(1) "ADM" for any school district means:

(a) In fiscal year 1999, the ~~average daily membership reported in fiscal year 1998 under division (A) of section 3317.03 of the Revised Code as that section existed in fiscal year 1998, less one-half of the kindergarten students, less three-quarters of the students enrolled in a joint vocational school district, and less any students enrolled in preschool handicapped units approved under division (E) of section 3317.05 of the Revised Code, as that section existed in fiscal year~~ FY 1998 ADM;

(b) In fiscal years 2000 and 2001, the formula ADM reported for the previous fiscal year.

(2) "Average taxable value" means the average of the amounts certified for a district in the second, third, and fourth preceding fiscal years under divisions (A)(1) and (2) of section 3317.021 of the Revised Code.

(3)~~(a)~~ "Valuation per pupil" for a district ~~in~~ means:

(a) In fiscal year 1999 ~~means,~~ the district's average taxable value, divided by the district's ~~average daily membership for fiscal year 1998, as described in division (A)(1)(a) of this section.~~ FY 1998 ADM;

(b) ~~"Valuation per pupil" for a district in~~ In a fiscal year that occurs after fiscal year 1999 ~~means,~~ the district's average taxable value, divided by the district's formula ADM for the preceding fiscal year.

(4) "Threshold valuation" means:

(a) In fiscal year 1999, the adjusted valuation per pupil of the school district with the two hundred twenty-ninth lowest adjusted valuation per pupil in the state, according to data available at the time of the computation under division (B) of this section;

(b) In fiscal year 2000, the adjusted valuation per pupil of the district with the one hundred sixty-third lowest such valuation in the state;

(c) In fiscal year 2001, the adjusted valuation per pupil of the district with the one hundred eighteenth lowest such valuation in the state.

(5) "Adjusted valuation per pupil" for a district means an amount calculated in accordance with the following formula:

The district's valuation per pupil - ($30,000 X (one minus the district's income factor))

(6) "Millage rate" means .012 in fiscal year 1999, .011 in fiscal year

00, and .010 in fiscal year 2001.

(B) Beginning in fiscal year 1993, during August of each fiscal year, the department of education shall distribute to each school district meeting the requirements of section 3317.01 of the Revised Code whose adjusted valuation per pupil is less than the threshold valuation, an amount calculated in accordance with the following formula:

(The threshold valuation - the district's adjusted valuation per pupil) X millage rate X ADM

Sec. 3317.0214. As used in this section, "average taxable value" has the same meaning as in ~~division (A)(2) of~~ section 3317.0213 of the Revised Code.

Beginning in fiscal year 1993, ~~during each August,~~ the department of education annually shall distribute to each school district with a formula ADM less than one thousand and an average taxable value equal to or less than eighty-five thousand dollars per pupil in formula ADM, an amount equal to fifty dollars multiplied by any amount by which one thousand exceeds the district's formula ADM.

Sec. 3317.0215. (A) As used in this section~~, "total~~:

(1) "Total effective operating tax rate" ~~has~~ means the ~~same meaning as in~~ amount certified under division (A)(5) of section 3317.021 of the Revised Code~~, and "equalized~~.

(2) "Equalized tax rate" of a school district means the amount by which a district's total effective operating tax rate exceeds two and three-tenths per cent.

(3) "State taxable value per pupil" means the quotient obtained by dividing the total taxable value of all city, local, and exempted village school districts in the state by the sum of the formula ADMs of all city, local, and exempted village school districts in the state.

(4) "District's taxable value per pupil" means the quotient obtained by dividing the total taxable value of the school district by its formula ADM.

(B) Upon receiving the certifications under division (A) of section 3317.021 of the Revised Code, the department of education shall determine the equalized tax rate for each city, local, and exempted village school district. If the total effective operating tax rate of a district is greater than two and three-tenths per cent, the district shall receive a payment computed by multiplying the lesser of two-tenths of one per cent or the equalized tax rate by the amount by which the state taxable value per pupil exceeds the district's total taxable value per pupil times the district's formula ADM.

Sec. 3317.0216. (A) As used in this section:

(1) "Total taxes charged and payable for current expenses" means the

sum of the taxes charged and payable as certified under division (A)(3) of section 3317.021 of the Revised Code, and the tax liability for the preceding year under any school district income tax levied by the district pursuant to Chapter 5748. of the Revised Code to the extent the revenue from the income tax is allocated or apportioned to current expenses.

(2) "State equalization enhancement payments" means any payment made to a school district pursuant to section 3317.0215 of the Revised Code for the preceding fiscal year.

(3) "Charge-off amount" means the product obtained by multiplying two and three-tenths per cent by adjusted total taxable value.

(4) ~~"Local share percentage" means a percentage equal to one minus the state share percentage.~~

~~(5)~~ "Total receipts available for current expenses" of a school district means the sum of total taxes charged and payable for current expenses and the district's state equalization enhancement payments.

~~(6)~~(5) "Local share of special education ~~expenses" means the district's local share percentage X the formula amount for the year for which the aid is calculated X the district's total special education weight.~~

~~(7) "State share percentage" and "total special education weight" have the same meanings~~ and related services additional weighted costs" has the same meaning as in division (C)(3) of section 3317.022 of the Revised Code.

(B) Upon receiving the certifications under section 3317.021 of the Revised Code, the department of education shall determine for each city, local, and exempted village school district whether the district's charge-off amount is greater than the district's total receipts available for current expenses, and if it is, shall pay the district the amount of the difference. A payment shall not be made to any school district for which the computation under division (A) of section 3317.022 of the Revised Code equals zero.

(C)(1) If a district's charge-off amount is equal to or greater than its total receipts available for current expenses, the department shall, in addition to the payment required under division (B) of this section, pay the district the amount of the local share of special education expenses.

(2) If a district's charge-off amount is less than its total receipts available for current expenses, the department shall pay the district ~~the difference between the~~ any amount by which its local share of special education ~~expenses and the amount by which the district's~~ and related services additional weighted costs exceeds its total receipts available for current expenses ~~exceeds~~ minus its charge-off amount.

Sec. 3317.03. Notwithstanding divisions (A)(1), (B)(1), and (C) of this

section, any student enrolled in kindergarten more than half time shall be reported as one-half student under this section.

(A) The superintendent of each city and exempted village school district and of each educational service center shall, for the schools under the superintendent's supervision, certify to the state board of education on or before the fifteenth day of October in each year for the first full school week in October the formula ADM, which shall consist of the average daily membership during such week of the sum of the following:

(1) On an FTE basis, the number of students in grades kindergarten through twelve receiving any educational services from the district, except that the following categories of students shall not be included in the determination:

(a) Students enrolled in adult education classes;

(b) Adjacent or other district students enrolled in the district under an open enrollment policy pursuant to section 3313.98 of the Revised Code;

(c) Students receiving services in the district pursuant to a compact, cooperative education agreement, or a contract, but who are entitled to attend school in another district pursuant to section 3313.64 or 3313.65 Of the Revised Code;

(d) Students for whom tuition is payable pursuant to sections 3317.081 and 3323.141 of the Revised Code.

(2) On an FTE basis, the number of students entitled to attend school in the district pursuant to section 3313.64 or 3313.65 of the Revised Code, but receiving educational services in grades kindergarten through twelve from one or more of the following entities:

(a) A community school pursuant to Chapter 3314. of the Revised Code or Section 50.52 of Amended Substitute House Bill No. 215 of the 122nd general assembly;

(b) An alternative school pursuant to sections 3313.974 to 3313.979 of the Revised Code as described in division (I)(2)(a) or (b) of this section;

(c) A college pursuant to Chapter 3365. of the Revised Code;

(d) An adjacent or other school district under an open enrollment policy adopted pursuant to section 3313.98 of the Revised Code;

(e) An educational service center or cooperative education district;

(f) Another school district under a cooperative education agreement, compact, or contract.

(3) One-fourth of the number of students enrolled ~~both~~ in a joint vocational school district ~~and in the district, but who are not receiving regular education services in the school district~~;

(4) The number of handicapped children, other than handicapped

preschool children, entitled to attend school in the district pursuant to section 3313.64 or 3313.65 of the Revised Code who are placed with a county MR/DD board, minus the number of such children placed with a county MR/DD board in fiscal year 1998. If this calculation produces a negative number, the number reported under division (A)(4) of this section shall be zero.

(B) To enable the department of education to obtain the data needed to complete the calculation of payments pursuant to this chapter, in addition to the formula ADM, each superintendent shall report separately the following student counts:

(1) The total average daily membership in regular day classes included in the report under division (A)(1) or (2) of this section for kindergarten, and each of grades one through twelve in schools under the superintendent's supervision;

(2) The average daily membership of all handicapped preschool children included in a unit approved for the district under section 3317.05 of the Revised Code, in accordance with rules adopted under that section;

(3) The number of children entitled to attend school in the district pursuant to section 3313.64 or 3313.65 of the Revised Code who are participating in a pilot project scholarship program established under sections 3313.974 to 3313.979 of the Revised Code as described in division (I)(2)(a) or (b) of this section, are enrolled in a college under Chapter 3365. of the Revised Code, are enrolled in an adjacent or other school district under section 3313.98 of the Revised Code, are enrolled in a community school established under Chapter 3314. of the Revised Code or Section 50.52 of Amended Substitute House Bill No. 215 of the 122nd general assembly, or are participating in a program operated by a county MR/DD board or a state institution;

(4) The number of pupils enrolled ~~both in schools under the superintendent's supervision and~~ in joint vocational schools~~, but who are not in regular day classes in the school district~~;

(5) The average daily membership of handicapped children reported under division (A)(1) or (2) of this section receiving category one special education services, described in division (A) of section 3317.013 of the Revised Code;

(6) The average daily membership of handicapped children reported under division (A)(1) or (2) of this section receiving category two special education services, described in division (B) of section 3317.013 of the Revised Code;

(7) The average daily membership of handicapped children reported

under division (A)(1) or (2) of this section identified as having any of the handicaps specified in division (F)(3) of section 3317.02 of the Revised Code;

(8) The average daily membership of pupils reported under division (A)(1) or (2) of this section enrolled in vocational education programs or classes operated by the school district or by another district other than a joint vocational school district or by an educational service center;

(9) The average number of children transported by the school district on board-owned or contractor-owned and operated buses, reported in accordance with rules adopted by the department of education;

(10)(a) The number of children, other than handicapped preschool children, the district placed with a county MR/DD board in fiscal year 1998;

(b) The number of handicapped children, other than handicapped preschool children, placed with a county MR/DD board in the current fiscal year to receive category one special education services, described in division (A) of section 3317.013 of the Revised Code;

(c) The number of handicapped children, other than handicapped preschool children, placed with a county MR/DD board in the current fiscal year to receive category two special education services, described in division (B) of section 3317.013 of the Revised Code;

(d) The number of handicapped children, other than handicapped preschool children, placed with a county MR/DD board in the current fiscal year to receive category three special education services, described in division (F)(3) of section 3317.02 of the Revised Code.

(C) Except as otherwise provided in this section for kindergarten students, the average daily membership in divisions (B)(1) to (8) of this section shall be based upon the number of full-time equivalent students. The state board of education shall adopt rules defining full-time equivalent students and for determining the average daily membership therefrom for the purposes of divisions (A) and (B) of this section. No child shall be counted as more than a total of one child in the sum of the average daily memberships of a school district under division (A) or under divisions (B)(1) to (8) of this section. Based on the information reported under this section, the department of education shall determine the total student count, as defined in section 3301.011 of the Revised Code, for each school district.

(D) The superintendent of each joint vocational and cooperative education school district shall certify to the superintendent of public instruction, in a manner prescribed by the state board of education, the applicable average daily memberships for all students in the joint vocational or cooperative education school district, also indicating the city, local, or

exempted village school district of residence for each pupil.

(E) In each school of each city, local, exempted village, joint vocational, and cooperative education school district there shall be maintained a record of school membership, which record shall accurately show, for each day the school is in session, the actual membership enrolled in regular day classes. For the purpose of determining average daily membership, the membership figure of any school shall not include any pupils except those pupils described by division (A) of this section. The record of membership for each school shall be maintained in such manner that no pupil shall be counted as in membership prior to the actual date of entry in the school and also in such manner that where for any cause a pupil permanently withdraws from the school that pupil shall not be counted as in membership from and after the date of such withdrawal. There shall not be included in the membership of any school any of the following:

(1) Any pupil who has graduated from the twelfth grade of a public high school;

(2) Any pupil who is not a resident of the state;

(3) Any pupil who was enrolled in the schools of the district during the previous school year when tests were administered under section 3301.0711 of the Revised Code but did not take one or more of the tests required by that section and was not excused pursuant to division (C)(1) of that section;

(4) Any pupil who has attained the age of twenty-two years, except for the following:

(a) Persons suffering from tuberculosis and receiving treatment in any approved state, county, district, or municipal tuberculosis hospital who have not graduated from the twelfth grade of a public high school;

(b) Veterans of the armed services whose attendance was interrupted before completing the recognized twelve-year course of the public schools by reason of induction or enlistment in the armed forces and who apply for reenrollment in the public school system of their residence not later than four years after termination of war or their honorable discharge.

If, however, any veteran described by division (E)(4)(b) of this section elects to enroll in special courses organized for veterans for whom tuition is paid under the provisions of federal laws, or otherwise, that veteran shall not be included in average daily membership.

Notwithstanding division (E)(3) of this section, the membership of any school may include a pupil who did not take a test required by section 3301.0711 of the Revised Code if the superintendent of public instruction grants a waiver from the requirement to take the test to the specific pupil. The superintendent may grant such a waiver only for good cause in

accordance with rules adopted by the state board of education.

The average daily membership figure of any local, city, or exempted village school district shall be determined by dividing the figure representing the sum of the number of pupils enrolled during each day the school of attendance is actually open for instruction during the first full school week in October by the total number of days the school was actually open for instruction during that week. For purposes of state funding, "enrolled" persons are only those pupils who are attending school, those who have attended school during the current school year and are absent for authorized reasons, and those handicapped children currently receiving home instruction.

The average daily membership figure of any joint vocational or cooperative education school district shall be determined in accordance with rules adopted by the state board of education.

(F)(1) If the formula ADM for the first full school week in February is at least three per cent greater than that certified for the first full school week in the preceding October, the superintendent of schools of any city or exempted village school district or educational service center shall certify such increase to the superintendent of public instruction. Such certification shall be submitted no later than the fifteenth day of February. For the balance of the fiscal year, beginning with the February payments, the superintendent of public instruction shall use the increased formula ADM in calculating or recalculating the amounts to be allocated in accordance with section 3317.022 of the Revised Code. In no event shall the superintendent use an increased membership certified to the superintendent after the fifteenth day of February.

(2) If during the first full school week in February the total number of units for ~~preschool~~ handicapped preschool children that are eligible for approval under division (B) of section 3317.05 of the Revised Code exceeds the number of such units that have been approved for the year under such division, the superintendent of schools of any city, exempted village, or cooperative education school district or educational service center shall make the certifications required by this section for such week. If the state board of education determines additional units can be approved for the fiscal year within any limitations set forth in the acts appropriating moneys for the funding of such units, the board shall approve additional units for the fiscal year on the basis of such average daily membership. For each unit so approved, the department of education shall pay an amount computed in the manner prescribed in section 3317.161 or 3317.19 and section 3317.162 of the Revised Code.

(3) If during the first full school week in February the total number of special education units that are eligible for approval under division (D)(1) of section 3317.05 of the Revised Code for a joint vocational school district exceeds the number of those units that have been approved for the year under that division, the superintendent of the district shall make the certifications required by this section for that week. If the state board of education determines additional units can be approved for the fiscal year within any limitations set forth in the acts appropriating moneys for the funding of such units, the state board shall approve additional units for the fiscal year on the basis of the average daily membership certified. For each unit approved, the department of education shall pay an amount computed in the manner prescribed by section 3317.16 of the Revised Code.

(G)(1)(a) The superintendent of an institution operating a special education program pursuant to section 3323.091 of the Revised Code shall, for the programs under such superintendent's supervision, certify to the state board of education the average daily membership of all handicapped children in classes or programs approved annually by the state board of education, in the manner prescribed by the superintendent of public instruction.

(b) The superintendent of an institution with vocational education units approved under division (A) of section 3317.05 of the Revised Code shall, for the units under the superintendent's supervision, certify to the state board of education the average daily membership in those units, in the manner prescribed by the superintendent of public instruction.

(2) The superintendent of each county MR/DD board that maintains special education classes or units approved by the state board of education pursuant to section 3317.05 of the Revised Code shall do both of the following:

(a) Certify to the state board, in the manner prescribed by the board, the average daily membership in classes and units approved under division (D)(1) of section 3317.05 of the Revised Code for each school district that has placed children in the classes or units;

(b) Certify to the state board, in the manner prescribed by the board, the average daily membership in preschool handicapped units approved under division (B) of section 3317.05 of the Revised Code.

(3) If during the first full school week in February the average daily membership of the classes or units maintained by the county MR/DD board that are eligible for approval under division (D)(1) of section 3317.05 of the Revised Code is greater than the average daily membership for the preceding October, the superintendent of the board shall make the

certifications required by this section for such week and, if during the first full school week in February the average daily membership of the units maintained by the county MR/DD board that are eligible for approval under division (B) of section 3317.05 of the Revised Code is greater than the average daily membership for the preceding October, the superintendent shall certify the average daily membership for the first full school week in February for such units to the state board of education. If the state board determines that additional classes or units can be approved for the fiscal year within any limitations set forth in the acts appropriating moneys for the funding of such classes and units, the board shall approve and fund additional units for the fiscal year on the basis of such average daily membership. For each unit so approved, the department of education shall pay an amount computed in the manner prescribed in ~~section~~ sections 3317.161 and 3317.162 of the Revised Code.

(H) Except as provided in division (I) of this section, when any city, local, or exempted village school district provides instruction for a nonresident pupil whose attendance is unauthorized attendance as defined in section 3327.06 of the Revised Code, that pupil's membership shall not be included in that district's membership figure used in the calculation of that district's formula ADM or included in the determination of any unit approved for the district under section 3317.05 of the Revised Code. The reporting official shall report separately the average daily membership of all pupils whose attendance in the district is unauthorized attendance, and the membership of each such pupil shall be credited to the school district in which the pupil is entitled to attend school under division (B) of section 3313.64 or section 3313.65 of the Revised Code as determined by the department of education.

(I)(1) A school district admitting a scholarship student of a pilot project district pursuant to division (C) of section 3313.976 of the Revised Code may count such student in its average daily membership.

(2) In any year for which funds are appropriated for pilot project scholarship programs, a school district implementing a state-sponsored pilot project scholarship program that year pursuant to sections 3313.974 through 3313.979 of the Revised Code may count in average daily membership:

(a) All children residing in the district and utilizing a scholarship to attend kindergarten in any alternative school, as defined in division (A)(9) of section 3313.974 of the Revised Code;

(b) All children who were enrolled in the district in the preceding year who are utilizing a scholarship to attend any such alternative school.

Sec. 3317.05. (A) For the purpose of calculating payments under

ections 3317.16 ~~and~~, 3317.161, and 3317.162 of the Revised Code, the state board of education shall determine for each joint vocational school district and institution, by the last day of January of each year and based on information certified under section 3317.03 of the Revised Code, the number of vocational education units or fractions of units approved by the state board on the basis of standards and rules adopted by the state board. As used in this division, "institution" means an institution operated by a department specified in section 3323.091 of the Revised Code and that provides vocational education programs under the supervision of the division of vocational education of the department of education that meet the standards and rules for these programs, including licensure of professional staff involved in the programs, as established by the state board of education.

(B) For the purpose of calculating payments under sections ~~3317.024,~~ 3317.11, 3317.161, 3317.162, and 3317.19 of the Revised Code, the state board shall determine, based on information certified under section 3317.03 of the Revised Code, the following by the last day of January of each year for each educational service center, for each school district, including each cooperative education school district, for each institution eligible for payment under section 3323.091 of the Revised Code, and for each county MR/DD board: the number of classes operated by the school district, service center, institution, or county MR/DD board for handicapped preschool children, or fraction thereof, including in the case of a district or service center that is a funding agent, classes taught by a licensed teacher employed by that district or service center under section 3313.841 of the Revised Code, approved annually by the state board on the basis of standards and rules adopted by the state board.

(C) For the purpose of calculating payments under sections ~~3317.024,~~ 3317.11, 3317.161, 3317.162, and 3317.19 of the Revised Code, the state board shall determine, based on information certified under section 3317.03 of the Revised Code, the following by the last day of January of each year for each school district, including each cooperative education school district, for each institution eligible for payment under section 3323.091 of the Revised Code, and for each county MR/DD board: the number of preschool handicapped related services units for child study, occupational, physical, or speech and hearing therapy, special education supervisors, and special education coordinators approved annually by the state board on the basis of standards and rules adopted by the state board.

(D) For the purpose of calculating payments under sections 3317.16 ~~and~~, 3317.161, and 3317.162 of the Revised Code, the state board shall

etermine, based on information certified under section 3317.03 of the Revised Code, the following by the last day of January of each year for each joint vocational school district, for each institution eligible for payment under section 3323.091 of the Revised Code, and for each county MR/DD board:

(1) The number of classes operated by a joint vocational school district, institution, or county MR/DD board for handicapped children other than handicapped preschool children, or fraction thereof, approved annually by the state board on the basis of standards and rules adopted by the state board;

(2) The number of related services units for children other than handicapped preschool children for child study, occupational, physical, or speech and hearing therapy, special education supervisors, and special education coordinators approved annually by the state board on the basis of standards and rules adopted by the state board.

(E) All of the arithmetical calculations made under this section shall be carried to the second decimal place. The total number of units for school districts, service centers, and institutions approved annually by the state board under this section shall not exceed the number of units included in the state board's estimate of cost for these units and appropriations made for them by the general assembly.

In the case of units described in division (D)(1) of this section operated by county MR/DD boards and institutions eligible for payment under section 3323.091 of the Revised Code, the state board shall approve only units for persons who are under age twenty-two on the first day of the academic year, but not less than six years of age on the thirtieth day of September of that year, except that such a unit may include one or more children who are under six years of age on the thirtieth day of September if such children have been admitted to the unit pursuant to rules of the state board. In the case of handicapped preschool units described in division (B) of this section operated by county MR/DD boards and institutions eligible for payment under section 3323.091 of the Revised Code, the state board shall approve only preschool units for children who are under age six but not less than age three on the thirtieth day of September of the academic year, except that such a unit may include one or more children who are under age three or are age six or over on the thirtieth day of September if such children have been admitted to the unit pursuant to rules of the state board of education. The number of units for county MR/DD boards and institutions eligible for payment under section 3323.091 of the Revised Code approved by the state board under this section shall not exceed the number that can be

funded with appropriations made for such purposes by the general assembly.

No unit shall be approved under divisions (B) to (D) of this section unless a plan has been submitted and approved under Chapter 3323. of the Revised Code.

(F) For fiscal year 1999 only, the department shall approve units or fractions thereof for gifted children on the basis of standards and rules adopted by the board.

Sec. 3317.051. (A)(1) Notwithstanding sections 3317.05 and 3317.11 of the Revised Code, a unit funded pursuant to division ~~(Q)~~(P)(1) of section 3317.024 or division (A)(2) of section 3317.161 of the Revised Code shall not be approved for state funding in one school district, including any joint vocational or cooperative education school district or any educational service center, to the extent that such unit provides programs in or services to another district which receives payment pursuant to section 3317.04 of the Revised Code.

(2) Any city, local, exempted village, or cooperative education school district or any educational service center may combine partial unit eligibility for handicapped preschool programs pursuant to section 3317.05 of the Revised Code, and such combined partial units may be approved for state funding in one school district or service center.

(B) After units have been initially approved for any fiscal year under section 3317.05 of the Revised Code, no unit shall be subsequently transferred from a school district or educational service center to another city, exempted village, local, joint vocational, or cooperative education school district or educational service center or to an institution or county MR/DD board solely for the purpose of reducing the financial obligations of the school district in a fiscal year it receives payment pursuant to section 3317.04 of the Revised Code.

Sec. 3317.06. Moneys paid to school districts under division (L) of section 3317.024 of the Revised Code shall be used for the following independent and fully severable purposes:

(A) To purchase such secular textbooks as have been approved by the superintendent of public instruction for use in public schools in the state and to loan such textbooks to pupils attending nonpublic schools within the district or to their parents and to hire clerical personnel to administer such lending program. Such loans shall be based upon individual requests submitted by such nonpublic school pupils or parents. Such requests shall be submitted to the school district in which the nonpublic school is located. Such individual requests for the loan of textbooks shall, for administrative convenience, be submitted by the nonpublic school pupil or the pupil's

parent to the nonpublic school which shall prepare and submit collective summaries of the individual requests to the school district. As used in this section, "textbook" means any book or book substitute which a pupil uses as a text or text substitute in a particular class or program in the school the pupil regularly attends.

(B) To provide speech and hearing diagnostic services to pupils attending nonpublic schools within the district. Such service shall be provided in the nonpublic school attended by the pupil receiving the service.

(C) To provide physician, nursing, dental, and optometric services to pupils attending nonpublic schools within the district. Such services shall be provided in the school attended by the nonpublic school pupil receiving the service.

(D) To provide diagnostic psychological services to pupils attending nonpublic schools within the district. Such services shall be provided in the school attended by the pupil receiving the service.

(E) To provide therapeutic psychological and speech and hearing services to pupils attending nonpublic schools within the district. Such services shall be provided in the public school, in nonpublic schools, in public centers, or in mobile units located on or off of the nonpublic premises. If such services are provided in the public school or in public centers, transportation to and from such facilities shall be provided by the school district in which the nonpublic school is located.

(F) To provide guidance and counseling services to pupils attending nonpublic schools within the district. Such services shall be provided in the public school, in nonpublic schools, in ~~pubic~~ public centers, or in mobile units located on or off of the nonpublic premises. If such services are provided in the public school or in public centers, transportation to and from such facilities shall be provided by the school district in which the nonpublic school is located.

(G) To provide remedial services to pupils attending nonpublic schools within the district. Such services shall be provided in the public school, in nonpublic schools, in public centers, or in mobile units located on or off of the nonpublic premises. If such services are provided in the public school or in public centers, transportation to and from such facilities shall be provided by the school district in which the nonpublic school is located.

(H) To supply for use by pupils attending nonpublic schools within the district such standardized tests and scoring services as are in use in the public schools of the state;

(I) To provide programs for children who attend nonpublic schools within the district and are handicapped children as defined in division (A) of

section 3323.01 of the Revised Code or gifted children. Such programs shall be provided in the public school, in nonpublic schools, in public centers, or in mobile units located on or off of the nonpublic premises. If such programs are provided in the public school or in public centers, transportation to and from such facilities shall be provided by the school district in which the nonpublic school is located.

(J) To hire clerical personnel to assist in the administration of programs pursuant to divisions (B), (C), (D), (E), (F), (G), and (I) of this section and to hire supervisory personnel to supervise the providing of services and textbooks pursuant to this section.

(K) To purchase any secular, neutral, and nonideological computer software, prerecorded video laserdiscs, compact discs, and video cassette cartridges and mathematics or science equipment and materials that are in general use in the public schools of the state and loan such computer software, prerecorded video laserdiscs, compact discs, and video cassette cartridges, equipment, and materials to pupils attending nonpublic schools within the district or to their parents, and to hire clerical personnel to administer the lending program. Only computer software, prerecorded video laserdiscs, compact discs, and video cassette cartridges, equipment, and materials that are incapable of diversion to religious use and that are susceptible of loan to individual pupils and are furnished for the use of individual pupils shall be purchased and loaned under this division.

(L) To purchase instructional equipment, including computer hardware, for use by pupils attending nonpublic schools within the district, if such usage only occurs when these pupils are being provided the secular remedial, diagnostic, or therapeutic services pursuant to division (B), (D), (E), (F), (G), or (I) of this section.

(M) To purchase mobile units to be used for the provision of services pursuant to divisions (E), (F), (G), and (I) of this section and to pay for necessary repairs and operating costs associated with these units.

Clerical and supervisory personnel hired pursuant to division (J) of this section shall perform their services in the public schools, in nonpublic schools, public centers, or mobile units where the services are provided to the nonpublic school pupil, except that such personnel may accompany pupils to and from the service sites when necessary to ensure the safety of the children receiving the services.

Health services provided pursuant to divisions (B), (C), (D), and (E) of this section may be provided under contract with the department of health, city or general health districts, or private agencies whose personnel are properly licensed by an appropriate state board or agency.

Transportation of pupils provided pursuant to divisions (E), (F), (G), and (I) of this section shall be provided by the school district from its general funds and not from moneys paid to it under division ~~(J)~~(L) of section 3317.024 of the Revised Code unless a special transportation request is submitted by the parent of the child receiving service pursuant to such divisions. If such an application is presented to the school district, it may pay for the transportation from moneys paid to it under division ~~(J)~~(L) of section 3317.024 of the Revised Code.

No school district shall provide health or remedial services to nonpublic school pupils as authorized by this section unless such services are available to pupils attending the public schools within the district.

Materials, equipment, computer software, textbooks, and health and remedial services provided for the benefit of nonpublic school pupils pursuant to this section and the admission of pupils to such nonpublic schools shall be provided without distinction as to race, creed, color, or national origin of such pupils or of their teachers.

No school district shall provide services for use in religious courses, devotional exercises, religious training, or any other religious activity.

As used in this section, "parent" includes a person standing in loco parentis to a child.

Notwithstanding section 3317.01 of the Revised Code, payments shall be made under this section to any city, local, or exempted village school district within which is located one or more nonpublic elementary or high schools.

The allocation of payments for materials, equipment, textbooks, health services, and remedial services to city, local, and exempted village school districts shall be on the basis of the state board of education's estimated annual average daily membership in nonpublic elementary and high schools located in the district.

Payments made to city, local, and exempted village school districts under this section shall be equal to specific appropriations made for the purpose. All interest earned by a school district on such payments shall be used by the district for the same purposes and in the same manner as the payments may be used.

The department of education shall adopt guidelines and procedures under which such programs and services shall be provided, under which districts shall be reimbursed for administrative costs incurred in providing such programs and services, and under which any unexpended balance of the amounts appropriated by the general assembly to implement this section may be transferred to the auxiliary services personnel unemployment

compensation fund established pursuant to section 4141.47 of the Revised Code. The department shall also adopt guidelines and procedures limiting the purchase and loan of computer software, equipment, and materials under division (K) of this section to items that are in general use in the public schools of the state, that are incapable of diversion to religious use, and that are susceptible to individual use rather than classroom use. Within thirty days after the end of each biennium, each board of education shall remit to the department all moneys paid to it under division ~~(J)~~(L) of section 3317.024 of the Revised Code and any interest earned on those moneys that are not required to pay expenses incurred under this section during the biennium for which the money was appropriated and during which the interest was earned. If a board of education subsequently determines that the remittal of moneys leaves the board with insufficient money to pay all valid expenses incurred under this section during the biennium for which the remitted money was appropriated, the board may apply to the department of education for a refund of money, not to exceed the amount of the insufficiency. If the department determines the expenses were lawfully incurred and would have been lawful expenditures of the refunded money, it shall certify its determination and the amount of the refund to be made to the administrator of the bureau of employment services who shall make a refund as provided in section 4141.47 of the Revised Code.

Sec. 3317.082. As used in this section, "institution" means a residential facility that receives and cares for children maintained by the department of youth services and that operates a school chartered by the state board of education under section 3301.16 of the Revised Code.

(A) On or before the thirty-first day of each January and July, the superintendent of each institution that during the six-month period immediately preceding each January or July provided an elementary or secondary education for any child, other than a child receiving special education under section 3323.091 of the Revised Code, shall prepare and submit to the department of education, a statement for each such child indicating the child's name, any school district responsible to pay tuition for the child as determined by the superintendent in accordance with division (C)(2) or (3) of section 3313.64 of the Revised Code, and the period of time during that six-month period that the child received an elementary or secondary education. If any school district is responsible to pay tuition for any such child, the department of education, no later than the immediately succeeding last day of February or August, as applicable, shall calculate the amount of the tuition of the district under section 3317.08 of the Revised Code for the period of time indicated on the statement and do one of the

llowing:

(1) If the tuition amount is equal to or less than the amount of state basic aid funds payable to the district under sections 3317.022 and 3317.023 of the Revised Code, pay to the institution submitting the statement an amount equal to the tuition amount, as provided under division ~~(R)~~(Q) of section 3317.024 of the Revised Code, and deduct the tuition amount from the state basic aid funds payable to the district, as provided under division (F)(2) of section 3317.023 of the Revised Code;

(2) If the tuition amount is greater than the amount of state basic aid funds payable to the district under sections 3317.022 and 3317.023 of the Revised Code, require the district to pay to the institution submitting the statement an amount equal to the tuition amount.

(B) In the case of any disagreement about the school district responsible to pay tuition for a child pursuant to this section, the superintendent of public instruction shall make the determination in any such case in accordance with division (C)(2) or (3) of section 3313.64 of the Revised Code.

Sec. 3317.10. (A) On or before the first day of March of each year, the department of human services shall certify to the state board of education the number of children ages five through seventeen residing in each school district and living in a family that participated in Ohio works first under Chapter 5107. of the Revised Code during the preceding October according to the school district of residence for each child. Except as provided under division (B) of this section, the number of children so certified in any year shall be used by the department of education in ~~determining the DPIA ADMfor purposes of~~ calculating the distribution of moneys for the ensuing fiscal year provided in section 3317.029 of the Revised Code.

(B) Upon the transfer of part of the territory of one school district to the territory of one or more other school districts, the department of education may adjust the number certified under division (A) of this section for any district gaining or losing territory in such a transfer in order to take into account the effect of the transfer on the number of children ages five through seventeen who reside in the district and live in a family that participates in Ohio works first. Within sixty days of receipt of a request for information from the department of education, the department of human services shall provide any information the department of education determines is necessary to make such adjustments. The department of education may use the adjusted number for any district for the applicable fiscal year, in lieu of the number certified for the district for that fiscal year under division (A) of this section, in the calculation of the distribution of

moneys provided in section 3317.029 of the Revised Code.

Sec. 3317.11. (A) Annually, on or before a date designated by the state board of education, each educational service center governing board shall prepare a budget of operating expenses for the ensuing year for the service center on forms prepared and furnished by the state board of education and shall certify the budget to the state board of education, together with such other information as the board may require. Such budget shall consist of two parts. Part (A) shall include the cost of the salaries, employers retirement contributions, and travel expenses of supervisory teachers approved by the state board of education. The amount derived from the calculation for such units in part (A) of the governing board budget shall be the sum of:

(1) The sum of the minimum salaries calculated, pursuant to section 3317.13 of the Revised Code, for each approved licensed employee of the governing board;

(2) An additional salary allowance proportional to the length of the extended term of service not to exceed three months for each supervisory and child study teacher whose term of service in any year is extended beyond the terms of service of regular classroom teachers;

(3) An allowance equal to fifteen per cent of the amount computed under division (A)(1) of this section;

(4) An allowance for necessary travel expenses, for each of the personnel approved in part (A) of the budget, limited to two hundred twenty-three dollars and sixteen cents per month, or two thousand six hundred seventy-eight dollars per year per person employed, whichever is the lesser. ~~Part~~

Part (B) shall include the cost of all other lawful expenditures of the governing board. The state board of education shall review such budget and may approve, increase, or decrease such budget.

The governing board shall be reimbursed by the state board of education from state funds for the cost of part (A) of the budget. The governing board shall be reimbursed by the state board of education, from state funds for the cost of part (B) of the approved budget that is in excess of six dollars and fifty cents times the service center ADM. If the governing board provides services to city or exempted village school districts pursuant to section 3313.843 of the Revised Code, the governing board shall be reimbursed from state funds for the cost of part (B) of the budget that is in excess of six dollars and fifty cents times the sum of the service center ADM and the ~~formula~~ client ADMs of the city or exempted village districts to which such services are provided. The cost of part (B) not in excess of six dollars and fifty cents times the number of such ADM shall be apportioned by the state

board of education among the local school districts in the territory of the service center, or among all districts to which the governing board provides services, on the basis of the total number of pupils in each school district.

If part (B) of the budget is in excess of that approved by the state board of education, the excess cost shall be apportioned by the state board of education among the local school districts in the territory of the service center on the basis of the total number of such pupils in each such school district, provided that a majority of the boards of education of such local school districts approve such apportionment. The state board of education shall initiate and supervise the procedure by which the local boards shall approve or disapprove such apportionment.

The amounts so apportioned shall be certified to the treasurers of the various school districts. In the case of each district such amount shall be deducted by the state board of education from funds allocated to the district pursuant to division (E) of section 3317.023 of the Revised Code.

The state board of education shall certify to the director of budget and management for payment the total of the deductions, whereupon the amount shall be paid to the governing board of each service center, to be deposited to the credit of a separate fund, hereby created, to be known as the educational service center governing board fund.

An educational service center may provide special education to students in its local districts or in client districts. A service center is eligible for funding under division (J) of section 3317.024 of the Revised Code and eligible for state subsidies for the purchase of school buses under section 3317.07 of the Revised Code. Special education units for gifted children may be operated by a governing board. Vocational education may be provided by a governing board. A governing board may conduct driver education for pupils enrolled in a high school for which the state board of education prescribes minimum standards and which is eligible for funding under division (I) of section 3317.024 of the Revised Code.

Every local school district shall be provided supervisory services by its governing board as approved by the state board of education. A city or exempted village school district shall be considered to be provided supervisory services by a governing board if it has entered into an agreement for the governing board to provide any services under section 3313.843 of the Revised Code. Supervisory services shall not exceed one supervisory teacher for the first fifty classroom teachers employed in all districts that are provided supervisory services calculated under section 3317.023 of the Revised Code and one supervisory teacher for every additional one hundred such classroom teachers so calculated.

eimbursement for such supervisory services shall be a deduction by the state board of education from the payment to the school district pursuant to division (E) of section 3317.023 of the Revised Code. Deductions for all supervisory services and extended services for supervisory and child study shall be apportioned among local school districts within the territory of the service center and any city or exempted village districts that have entered into agreements with a service center pursuant to section 3313.843 of the Revised Code by the state board of education on the basis of the total number of pupils in each school district, except that where such services are provided to districts other than local school districts within the service center territory and city or exempted village districts having agreements with the service center, such charges shall be apportioned among all participating districts on the basis of the total number of pupils in each school district. All deductions from state funding to school districts required for reimbursement of governing boards by division (E) of section 3317.023 of the Revised Code shall be made from the total of the payment computed for the district under ~~sections 3317.022 and 3317.023 of the Revised Code~~ this chapter, after making any other adjustments in that payment required by law.

(B)(1) In addition to the payments made under division (A) of this section, except as otherwise provided in division (C) of this section, the department of education shall pay each governing board, each fiscal year, an amount equal to thirty-four dollars times the sum of the service center ADM and thirty-four dollars times the sum of the client ADMs of all its client districts.

(2) In addition to other payments under this section, the department shall pay each educational service center the amounts due to it from school districts pursuant to contracts, compacts, or agreements under which the service center furnishes services to the districts or their students. In order to receive payment under this division, an educational service center shall furnish either a copy of the applicable contract, compact, or agreement clearly indicating the amounts of the payments, or a written statement of the payments owed signed by the superintendent or treasurer of the responsible school district.

The amounts paid to service centers under division (B)(2) of this section shall be deducted from payments to school districts pursuant to division (K)(2) of section 3317.023 Of the Revised Code.

(C) Beginning with the fiscal year that starts July 1, 1997, in lieu of the payment specified under division (B) of this section, each multicounty service center shall receive a payment each fiscal year equal to one per cent

times the formula amount times the sum of the service center ADM and the client ADMs of all its client districts.

(D) Each city, exempted village, local, joint vocational, or cooperative education school district shall pay to the governing board of an educational service center any amounts agreed to for each child enrolled in the district who receives special education and related services or vocational education from the educational service center.

(E) As used in this section:

(1) "Service center ADM" means the total of each of the following for all local school districts within the limits of an educational service center's territory:

(a) The formula ADM;

(b) ~~One-half of the~~ The kindergarten average daily membership included in the formula ADM;

(c) Three-quarters of the number of students reported under division (B)(4) of section 3317.03 of the Revised Code;

(d) The average daily membership of handicapped preschool children reported under division (B)(2) of section 3317.03 of the Revised Code;

(e) The number of preschool students certified under division (B) of section 3317.032 of the Revised Code.

(2) "Client ADM" means the total of each number described under divisions (E)(1)(a) to (e) of this section for a client district.

(3) "Client district" means a city or exempted village school district that has entered into an agreement to receive services from a service center pursuant to section 3313.843 of the Revised Code.

(4) "Multicounty service center" means a service center that includes territory that formerly was included in the territory of at least three former service centers or county school districts, which former centers or districts engaged in one or more mergers pursuant to section 3311.053 of the Revised Code to form the present center.

Sec. 3317.15. (A) As used in this section, "handicapped child" has the same meaning as in section 3323.01 of the Revised Code.

(B) Each city, exempted village, local, and joint vocational school district shall continue to comply with all requirements of federal statutes and regulations, the Revised Code, and rules adopted by the state board of education governing education of handicapped children, including, but not limited to, requirements that handicapped children be served by appropriately licensed or certificated education personnel.

(C) Each city, exempted village, local, and joint vocational school district shall consult with the educational service center serving the county

in which the school district is located and, if it elects to participate pursuant to section 5126.04 of the Revised Code, the county MR/DD board of that county, in providing services that serve the best interests of handicapped children.

(D) Each school district shall annually provide documentation to the department of education that it employs the appropriate number of licensed or certificated personnel to serve the district's handicapped students.

(E) The department annually shall audit a sample of school districts to ensure that handicapped children are being appropriately reported.

(F) Each school district shall provide speech-language pathology services at a ratio of one speech-language pathologist per two thousand students receiving any educational services from the district other than adult education. Each district shall provide school psychological services at a ratio of one school psychologist per two thousand five hundred students receiving any educational services from the district other than adult education. A district may obtain the services of speech-language pathologists and school psychologists by any means permitted by law, including contracting with an educational service center. If, however, a district is unable to obtain the services of the required number of speech-language pathologists or school psychologists, the district may request from the superintendent of public instruction, and the superintendent may grant, a waiver of this provision for a period of time established by the superintendent.

Sec. 3317.161. As used in this section, "institution" means an institution operated by a department specified in section 3323.091 of the Revised Code.

(A)(1) The department of education shall pay each school district, educational service center, institution eligible for payment under section 3323.091 of the Revised Code, or county ~~mr/dd~~ MR/DD board an amount for the total of all classroom units for handicapped preschool children approved under division (B) of section 3317.05 of the Revised Code. For each unit, the amount shall be the sum of the minimum salary for the teacher of the unit, calculated on the basis of the teacher's training level and years of experience pursuant to section 3317.13 of the Revised Code, plus fifteen per cent of that minimum salary amount, and eight thousand twenty-three dollars.

(2) The department shall pay each school district, educational service center, institution eligible for payment under section 3323.091 of the Revised Code, or county MR/DD board an amount for the total of all related services units for handicapped preschool children approved under division (C) of section 3317.05 of the Revised Code. For each such unit, the amount shall be the sum of the minimum salary for the teacher of the unit calculated

on the basis of the teacher's training level and years of experience pursuant to section 3317.13 of the Revised Code, fifteen per cent of that minimum salary amount, and two thousand one hundred thirty-two dollars.

(B) If a school district or educational service center has had additional handicapped preschool units approved for the year under division (F)(2) of section 3317.03 of the Revised Code, or if a county MR/DD board has had additional handicapped preschool units approved under division (G)(3) of section 3317.03 of the Revised Code, the district, educational service center, or board shall receive an additional amount during the last half of the fiscal year. For each district, center, or board, the additional amount for each unit shall equal fifty per cent of the ~~amount~~ amounts computed for the unit in the manner prescribed by division (A) of this section and division (C) of section 3317.162 Of the Revised Code.

(C)(1) The department shall pay each institution eligible for payment under section 3323.091 of the Revised Code or county MR/DD board an amount for the total of all special education units approved under division (D)(1) of section 3317.05 of the Revised Code. The amount for each unit shall be the sum of the minimum salary for the teacher of the unit, calculated on the basis of the teacher's training level and years of experience pursuant to section 3317.13 of the Revised Code, plus fifteen per cent of that minimum salary amount, and eight thousand twenty-three dollars.

(2) The department shall pay each institution eligible for payment under section 3323.091 of the Revised Code or county MR/DD board an amount for the total of all related services units approved under division (D)(2) of section 3317.05 of the Revised Code. The amount for each unit shall be the sum of the minimum salary for the teacher of the unit, calculated on the basis of the teacher's training level and years of experience pursuant to section 3317.13 of the Revised Code, plus fifteen per cent of that minimum salary amount, and two thousand one hundred thirty-two dollars.

(3) If a county MR/DD board has had additional ~~handicapped preschool~~ units for handicapped children other than handicapped preschool children approved under division (G)(3) of section 3317.03 of the Revised Code, the board shall receive an additional amount during the last half of the fiscal year. For each board, the additional amount for each unit shall equal fifty per cent of the amount computed for the unit in the manner prescribed by division (C)(1) of this section and division (C) of section 3317.162 Of the Revised Code.

(D) The department shall pay each institution approved for vocational education units under division (A) of section 3317.05 of the Revised Code an amount for the total of all the units approved under that division. The

amount for each unit shall be the sum of the minimum salary for the teacher of the unit, calculated on the basis of the teacher's training level and years of experience pursuant to section 3317.13 of the Revised Code, plus fifteen per cent of that minimum salary amount, and nine thousand five hundred ten dollars.

Sec. ~~50.11~~ 3317.162. ~~Supplemental Unit Allowance~~

(A) As used ~~under~~ in this ~~heading~~ section:

(1) "State share percentage" has the same meaning as in ~~division (B) of~~ section 3317.022 of the Revised Code.

(2) "Dollar amount" means the amount shown in the following table for the corresponding type of unit and the appropriate fiscal year:

TYPE OF UNIT	DOLLAR AMOUNT FY 1999
Division (B) of ~~R.C.~~ section 3317.05 Of the Revised Code	$8,334
Division (C) of ~~R.C. 3317.05~~ that section	$3,234
Division (F) of ~~R.C. 3317.05~~ that section	$3,550

(3) "Average unit amount" means the amount shown in the following table for the corresponding type of unit and the appropriate fiscal year:

TYPE OF UNIT	AVERAGE UNIT AMOUNT FY 1999
Division (B) of ~~R.C.~~ section 3317.05 Of the Revised Code	$7,799
Division (C) of ~~R.C. 3317.05~~ that section	$2,966
Division (F) of ~~R.C. 3317.05~~ that section	$3,251

(B) In the case of each unit described in division (B), (C), or (F) of section 3317.05 of the Revised Code and allocated to a city, local, or exempted village school district, the ~~Department~~ department of ~~Education~~ education, in addition to the amounts specified in ~~such divisions~~ division (P)(1) of section 3317.024 and sections 3317.16, 3317.161, and 3317.19 Of the Revised Code, shall pay a supplemental unit allowance equal to the sum of the following amounts:

(1) An amount equal to 50% of the average unit amount for the unit;

(2) An amount equal to the percentage of the dollar amount for the unit

hat equals the district's state share percentage.

If, prior to the fifteenth day of May of a fiscal year, a school district's aid computed under section 3317.022 of the Revised Code is recomputed pursuant to section 3317.027 or 3317.028 of the Revised Code, the department shall also recompute the district's entitlement to payment under this section utilizing a new state share percentage. Such new state share percentage shall be determined using the district's recomputed basic aid amount pursuant to section 3317.027 or 3317.028 of the Revised Code. During the last six months of the fiscal year, the department shall pay the district a sum equal to one-half of the recomputed payment in lieu of one-half the payment otherwise calculated under this section.

(C)(1) In the case of each unit allocated to a joint vocational school district or institution pursuant to division (A) of section 3317.05 of the Revised Code, the ~~Department~~ department, in addition to the amount specified in section 3317.16 or 3317.161 of the Revised Code, shall pay a supplemental unit allowance of $7,227 in fiscal year 1999.

(2) In the case of each unit described in division (B) or (D)(1) of section 3317.05 of the Revised Code that is allocated to any entity other than a city, exempted village, or local school district, the ~~Department~~ department, in addition to the amount specified in section 3317.161 of the Revised Code, shall pay a supplemental unit allowance of $7,799 in fiscal year 1999.

(3) In the case of each unit described in division (C) or (D)(2) of section 3317.05 of the Revised Code and allocated to any entity other than a city, exempted village, or local school district, the ~~Department~~ department, in addition to the amounts specified in section 3317.161 of the Revised Code, shall pay a supplemental unit allowance of $2,966 in fiscal year 1999.

(4) In the case of each unit described in division (F) of section 3317.05 of the Revised Code and allocated to any entity other than a city, exempted village, or local school district, the ~~Department~~ department, in addition to the amounts specified in section 3317.161 of the Revised Code, shall pay a supplemental unit allowance of $3,251 in fiscal year 1999.

Sec. 3317.19. (A) As used in this section, "total unit allowance" means an amount equal to the sum of the following:

(1) The total of the salary allowances for the teachers employed in the cooperative education school district for all units approved under division (B) or (C) of section 3317.05 of the Revised Code. The salary allowance for each unit shall equal the minimum salary for the teacher of the unit calculated on the basis of the teacher's training level and years of experience pursuant to section 3317.13 of the Revised Code.

(2) Fifteen per cent of the total computed under division (A)(1) of this

section;

(3) The total of the unit operating allowances for all approved units. The amount of each allowance shall equal one of the following:

(a) Eight thousand twenty-three dollars times the number of preschool handicapped units or fraction thereof approved for the year under division (B) of section 3317.05 of the Revised Code;

(b) Two thousand one hundred thirty-two dollars times the number of units or fraction thereof approved for the year under division (C) of section 3317.05 of the Revised Code.

(B) The state board of education shall compute and distribute to each cooperative education school district for each fiscal year an amount equal to the sum of the following:

(1) An amount equal to the total of the amounts credited to the cooperative education school district pursuant to division (K) of section 3317.023 of the Revised Code;

(2) The total unit allowance;

(3) An amount for driver education pursuant to division ~~(H)~~(I) of section 3317.024 of the Revised Code;

(4) An amount for assisting in providing free lunches to needy children and an amount for assisting needy school districts in purchasing necessary equipment for food preparation pursuant to division (K) of section 3317.024 of the Revised Code.

(C) If a cooperative education school district has had additional special education units approved for the year under division (F)(2) of section 3317.03 of the Revised Code, the district shall receive an additional amount during the last half of the fiscal year. For each unit, the additional amount shall equal fifty per cent of the amount computed under division (A) of this section for a unit approved under division (B) of section 3317.05 of the Revised Code.

Sec. 3317.20. This section does not apply to handicapped preschool children.

(A) As used in this section:

(1) "Applicable weight" means:

(a) For a handicapped child receiving special education services for a handicap specified in division (A) of section 3317.013 of the Revised Code, the multiple specified in that division;

(b) For a handicapped child receiving special education services for a handicap specified in division (B) of section 3317.013 or division (F)(3) of section 3317.02 of the Revised Code, the multiple specified in division (B) of section 3317.013 of the Revised Code.

(2) "Child's school district" means the school district in which a child is entitled to attend school pursuant to section 3313.64 or 3313.65 of the Revised Code.

(3) "State share percentage" means the state share percentage of the child's school district as defined in section 3317.022 of the Revised Code.

(B) Notwithstanding sections 3317.03, 3317.05, 3317.161, and 3317.162 of the Revised Code, the department of education shall not approve special education and related services units, other than for handicapped preschool children, in county MR/DD boards in fiscal years 1999, 2000, and 2001. During those fiscal years, state funding for special education and related services provided to school-age children by county MR/DD boards shall be provided under divisions (C) to (E) of this section.

(C) Except as provided in division (D) of this section, the department shall annually pay each county MR/DD board an amount calculated under the following formula for each handicapped child, other than a handicapped preschool child, for whom the county MR/DD board provides special education and related services:

(formula amount X the cost-of-doing-business factor for the child's school district) + (state share percentage X formula amount X the applicable weight)

(D) If any school district places with a county MR/DD board more handicapped children than it had placed with a county MR/DD board in fiscal year 1998, the department shall not make a payment under division (C) of this section for the number of children exceeding the number placed in fiscal year 1998. The department instead shall deduct from the district's payments under this chapter, and pay to the county MR/DD board, an amount calculated in accordance with the formula prescribed in division (C) of this section for each child over the number of children placed in fiscal year 1998.

(E) The department shall calculate for each county MR/DD board receiving payments under divisions (C) and (D) of this section the following amounts:

(1) The amount received by the county MR/DD board for approved special education and related services units, other than preschool handicapped units, in fiscal year 1998, divided by the total number of children served in the units that year;

(2) The product of the quotient calculated under division (E)(1) of this section times the number of children for whom payments are made under divisions (C) and (D) of this section.

If the amount calculated under division (E)(2) of this section is greater

than the total amount calculated under divisions (C) and (D) of this section, the department shall pay the county MR/DD board one hundred per cent of the difference in addition to the payments under divisions (C) and (D) of this section.

Sec. 3318.06. After receipt of the conditional approval of the Ohio school facilities commission, the school district board by a majority of all of its members shall, if it desires to proceed with the project, declare all of the following by resolution:

(A) That with a net bonded indebtedness of within five thousand dollars of the required level of indebtedness or by issuing bonds in an amount equal to the required percentage of the project costs, the district is unable to provide adequate classroom facilities without assistance from the state;

(B) That to qualify for such state assistance it is necessary to levy a tax outside the ten-mill limitation the proceeds of which shall be used to pay the cost of maintaining the classroom facilities included in the project, except that in any year the district's adjusted valuation per pupil is greater than the state-wide median adjusted valuation per pupil one-half of the proceeds of the tax shall be used for such maintenance and one-half of such proceeds shall be used to pay the cost of the purchase of the classroom facilities from the state;

(C) That the question of such tax levy shall be submitted to the electors of the school district at the next general or primary election, if there be a general or primary election not less than seventy-five and not more than ninety-five days after the day of the adoption of such resolution or, if not, at a special election to be held at a time specified in the resolution which shall be not less than seventy-five days after the day of the adoption of the resolution and which shall be in accordance with the requirements of section 3501.01 of the Revised Code.

Such resolution shall also state~~, if such be the case,~~ that the question of issuing bonds of the board shall be combined in a single proposal with the question of such tax levy. More than one election under this section may be held in any one calendar year. Such resolution shall specify both of the following:

(1) That the rate which it is necessary to levy shall be at the rate of one-half mill for each one dollar of valuation, and that such tax shall be levied until the purchase price is paid but in no case longer than twenty-three years;

(2) That the proceeds of the tax shall be used to pay the cost of maintaining the classroom facilities included in the project, except in any year the district's adjusted valuation per pupil is greater than the statewide

median adjusted valuation per pupil one-half of the proceeds of the tax shall be used for such maintenance and one-half of the proceeds of the tax shall be used to pay the cost of the purchase of the classroom facilities from the state under sections 3318.01 to 3318.20 of the Revised Code.

A copy of such resolution shall after its passage and not less than seventy-five days prior to the date set therein for the election be certified to the county board of elections.

~~If the question of issuing bonds of the board is to be combined with the question of levying the tax, the~~ The resolution of the school district board, in addition to meeting other applicable requirements of section 133.18 of the Revised Code, shall state that the amount of bonds to be issued will be either whatever amount may be necessary to raise the net bonded indebtedness of the school district to within five thousand dollars of the required level of indebtedness calculated for the year preceding the year in which such resolution is adopted or an amount equal to the required percentage of the basic project costs, whichever is greater and state that the maximum maturity of the bonds which, notwithstanding section 133.20 of the Revised Code, may be any number of years not exceeding twenty-three as determined by the board. In estimating the amount of bonds to be issued, the board shall take into consideration the amount of moneys then in the bond retirement fund and the amount of moneys to be collected for and disbursed from the bond retirement fund during the remainder of the year in which the resolution of necessity is adopted.

Notice of the election shall include the fact that the tax levy shall be at the rate of one-half mill for each one dollar of valuation, that the levy shall be made until the purchase price is paid but in no case longer than twenty-three years, and that the proceeds of the tax shall be used to pay the cost of maintaining the classroom facilities included in the project, except in any year the district's adjusted valuation per pupil is greater than the statewide median adjusted valuation per pupil one-half of the proceeds of the tax shall be used for such maintenance and one-half of the proceeds of the tax shall be used to pay the cost of the purchase of the classroom facilities from the state under sections 3318.01 to 3318.20 of the Revised Code.

The form of the ballot to be used at such election shall be:

"A majority affirmative vote is necessary for passage.

Shall bonds be issued by the Board of Education of the ..... (here insert name of school district) for the purpose of ..... (here insert purpose of bond issue) in either an amount sufficient to raise the net indebtedness of the school district to within five thousand dollars of .....

(here insert five, six, or seven per cent depending on the district's required level of indebtedness) of the total value of all property in the school district as listed and assessed for taxation on the tax duplicate for the year ..... (here insert the year preceding the year in which the resolution declaring the necessity of the election was adopted) or an amount equal to ..... (here insert the required percentage of the basic project costs), whichever is greater, and a levy of taxes be made outside of the ten-mill limitation for a maximum period of ..... (here insert longest maturity) years to pay the principal and interest of such bonds, the amount of such bonds being estimated to be ..... (here insert estimated amount of bond issue) for which the levy of taxes is estimated by the county auditor to average ..... (here insert number of mills) mills for each one dollar of valuation, which amounts to ..... (here insert rate expressed in dollars and cents) for each one hundred dollars of valuation?"

and

"Shall an additional levy of taxes be made for the benefit of the ..... (name of school district), the proceeds of which shall be used to pay the cost of maintaining the classroom facilities included in the project, except that in any year the district's adjusted valuation per pupil is greater than the state-wide median adjusted valuation per pupil one-half of the proceeds of the tax shall be used for such maintenance and one-half of such proceeds shall be used to pay the cost of the purchase of classroom facilities from the state, at the rate of one-half mill for each one dollar of valuation until the purchase price is paid but in no case longer than twenty-three years?

_____

FOR THE BOND ISSUE AND TAX LEVY

_____

AGAINST THE BOND ISSUE AND TAX LEVY

_____

"

~~Where it is not necessary to include the question of issuing bonds of the school district board with the question of levying the tax, the first paragraph of the foregoing ballot form shall be omitted and the question to be voted on shall be "For the Tax Levy" and "Against the Tax Levy."~~

(D) If it is necessary for the school district to acquire a site for the classroom facilities to be acquired pursuant to sections 3318.01 to 3318.20 of the Revised Code, the district board may propose either to issue bonds of the board or to levy a tax to pay for the acquisition of such site, and may combine the question of doing so with the questions specified in division (C) of this section. Bonds issued under this division for the purpose of acquiring a site are a general obligation of the school district and are

Chapter 133. securities.

The form of that portion of the ballot to include the question of either issuing bonds or levying a tax for site acquisition purposes shall be one of the following:

(1) "Shall bonds be issued by the board of education of the ..... (name of the school district) for the purpose of ..... (purpose of the bond issue, which shall be for the purpose of acquiring a site for classroom facilities) in the principal amount of ..... (principal amount of the bond issue), to be repaid annually over a maximum period of ..... (maximum number of years over which the principal of the bonds may be paid) years, and an annual levy of property taxes be made outside the ten-mill limitation, estimated by the county auditor to average over the repayment period of the bond issue ..... (number of mills) mills for each one dollar of tax valuation, which amount to ..... (rate expressed in dollars and cents) for each one hundred dollars of valuation?"

(2) "Shall an additional levy of taxes be made for the benefit of the ..... (name of the school district) ..... for the purpose ..... (purpose of the levy, which shall be for the purpose of acquiring a site for classroom facilities) in the sum of ..... (annual amount the levy is to produce) and a levy of taxes to be made outside of the ten-mill limitation estimated by the county auditor to average ..... (number of mills) mills for each one hundred dollars of valuation, for a period of ..... (number of years the millage is to be imposed) years?"

Where it is necessary to combine the question of issuing bonds of the school district and levying a tax as described in division (C) of this section with the question of issuing bonds of the school district for acquisition of a site, the question specified in division (C) of this section to be voted on shall be "For the Bond Issues and the Tax Levy" and "Against the Bond Issues and the Tax Levy." ~~In the event it is not necessary to include the question of issuing bonds as described in division (C) of this section, the question specified in that division to be voted on shall be "For the Bond Issue and the Tax Levy" and "Against the Bond Issue and the Tax Levy."~~

Where it is necessary to combine the question of issuing bonds of the school district and levying a tax as described in division (C) of this section with the question of levying a tax for the acquisition of a site, the question specified in division (C) of this section to be voted on shall be "For the Bond Issue and the Tax Levies" and "Against the Bond Issue and the Tax Levies." ~~In the event it is not necessary to include the question of issuing bonds as described in division (C) of this section, the question specified in that division to be voted on shall be "For the Tax Levies" and "Against the~~

~~Tax Levies."~~

If a majority of those voting upon a proposition hereunder which includes the question of issuing bonds vote in favor thereof, and if the agreement provided for by section 3318.08 of the Revised Code has been entered into, the school district board may proceed under Chapter 133. of the Revised Code, with the issuance of bonds or bond anticipation notes in accordance with the terms of the agreement.

Sec. 3318.08. If the requisite favorable vote on the election is obtained, the Ohio school facilities commission, upon certification of the results of the election to it, shall enter into a written agreement with the school district board for the construction and sale of the project, which agreement shall include, but need not be limited to, the following provisions:

(A) The sale and issuance of bonds or notes in anticipation thereof, as soon as practicable after the execution of the agreement, in either an amount which will raise the net bonded indebtedness of the school district, as of the date of the resolution authorizing the issuance of such bonds or notes, to within five thousand dollars of the required level of indebtedness calculated for the year preceding the year in which the resolution declaring the necessity of the election was adopted or an amount equal to the required percentage of the basic project costs, whichever is greater; provided, that if at that time the county treasurer of each county in which the school district is located has not commenced the collection of taxes on the general duplicate of real and public utility property for such year, the school district board shall authorize the issuance of a first installment of bond anticipation notes in an amount specified by the agreement, which amount shall not exceed an amount necessary to raise the net bonded indebtedness of the school district as to the date of such authorizing resolution to within five thousand dollars of the required level of indebtedness for the preceding year. In the event that a first installment of bond anticipation notes is issued, the school district board shall, as soon as practicable after the county treasurer of each county in which the school district is located has commenced the collection of taxes on the general duplicate of real and public utility property for the year in which the resolution declaring the necessity of the election was adopted, authorize the issuance of a second and final installment of bond anticipation notes or a first and final issue of bonds. The combined value of the first and second installment of bond anticipation notes or the value of the first and final issue of bonds shall be equal to either an amount which will raise the net indebtedness of the school district as of the date of such authorizing resolution to within five thousand dollars of the required level of indebtedness, or an amount equal to the required percentage of the

project costs, whichever is greater. The proceeds of any such bonds shall be used first to retire any bond anticipation notes. Otherwise, the proceeds of such bonds and of any bond anticipation notes, except the premium and accrued interest thereon, shall be deposited in the school district's project construction fund. In determining the amount of net indebtedness for the purpose of fixing the amount of an issue of either bonds or bond anticipation notes, gross indebtedness shall be reduced by moneys in the bond retirement fund only to the extent of the moneys therein on the first day of the year preceding the year in which the resolution authorizing such bonds or notes is adopted. Should there be a decrease in the tax valuation of the school district so that the amount of indebtedness which can be incurred on the tax duplicates for the year in which the resolution declaring the necessity of the election was adopted is less than the amount of the first installment of bond anticipation notes, there shall be paid from the school district's project construction fund to the school district's bond retirement fund to be applied against such notes an amount sufficient to cause the net indebtedness of the school district, as of the first day of the year following the year in which the resolution declaring the necessity of the election was adopted, to be within five thousand dollars of the required level of indebtedness for the year in which that resolution was adopted. The maximum amount of indebtedness to be incurred by any school district board as its share of the cost of the project is either an amount which will cause its net indebtedness, as of the first day of the year following the year in which the resolution declaring the necessity of the bond issue was adopted, to be within five thousand dollars of the required level of indebtedness calculated for the year preceding the year in which that resolution was adopted or an amount equal to the required percentage of the basic project costs, whichever is greater. All bonds and bond anticipation notes shall be issued in accordance with Chapter 133. of the Revised Code, and notes may be renewed as provided in section 133.22 of the Revised Code.

(B) The transfer of such funds of the school district board available for the project, together with the proceeds of the sale of the bonds or notes, except premium, accrued interest, and interest included in the amount of the issue, to the school district's project construction fund;

(C) The levy of the tax authorized at the election for the payment of maintenance costs or the cost of purchasing the classroom facilities;

(D) Ownership of the project during the period of construction, which shall be divided between the commission and the school district board in proportion to their respective contributions to the school district's project construction fund;

(E) The transfer of the state's interest in the project to the school district upon completion of the project;

(F) The insurance of the project by the school district from the time there is an insurable interest therein and so long as any part of the purchase price remains unpaid, in such amounts and against such risks as the commission shall require; provided, that the cost of any required insurance until the project is completed shall be a part of the basic project cost;

(G) The certification by the director of budget and management that funds are available and have been set aside to meet the state's share of the basic project cost as approved by the controlling board pursuant to section 3318.04 of the Revised Code;

(H) Authorization of the school district board to advertise for and receive construction bids for the project, for and on behalf of the commission, and to award contracts in the name of the state subject to approval by the commission;

(I) Provisions for the disbursement of moneys from the school district's project account upon issuance by the commission or the commission's designated representative of vouchers for work done to be certified to the commission by the treasurer of the school district board;

(J) Disposal of any balance left in the school district's project construction fund upon completion of the project;

(K) Prohibition against alienation of any interest in the project by the school district board or its successor in interest without the consent of the commission so long as any part of the purchase price of the project remains unpaid, but in no case longer than twenty-three years;

(L) Limitations upon use of the project or any part of it so long as any part of the purchase price of the project remains unpaid, but in no case longer than twenty-three years;

(M) ~~Suspension of the power to issue bonds or notes by the school district board for permanent improvements without the prior consent of the commission for so long as any part of the purchase price of the project remains unpaid, but in no case longer than twenty-three years;~~

~~(N)~~ Provision for vesting absolute interest in the project in the school district board when the purchase price has been paid or at the expiration of the period of twenty-three years;

~~(O)~~(N) Provision for deposit of an executed copy of the agreement in the office of the commission and the office of the county recorder of the county or counties in which the project is situated;

~~(P)~~(O) Provision for termination of the contract and release of the funds encumbered at the time of the conditional approval, if the proceeds of the

sale of the bonds of the school district board are not paid into the school district's project construction fund and if bids for the construction of the project have not been taken within such period after the execution of the agreement as may be fixed by the commission;

~~(Q)~~(P) Provision for the school district to maintain the project in accordance with a plan approved by the commission;

~~(R)~~(Q) Provision that all state funds reserved and encumbered to pay the state share of the cost of the project pursuant to section 3318.03 of the Revised Code be spent on the construction or acquisition of the project prior to the expenditure of any funds provided by the school district to pay for its share of the project cost, unless the school district certifies to the commission that expenditure by the school district is necessary to maintain the tax-exempt status of notes or bonds issued by the school district to pay for its share of the project cost in which case, the school district may commit to spend, or spend, a portion of the funds it provides.

Sec. 3318.10. When such working drawings, specifications, and estimates of cost have been approved by the school district board and the Ohio school facilities commission, the treasurer of the school district board shall advertise for construction bids for the project once a week for ~~four~~ three consecutive weeks in a newspaper published in and of general circulation in the county in which the project is located. Such notices shall state that plans and specifications for the project are on file in the office of the commission and such other place as may be designated in such notice, and the time and place when and where bids therefor will be received.

The form of proposal to be submitted by bidders shall be supplied by the commission. Bidders may be permitted to bid upon all the branches of work and materials to be furnished and supplied, upon any branch thereof, or upon all or any thereof.

A proposal shall be invalid and not considered unless it meets the requirements of section 153.54 of the Revised Code.

When the construction bids for all branches of work and materials have been tabulated, the commission shall cause to be prepared a revised estimate of the basic project cost based upon the lowest responsible bids received. If such revised estimate exceeds the estimated basic project cost as approved by the controlling board pursuant to section 3318.04 of the Revised Code, no contracts may be entered into pursuant to this section unless such revised estimate is approved by the commission and by the controlling board referred to in section 3318.04 of the Revised Code. When such revised estimate has been prepared, and after such approvals are given, if necessary, and if the school district board has caused to be transferred to the project

construction fund the proceeds from the sale of the first or first and final installment of its bonds or bond anticipation notes pursuant to the provision of written agreement required by division (B) of section 3318.08 of the Revised Code, and when the director of budget and management has certified that there is a balance in the appropriation, not otherwise obligated to pay precedent obligations, pursuant to which the state's share of such revised estimate is required to be paid, the contract for all branches of work and materials to be furnished and supplied, or for any branch thereof as determined by the school district board, shall be awarded by the school district board to the lowest responsible bidder subject to the approval of the commission. Such award shall be made within ~~thirty~~ sixty days after the date on which the bids are opened, and the successful bidder shall enter into a contract within ten days after the successful bidder is notified of the award of the contract.

Subject to the approval of the commission, the school district board may reject all bids and readvertise. Any contract made under this section shall be made in the name of the state and executed on its behalf by the president and treasurer of the school district board.

The provisions of sections 153.50 to 153.99 of the Revised Code, which are applicable to construction contracts of boards of education and which permit bids to be made for two or more trades or kinds of work, shall apply to construction contracts for the project to the exclusion of sections 153.01 to 153.20 of the Revised Code applicable to state construction contracts.

The remedies afforded to any subcontractor, materials supplier, laborer, mechanic, or persons furnishing material or machinery for the project under sections 1311.26 to 1311.32 of the Revised Code, shall apply to contracts entered into under this section and the itemized statement required by section 1311.26 of the Revised Code shall be filed with the school district board.

Sec. 3319.22. (A) The state board of education shall adopt rules establishing the standards and requirements for obtaining temporary, associate, provisional, and professional educator licenses of any categories, types, and levels the board elects to provide. However, no educator license shall be required for teaching children two years old or younger.

(B) Any rules the state board of education adopts, amends, or rescinds for educator licenses under this section, division (D) of section 3301.07 of the Revised Code, or any other law shall be adopted, amended, or rescinded under Chapter 119. of the Revised Code except as follows:

(1) Notwithstanding division (D) of section 119.03 and division (A)(1) of section 119.04 of the Revised Code, the effective date of any rules, or

amendment or rescission of any rules, shall not be as prescribed in division (D) of section 119.03 and division (A)(1) of section 119.04 of the Revised Code. Instead, the rules or amendment or rescission of the rules shall take effect only after the rules or amendment or rescission of the rules are filed with the chairpersons of the committees of the house of representatives and of the senate that are primarily responsible for consideration of education legislation and only after approval by the general assembly through adoption of a concurrent resolution by a majority of the members of both the house of representatives and the senate. The effective date of the rules shall be the later of the date on which the concurrent resolution is adopted by the second house or the date prescribed by section 3319.23 of the Revised Code.

(2) Notwithstanding the authority to adopt, amend, or rescind emergency rules in division (F) of section 119.03 of the Revised Code, this authority shall not apply to the state board of education with regard to rules for educator licenses.

(C)(1) The rules adopted under this section establishing standards requiring additional coursework for the renewal of any educator license shall require a school district and a chartered nonpublic school to establish local professional development committees. In a nonpublic school, the chief administrative officer shall establish the committees in any manner acceptable to such officer. The committees established under this division shall determine whether coursework that a district or chartered nonpublic school teacher proposes to complete meets the requirement of the rules. The rules shall establish a procedure by which a teacher may appeal the decision of a local professional development committee.

(2) In any school district in which there is no exclusive representative established under Chapter 4117. of the Revised Code, the professional development committees shall be established as described in division (C)(2) of this section.

Not later than the effective date of the rules adopted under this section, the board of education of each school district shall establish the structure for one or more local professional development committees to be operated by such school district. The committee structure so established by a district board shall remain in effect unless within thirty days prior to an anniversary of the date upon which the current committee structure was established, the board provides notice to all affected district employees that the committee structure is to be modified. Professional development committees may have a district level or building level scope of operations, and may be established with regard to particular grade or age levels for which an educator license is designated.

Each professional development committee shall consist of at least three classroom teachers employed by the district, one principal employed by the district, and one other employee of the district appointed by the district superintendent. For committees with a building level scope, the teacher and principal members shall be assigned to that building, and the teacher members shall be elected by majority vote of the classroom teachers assigned to that building. For committees with a district level scope, the teacher members shall be elected by majority vote of the classroom teachers of the district, and the principal member shall be elected by a majority vote of the principals of the district, unless there are two or fewer principals employed by the district, in which case the one or two principals employed shall serve on the committee. If a committee has a particular grade or age level scope, the teacher members shall be licensed to teach such grade or age levels, and shall be elected by majority vote of the classroom teachers holding such a license and the principal shall be elected by all principals serving in buildings where any such teachers serve. The district superintendent shall appoint a replacement to fill any vacancy that occurs on a professional development committee, except in the case of vacancies among the elected classroom teacher members, which shall be filled by vote of the remaining members of the committee so selected.

Terms of office on professional development committees shall be prescribed by the district board establishing the committees. The conduct of elections for members of professional development committees shall be prescribed by the district board establishing the committees. A professional development committee may include additional members, except that the majority of members on each such committee shall be classroom teachers employed by the district. Any member appointed to fill a vacancy occurring prior to the expiration date of the term for which a predecessor was appointed shall hold office as a member for the remainder of that term.

The initial meeting of any professional development committee, upon election and appointment of all committee members, shall be called by a member designated by the district superintendent. At this initial meeting, the committee shall select a chairperson and such other officers the committee deems necessary, and shall adopt rules for the conduct of its meetings. Thereafter, the committee shall meet at the call of the chairperson or upon the filing of a petition with the district superintendent signed by a majority of the committee members calling for the committee to meet.

(3) In the case of a school district in which an exclusive representative has been established pursuant to Chapter 4117. of the Revised Code, professional development committees shall be established in accordance

ith any collective bargaining agreement in effect in the district that includes provisions for such committees.

If the collective bargaining agreement does not specify a different method for the selection of teacher members of the committees, the exclusive representative of the district's teachers shall select the teacher members.

If the collective bargaining agreement does not specify a different structure for the committees, the board of education of the school district shall establish the structure, including the number of committees and the number of teacher and administrative members on each committee; the specific administrative members to be part of each committee; whether the scope of the committees will be district levels, building level, or by type of grade or age levels for which educator licenses are designated; the lengths of terms for members; the manner of filling vacancies on the committees; and the frequency and time and place of meetings. However, in all cases, except as provided in division (C)(4) of this section, there shall be a majority of teacher members of any professional development committee, there shall be at least five total members of any professional development committee, and the exclusive representative shall designate replacement members in the case of vacancies among teacher members, unless the collective bargaining agreement specifies a different method of selecting such replacements.

(4) Whenever an administrator's coursework plan is being discussed or voted upon, the local professional development committee shall, at the request of one of its administrative members, cause a majority of the committee to consist of administrative members by reducing the number of teacher members voting on the plan.

Sec. 3323.021. As used in this section, "participating county MR/DD board" means a county board of mental retardation and developmental disabilities electing to participate in the provision of or contracting for educational services for children under division (D) of section 5126.05 of the Revised Code.

(A) When a school district, educational service center, or participating county MR/DD board enters into an agreement or contract with another school district, educational service center, or participating county MR/DD board to provide educational services to a disabled child during a school year, both of the following shall apply:

(1) Beginning with fiscal year 1999, if the provider of the services intends to increase the amount it charges for some or all of those services during the next school year or if the provider intends to cease offering all or part of those services during the next school year, the provider shall notify

the entity for which the services are provided of these intended changes no later that the first day of March of the current fiscal year.

(2) Beginning with fiscal year 1999, if the entity for which services are provided intends to cease obtaining those services from the provider for the next school year or intends to change the type or amount of services it obtains from the provider for the next school year, the entity shall notify the service provider of these intended changes no later than the first day of March of the current fiscal year.

(B) School districts, educational service centers, participating county MR/DD boards, and other applicable governmental entities shall collaborate where possible to maximize federal sources of revenue, including the community alternative funding system of the medical assistance program established under Chapter 5111. of the Revised Code, to provide additional funds for special education related services for disabled children. Annually, each school district shall report to the department of education any amounts of money the district received through such medical assistance program.

(C) The state board of education, the department of mental retardation and developmental disabilities, and the Department of Human Services shall develop working agreements for pursuing additional funds for services for disabled children.

Sec. 3323.091. (A) The department of mental health, the department of mental retardation and developmental disabilities, the department of youth services, and the department of rehabilitation and correction shall establish and maintain special education programs for handicapped children in institutions under their jurisdiction according to standards adopted by the state board of education. The superintendent of each institution providing special education under this chapter may apply to the state department of education for unit funding, which shall be paid in accordance with ~~section~~ sections 3317.161 and 3317.162 of the Revised Code.

(B) On or before the thirtieth day of June of each year, the superintendent of each institution that during the school year provided special education pursuant to this section shall prepare a statement for each handicapped child under twenty-two years of age who has received special education. The statement shall contain the child's name and the name of the child's school district of residence. Within sixty days after receipt of such statement, the department of education shall perform one of the following:

(1) For any child except a handicapped preschool child described in division (B)(2) of this section, pay to the institution submitting the statement an amount equal to the tuition calculated under division (A) of section 3317.08 of the Revised Code for the period covered by the statement, and

duct the same from the amount of state funds, if any, payable under sections 3317.022 and 3317.023 of the Revised Code, to the child's school district of residence or, if the amount of such state funds is insufficient, require the child's school district of residence to pay the institution submitting the statement an amount equal to the amount determined under this division.

(2) For any handicapped preschool child not included in a unit approved under division (B) of section 3317.05 of the Revised Code, perform the following:

(a) Pay to the institution submitting the statement an amount equal to the tuition calculated under division (B) of section 3317.08 of the Revised Code for the period covered by the statement, except that in calculating the tuition under that section the operating expenses of the institution submitting the statement under this section shall be used instead of the operating expenses of the school district of residence;

(b) Deduct from the amount of state funds, if any, payable under sections 3317.022 and 3317.023 of the Revised Code to the child's school district of residence an amount equal to the amount paid under division (B)(2)(a) of this section.

Sec. 3323.12. The board of education of a school district shall provide home instruction for handicapped children three to twenty-one years of age who are unable to attend school, even with the help of special transportation. The board may arrange for the provision of home instruction for a child by a cooperative agreement or contract with a county board of mental retardation and developmental disabilities or other educational agency. For the purposes of determining ~~average~~ formula ADM under section 3317.03 of the Revised Code, five hours of home instruction shall be equivalent to attendance for five school days.

Sec. 3323.142. This section does not apply to any handicapped preschool child except if included in a unit approved under division (B) of section 3317.05 of the Revised Code.

As used in this section, "per pupil amount" for a handicapped preschool child included in such an approved unit means the amount determined by dividing the amount received for the classroom unit in which ~~a~~ the child has been placed by the number of children in the unit. For any other child, "per pupil amount" means the amount paid for the child under section 3317.20 of the Revised Code.

When a school district places or has placed a child with a county MR/DD board for special education, but another district is responsible for tuition under section 3313.64 or 3313.65 of the Revised Code and the child is not a resident of the territory served by the county MR/DD board, the

board may charge the district responsible for tuition with the educational costs in excess of the per pupil amount received by the board under Chapter 3317. of the Revised Code. The amount of the excess cost shall be determined by the formula established by rule of the department of education under section 3323.14 of the Revised Code, and the payment for such excess cost shall be made by the school district directly to the county MR/DD board.

A school district board of education and the county MR/DD board that serves the school district may negotiate and contract, at or after the time of placement, for payments by the board of education to the county MR/DD board for additional services provided to a child placed with the county MR/DD board and whose individualized education program established pursuant to section 3323.08 of the Revised Code requires additional services that are not routinely provided children in the county MR/DD board's program but are necessary to maintain the child's enrollment and participation in the program. Additional services may include, but are not limited to, specialized supplies and equipment for the benefit of the child and instruction, training, or assistance provided by staff members other than staff members for which funding is received under Chapter 3317. of the Revised Code.

Sec. 3345.122. Notwithstanding any other provision of law, a member of a board of trustees of an institution of higher education, as defined in section 3345.12 Of the Revised Code, is not liable in damages in a civil action for injury, death, or loss to person or property that allegedly is caused by an expenditure made or a contract entered into by the institution of higher education unless the trustee acted with malicious purpose, in bad faith, or in a wanton or reckless manner with respect to the expenditure or contract.

Sec. 3702.5212. (A) This section applies to each long-term care facility that meets the following requirements:

(1) The facility has been in continuous operation for not less than one hundred twenty years prior to the effective date of this section;

(2) The facility is located in an inner city area;

(3) The facility is operating as a nonprofit entity organized under Chapter 1702. of the Revised Code or the nonprofit law of another state.

(B) Notwithstanding sections 3702.51 to 3702.68 of the Revised Code, the owner or operator of a long-term care facility described in division (A) of this section is not required to obtain a certificate of need for the addition of up to thirty long-term care beds to be licensed under Chapter 3721. of the Revised Code. The exemption shall apply only as long as the beds are owned and operated by the facility to which the exemption is granted.

Sec. 3734.28. All moneys collected under sections 3734.122, 3734.13, 3734.20, 3734.22, 3734.24, and 3734.26 of the Revised Code and natural resource damages collected by the state under the "Comprehensive Environmental Response, Compensation, and Liability Act of 1980," 94 Stat. 2767, 42 U.S.C.A. 9601, as amended, shall be paid into the state treasury to the credit of the hazardous waste clean-up fund, which is hereby created. The environmental protection agency shall use the moneys in the fund only for the purposes set forth in division (D) of section 3734.122 ~~and in,~~ sections 3734.19, 3734.20, 3734.21, 3734.23, 3734.25, 3734.26, and 3734.27, and, through June 30, 1999, Chapter 3746. of the Revised Code and for any related enforcement expenses.

Sec. 3734.57. (A) For the purposes of paying the state's long-term operation costs or matching share for actions taken under the "Comprehensive Environmental Response, Compensation, and Liability Act of 1980," 94 Stat. 2767, 42 U.S.C.A. 9601, as amended; paying the costs of measures for proper clean-up of sites where polychlorinated biphenyls and substances, equipment, and devices containing or contaminated with polychlorinated biphenyls have been stored or disposed of; paying the costs of conducting surveys or investigations of solid waste facilities or other locations where it is believed that significant quantities of hazardous waste were disposed of and for conducting enforcement actions arising from the findings of such surveys or investigations; and paying the costs of acquiring and cleaning up, or providing financial assistance for cleaning up, any hazardous waste facility or solid waste facility containing significant quantities of hazardous waste, that constitutes an imminent and substantial threat to public health or safety or the environment; and, from July 1, ~~1995~~ 1997, through June 30, ~~1997~~ 1999, for the purposes of paying the costs of administering and enforcing the laws pertaining to solid wastes, infectious wastes, and construction and demolition debris, including, without limitation, ground water evaluations related to solid wastes, infectious wastes, and construction and demolition debris, under this chapter and Chapter 3714. of the Revised Code and any rules adopted under them, and paying a share of the administrative costs of the environmental protection agency pursuant to section 3745.014 of the Revised Code, the following fees are hereby levied on the disposal of solid wastes in this state:

(1) One dollar per ton on and after July 1, 1993;

(2) An additional seventy-five cents per ton on and after July 1, 1997, through June 30, 1999.

The owner or operator of a solid waste disposal facility shall collect the fees levied under this division as a trustee for the state and shall prepare and

file with the director of environmental protection monthly returns indicating the total tonnage of solid wastes received for disposal at the gate of the facility and the total amount of the fees collected under this division. Not later than thirty days after the last day of the month to which such a return applies, the owner or operator shall mail to the director the return for that month together with the fees collected during that month as indicated on the return. The owner or operator may request an extension of not more than thirty days for filing the return and remitting the fees, provided that the owner or operator has submitted such a request in writing to the director together with a detailed description of why the extension is requested, the director has received the request not later than the day on which the return is required to be filed, and the director has approved the request. If the fees are not remitted within sixty days after the last day of the month during which they were collected, the owner or operator shall pay an additional fifty per cent of the amount of the fees for each month that they are late.

One-half of the moneys remitted to the director under division (A)(1) of this section shall be credited to the hazardous waste facility management fund created in section 3734.18 of the Revised Code, and one-half shall be credited to the hazardous waste clean-up fund created in section 3734.28 of the Revised Code. The moneys remitted to the director under division (A)(2) of this section shall be credited to the solid waste fund, which is hereby created in the state treasury. The environmental protection agency shall use moneys in the solid waste fund only to pay the costs of administering and enforcing the laws pertaining to solid wastes, infectious wastes, and construction and demolition debris, including, without limitation, ground water evaluations related to solid wastes, infectious wastes, and construction and demolition debris, under this chapter and Chapter 3714. of the Revised Code and rules adopted under them and to pay a share of the administrative costs of the environmental protection agency pursuant to section 3745.014 of the Revised Code.

The fees levied under this division and divisions (B) and (C) of this section are in addition to all other applicable fees and taxes and shall be added to any other fee or amount specified in a contract that is charged by the owner or operator of a solid waste disposal facility or to any other fee or amount that is specified in a contract entered into on or after March 4, 1992, and that is charged by a transporter of solid wastes.

(B) For the purpose of preparing, revising, and implementing the solid waste management plan of the county or joint solid waste management district, including, without limitation, the development and implementation of solid waste recycling or reduction programs; providing financial

ssistance to boards of health within the district, if solid waste facilities are located within the district, for the enforcement of this chapter and rules adopted and orders and terms and conditions of permits, licenses, and variances issued under it, other than the hazardous waste provisions of this chapter and rules adopted and orders and terms and conditions of permits issued under those provisions; providing financial assistance to the county to defray the added costs of maintaining roads and other public facilities and of providing emergency and other public services resulting from the location and operation of a solid waste facility within the county under the district's approved solid waste management plan; paying the costs incurred by boards of health for collecting and analyzing water samples from public or private wells on lands adjacent to solid waste facilities that are contained in the approved or amended plan of the district; paying the costs of developing and implementing a program for the inspection of solid wastes generated outside the boundaries of this state that are disposed of at solid waste facilities included in the district's approved solid waste management plan or amended plan; providing financial assistance to boards of health within the district for enforcing laws prohibiting open dumping; providing financial assistance to local law enforcement agencies within the district for enforcing laws and ordinances prohibiting littering; providing financial assistance to boards of health of health districts within the district that are on the approved list under section 3734.08 of the Revised Code for the training and certification required for their employees responsible for solid waste enforcement by rules adopted under division (L) of section 3734.02 of the Revised Code; providing financial assistance to individual municipal corporations and townships within the district to defray their added costs of maintaining roads and other public facilities and of providing emergency and other public services resulting from the location and operation within their boundaries of a composting, energy or resource recovery, incineration, or recycling facility that either is owned by the district or is furnishing solid waste management facility or recycling services to the district pursuant to a contract or agreement with the board of county commissioners or directors of the district; and payment of any expenses that are agreed to, awarded, or ordered to be paid under section 3734.35 of the Revised Code and of any administrative costs incurred pursuant to that section, the solid waste management policy committee of a county or joint solid waste management district may levy fees upon the following activities:

(1) The disposal at a solid waste disposal facility located in the district of solid wastes generated within the district;

(2) The disposal at a solid waste disposal facility within the district of

solid wastes generated outside the boundaries of the district, but inside this state;

(3) The disposal at a solid waste disposal facility within the district of solid wastes generated outside the boundaries of this state.

If any such fees are levied prior to January 1, 1994, fees levied under division (B)(1) of this section always shall be equal to one-half of the fees levied under division (B)(2) of this section, and fees levied under division (B)(3) of this section, which shall be in addition to fees levied under division (B)(2) of this section, always shall be equal to fees levied under division (B)(1) of this section, except as otherwise provided in this division. The solid waste management plan of the county or joint district approved under section 3734.521 or 3734.55 of the Revised Code and any amendments to it, or the resolution adopted under this division, as appropriate, shall establish the rates of the fees levied under divisions (B)(1), (2), and (3) of this section, if any, and shall specify whether the fees are levied on the basis of tons or cubic yards as the unit of measurement. Although the fees under divisions (A)(1) and (2) of this section are levied on the basis of tons as the unit of measurement, the solid waste management plan of the district and any amendments to it or the solid waste management policy committee in its resolution levying fees under this division may direct that the fees levied under those divisions be levied on the basis of cubic yards as the unit of measurement based upon a conversion factor of three cubic yards per ton generally or one cubic yard per ton for baled wastes if the fees under divisions (B)(1) to (3) of this section are being levied on the basis of cubic yards as the unit of measurement under the plan, amended plan, or resolution.

On and after January 1, 1994, the fee levied under division (B)(1) of this section shall be not less than one dollar per ton nor more than two dollars per ton, the fee levied under division (B)(2) of this section shall be not less than two dollars per ton nor more than four dollars per ton, and the fee levied under division (B)(3) of this section shall be not more than the fee levied under division (B)(1) of this section, except as otherwise provided in this division and notwithstanding any schedule of those fees established in the solid waste management plan of a county or joint district approved under section 3734.55 of the Revised Code or a resolution adopted and ratified under this division that is in effect on that date. If the fee that a district is levying under division (B)(1) of this section on that date under its approved plan or such a resolution is less than one dollar per ton, the fee shall be one dollar per ton on and after January 1, 1994, and if the fee that a district is so levying under that division exceeds two dollars per ton, the fee shall be two

dollars per ton on and after that date. If the fee that a district is so levying under division (B)(2) of this section is less than two dollars per ton, the fee shall be two dollars per ton on and after that date, and if the fee that the district is so levying under that division exceeds four dollars per ton, the fee shall be four dollars per ton on and after that date. On that date, the fee levied by a district under division (B)(3) of this section shall be equal to the fee levied under division (B)(1) of this section. Except as otherwise provided in this division, the fees established by the operation of this amendment shall remain in effect until the district's resolution levying fees under this division is amended or repealed in accordance with this division to amend or abolish the schedule of fees, the schedule of fees is amended or abolished in an amended plan of the district approved under section 3734.521 or division (A) or (D) of section 3734.56 of the Revised Code, or the schedule of fees is amended or abolished through an amendment to the district's plan under division (E) of section 3734.56 of the Revised Code; the notification of the amendment or abolishment of the fees has been given in accordance with this division; and collection of the amended fees so established commences, or collection of the fees ceases, in accordance with this division.

The solid waste management policy committee of a district levying fees under divisions (B)(1) to (3) of this section on October 29, 1993, under its solid waste management plan approved under section 3734.55 of the Revised Code or a resolution adopted and ratified under this division that are within the ranges of rates prescribed by this amendment, by adoption of a resolution not later than December 1, 1993, and without the necessity for ratification of the resolution under this division, may amend those fees within the prescribed ranges, provided that the estimated revenues from the amended fees will not substantially exceed the estimated revenues set forth in the district's budget for calendar year 1994. Not later than seven days after the adoption of such a resolution, the committee shall notify by certified mail the owner or operator of each solid waste disposal facility that is required to collect the fees of the adoption of the resolution and of the amount of the amended fees. Collection of the amended fees shall take effect on the first day of the first month following the month in which the notification is sent to the owner or operator. The fees established in such a resolution shall remain in effect until the district's resolution levying fees that was adopted and ratified under this division is amended or repealed, and the amendment or repeal of the resolution is ratified, in accordance with this division, to amend or abolish the fees, the schedule of fees is amended or abolished in an amended plan of the district approved under section

3734.521 or division (A) or (D) of section 3734.56 of the Revised Code, or the schedule of fees is amended or abolished through an amendment to the district's plan under division (E) of section 3734.56 of the Revised Code; the notification of the amendment or abolishment of the fees has been given in accordance with this division; and collection of the amended fees so established commences, or collection of the fees ceases, in accordance with this division.

Prior to the approval of the solid waste management plan of the district under section 3734.55 of the Revised Code, the solid waste management policy committee of a district may levy fees under this division by adopting a resolution establishing the proposed amount of the fees. Upon adopting the resolution, the committee shall deliver a copy of the resolution to the board of county commissioners of each county forming the district and to the legislative authority of each municipal corporation and township under the jurisdiction of the district and shall prepare and publish the resolution and a notice of the time and location where a public hearing on the fees will be held. Upon adopting the resolution, the committee shall deliver written notice of the adoption of the resolution; of the amount of the proposed fees; and of the date, time, and location of the public hearing to the director and to the fifty industrial, commercial, or institutional generators of solid wastes within the district that generate the largest quantities of solid wastes, as determined by the committee, and to their local trade associations. The committee shall make good faith efforts to identify those generators within the district and their local trade associations, but the nonprovision of notice under this division to a particular generator or local trade association does not invalidate the proceedings under this division. The publication shall occur at least thirty days before the hearing. After the hearing, the committee may make such revisions to the proposed fees as it considers appropriate and thereafter, by resolution, shall adopt the revised fee schedule. Upon adopting the revised fee schedule, the committee shall deliver a copy of the resolution doing so to the board of county commissioners of each county forming the district and to the legislative authority of each municipal corporation and township under the jurisdiction of the district. Within sixty days after the delivery of a copy of the resolution adopting the proposed revised fees by the policy committee, each such board and legislative authority, by ordinance or resolution, shall approve or disapprove the revised fees and deliver a copy of the ordinance or resolution to the committee. If any such board or legislative authority fails to adopt and deliver to the policy committee an ordinance or resolution approving or disapproving the revised fees within sixty days after the policy committee

delivered its resolution adopting the proposed revised fees, it shall be conclusively presumed that the board or legislative authority has approved the proposed revised fees.

In the case of a county district or a joint district formed by two or three counties, the committee shall declare the proposed revised fees to be ratified as the fee schedule of the district upon determining that the board of county commissioners of each county forming the district has approved the proposed revised fees and that the legislative authorities of a combination of municipal corporations and townships with a combined population within the district comprising at least sixty per cent of the total population of the district have approved the proposed revised fees, provided that in the case of a county district, that combination shall include the municipal corporation having the largest population within the boundaries of the district, and provided further that in the case of a joint district formed by two or three counties, that combination shall include for each county forming the joint district the municipal corporation having the largest population within the boundaries of both the county in which the municipal corporation is located and the joint district. In the case of a joint district formed by four or more counties, the committee shall declare the proposed revised fees to be ratified as the fee schedule of the joint district upon determining that the boards of county commissioners of a majority of the counties forming the district have approved the proposed revised fees; that, in each of a majority of the counties forming the joint district, the proposed revised fees have been approved by the municipal corporation having the largest population within the county and the joint district; and that the legislative authorities of a combination of municipal corporations and townships with a combined population within the joint district comprising at least sixty per cent of the total population of the joint district have approved the proposed revised fees.

For the purposes of this division, only the population of the unincorporated area of a township shall be considered. For the purpose of determining the largest municipal corporation within each county under this division, a municipal corporation that is located in more than one solid waste management district, but that is under the jurisdiction of one county or joint solid waste management district in accordance with division (A) of section 3734.52 of the Revised Code shall be considered to be within the boundaries of the county in which a majority of the population of the municipal corporation resides.

The committee may amend the schedule of fees levied pursuant to a resolution or amended resolution adopted and ratified under this division by adopting a resolution establishing the proposed amount of the amended fees.

The committee may abolish the fees levied pursuant to such a resolution or amended resolution by adopting a resolution proposing to repeal them. Upon adopting such a resolution, the committee shall proceed to obtain ratification of the resolution in accordance with this division.

Not later than fourteen days after declaring the fees or amended fees to be ratified under this division, the committee shall notify by certified mail the owner or operator of each solid waste disposal facility that is required to collect the fees of the ratification and the amount of the fees. Collection of any fees or amended fees ratified on or after March 24, 1992, shall commence on the first day of the second month following the month in which notification is sent to the owner or operator.

Not later than fourteen days after declaring the repeal of the district's schedule of fees to be ratified under this division, the committee shall notify by certified mail the owner or operator of each facility that is collecting the fees of the repeal. Collection of the fees shall cease on the first day of the second month following the month in which notification is sent to the owner or operator.

Not later than fourteen days after the director issues an order approving a district's solid waste management plan under section 3734.55 of the Revised Code or amended plan under division (A) or (D) of section 3734.56 of the Revised Code that establishes or amends a schedule of fees levied by the district, or the ratification of an amendment to the district's approved plan or amended plan under division (E) of section 3734.56 of the Revised Code that establishes or amends a schedule of fees, as appropriate, the committee shall notify by certified mail the owner or operator of each solid waste disposal facility that is required to collect the fees of the approval of the plan or amended plan, or the amendment to the plan, as appropriate, and the amount of the fees or amended fees. In the case of an initial or amended plan approved under section 3734.521 of the Revised Code in connection with a change in district composition, other than one involving the withdrawal of a county from a joint district, that establishes or amends a schedule of fees levied under divisions (B)(1) to (3) of this section by a district resulting from the change, the committee, within fourteen days after the change takes effect pursuant to division (G) of that section, shall notify by certified mail the owner or operator of each solid waste disposal facility that is required to collect the fees that the change has taken effect and of the amount of the fees or amended fees. Collection of any fees set forth in a plan or amended plan approved by the director on or after April 16, 1993, or an amendment of a plan or amended plan under division (E) of section 3734.56 of the Revised Code that is ratified on or after April 16, 1993, shall

commence on the first day of the second month following the month in which notification is sent to the owner or operator.

Not later than fourteen days after the director issues an order approving a district's plan under section 3734.55 of the Revised Code or amended plan under division (A) or (D) of section 3734.56 of the Revised Code that abolishes the schedule of fees levied under divisions (B)(1) to (3) of this section, or an amendment to the district's approved plan or amended plan abolishing the schedule of fees is ratified pursuant to division (E) of section 3734.56 of the Revised Code, as appropriate, the committee shall notify by certified mail the owner or operator of each facility that is collecting the fees of the approval of the plan or amended plan, or the amendment of the plan or amended plan, as appropriate, and the abolishment of the fees. In the case of an initial or amended plan approved under section 3734.521 of the Revised Code in connection with a change in district composition, other than one involving the withdrawal of a county from a joint district, that abolishes the schedule of fees levied under divisions (B)(1) to (3) of this section by a district resulting from the change, the committee, within fourteen days after the change takes effect pursuant to division (G) of that section, shall notify by certified mail the owner or operator of each solid waste disposal facility that is required to collect the fees that the change has taken effect and of the abolishment of the fees. Collection of the fees shall cease on the first day of the second month following the month in which notification is sent to the owner or operator.

Except as otherwise provided in this division, if the schedule of fees that a district is levying under divisions (B)(1) to (3) of this section pursuant to a resolution or amended resolution adopted and ratified under this division, the solid waste management plan of the district approved under section 3734.55 of the Revised Code, an amended plan approved under division (A) or (D) of section 3734.56 of the Revised Code, or an amendment to the district's approved plan or amended plan under division (E) of section 3734.56 of the Revised Code, is amended by the adoption and ratification of an amendment to the resolution or amended resolution or an amendment of the district's approved plan or amended plan, the fees in effect immediately prior to the approval of the plan or the amendment of the resolution, amended resolution, plan, or amended plan, as appropriate, shall continue to be collected until collection of the amended fees commences pursuant to this division.

If, in the case of a change in district composition involving the withdrawal of a county from a joint district, the director completes the actions required under division (G)(1) or (3) of section 3734.521 of the

Revised Code, as appropriate, forty-five days or more before the beginning of a calendar year, the policy committee of each of the districts resulting from the change that obtained the director's approval of an initial or amended plan in connection with the change, within fourteen days after the director's completion of the required actions, shall notify by certified mail the owner or operator of each solid waste disposal facility that is required to collect the district's fees that the change is to take effect on the first day of January immediately following the issuance of the notice and of the amount of the fees or amended fees levied under divisions (B)(1) to (3) of this section pursuant to the district's initial or amended pan as so approved or, if appropriate, the abolishment of the district's fees by that initial or amended plan. Collection of any fees set forth in such a plan or amended plan shall commence on the first day of January immediately following the issuance of the notice. If such an initial or amended plan abolishes a schedule of fees, collection of the fees shall cease on that first day of January.

If, in the case of a change in district composition involving the withdrawal of a county from a joint district, the director completes the actions required under division (G)(1) or (3) of section 3734.521 of the Revised Code, as appropriate, less than forty-five days before the beginning of a calendar year, the director, on behalf of each of the districts resulting from the change that obtained the director's approval of an initial or amended plan in connection with the change proceedings, shall notify by certified mail the owner or operator of each solid waste disposal facility that is required to collect the district's fees that the change is to take effect on the first day of January immediately following the mailing of the notice and of the amount of the fees or amended fees levied under divisions (B)(1) to (3) of this section pursuant to the district's initial or amended plan as so approved or, if appropriate, the abolishment of the district's fees by that initial or amended plan. Collection of any fees set forth in such a plan or amended plan shall commence on the first day of the second month following the month in which notification is sent to the owner or operator. If such an initial or amended plan abolishes a schedule of fees, collection of the fees shall cease on the first day of the second month following the month in which notification is sent to the owner or operator.

In the case of a change in district composition, the schedule of fees that the former districts that existed prior to the change were levying under divisions (B)(1) to (3) of this section pursuant to a resolution or amended resolution adopted and ratified under this division, the solid waste management plan of a former district approved under section 3734.521 or 3734.55 of the Revised Code, an amended plan approved under section

3734.521 or division (A) or (D) of section 3734.56 of the Revised Code, or an amendment to a former district's approved plan or amended plan under division (E) of section 3734.56 of the Revised Code, and that were in effect on the date that the director completed the actions required under division (G)(1) or (3) of section 3734.521 of the Revised Code shall continue to be collected until the collection of the fees or amended fees of the districts resulting from the change is required to commence, or if an initial or amended plan of a resulting district abolishes a schedule of fees, collection of the fees is required to cease, under this division. Moneys so received from the collection of the fees of the former districts shall be divided among the resulting districts in accordance with division (B) of section 343.012 of the Revised Code and the agreements entered into under division (B) of section 343.01 of the Revised Code to establish the former and resulting districts and any amendments to those agreements.

For the purposes of the provisions of division (B) of this section establishing the times when newly established or amended fees levied by a district are required to commence and the collection of fees that have been amended or abolished is required to cease, "fees" or "schedule of fees" includes, in addition to fees levied under divisions (B)(1) to (3) of this section, those levied under section 3734.573 or 3734.574 of the Revised Code.

(C) For the purposes of defraying the added costs to a municipal corporation or township of maintaining roads and other public facilities and of providing emergency and other public services, and compensating a municipal corporation or township for reductions in real property tax revenues due to reductions in real property valuations resulting from the location and operation of a solid waste disposal facility within the municipal corporation or township, a municipal corporation or township in which such a solid waste disposal facility is located may levy a fee of not more than twenty-five cents per ton on the disposal of solid wastes at a solid waste disposal facility located within the boundaries of the municipal corporation or township regardless of where the wastes were generated.

The legislative authority of a municipal corporation or township may levy fees under this division by enacting an ordinance or adopting a resolution establishing the amount of the fees. Upon so doing the legislative authority shall mail a certified copy of the ordinance or resolution to the board of county commissioners or directors of the county or joint solid waste management district in which the municipal corporation or township is located or, if a regional solid waste management authority has been formed under section 343.011 of the Revised Code, to the board of trustees

of that regional authority, the owner or operator of each solid waste disposal facility in the municipal corporation or township that is required to collect the fee by the ordinance or resolution, and the director of environmental protection. Although the fees levied under this division are levied on the basis of tons as the unit of measurement, the legislative authority, in its ordinance or resolution levying the fees under this division, may direct that the fees be levied on the basis of cubic yards as the unit of measurement based upon a conversion factor of three cubic yards per ton generally or one cubic yard per ton for baled wastes.

Not later than five days after enacting an ordinance or adopting a resolution under this division, the legislative authority shall so notify by certified mail the owner or operator of each solid waste disposal facility that is required to collect the fee. Collection of any fee levied on or after March 24, 1992, shall commence on the first day of the second month following the month in which notification is sent to the owner or operator.

(D)(1) The fees levied under divisions (A), (B), and (C) of this section do not apply to the disposal of solid wastes that:

(a) Are disposed of at a facility owned by the generator of the wastes when the solid waste facility exclusively disposes of solid wastes generated at one or more premises owned by the generator regardless of whether the facility is located on a premises where the wastes are generated;

(b) Are disposed of at facilities that exclusively dispose of wastes that are generated from the combustion of coal, or from the combustion of primarily coal in combination with scrap tires, that is not combined in any way with garbage at one or more premises owned by the generator.

(2) Except as provided in section 3734.571 of the Revised Code, any fees levied under division (B)(1) of this section apply to solid wastes originating outside the boundaries of a county or joint district that are covered by an agreement for the joint use of solid waste facilities entered into under section 343.02 of the Revised Code by the board of county commissioners or board of directors of the county or joint district where the wastes are generated and disposed of.

(3) When solid wastes, other than solid wastes that consist of scrap tires, are burned in a disposal facility that is an incinerator or energy recovery facility, the fees levied under divisions (A), (B), and (C) of this section shall be levied upon the disposal of the fly ash and bottom ash remaining after burning of the solid wastes and shall be collected by the owner or operator of the sanitary landfill where the ash is disposed of.

(4) When solid wastes are delivered to a solid waste transfer facility, the fees levied under divisions (A), (B), and (C) of this section shall be levied

upon the disposal of solid wastes transported off the premises of the transfer facility for disposal and shall be collected by the owner or operator of the solid waste disposal facility where the wastes are disposed of.

(5) The fees levied under divisions (A), (B), and (C) of this section do not apply to sewage sludge that is generated by a waste water treatment facility holding a national pollutant discharge elimination system permit and that is disposed of through incineration, land application, or composting or at another resource recovery or disposal facility that is not a landfill.

(6) The fees levied under ~~division~~ divisions (A), (B), and (C) of this section do not apply to solid wastes delivered to a solid waste composting facility for processing. When any unprocessed solid waste or compost product is transported off the premises of a composting facility and disposed of at a landfill, the fees levied under divisions (A), (B), and (C) of this section shall be collected by the owner or operator of the landfill where the unprocessed waste or compost product is disposed of.

(7) When solid wastes that consist of scrap tires are processed at a scrap tire recovery facility, the fees levied under divisions (A), (B), and (C) of this section shall be levied upon the disposal of the fly ash and bottom ash or other solid wastes remaining after the processing of the scrap tires and shall be collected by the owner or operator of the solid waste disposal facility where the ash or other solid wastes are disposed of.

(E) The fees levied under divisions (B) and (C) of this section shall be collected by the owner or operator of the solid waste disposal facility where the wastes are disposed of as a trustee for the county or joint district and municipal corporation or township where the wastes are disposed of. Moneys from the fees levied under division (B) of this section shall be forwarded to the board of county commissioners or board of directors of the district in accordance with rules adopted under division (H) of this section. Moneys from the fees levied under division (C) of this section shall be forwarded to the treasurer or such other officer of the municipal corporation as, by virtue of the charter, has the duties of the treasurer or to the clerk of the township, as appropriate, in accordance with those rules.

(F) Moneys received by the treasurer or such other officer of the municipal corporation under division (E) of this section shall be paid into the general fund of the municipal corporation. Moneys received by the clerk of the township under that division shall be paid into the general fund of the township. The treasurer or such other officer of the municipal corporation or the clerk, as appropriate, shall maintain separate records of the moneys received from the fees levied under division (C) of this section.

(G) Moneys received by the board of county commissioners or board of

directors under division (E) of this section or section 3734.571, 3734.572, 3734.573, or 3734.574 of the Revised Code shall be paid to the county treasurer, or other official acting in a similar capacity under a county charter, in a county district or to the county treasurer or other official designated by the board of directors in a joint district and kept in a separate and distinct fund to the credit of the district. If a regional solid waste management authority has been formed under section 343.011 of the Revised Code, moneys received by the board of trustees of that regional authority under division (E) of this section shall be kept by the board in a separate and distinct fund to the credit of the district. Moneys in the special fund of the county or joint district arising from the fees levied under division (B) of this section and the fee levied under division (A) of section 3734.573 of the Revised Code shall be expended by the board of county commissioners or directors of the district in accordance with the district's solid waste management plan or amended plan approved under section 3734.521, 3734.55, or 3734.56 of the Revised Code exclusively for the following purposes:

(1) Preparation of the solid waste management plan of the district under section 3734.54 of the Revised Code, monitoring implementation of the plan, and conducting the periodic review and amendment of the plan required by section 3734.56 of the Revised Code by the solid waste management policy committee;

(2) Implementation of the approved solid waste management plan or amended plan of the district, including, without limitation, the development and implementation of solid waste recycling or reduction programs;

(3) Providing financial assistance to boards of health within the district, if solid waste facilities are located within the district, for enforcement of this chapter and rules, orders, and terms and conditions of permits, licenses, and variances adopted or issued under it, other than the hazardous waste provisions of this chapter and rules adopted and orders and terms and conditions of permits issued under those provisions;

(4) Providing financial assistance to each county within the district to defray the added costs of maintaining roads and other public facilities and of providing emergency and other public services resulting from the location and operation of a solid waste facility within the county under the district's approved solid waste management plan or amended plan;

(5) Pursuant to contracts entered into with boards of health within the district, if solid waste facilities contained in the district's approved plan or amended plan are located within the district, for paying the costs incurred by those boards of health for collecting and analyzing samples from public or

private water wells on lands adjacent to those facilities;

(6) Developing and implementing a program for the inspection of solid wastes generated outside the boundaries of this state that are disposed of at solid waste facilities included in the district's approved solid waste management plan or amended plan;

(7) Providing financial assistance to boards of health within the district for the enforcement of section 3734.03 of the Revised Code or to local law enforcement agencies having jurisdiction within the district for enforcing anti-littering laws and ordinances;

(8) Providing financial assistance to boards of health of health districts within the district that are on the approved list under section 3734.08 of the Revised Code to defray the costs to the health districts for the participation of their employees responsible for enforcement of the solid waste provisions of this chapter and rules adopted and orders and terms and conditions of permits, licenses, and variances issued under those provisions in the training and certification program as required by rules adopted under division (L) of section 3734.02 of the Revised Code;

(9) Providing financial assistance to individual municipal corporations and townships within the district to defray their added costs of maintaining roads and other public facilities and of providing emergency and other public services resulting from the location and operation within their boundaries of a composting, energy or resource recovery, incineration, or recycling facility that either is owned by the district or is furnishing solid waste management facility or recycling services to the district pursuant to a contract or agreement with the board of county commissioners or directors of the district;

(10) Payment of any expenses that are agreed to, awarded, or ordered to be paid under section 3734.35 of the Revised Code and of any administrative costs incurred pursuant to that section. In the case of a joint solid waste management district, if the board of county commissioners of one of the counties in the district is negotiating on behalf of affected communities, as defined in that section, in that county, the board shall obtain the approval of the board of directors of the district in order to expend moneys for administrative costs incurred.

Prior to the approval of the district's solid waste management plan under section 3734.55 of the Revised Code, moneys in the special fund of the district arising from ~~such~~ the fees shall be expended for ~~such~~ those purposes in the manner prescribed by the solid waste management policy committee by resolution.

Notwithstanding division (G)(6) of this section as it existed prior to

October 29, 1993, or any provision in a district's solid waste management plan prepared in accordance with division (B)(2)(e) of section 3734.53 of the Revised Code as it existed prior to that date, any moneys arising from the fees levied under division (B)(3) of this section prior to January 1, 1994, may be expended for any of the purposes authorized in divisions (G)(1) to (10) of this section.

(H) The director ~~of environmental protection~~ shall adopt rules in accordance with Chapter 119. of the Revised Code prescribing procedures for collecting and forwarding the fees levied under divisions (B) and (C) of this section to the boards of county commissioners or directors of county or joint solid waste management districts and to the treasurers or other officers of municipal corporations or to the clerks of townships. The rules also shall prescribe the dates for forwarding the fees to the boards and officials and may prescribe any other requirements the director considers necessary or appropriate to implement and administer divisions (A), (B), and (C) of this section. Collection of the fees levied under division (A)(1) of this section shall commence on July 1, 1993. Collection of the fees levied under division (A)(2) of this section shall commence on January 1, 1994.

Sec. 3734.82. (A) The annual fee for a scrap tire recovery facility license issued under section 3734.81 of the Revised Code shall be in accordance with the following schedule:

Daily Design Input Capacity (Tons)	Annual License Fee
1 or less	$ 100
2 to 25	500
26 to 50	1,000
51 to 100	1,500
101 to 200	2,500
201 to 500	3,500
501 or more	5,500

For the purpose of determining the applicable license fee under this division, the daily design input capacity shall be the quantity of scrap tires the facility is designed to process daily as set forth in the registration certificate or permit for the facility, and any modifications to the permit, if applicable, issued under section 3734.78 of the Revised Code.

(B) The annual fee for a scrap tire monocell or monofill facility license shall be in accordance with the following schedule:

Authorized Maximum Daily Waste Receipt (Tons)	Annual License Fee

100 or less	$ 5,000
101 to 200	12,500
201 to 500	30,000
501 or more	60,000

For the purpose of determining the applicable license fee under this division, the authorized maximum daily waste receipt shall be the maximum amount of scrap tires the facility is authorized to receive daily that is established in the permit for the facility, and any modification to that permit, issued under section 3734.77 of the Revised Code.

(C)(1) Except as otherwise provided in division (C)(2) of this section, the annual fee for a scrap tire storage facility license shall equal one thousand dollars times the number of acres on which scrap tires are to be stored at the facility during the license year, as set forth on the application for the annual license, except that the total annual license fee for any such facility shall not exceed three thousand dollars.

(2) The annual fee for a scrap tire storage facility license for a storage facility that is owned or operated by a motor vehicle salvage dealer licensed under Chapter 4738. of the Revised Code is one hundred dollars.

(D)(1) Except as otherwise provided in division (D)(2) of this section, the annual fee for a scrap tire collection facility license is two hundred dollars.

(2) The annual fee for a scrap tire collection facility license for a collection facility that is owned or operated by a motor vehicle salvage dealer licensed under Chapter 4738. of the Revised Code is fifty dollars.

(E) Except as otherwise provided in divisions (C)(2) and (D)(2) of this section, the same fees apply to private operators and to the state and its political subdivisions and shall be paid within thirty days after the issuance of a license. The fees include the cost of licensing, all inspections, and other costs associated with the administration of the scrap tire provisions of this chapter and rules adopted under them. Each license shall specify that it is conditioned upon payment of the applicable fee to the board of health or the director of environmental protection, as appropriate, within thirty days after the issuance of the license.

(F) The board of health shall retain fifteen thousand dollars of each license fee collected by the board under division (B) of this section, or the entire amount of any such fee that is less than fifteen thousand dollars, and the entire amount of each license fee collected by the board under divisions (A), (C), and (D) of this section. The moneys retained shall be paid into a special fund, which is hereby created in each health district, and used solely to administer and enforce the scrap tire provisions of this chapter and rules

adopted under them. The remainder, if any, of each license fee collected by the board under division (B) of this section shall be transmitted to the director within forty-five days after receipt of the fee.

(G) The director shall transmit the moneys received by the director from license fees collected under division (B) of this section to the treasurer of state to be credited to the scrap tire management fund, which is hereby created in the state treasury. The fund shall consist of all federal moneys received by the environmental protection agency for the scrap tire management program; all grants, gifts, and contributions made to the director for that program; and all other moneys that may be provided by law for that program. The director shall use moneys in the fund as follows:

(1) Expend not more than seven hundred fifty thousand dollars during each fiscal year to implement, administer, and enforce the scrap tire provisions of this chapter and rules adopted under them;

(2) For fiscal years 1998 and 1999, grant not more than one hundred fifty thousand dollars during each fiscal year to the polymer institute at the university of Akron for the purpose of expediting research concerning and evaluation of alternative methods of recycling scrap tires. The institute shall report to the director annually concerning research programs under review, and the results of scrap tire recycling experiments conducted, by or in conjunction with the institute. The university shall report to the director biennially concerning the expenditures of moneys received by the institute under division (G)(2) of this section.

(3) During each of fiscal years 1998, 1999, and 2000, request the director of budget and management to, and the director of budget and management shall, transfer one million dollars to the facilities establishment fund created in section 166.03 of the Revised Code for the purposes specified in that section;

(4) ~~Except as otherwise provided in division (H)(2) of this section, expend not more than three million dollars during each of fiscal years 1998, 1999, and 2000 to conduct removal actions under section 3734.85 of the Revised Code. Prior to using any moneys in the fund for that purpose in a fiscal year, the director shall request the approval of the controlling board for that use of the moneys. The request shall be accompanied by a plan describing the removal actions to be conducted during the fiscal year and an estimate of the costs of conducting them. The controlling board shall approve the plan only if the board finds that the proposed removal actions are in accordance with the priorities set forth in division (B) of section 3734.85 of the Revised Code and that the costs of conducting them are reasonable.~~

~~(5)~~ Annually transfer to the central support indirect fund created in section 3745.014 of the Revised Code an amount equal to not more than twelve per cent of each fiscal year's appropriation to the scrap tire management fund.

(H)(1) If, during fiscal year 1997, 1998, 1999, or 2000, more than three million five hundred thousand dollars are credited to the scrap tire management fund, the director, at the conclusion of the fiscal year, shall request the director of budget and management to, and the director of budget and management shall, transfer to the facilities establishment fund one-half of the moneys credited to the scrap tire management fund in excess of that amount.

(2) In each of fiscal years 1998, 1999, and 2000, if more than three million five hundred thousand dollars are credited to the scrap tire management fund during the preceding fiscal year, the director~~, in addition to the amount authorized under division (G)(4) of this section,~~ shall expend during the current fiscal year one-half of that excess amount to conduct removal operations under section 3734.85 of the Revised Code.

(I) After the actions in divisions (G)(1) to (4) and (H) of this section are completed during each of fiscal years 1998, 1999, and 2000, the director may expend up to the balance remaining from prior fiscal years in the scrap tire management fund to conduct removal actions under section 3734.85 Of the Revised Code. Prior to using any moneys in the fund for that purpose in a fiscal year, the director shall request the approval of the controlling board for that use of the moneys. The request shall be accompanied by a plan describing the removal actions to be conducted during the fiscal year and an estimate of the costs of conducting them. The controlling board shall approve the plan only if the board finds that the proposed removal actions are in accordance with the priorities set forth in division (B) of section 3734.85 Of the Revised Code and that the costs of conducting them are reasonable.

Sec. 4123.40. ~~During the six months immediately preceding the first day of each regular session of the general assembly, the office of budget and management shall communicate to the bureau~~ on or before the first day of July of every year, the administrator of workers' compensation ~~an~~ shall estimate ~~of~~ the gross payroll of all state employers for the succeeding biennium or fiscal year.

~~Upon receipt thereof the~~ The administrator ~~of workers' compensation~~ shall determine and certify for the office of budget and management that rate or rates which when applied to the gross payroll estimate will produce an amount equal to the estimated cost of awards or payments to be made

during the like fiscal period, as determined by the administrator.

The rate certified shall be applied and made a part of the gross payroll calculation for the period for which the foregoing estimates have been made, in conformity with section 125.21 of the Revised Code. The amounts collected shall be remitted to the bureau as provided in section 125.21 of the Revised Code.

If the amounts remitted to the bureau for a fiscal period are greater or less than actual awards or payments for the like period by reason of an error in the prior estimates of gross payroll or awards or payments, the overage or shortage shall be included by the administrator in determining the rate for the next succeeding fiscal period.

In fixing the amount of contribution to be made by the state and each of its departments, agencies, and instrumentalities, the administrator shall classify departments, agencies, and instrumentalities into such groups as will equitably determine the contributions in accordance with their individual accident experience so that the state and its departments, agencies, and instrumentalities contribute an amount sufficient to meet individual obligations and maintain a solvent public insurance fund.

Moneys collected from state employers shall not be used to pay compensation or other benefits attributable to service of persons as employees of counties or taxing districts therein, nor shall moneys collected from counties and taxing districts therein be used to pay compensation or other benefits attributable to service of persons as employees of the state.

Sec. 4701.10. (A) Permits to practice public accounting shall be issued by the accountancy board to holders of the certificate of certified public accountant issued under section 4701.06 or 4701.061 of the Revised Code and to persons registered under sections 4701.07 and 4701.09 of the Revised Code. Subject to division (D)(1) of this section, there shall be a triennial permit fee in an amount to be determined by the board not to exceed one hundred fifty dollars. All permits shall expire on the last day of December of the year assigned by the board and, subject to division (D)(1) of this section, shall be renewed triennially for a period of three years by certificate holders and registrants in good standing upon payment of a triennial renewal fee not to exceed one hundred fifty dollars. For the purpose of implementing this section and enforcing section 4701.11 of the Revised Code, the board may issue a permit for less than three years' duration. A prorated fee shall be determined by the board for such permit. ~~Renewal of permits shall be according to the standard renewal procedure of sections 4745.01 to 4745.03 of the Revised Code.~~ Failure of any certificate holder or registrant to apply for a triennial permit to practice within three years from the expiration date

of the permit to practice last obtained or renewed, or three years from the date upon which the certificate holder or registrant was granted ~~his~~ A certificate or registration, shall result in suspension of such certificate or registration unless the board determines such failure to have been due to excusable neglect. In such case the renewal fee or the fee for the issuance of the original permit, as the case may be, shall be such amount as the board shall determine, but not in excess of fifty dollars plus the fee for each triennial period or part of a period the certificate holder or registrant did not have a permit.

(B) All certificate holders and registrants who are not in the practice of public accounting in this state shall register with the board every three years at a fee, not to exceed fifty-five dollars, established by the board. Such persons shall not convey to the general public that they are actively engaged in the practice of public accounting in this state.

(C) The board shall suspend the certificate or registration of any person failing to obtain a permit in accordance with this section except that the board may by rule exempt persons from the requirement of holding a permit for such reasons as retirement, health reasons, military service, foreign residency, or other just cause.

(D)(1) On and after January 1, 1995, the board shall, by rule adopted in accordance with Chapter 119. of the Revised Code, increase the triennial permit and renewal fee imposed pursuant to this section by at least fifteen dollars but no more than thirty dollars.

(2) Beginning with the first quarter of 1995 and each quarter thereafter, the board, for the purpose provided in section 4743.05 of the Revised Code, shall certify to the director of budget and management the number of triennial permits renewed under this chapter during the preceding quarter and the amount equal to that number times the amount by which the triennial permit and renewal fee is increased by the board under division (D)(1) of this section.

Sec. 4701.20. All receipts of the accountancy board shall be deposited in the state treasury to the credit of the occupational licensing and regulatory fund, except that any payment made to the board in connection with an application for examination or for a permit, registration, or certificate shall be deposited only after the board approves the application. In the event the application is not approved, the board shall return the payment to the applicant. ~~All~~

All vouchers of the board shall be approved by the board president or executive secretary, or both, as authorized by the board.

Sec. 4743.05. Except as otherwise provided in sections 4701.20,

4723.061, and 4729.65 of the Revised Code, all money collected under Chapters 3773., 4701., 4703., 4709., 4713., 4715., 4717., 4723., 4725., 4729., 4732., 4733., 4734., 4736., 4741., 4753., 4755., 4757., 4759., and 4761. of the Revised Code shall be paid into the state treasury to the credit of the occupational licensing and regulatory fund, which is hereby created for use in administering such chapters. Money deposited to the credit of the fund under section 4731.24 of the Revised Code shall be used until July 1, 1998, for administering Chapters 4730. and 4731. of the Revised Code.

At the end of each quarter, the director of budget and management shall transfer from the occupational licensing and regulatory fund to the nurse education assistance fund created in section 3333.28 of the Revised Code the amount certified to the director under division (B) of section 4723.08 of the Revised Code.

At the end of the first quarter of 1995 and at the end of each quarter thereafter, the director shall transfer from the occupational licensing and regulatory fund to the certified public accountant education assistance fund created in section 4701.26 of the Revised Code the amount certified to the director under division (D)(2) of section 4701.10 of the Revised Code.

Sec. 4745.01. (A) "Standard renewal procedure," as used in Chapters 905., 907., 909., 911., 913., 915., 918., 921., 923., 927., 942., 943., 953., 1321., 3710., 3713., 3715., 3719., 3731., 3742., 3748., 3769., 3783., 3921., 3951., 4104., 4105., 4143., 4169., 4561., ~~4701.,~~ 4703., 4707., 4709., 4713., 4715., 4717., 4723., 4725., 4727., 4728., 4729., 4731., 4733., 4734., 4735., 4739., 4741., 4747., 4749., 4753., 4755., 4757., 4759., 4761., 4766., 4773., and 4775. of the Revised Code, means the license renewal procedures specified in this chapter.

(B) "Licensing agency," as used in this chapter, means any department, division, board, section of a board, or other state governmental unit subject to the standard renewal procedure, as defined in this section, and authorized by the Revised Code to issue a license to engage in a specific profession, occupation, or occupational activity, or to have charge of and operate certain specified equipment, machinery, or premises.

(C) "License," as used in this chapter, means a license, certificate, permit, card, or other authority issued or conferred by a licensing agency by authority of which the licensee has or claims the privilege to engage in the profession, occupation, or occupational activity, or to have control of and operate certain specific equipment, machinery, or premises, over which the licensing agency has jurisdiction.

(D) "Licensee," as used in this chapter, means either the person to whom the license is issued or renewed by a licensing agency, or the person,

partnership, or corporation at whose request the license is issued or renewed.

(E) "Renewal" and "renewed," as used in this chapter and in the chapters of the Revised Code specified in division (A) of this section, includes the continuing licensing procedure provided in Chapter 3748. of the Revised Code and rules adopted under it and in sections 1321.05 and 3921.33 of the Revised Code, and as applied to those continuing licenses any reference in this chapter to the date of expiration of any license shall be construed to mean the due date of the annual or other fee for the continuing license.

Sec. 4981.091. There is hereby created in the state treasury the federal rail fund. The fund shall consist of money received pursuant to section 4981.08 Of the Revised Code and such other money as may be provided by law. The fund shall be used to acquire, rehabilitate, or develop rail property or service; to participate in the acquisition of rail property with the federal government, municipal corporations, townships, counties, or other governmental agencies; and to promote, plan, design, construct, operate, and maintain passenger and freight rail transportation systems. The fund also may be used to pay the administrative costs of the Ohio rail development commission associated with conducting any authorized rail program, and for any purpose authorized by sections 4981.03 and 5501.56 Of the Revised Code. The fund shall not be used to provide loan guarantees. Investment earnings on moneys credited to the fund shall be retained by the fund.

In acquiring rail property, the Ohio rail development commission may obtain acquisition loans from the federal government or from any other source.

Sec. 5101.93. (A) There is hereby established a welfare oversight council consisting of eight voting members, four of whom shall be members of the house of representatives, two appointed by the speaker and two appointed by the minority leader of the house of representatives, not more than two of whom shall be members of the same political party, and four of whom shall be members of the senate, two appointed by the president and two appointed by the minority leader of the senate, not more than two of whom shall be members of the same political party. The director of administrative services, the administrator of the bureau of employment services, and the director of human services shall be ex officio nonvoting members and two representatives of the general public appointed by the governor shall be nonvoting members of the council. The council may, by a majority vote, add other nonvoting members to the council. A vacancy on the council shall be filled in the same manner as the original appointment.

(B) The speaker of the house of representatives shall designate the

initial chairperson of the welfare oversight council and the president of the senate shall designate the initial vice-chairperson of the council. Thereafter, the authority to designate the chairperson and the vice-chairperson shall alternate between the speaker of the house and the president of the senate. The chairperson and vice-chairperson and other members of the council shall serve one-year terms.

The council shall meet at least ~~twice~~ four times a year in Columbus or other locations selected by the chairperson to monitor and review the Ohio works first program established under Chapter 5107. of the Revised Code, including sanctions imposed under section 5107.16 Of the Revised Code; the prevention, retention, and contingency program established under Chapter 5108. of the Revised Code; and the department of human services, county departments of human services, child support enforcement agencies, and public children services agencies. The council may visit the department, county departments, and agencies.

The chairperson of the council shall determine the agenda for each meeting of the council, except that if at least four legislative members of the council submit a written request to the chairperson to consider an item, the chairperson shall place the item on the agenda of the council's next regularly scheduled meeting occurring more than ten days after the written request is submitted to the chairperson.

(C) The members of the welfare oversight council shall serve without compensation but shall be reimbursed for their actual and necessary expenses incurred in the discharge of their official duties. In the discharge of its duties the council may issue subpoenas compelling the attendance of witnesses and the production of any records of the department of human services or local agencies. The council shall adopt rules to implement this section.

(D) The welfare oversight council shall advise the general assembly on the performance of the department of human services, county departments of human services, child support enforcement agencies, and public children services agencies. The council shall submit recommendations to the general assembly for any changes in law that the council considers necessary or appropriate. Between lines 9,970a and 9,979, insert:

Sec. 5104.32. (A) Except as provided in division (C) of this section, all purchases of publicly funded child day-care shall be made under a contract entered into by a licensed child day-care center, licensed type A family day-care home, certified type B family day-care home, certified in-home aide, approved child day camp, licensed preschool program, or licensed school child program and the county department of human services. A

county department of human services may enter into a contract with a provider for publicly funded child day-care for a specified period of time or upon a continuous basis for an unspecified period of time. All contracts for publicly funded child day-care shall be contingent upon the availability of state and federal funds. The department of human services shall prescribe a standard form to be used for all contracts for the purchase of publicly funded child day-care, regardless of the source of public funds used to purchase the child day-care. To the extent permitted by federal law and notwithstanding any other provision of the Revised Code that regulates state or county contracts or contracts involving the expenditure of state, county, or federal funds, all contracts for publicly funded child day-care shall be entered into in accordance with the provisions of this chapter and are exempt from any other provision of the Revised Code that regulates state or county contracts or contracts involving the expenditure of state, county, or federal funds.

(B) Each contract for publicly funded child day-care shall specify at least the following:

(1) ~~That~~ Except as provided in division (B)(2) of this section, that the provider of publicly funded child day-care agrees to be paid for rendering services at the lower of the rate customarily charged by the provider for children enrolled for child day-care or the rate of reimbursement established pursuant to section 5104.30 of the Revised Code;

(2) If the provider provides publicly funded child day-care to caretaker parents who work nontraditional hours, that the provider is to be paid for rendering services to those caretaker parents at the rate of reimbursement established pursuant to section 5104.30 of the Revised Code regardless of whether that rate is higher than the rate the provider customarily charges for children enrolled for child day-care;

(3) That, if a provider provides child day-care to an individual potentially eligible for publicly funded child day-care who is subsequently determined to be eligible, the county department agrees to pay for all child day-care provided between the date the county department receives the individual's completed application and the date the individual's eligibility is determined;

~~(3)~~(4) Whether the county department of human services, the provider, or a child day-care resource and referral service organization will make eligibility determinations, whether the provider or a child day-care resource and referral service organization will be required to collect information to be used by the county department to make eligibility determinations, and the time period within which the provider or child day-care resource and referral service organization is required to complete required eligibility

determinations or to transmit to the county department any information collected for the purpose of making eligibility determinations;

~~(4)~~(5) That the provider shall continue to be licensed, approved, or certified pursuant to this chapter or sections 3301.52 to 3301.59 of the Revised Code and shall comply with all standards and other requirements in this chapter and those sections and in rules adopted pursuant to this chapter or those sections for maintaining the provider's license, approval, or certification;

~~(5)~~(6) Whether the provider will be paid by the county department of human services or the state department of human services;

~~(6)~~(7) That the contract is subject to the availability of state and federal funds.

(C) Unless specifically prohibited by federal law, the county department of human services shall give individuals eligible for publicly funded child day-care the option of obtaining certificates for payment that the individual may use to purchase services from any provider qualified to provide publicly funded child day-care under section 5104.31 of the Revised Code. Providers of publicly funded child day-care may present these certificates for payment for reimbursement in accordance with rules that the department of human services shall adopt. Only providers may receive reimbursement for certificates for payment. The value of the certificate for payment shall be based on the lower of the rate customarily charged by the provider or the rate of reimbursement established pursuant to section 5104.30 of the Revised Code, unless the provider provides publicly funded child day-care to caretaker parents who work nontraditional hours, in which case the value of the certificate for payment for the services to those caretaker parents shall be based on the rate of reimbursement established pursuant to that section regardless of whether that rate is higher than the rate customarily charged by the provider. The county department may provide the certificates for payment to the individuals or may contract with child day-care providers or child day-care resource and referral service organizations that make determinations of eligibility for publicly funded child day-care pursuant to contracts entered into under section 5104.34 of the Revised Code for the providers or resource and referral service organizations to provide the certificates for payment to individuals whom they determine are eligible for publicly funded child day-care.

Sec. 5104.34. (A)(1) Each county department of human services shall implement procedures for making determinations of eligibility for publicly funded child day-care. Under those procedures, the eligibility determination for each applicant shall be made no later than thirty calendar days from the

date the county department receives a completed application for publicly funded child day-care. Each applicant shall be notified promptly of the results of the eligibility determination. An applicant aggrieved by a decision or delay in making an eligibility determination may appeal the decision or delay to the department of human services in accordance with section 5101.35 of the Revised Code. The due process rights of applicants shall be protected.

To the extent permitted by federal law, the county department may make all determinations of eligibility for publicly funded child day-care, may contract with child day-care providers or child day-care resource and referral service organizations for the providers or resource and referral service organizations to make all or any part of the determinations, and may contract with child day-care providers or child day-care resource and referral service organizations for the providers or resource and referral service organizations to collect specified information for use by the county department in making determinations. If a county department contracts with a child day-care provider or a child day-care resource and referral service organization for eligibility determinations or for the collection of information, the contract shall require the provider or resource and referral service organization to make each eligibility determination no later than thirty calendar days from the date the provider or resource and referral organization receives a completed application that is the basis of the determination and to collect and transmit all necessary information to the county department within a period of time that enables the county department to make each eligibility determination no later than thirty days after the filing of the application that is the basis of the determination.

The county department may station employees of the department in various locations throughout the county and may assign employees of the department to hours of employment outside the normal working hours of the department to collect information relevant to applications for publicly funded child day-care and to make eligibility determinations. The county department, child day-care provider, and child day-care resource and referral service organization shall make each determination of eligibility for publicly funded child day-care no later than thirty days after the filing of the application that is the basis of the determination, shall make each determination in accordance with any relevant rules adopted pursuant to section 5104.38 of the Revised Code, and shall notify promptly each applicant for publicly funded child day-care of the results of the determination of the applicant's eligibility.

On or before October 1, 1991, the department of human services shall

adopt rules in accordance with Chapter 119. of the Revised Code for monitoring the eligibility determination process. In accordance with those rules, the state department shall monitor eligibility determinations made by county departments of human services and shall direct any entity that is not in compliance with this division or any rule adopted under this division to implement corrective action specified by the department.

(2) All eligibility determinations for publicly funded child day-care shall be made in accordance with rules adopted by the department of human services pursuant to division (A) of section 5104.38 of the Revised Code and, if a county department of human services specifies, pursuant to rules adopted under division (B) of that section, a maximum amount of income a family may have to be eligible for publicly funded child day-care, the income maximum specified by the county department. Publicly funded child day-care may be provided only to eligible infants, toddlers, preschool children, and school children under age thirteen. For an applicant to be eligible for publicly funded child day-care, the caretaker parent must be employed or participating in a program of education or training for an amount of time reasonably related to the time that the parent's children are receiving publicly funded child day-care. This restriction does not apply to families whose children are eligible for protective or special needs day-care.

Subject to available funds, ~~the~~ a county department of human services shall allow a family to ~~continue to~~ receive publicly funded child day-care ~~until~~ unless the family's income exceeds ~~one hundred fifty per cent of the federal poverty line~~ the maximum income eligibility limit. Initial and continued eligibility for publicly funded child day-care is subject to available funds unless the family is receiving transitional child day-care as provided under this section, participating in the Ohio works first program established under Chapter 5107. of the Revised Code, or was receiving publicly funded child day-care on October 1, 1997, and has a family income below one hundred fifty per cent of the federal poverty line. If the department must limit eligibility due to lack of available funds, it shall give first priority for publicly funded child day-care to an assistance group whose income is not more than ~~one hundred fifty per cent of the federal poverty line~~ the maximum income eligibility limit that received transitional child day-care in the previous month but is no longer eligible because the twelve-month period has expired. Such an assistance group shall continue to receive priority for publicly funded child day-care until its income exceeds ~~one hundred fifty per cent of the federal poverty line~~ the maximum income eligibility limit.

(3) An assistance group that ceases to participate in the Ohio works first

program established under Chapter 5107. of the Revised Code is eligible for transitional child day-care at any time during the immediately following twelve-month period that both of the following apply:

(a) The assistance group requires child day-care due to employment;

(b) The assistance group's income is not more than one hundred fifty per cent of the federal poverty line.

An assistance group ineligible to participate in the Ohio works first program pursuant to section 5101.83 or section 5107.16 of the Revised Code is not eligible for transitional child day-care.

(B) To the extent permitted by federal law, a county department of human services may require a caretaker parent determined to be eligible for publicly funded child day-care to pay a fee according to the schedule of fees established in rules adopted under section 5104.38 of the Revised Code. Each county department shall make protective day-care services available to children without regard to the income or assets of the caretaker parent of the child.

(C) A caretaker parent receiving publicly funded child day-care shall report to the entity that determined eligibility any changes in status with respect to employment or participation in a program of education or training.

(D) If a county department of human services determines that available resources are not sufficient to provide publicly funded child day-care to all eligible families who request it, the county department may establish a waiting list. A county department may establish separate waiting lists within the waiting list based on income. When resources become available to provide publicly funded child day-care to families on the waiting list, a county department that establishes a waiting list shall assess the needs of the next family scheduled to receive publicly funded child day-care. If the assessment demonstrates that the family continues to need and is eligible for publicly funded child day-care, the county department shall offer it to the family. If the county department determines that the family is no longer eligible or no longer needs publicly funded child day-care, the county department shall remove the family from the waiting list.

(E) As used in this section, "maximum income eligibility limit" means the amount of income specified in rules adopted under division (A) of section 5104.38 of the Revised Code or, if a county department of human services specifies a higher amount pursuant to rules adopted under division (B) of that section, the amount the county department specifies.

Sec. 5104.35. (A) The county department of human services shall do all of the following:

(1) Accept any gift, grant, or other funds from either public or private sources offered unconditionally or under conditions which are, in the judgment of the department, proper and consistent with this chapter and deposit the funds in the county public assistance fund established by section 5101.161 of the Revised Code;

(2) Recruit individuals and groups interested in certification as in-home aides or in developing and operating suitable licensed child day-care centers, type A family day-care homes, or certified type B family day-care homes, especially in areas with high concentrations of recipients of public assistance, and for that purpose provide consultation to interested individuals and groups on request;

(3) Inform clients of the availability of child day-care services;

(4) Pay to a child day-care center, type A family day-care home, certified type B family day-care home, in-home aide, approved child day camp, licensed preschool program, or licensed school child program for child day-care services, ~~an~~ the amount ~~equal to the amount customarily charged by the center, type A home, type B home, in-home aide, approved child day camp, or program when the full fee is paid, except that the amount of assistance shall not exceed the maximum rate established by the state department of human services~~ provided for in division (B) of section 5104.32 Of the Revised Code. If part of the cost of care of a child is paid by the child's parent or any other person, the amount paid shall be subtracted from the ~~customary charge or the maximum rate, whichever is lower, prior to payment by~~ amount the county department pays.

(5) In accordance with rules adopted pursuant to section 5104.39 of the Revised Code, provide monthly reports to the director of human services and the director of budget and management regarding expenditures for the purchase of publicly funded child day-care.

(B) The county department of human services may do any of the following:

(1) To the extent permitted by federal law, use public child day-care funds to extend the hours of operation of the county department to accommodate the needs of working caretaker parents and enable those parents to apply for publicly funded child day-care;

(2) In accordance with rules adopted by the state department of human services, request a waiver of the maximum rate of assistance that is established by the state department of human services pursuant to section 5104.30 of the Revised Code for the purpose of paying a higher rate for publicly funded child day-care based upon the special needs of a child, the special circumstances of a family, or unique child day-care market

conditions;

(3) To the extent permitted by federal law, use state and federal funds to pay deposits and other advance payments that a provider of child day-care customarily charges all children who receive child day-care from that provider;

(4) To the extent permitted by federal law, pay for up to thirty days of child day-care for a child whose caretaker parent is seeking employment, taking part in employment orientation activities, or taking part in activities in anticipation of enrollment or attendance in an education or training program or activity, if the employment or education or training program or activity is expected to begin within the thirty-day period.

Sec. 5104.38. In addition to any other rules adopted under this chapter, the department of human services shall adopt rules in accordance with Chapter 119. of the Revised Code governing financial and administrative requirements for publicly funded child day-care and establishing all of the following:

(A) Procedures and criteria to be used in making determinations of eligibility for publicly funded child day-care that give priority to children of families with lower incomes and procedures and criteria for eligibility for publicly funded protective day-care. The rules shall specify the maximum amount of income a family may have for initial and continued eligibility. The maximum amount shall not exceed one hundred eighty-five per cent of the federal poverty line.

(B) Procedures under which a county department of human services may, if the department, under division (A) of this section, specifies a maximum amount of income a family may have for eligibility for publicly funded child day-care that is less than one hundred eighty-five per cent of the federal poverty line, specify a maximum amount of income a family residing in the county the county department serves may have for initial and continued eligibility for publicly funded child day-care that is higher than the amount specified by the department but does not exceed one hundred eighty-five per cent of the federal poverty line;

(C) A schedule of fees requiring all eligible caretaker parents to pay a fee for publicly funded child day-care according to income and family size, which shall be uniform for all types of publicly funded child day-care, except as authorized by rule, and, to the extent permitted by federal law, shall permit the use of state and federal funds to pay the customary deposits and other advance payments that a provider charges all children who receive child day-care from that provider;

~~(C)~~(D) A formula based upon a percentage of the county's total

expenditures for publicly funded child day-care for determining the maximum amount of state and federal funds appropriated for publicly funded child day-care that a county department may use for administrative purposes;

~~(D)~~(E) Procedures to be followed by the department and county departments in recruiting individuals and groups to become providers of child day-care;

~~(E)~~(F) Procedures to be followed in establishing state or local programs designed to assist individuals who are eligible for publicly funded child day-care in identifying the resources available to them and to refer the individuals to appropriate sources to obtain child day-care;

~~(F)~~(G) Procedures to deal with fraud and abuse committed by either recipients or providers of publicly funded child day-care;

~~(G)~~(H) Procedures for establishing a child day-care grant or loan program in accordance with the child care block grant act;

~~(H)~~(I) Standards and procedures for applicants to apply for grants and loans, and for the department to make grants and loans;

~~(I)~~(J) A definition of "person who stands in loco parentis" for the purposes of division (HH)(1) of section 5104.01 of the Revised Code;

~~(J)~~(K) Any other rules necessary to carry out sections 5104.30 to 5104.39 of the Revised Code.

Sec. 5126.04. (A) Each county board of mental retardation and developmental disabilities shall plan and set priorities based on available resources for the provision of facilities, programs, and other services to meet the needs of county residents who are individuals with mental retardation and other developmental disabilities, former residents of the county residing in state institutions or placed under purchase of service agreements under section 5123.18 of the Revised Code, and children subject to a determination made pursuant to section 121.38 of the Revised Code.

Each county board shall assess the facility and service needs of the individuals with mental retardation and other developmental disabilities who are residents of the county or former residents of the county residing in state institutions or placed under purchase of service agreements under section 5123.18 of the Revised Code.

Each county board shall require individual habilitation or service plans for individuals with mental retardation and other developmental disabilities who are being served or who have been determined eligible for services and are awaiting the provision of services. Each board shall ensure that methods of having their service needs evaluated are available.

(B) The department of mental retardation and developmental disabilities

may adopt rules in accordance with Chapter 119. of the Revised Code as necessary to implement this section. To the extent that rules adopted under this section apply to the identification and placement of handicapped children under Chapter 3323. of the Revised Code, the rules shall be consistent with the standards and procedures established under sections 3323.03 to 3323.05 of the Revised Code.

(C) The responsibility or authority of a county board to provide services under this chapter does not affect the responsibility of any other entity of state or local government to provide services to individuals with mental retardation and developmental disabilities.

(D) On or before the first day of February prior to a school year, a county board of mental retardation and developmental disabilities may elect not to participate during that school year in the provision of or contracting for educational services for children ages six through twenty-one years of age, provided that on or before that date the board gives notice of this election to the superintendent of public instruction, each school district in the county, and the educational service center serving the county. If a board makes this election, it shall not have any responsibility for or authority to provide educational services that school year for children ages six through twenty-one years of age. If a board does not make an election for a school year in accordance with this division, the board shall be deemed to have elected to participate during that school year in the provision of or contracting for educational services for children ages six through twenty-one years of age.

(E) If a county board of mental retardation and developmental disabilities elects to provide educational services during a school year to individuals six through twenty-one years of age who are multiply handicapped, the board may provide these services to individuals who are appropriately identified and determined eligible pursuant to Chapter 3323. of the Revised Code, and in accordance with applicable rules of the state board of education. The county board may also provide related services to individuals six through twenty-one years of age who have one or more disabling conditions, in accordance with section 3317.20 and Chapter 3323. of the Revised Code and applicable rules of the state board of education.

Sec. 5126.05. (A) Subject to the rules established by the director of mental retardation and developmental disabilities pursuant to Chapter 119. of the Revised Code for programs and services offered pursuant to this chapter, and subject to the rules established by the state board of education pursuant to Chapter 119. of the Revised Code for programs and services offered pursuant to Chapter 3323. of the Revised Code, the county board of

mental retardation and developmental disabilities shall:

(1) Administer and operate facilities, programs, and services as provided by this chapter and Chapter 3323. of the Revised Code and establish policies for their administration and operation;

(2) Coordinate, monitor, and evaluate existing services and facilities available to individuals with mental retardation and developmental disabilities;

(3) Provide early childhood services, supportive home services, and adult services, according to the plan and priorities developed under section 5126.04 of the Revised Code;

(4) Provide or contract for special education ~~programs~~ services pursuant to ~~Chapter~~ Chapters 3317. and 3323. of the Revised Code and ensure that related services, as defined in section 3323.01 of the Revised Code, are available according to the plan and priorities developed under section 5126.04 of the Revised Code;

(5) Adopt a budget, authorize expenditures for the purposes specified in this chapter and do so in accordance with section 319.16 of the Revised Code, approve attendance of board members and employees at professional meetings and approve expenditures for attendance, and exercise such powers and duties as are prescribed by the director;

(6) Submit annual reports of its work and expenditures, pursuant to sections 3323.09 and 5126.12 of the Revised Code, to the director, the superintendent of public instruction, and the board of county commissioners at the close of the fiscal year and at such other times as may reasonably be requested;

(7) Authorize all positions of employment, establish compensation, including but not limited to salary schedules and fringe benefits for all board employees, approve contracts of employment for management employees that are for a term of more than one year, employ legal counsel under section 309.10 of the Revised Code, and contract for employee benefits;

(8) Provide case management services, as defined in rules adopted by the director of mental retardation and developmental disabilities, in accordance with section 5126.15 of the Revised Code;

(9) Certify respite care homes pursuant to rules adopted under section 5123.171 of the Revised Code by the director of mental retardation and developmental disabilities.

(B) To the extent that rules adopted under this section apply to the identification and placement of handicapped children under Chapter 3323. of the Revised Code, they shall be consistent with the standards and procedures established under sections 3323.03 to 3323.05 of the Revised

Code.

(C) Any county board may enter into contracts with other such boards and with public or private, nonprofit, or profit-making agencies or organizations of the same or another county, to provide the facilities, programs, and services authorized or required, upon such terms as may be agreeable, and in accordance with this chapter and Chapter 3323. of the Revised Code and rules adopted thereunder and in accordance with sections 307.86 and 5126.071 of the Revised Code.

(D) A county board may combine transportation for children and adults enrolled in programs and services offered under section 5126.12 with transportation for children enrolled in units approved under section 3317.05 of the Revised Code.

(E) A county board may purchase all necessary insurance policies, may purchase equipment and supplies through the department of administrative services or from other sources, and may enter into agreements with public agencies or nonprofit organizations for cooperative purchasing arrangements.

(F) A county board may receive by gift, grant, devise, or bequest any moneys, lands, or property for the benefit of the purposes for which the board is established and hold, apply, and dispose of the moneys, lands, and property according to the terms of the gift, grant, devise, or bequest. All money received by gift, grant, bequest, or disposition of lands or property received by gift, grant, devise, or bequest shall be deposited in the county treasury to the credit of such board and shall be available for use by the board for purposes determined or stated by the donor or grantor, but may not be used for personal expenses of the board members. Any interest or earnings accruing from such gift, grant, devise, or bequest shall be treated in the same manner and subject to the same provisions as such gift, grant, devise, or bequest.

(G) The board of county commissioners shall levy taxes and make appropriations sufficient to enable the county board of mental retardation and developmental disabilities to perform its functions and duties, and may utilize any available local, state, and federal funds for such purpose.

Sec. 5711.22. (A) Deposits not taxed at the source shall be listed and assessed at their amount in dollars on the day they are required to be listed. Moneys shall be listed and assessed at the amount thereof in dollars on hand on the day that they are required to be listed. In listing investments, the amount of the income yield of each for the calendar year next preceding the date of listing shall, except as otherwise provided in this chapter, be stated in dollars and cents and the assessment thereof shall be at the amount of such

ncome yield; but any property defined as investments in either division (A) or (B) of section 5701.06 of the Revised Code that has not been outstanding for the full calendar year next preceding the date of listing, except shares of stock of like kind as other shares of the same corporation outstanding for the full calendar year next preceding the date of listing, or which has yielded no income during such calendar year shall be listed and assessed as unproductive investments, at their true value in money on the day that such investments are required to be listed.

Credits and other taxable intangibles shall be listed and assessed at their true value in money on the day as of which the same are required to be listed.

Shares of stock of a bank holding company, as defined in Title 12 U.S.C.A., section 1841, which are required to be listed for taxation under this division and upon which dividends were paid during the year of their issuance, which dividends are subject to taxation under the provisions of Chapter 5747. of the Revised Code, shall be exempt from the intangibles tax for the year immediately succeeding their issuance. If such shares bear dividends the first calendar year after their issuance, which dividends are subject to taxation under the provisions of Chapter 5747. of the Revised Code, it shall be deemed that the nondelinquent intangible property tax pursuant to division (A) of section 5707.04 of the Revised Code was paid on those dividends paid that first calendar year after the issuance of the shares.

(B)(1) Boilers, machinery, equipment, and personal property the true value of which is determined under division (B) of section 5711.21 of the Revised Code shall be listed and assessed at an amount equal to the sum of the products determined under divisions (B)(1)(a), (b), and (c) of this section.

(a) Multiply the portion of the true value determined under division (B)(1) of section 5711.21 of the Revised Code by the assessment rate ~~for the appropriate year~~ in division ~~(D)~~(E) of this section;

(b) Multiply the portion of the true value determined under division (B)(2) of section 5711.21 of the Revised Code by the assessment rate in section 5727.111 of the Revised Code that is applicable to the production equipment of an electric company;

(c) Multiply the portion of the true value determined under division (B)(3) of section 5711.21 of the Revised Code by the assessment rate in section 5727.111 of the Revised Code that is applicable to the property of an electric company that is not production equipment.

(2) Personal property leased to a public utility or interexchange telecommunications company as defined in section 5727.01 of the Revised

Code and used directly in the rendition of a public utility service as defined in division (P) of section 5739.01 of the Revised Code shall be listed and assessed at the same percentage of true value in money that such property is required to be assessed by section 5727.111 of the Revised Code if owned by the public utility or interexchange telecommunications company.

(C)(1) Merchandise or an agricultural product shipped from outside this state and held in this state in a warehouse or a place of storage without further manufacturing or processing and for storage only and for shipment outside this state, but that is taxable because it does not qualify as "not used in business in this state" under division (B)(1) or (2) of section 5701.08 of the Revised Code, shall be listed and assessed at a rate of twenty-five one-hundredths of its true value in money until reduced in accordance with the following schedule:

(a) For any year, subtract five one-hundredths from the rate at which such property was required to be listed and assessed in the preceding year, if the total statewide collection of all real and tangible personal property taxes for the second preceding year exceeded the total statewide collection of all real and tangible personal property taxes for the third preceding year by more than the greater of four per cent or the rate of increase from the third to the second preceding years in the average consumer price index (all urban consumers, all items) prepared by the bureau of labor statistics of the United States department of labor;

(b) If no reduction in the assessment rate is made for a year, the rate is the same as for the preceding year.

(2) Each year until the year the assessment rate equals zero, the tax commissioner shall determine the assessment rate required under this division and shall notify all county auditors of that rate.

(3) Notwithstanding provisions to the contrary in division (B) of section 5701.08 of the Revised Code, during and after the year for which the assessment rate as calculated under this division equals zero, any merchandise or agricultural product shipped from outside this state and held in this state in any warehouse or place of storage, whether public or private, without further manufacturing or processing and for storage only and for shipment outside this state to any person for any purpose is not used in business in this state for property tax purposes.

(D)(1) Merchandise or an agricultural product owned by a qualified out-of-state person shipped from outside this state and held in this state in a public warehouse without further manufacturing or processing and for temporary storage only and for shipment inside this state, but that is taxable because it does not qualify as "not used in business in this state" under

division (B)(1) or (2) of section 5701.08 of the Revised Code, shall be listed and assessed at a rate of twenty-five one-hundredths of its true value in money until reduced in accordance with the following schedule:

(a) For any year, subtract five one-hundredths from the rate at which such property was required to be listed and assessed in the preceding year, if the total statewide collection of all real and tangible personal property taxes for the second preceding year exceeded the total statewide collection of all real and tangible personal property taxes for the third preceding year by more than the greater of four per cent or the rate of increase from the third to the second preceding years in the average consumer price index (all urban consumers, all items) prepared by the bureau of labor statistics of the United States department of labor;

(b) If no reduction in the assessment rate is made for a year, the rate is the same as for the preceding year.

(2) Each year until the year the assessment rate equals zero, the tax commissioner shall determine the assessment rate required under this division and shall notify all county auditors of that rate.

(3) Notwithstanding provisions to the contrary in division (B) of section 5701.08 of the Revised Code, during and after the year for which the assessment rate as calculated under this division equals zero, any merchandise or agricultural product described in division (D)(1) of this section is not used in business in this state for property tax purposes.

(4) As used in division (D) of this section:

(a) "Qualified out-of-state person" means a person that does not own, lease, or use property, other than merchandise or an agricultural product described in this division, in this state, and does not have employees, agents, or representatives in this state;

(b) "Public warehouse" means a warehouse in this state that is not subject to the control of or under the supervision of the owner of the merchandise or agricultural product stored in it, or staffed by the owner's employees, and from which the property is to be shipped inside this state.

(E) Unless otherwise provided by law, all other personal property used in business that has not been legally regarded as an improvement on land and considered in arriving at the value of the real property assessed for taxation shall be listed and assessed at the rate of twenty-five per cent of its true value in money.

Sec. 5733.04. As used in this chapter:

(A) "Issued and outstanding shares of stock" applies to nonprofit corporations, as provided in section 5733.01 of the Revised Code, and includes but is not limited to, membership certificates and other instruments

evidencing ownership of an interest in such nonprofit corporations, and with respect to a financial institution which does not have capital stock, "issued and outstanding shares of stock" includes, but is not limited to, ownership interests of depositors in the capital employed in such an institution.

(B) "Taxpayer" means a corporation subject to the tax imposed by section 5733.06 of the Revised Code.

(C) "Resident" means a corporation organized under the laws of this state.

(D) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(E) "Taxable year" means the period prescribed by division (A) of section 5733.031 of the Revised Code upon the net income of which the value of the taxpayer's issued and outstanding shares of stock is determined under division (B) of section 5733.05 of the Revised Code or the period prescribed by division (A) of section 5733.031 of the Revised Code that immediately precedes the date as of which the total value of the corporation is determined under division (A) or (C) of section 5733.05 of the Revised Code.

(F) "Tax year" means the calendar year in and for which the tax imposed by section 5733.06 of the Revised Code is required to be paid.

(G) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.

(H) "Federal income tax" means the income tax imposed by the Internal Revenue Code.

(I) ~~"Net~~ Except as provided in section 5733.058 Of the Revised Code, "net income" means the taxpayer's taxable income before operating loss deduction and special deductions, as required to be reported for the taxpayer's taxable year under the Internal Revenue Code, subject to the following adjustments:

(1)(a) Deduct any net operating loss incurred in any taxable years ending in 1971 or thereafter but exclusive of any net operating loss incurred in taxable years ending prior to January 1, 1971. This deduction shall not be allowed in any tax year commencing before December 31, 1973, but shall be carried over and allowed in tax years commencing after December 31, 1973, until fully utilized in the next succeeding taxable year or years in which the taxpayer has net income, but in no case for more than the designated carryover period as described in division (I)(1)(b) of this section. The amount of such net operating loss, as determined under the allocation and apportionment provisions of section 5733.051 and division (B) of section 5733.05 of the Revised Code for the year in which the net operating

loss occurs, shall be deducted from net income, as determined under the allocation and apportionment provisions of section 5733.051 and division (B) of section 5733.05 of the Revised Code, to the extent necessary to reduce net income to zero with the remaining unused portion of the deduction, if any, carried forward to the remaining years of the designated carryover period as described in division (I)(1)(b) of this section, or until fully utilized, whichever occurs first.

(b) For losses incurred in taxable years ending on or before December 31, 1981, the designated carryover period shall be the five consecutive taxable years after the taxable year in which the net operating loss occurred. For losses incurred in taxable years ending on or after January 1, 1982, the designated carryover period shall be the fifteen consecutive taxable years after the taxable year in which the net operating loss occurs.

(c) The tax commissioner may require a taxpayer to furnish any information necessary to support a claim for deduction under division (I)(1)(a) of this section and no deduction shall be allowed unless the information is furnished.

(2) Deduct any amount included in net income by application of section 78 or 951 of the Internal Revenue Code, amounts received for royalties, technical or other services derived from sources outside the United States, and dividends received from a subsidiary, associate, or affiliated corporation that neither transacts any substantial portion of its business nor regularly maintains any substantial portion of its assets within the United States. For purposes of determining net foreign source income deductible under division (I)(2) of this section, the amount of gross income from all such sources other than income derived by application of section 78 or 951 of the Internal Revenue Code shall be reduced by:

(a) The amount of any reimbursed expenses for personal services performed by employees of the taxpayer for the subsidiary, associate, or affiliated corporation;

(b) Ten per cent of the amount of royalty income and technical assistance fees;

(c) Fifteen per cent of the amount of dividends and all other income.

The amounts described in divisions (I)(2)(a) to (c) of this section are deemed to be the expenses attributable to the production of deductible foreign source income unless the taxpayer shows, by clear and convincing evidence, less actual expenses or the tax commissioner shows, by clear and convincing evidence, more actual expenses.

(3) Add any loss or deduct any gain resulting from the sale, exchange, or other disposition of a capital asset, or an asset described in section 1231

of the Internal Revenue Code, to the extent that such loss or gain occurred prior to the first taxable year on which the tax provided for in section 5733.06 of the Revised Code is computed on the corporation's net income. For purposes of division (I)(3) of this section, the amount of the prior loss or gain shall be measured by the difference between the original cost or other basis of the asset and the fair market value as of the beginning of the first taxable year on which the tax provided for in section 5733.06 of the Revised Code is computed on the corporation's net income. At the option of the taxpayer, the amount of the prior loss or gain may be a percentage of the gain or loss, which percentage shall be determined by multiplying the gain or loss by a fraction, the numerator of which is the number of months from the acquisition of the asset to the beginning of the first taxable year on which the fee provided in section 5733.06 of the Revised Code is computed on the corporation's net income, and the denominator of which is the number of months from the acquisition of the asset to the sale, exchange, or other disposition of the asset.

(4) Deduct the dividend received deduction provided by section 243 of the Internal Revenue Code.

(5) Deduct any interest or interest equivalent on public obligations and purchase obligations to the extent included in federal taxable income. As used in divisions (I)(5) and (6) of this section, "public obligations," "purchase obligations," and "interest or interest equivalent" have the same meanings as in section 5709.76 of the Revised Code.

(6) Add any loss or deduct any gain resulting from the sale, exchange, or other disposition of public obligations to the extent included in federal taxable income.

(7) To the extent not otherwise allowed, deduct any dividends or distributions received by a taxpayer from a public utility, if the taxpayer owns at least eighty per cent of the issued and outstanding common stock of the utility. As used in division (I)(7) of this section, "public utility" or "utility" means a public utility as defined in Chapter 5727. of the Revised Code, whether or not the utility is doing business in the state.

(8) To the extent not otherwise allowed, deduct any dividends received by a taxpayer from an insurance company, if the taxpayer owns at least eighty per cent of the issued and outstanding common stock of the insurance company. As used in division (I)(8) of this section, "insurance company" means an insurance company which is taxable under Chapter 5725. or 5729. of the Revised Code.

(9) Deduct expenditures for modifying existing buildings or structures to meet American national standards institute standard A-117.1-1961

(R-1971), as amended; provided, that no deduction shall be allowed to the extent that such deduction is not permitted under federal law or under rules of the tax commissioner. Those deductions as are allowed may be taken over a period of five years. The tax commissioner shall adopt rules under Chapter 119. of the Revised Code establishing reasonable limitations on the extent that expenditures for modifying existing buildings or structures are attributable to the purpose of making the buildings or structures accessible to and usable by physically handicapped persons.

(10) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal taxable income before operating loss deduction and special deductions for the taxable year, had the targeted jobs credit allowed and determined under sections 38, 51, and 52 of the Internal Revenue Code not been in effect.

(11) Deduct net interest income on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent the laws of the United States prohibit inclusion of the net interest for purposes of determining the value of the taxpayer's issued and outstanding shares of stock under division (B) of section 5733.05 of the Revised Code. As used in division (I)(11) of this section, "net interest" means interest net of any expenses taken on the federal income tax return that would not have been allowed under section 265 of the Internal Revenue Code if the interest were exempt from federal income tax.

(12)(a) Except as set forth in division (I)(12)(d) of this section, to the extent not included in computing the taxpayer's federal taxable income before operating loss deduction and special deductions, add gains and deduct losses from direct or indirect sales, exchanges, or other dispositions, made by a related entity who is not a taxpayer, of the taxpayer's indirect, beneficial, or constructive investment in the stock or debt of another entity, unless the gain or loss has been included in computing the federal taxable income before operating loss deduction and special deductions of another taxpayer with a more closely related investment in the stock or debt of the other entity. The amount of gain added or loss deducted shall not exceed the product obtained by multiplying such gain or loss by the taxpayer's proportionate share, directly, indirectly, beneficially, or constructively, of the outstanding stock of the related entity immediately prior to the direct or indirect sale, exchange, or other disposition.

(b) Except as set forth in division (I)(12)(e) of this section, to the extent not included in computing the taxpayer's federal taxable income before

operating loss deduction and special deductions, add gains and deduct losses from direct or indirect sales, exchanges, or other dispositions made by a related entity who is not a taxpayer, of intangible property other than stock, securities, and debt, if such property was owned, or used in whole or in part, at any time prior to or at the time of the sale, exchange, or disposition by either the taxpayer or by a related entity that was a taxpayer at any time during the related entity's ownership or use of such property, unless the gain or loss has been included in computing the federal taxable income before operating loss deduction and special deductions of another taxpayer with a more closely related ownership or use of such intangible property. The amount of gain added or loss deducted shall not exceed the product obtained by multiplying such gain or loss by the taxpayer's proportionate share, directly, indirectly, beneficially, or constructively, of the outstanding stock of the related entity immediately prior to the direct or indirect sale, exchange, or other disposition.

(c) As used in division (I)(12) of this section, "related entity" means those entities described in divisions (I)(12)(c)(i) to (iii) of this section:

(i) An individual stockholder, or a member of the stockholder's family enumerated in section 318 of the Internal Revenue Code, if the stockholder and the members of the stockholder's family own, directly, indirectly, beneficially, or constructively, in the aggregate, at least fifty per cent of the value of the taxpayer's outstanding stock;

(ii) A stockholder, or a stockholder's partnership, estate, trust, or corporation, if the stockholder and the stockholder's partnerships, estates, trusts, and corporations own directly, indirectly, beneficially, or constructively, in the aggregate, at least fifty per cent of the value of the taxpayer's outstanding stock;

(iii) A corporation, or a party related to the corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under division (I)(12)(c)(iv) of this section, if the taxpayer owns, directly, indirectly, beneficially, or constructively, at least fifty per cent of the value of the corporation's outstanding stock.

(iv) The attribution rules of section 318 of the Internal Revenue Code apply for purposes of determining whether the ownership requirements in divisions (I)(12)(c)(i) to (iii) of this section have been met.

(d) For purposes of the adjustments required by division (I)(12)(a) of this section, the term "investment in the stock or debt of another entity" means only those investments where the taxpayer and the taxpayer's related entities directly, indirectly, beneficially, or constructively own, in the aggregate, at any time during the twenty-four month period commencing

one year prior to the direct or indirect sale, exchange, or other disposition of such investment at least fifty per cent or more of the value of either the outstanding stock or such debt of such other entity.

(e) For purposes of the adjustments required by division (I)(12)(b) of this section, the term "related entity" excludes all of the following:

(i) Foreign corporations as defined in section 7701 of the Internal Revenue Code;

(ii) Foreign partnerships as defined in section 7701 of the Internal Revenue Code;

(iii) Corporations, partnerships, estates, and trusts created or organized in or under the laws of the Commonwealth of Puerto Rico or any possession of the United States;

(iv) Foreign estates and foreign trusts as defined in section 7701 of the Internal Revenue Code.

The exclusions described in divisions (I)(12)(e)(i) to (iv) of this section do not apply if the corporation, partnership, estate, or trust is described in any one of divisions (C)(1) to (5) of section 5733.042 of the Revised Code.

(f) Nothing in division (I)(12) of this section shall require or permit a taxpayer to add any gains or deduct any losses described in divisions (I)(12)(f)(i) and (ii) of this section:

(i) Gains or losses recognized for federal income tax purposes by an individual, estate, or trust without regard to the attribution rules described in division (I)(12)(c) of this section, and

(ii) A related entity's gains or losses described in division (I)(12)(b) if the taxpayer's ownership of or use of such intangible property was limited to a period not exceeding nine months and was attributable to a transaction or a series of transactions executed in accordance with the election or elections made by the taxpayer or a related entity pursuant to section 338 of the Internal Revenue Code.

(13) Any adjustment required by section 5733.042 of the Revised Code.

(14) Add any amount claimed as a credit under section 5733.0611 of the Revised Code to the extent that such amount satisfies either of the following:

(a) It was deducted or excluded from the computation of the corporation's taxable income before operating loss deduction and special deductions as required to be reported for the corporation's taxable year under the Internal Revenue Code;

(b) It resulted in a reduction of the corporation's taxable income before operating loss deduction and special deductions as required to be reported for any of the corporation's taxable years under the Internal Revenue Code.

~~(14)~~(15) Deduct the amount contributed by the taxpayer to an individual development account program established by a county department of human services pursuant to sections 329.11 to 329.14 of the Revised Code for the purpose of matching funds deposited by program participants. On request of the tax commissioner, the taxpayer shall provide any information that, in the tax commissioner's opinion, is necessary to establish the amount deducted under division (I)~~(14)~~(15) of this section.

(J) Any term used in this chapter has the same meaning as when used in comparable context in the laws of the United States relating to federal income taxes unless a different meaning is clearly required. Any reference in this chapter to the Internal Revenue Code includes other laws of the United States relating to federal income taxes.

(K) "Financial institution" has the meaning given by section 5725.01 of the Revised Code but does not include a production credit association as described in 85 Stat. 597, 12 U.S.C.A. 2091.

(L)(1) A "qualifying holding company" is any corporation satisfying all of the following requirements:

(a) Subject to divisions (L)(2) and (3) of this section, the net book value of the corporation's intangible assets is greater than or equal to ninety per cent of the net book value of all of its assets and at least fifty per cent of the net book value of all of its assets represents direct or indirect investments in the equity of, loans and advances to, and accounts receivable due from related members;

(b) At least ninety per cent of the corporation's gross income for the taxable year is attributable to the following:

(i) The maintenance, management, ownership, acquisition, use, and disposition of its intangible property, its aircraft the use of which is not subject to regulation under 14 C.F.R. part 121 or part 135, and any real property described in division (L)(2)(c) of this section;

(ii) The collection and distribution of income from such property.

(c) The corporation is not a financial institution on the last day of the taxable year ending prior to the first day of the tax year;

(d) The corporation's related members make a good faith and reasonable effort to make timely and fully the adjustments required by division (C)(2) of section 5733.05 of the Revised Code and to pay timely and fully all uncontested taxes, interest, penalties, and other fees and charges imposed under this chapter;

(e) Subject to division (L)(4) of this section, the corporation elects to be treated as a qualifying holding company for the tax year.

A corporation otherwise satisfying divisions (L)(1)(a) to (e) of this

section that does not elect to be a qualifying holding company is not a qualifying holding company for the purposes of this chapter.

(2)(a)(i) For purposes of making the ninety per cent computation under division (L)(1)(a) of this section, the net book value of the corporation's assets shall not include the net book value of aircraft or real property described in division (L)(1)(b)(i) of this section.

(ii) For purposes of making the fifty per cent computation under division (L)(1)(a) of this section, the net book value of assets shall include the net book value of aircraft or real property described in division (L)(1)(b)(i) of this section.

(b)(i) As used in division (L) of this section, "intangible asset" includes, but is not limited to, the corporation's direct interest in each pass-through entity only if at all times during the corporation's taxable year ending prior to the first day of the tax year the corporation's and the corporation's related members' combined direct and indirect interests in the capital or profits of such pass-through entity do not exceed fifty per cent. If the corporation's interest in the pass-through entity is an intangible asset for that taxable year, then the distributive share of any income from the pass-through entity shall be income from an intangible asset for that taxable year.

(ii) If a corporation's and the corporation's related members' combined direct and indirect interests in the capital or profits of a pass-through entity exceed fifty per cent at any time during the corporation's taxable year ending prior to the first day of the tax year, "intangible asset" does not include the corporation's direct interest in the pass-through entity, and the corporation shall include in its assets its proportionate share of the assets of any such pass-through entity and shall include in its gross income its distributive share of the gross income of such pass-through entity in the same form as was earned by the pass-through entity.

(iii) A pass-through entity's direct or indirect proportionate share of any other pass-through entity's assets shall be included for the purpose of computing the corporation's proportionate share of the pass-through entity's assets under division (L)(2)(b)(ii) of this section, and such pass-through entity's distributive share of any other pass-through entity's gross income shall be included for purposes of computing the corporation's distributive share of the pass-through entity's gross income under division (L)(2)(b)(ii) of this section.

(c) For the purposes of divisions (L)(1)(b)(i), (1)(b)(ii), (2)(a)(i), and (2)(a)(ii) of this section, real property is described in division (L)(2)(c) of this section only if all of the following conditions are present at all times during the taxable year ending prior to the first day of the tax year:

(i) The real property serves as the headquarters of the corporation's trade or business, or is the place from which the corporation's trade or business is principally managed or directed;

(ii) Not more than ten per cent of the value of the real property and not more than ten per cent of the square footage of the building or buildings that are part of the real property is used, made available, or occupied for the purpose of providing, acquiring, transferring, selling, or disposing of tangible property or services in the normal course of business to persons other than related members, the corporation's employees and their families, and such related members' employees and their families.

(d) As used in division (L) of this section, "related member" has the same meaning as in division (A)(6) of section 5733.042 of the Revised Code without regard to division (B) of that section.

(3) The percentages described in division (L)(1)(a) of this section shall be equal to the quarterly average of those percentages as calculated during the corporation's taxable year ending prior to the first day of the tax year.

(4) With respect to the election described in division (L)(1)(e) of this section:

(a) The election need not accompany a timely filed report;

(b) The election need not accompany the report; rather, the election may accompany a subsequently filed but timely application for refund and timely amended report, or a subsequently filed but timely petition for reassessment;

(c) The election is not irrevocable;

(d) The election applies only to the tax year specified by the corporation;

(e) The corporation's related members comply with division (L)(1)(d) of this section.

Nothing in division (L)(4) of this section shall be construed to extend any statute of limitations set forth in this chapter.

(M) "Qualifying controlled group" means two or more corporations that satisfy the ownership and control requirements of division (A) of section 5733.052 of the Revised Code.

(N) "Limited liability company" means any limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state.

(O) "Pass-through entity" means a corporation that has made an election under subchapter S of Chapter 1 of Subtitle A of the Internal Revenue Code for its taxable year under that code, or a partnership, limited liability company, or any other person, other than an individual, trust, or estate, if the partnership, limited liability company, or other person is not classified for

federal income tax purposes as an association taxed as a corporation.

Sec. 5733.05. As used in this section, "qualified research" means laboratory research, experimental research, and other similar types of research; research in developing or improving a product; or research in developing or improving the means of producing a product. It does not include market research, consumer surveys, efficiency surveys, management studies, ordinary testing or inspection of materials or products for quality control, historical research, or literary research. "Product" as used in this paragraph does not include services or intangible property.

The annual report determines the value of the issued and outstanding shares of stock of the taxpayer, which under division (A) or divisions (B) and (C) of this section is the base or measure of the franchise tax liability. Such determination shall be made as of the date shown by the report to have been the beginning of the corporation's annual accounting period that includes the first day of January of the tax year. For the purposes of this chapter, the value of the issued and outstanding shares of stock of any corporation that is a financial institution shall be deemed to be the value as calculated in accordance with division (A) of this section. For the purposes of this chapter, the value of the issued and outstanding shares of stock of any corporation that is not a financial institution shall be deemed to be the values as calculated in accordance with divisions (B) and (C) of this section.

(A) The total value, as shown by the books of the financial institution, of its capital, surplus, whether earned or unearned, undivided profits, and reserves shall be determined as prescribed by section 5733.056 of the Revised Code for tax years 1998 and thereafter.

(B) The sum of the corporation's net income during the corporation's taxable year, allocated or apportioned to this state as prescribed in divisions (B)(1) and (2) of this section, and subject to sections 5733.052, 5733.053, ~~and~~ 5733.057, and 5733.058 of the Revised Code:

(1) The net income allocated to this state as provided by section 5733.051 of the Revised Code.

(2) The amount of Ohio apportioned net income from sources other than those allocated under section 5733.051 of the Revised Code, which shall be determined by multiplying the corporation's net income by a fraction. The numerator of the fraction is the sum of the following products: the property factor multiplied by twenty, the payroll factor multiplied by twenty, and the sales factor multiplied by sixty. The denominator of the fraction is one hundred, provided that the denominator shall be reduced by twenty if the property factor has a denominator of zero, by twenty if the payroll factor has a denominator of zero, and by sixty if the sales factor has a denominator of

ero.

The property, payroll, and sales factors shall be determined as follows:

(a) The property factor is a fraction the numerator of which is the average value of the corporation's real and tangible personal property owned or rented, and used in the trade or business in this state during the taxable year, and the denominator of which is the average value of all the corporation's real and tangible personal property owned or rented, and used in the trade or business everywhere during such year. There shall be excluded from the numerator and denominator of the property factor the original cost of all of the following property within Ohio: property with respect to which a "pollution control facility" certificate has been issued pursuant to section 5709.21 of the Revised Code; property with respect to which an "industrial water pollution control certificate" has been issued pursuant to section 6111.31 of the Revised Code; and property used exclusively during the taxable year for qualified research.

(i) Property owned by the corporation is valued at its original cost. Property rented by the corporation is valued at eight times the net annual rental rate. "Net annual rental rate" means the annual rental rate paid by the corporation less any annual rental rate received by the corporation from subrentals.

(ii) The average value of property shall be determined by averaging the values at the beginning and the end of the taxable year, but the tax commissioner may require the averaging of monthly values during the taxable year, if reasonably required to reflect properly the average value of the corporation's property.

(b) The payroll factor is a fraction the numerator of which is the total amount paid in this state during the taxable year by the corporation for compensation, and the denominator of which is the total compensation paid everywhere by the corporation during such year. There shall be excluded from the numerator and the denominator of the payroll factor the total compensation paid in this state to employees who are primarily engaged in qualified research.

(i) Compensation means any form of remuneration paid to an employee for personal services.

(ii) Compensation is paid in this state if: (1) the recipient's service is performed entirely within this state, (2) the recipient's service is performed both within and without this state, but the service performed without this state is incidental to the recipient's service within this state, (3) some of the service is performed within this state and either the base of operations, or if there is no base of operations, the place from which the service is directed or

controlled is within this state, or the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the recipient's residence is in this state.

(iii) Compensation is paid in this state to any employee of a common or contract motor carrier corporation, who performs the employee's regularly assigned duties on a motor vehicle in more than one state, in the same ratio by which the mileage traveled by such employee within the state bears to the total mileage traveled by such employee everywhere during the taxable year.

(c) The sales factor is a fraction the numerator of which is the total sales in this state by the corporation during the taxable year, and the denominator of which is the total sales by the corporation everywhere during such year. In determining the numerator and denominator of the sales factor, receipts from the sale or other disposal of a capital asset or an asset described in section 1231 of the Internal Revenue Code shall be eliminated. Also, in determining the numerator and denominator of the sales factor, in the case of a reporting corporation owning at least eighty per cent of the issued and outstanding common stock of one or more public utilities or insurance companies, or owning at least twenty-five per cent of the issued and outstanding common stock of one or more financial institutions, receipts received by the reporting corporation from such utilities, insurance companies, and financial institutions shall be eliminated.

For the purpose of this section and section 5733.03 of the Revised Code, sales of tangible personal property are in this state where such property is received in this state by the purchaser. In the case of delivery of tangible personal property by common carrier or by other means of transportation, the place at which such property is ultimately received after all transportation has been completed shall be considered as the place at which such property is received by the purchaser. Direct delivery in this state, other than for purposes of transportation, to a person or firm designated by a purchaser constitutes delivery to the purchaser in this state, and direct delivery outside this state to a person or firm designated by a purchaser does not constitute delivery to the purchaser in this state, regardless of where title passes or other conditions of sale.

Sales, other than sales of tangible personal property, are in this state if either:

(i) The income-producing activity is performed solely in this state;

(ii) The income-producing activity is performed both within and without this state and a greater proportion of the income-producing activity is performed within this state than in any other state, based on costs of performance.

(d) If the allocation and apportionment provisions of division (B) of this section do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may request, which request must be in writing and must accompany the report, timely filed petition for reassessment, or timely filed amended report, or the tax commissioner may require, in respect to all or any part of the taxpayer's allocated or apportioned base, if reasonable, any one or more of the following:

(i) Separate accounting;

(ii) The exclusion of any one or more of the factors;

(iii) The inclusion of one or more additional factors which will fairly represent the taxpayer's allocated or apportioned base in this state.

An alternative method will be effective only with approval by the tax commissioner.

Nothing in this section shall be construed to extend any statute of limitations set forth in this chapter.

(C)(1) Subject to divisions (C)(2) and (3) of this section, the total value, as shown on the books of each corporation that is not a qualified holding company, of the net book value of a corporation's assets less the net carrying value of its liabilities. For the purposes of determining that total value, any reserves shown on the corporation's books shall be considered liabilities or contra assets except for any reserves that are deemed appropriations of retained earnings under generally accepted accounting principles.

(2)(a) If, on the last day of the taxpayer's taxable year preceding the tax year, the taxpayer is a related member to a corporation that elects to be a qualifying holding company for the tax year beginning after the last day of the taxpayer's taxable year, or if, on the last day of the taxpayer's taxable year preceding the tax year, a corporation that elects to be a qualifying holding company for the tax year beginning after the last day of the taxpayer's taxable year is a related member to the taxpayer, then the taxpayer's total value shall be adjusted by the qualifying amount. Except as otherwise provided under division (C)(2)(b) of this section, "qualifying amount" means the amount that, when added to the taxpayer's total value, and when subtracted from the net carrying value of the taxpayer's liabilities computed without regard to division (C)(2) of this section, or when subtracted from the taxpayer's total value and when added to the net carrying value of the taxpayer's liabilities computed without regard to division (C)(2) of this section, results in the taxpayer's debt-to-equity ratio equaling the debt-to-equity ratio of the qualifying controlled group on the last day of the taxable year ending prior to the first day of the tax year computed on a consolidated basis in accordance with general accepted

accounting principles. For the purposes of division (C)(2)(a) of this section, the corporation's total value, after the adjustment required by that division, shall not exceed the net book value of the corporation's assets.

(b)(i) The amount added to the taxpayer's total value and subtracted from the net carrying value of the taxpayer's liabilities shall not exceed the amount of the net carrying value of the taxpayer's liabilities owed to the taxpayer's related members.

(ii) A liability owed to the taxpayer's related members includes, but is not limited to, any amount that the corporation owes to a person that is not a related member if the corporation's related member or related members in whole or in part guarantee any portion or all of that amount, or pledge, hypothecate, mortgage, or carry out any similar transactions to secure any portion or all of that amount.

(3) The base upon which the tax is levied under division (C) of section 5733.06 of the Revised Code shall be computed by multiplying the amount determined under divisions (C)(1) and (2) of this section by the fraction determined under divisions (B)(2)(a) to (c) of this section and, if applicable, divisions (B)(2)(d)(ii) to (iv) of this section but without regard to section 5733.052 of the Revised Code.

(4) For purposes of division (C) of this section, "related member" has the same meaning as in division (A)(6) of section 5733.042 of the Revised Code without regard to division (B) of that section.

Sec. 5733.057. ~~In~~ As used in this section, "adjusted qualifying amount" has the same meaning as in section 5733.40 Of the Revised Code.

Except as otherwise provided in divisions (A) and (B) of section 5733.401 and in sections 5733.058 and 5747.401 Of the Revised Code, in making any computation under sections 5733.042, 5733.05, 5733.051, 5733.052, ~~and~~ 5733.053, 5733.40, 5733.41, 5747.41, and 5747.43 of the Revised Code, ~~a corporation~~ each person shall include in ~~its~~ that person's items of adjusted qualifying amounts, allocable income or loss, if any, apportionable income or loss, property, compensation, and sales, the ~~corporation's~~ person's entire distributive share or proportionate share of the items of adjusted qualifying amounts, allocable income or loss, apportionable income or loss, property, compensation, and sales of any pass-through entity in which the ~~corporation~~ person has a direct or indirect ownership interest at any time during the ~~corporation's~~ person's taxable year. A pass-through entity's direct or indirect distributive share or proportionate share of any other pass-through entity's items of adjusted qualifying amounts, allocable income or loss, apportionable income or loss, property, compensation, and sales shall be included for the purposes of computing the

~~corporation's~~ person's distributive share or proportionate share of the pass-through entity's items of adjusted qualifying amounts, allocable income or loss, apportionable income or loss, property, compensation, and sales under this section. Those items shall be in the same form as was recognized by the pass-through entity.

Sec. 5733.058. (A) As used in this section, an "exempted investment" is a direct or indirect investment in the equity of, or the direct or indirect ownership of, a person satisfying divisions (A)(1) and (2) of this section for the person's entire fiscal or calendar year ending within or with the corporation's taxable year ending immediately prior to the tax year.

(1) The person is a limited liability company not treated as a separate C corporation for federal income tax purposes, or the person is a pass-through entity.

(2) The person owns and operates a public utility in this state and as such is required by law to file reports with the tax commissioner and pay an excise tax upon its gross receipts.

(B) Except as provided in division (C) of this section, each corporation directly or indirectly owning or directly or indirectly having an equity investment in an exempted investment shall make the adjustments required by divisions (B)(1) to (4) of this section.

(1) The corporation shall deduct from its net income the distributive share of net income and gain attributable to the corporation's exempted investment, but only to the extent such net income and gain are included in the corporation's net income without regard to this section.

(2) The corporation shall add to its net income the distributive share of expenses and losses attributable to the exempted investment, but only to the extent such expenses and losses have been deducted in calculating the corporation's net income without regard to this section.

(3)(a) The corporation shall exclude from the calculation of its property, payroll, and sales factors, as defined in divisions (B)(2)(a) to (c) of section 5733.05 Of the Revised Code, the corporation's proportionate share of the property, payroll, and sales attributable to the exempted investment, but only to the extent the corporation's proportionate share of the property, payroll, and sales attributable to the exempted investment would be included in the calculation of the corporation's property, payroll, and sales factors under section 5733.057 Of the Revised Code without regard to this section.

(b) Division (B)(3)(a) of this section does not apply to division (B)(2)(d) of section 5733.05 Of the Revised Code.

(4) Notwithstanding section 5733.98 Of the Revised Code to the contrary, a corporation shall not be allowed any nonrefundable credit or

nonrefundable credit carryforward listed in that section to the extent the credit is attributable to the corporation's direct or indirect ownership of or equity investment in an exempted investment and such credit directly relates to the owning and operating of a public utility in this state by a person described in divisions (A)(1) and (2) of this section.

(C)(1) The adjustments provided by division (B) of this section shall be allowed and required only to the extent that such adjustments directly relate to the owning and operating of a public utility in this state by a person described in divisions (A)(1) and (2) of this section.

(2) To the extent that any gross receipts of a person described in divisions (A)(1) and (2) of this section are not for business done by such person from the direct or indirect operation of, or the direct or indirect ownership of, a public utility in this state, then such gross receipts and related property and payroll shall not be subject to the adjustment otherwise provided by division (B) of this section.

(3) Division (B) of this section does not apply to the corporation, and section 5733.057 Of the Revised Code shall apply to the corporation's computation of its net income, its property, payroll, and sales factors, and its credits to the extent that the person described in divisions (A)(1) and (2) of this section directly or indirectly owns or directly or indirectly has an equity investment in any other person described in division (A)(1) of this section but not described in division (A)(2) of this section.

(D) Section 5733.057 Of the Revised Code applies for purposes of the ownership and investment criteria set forth in this section.

(E) This section is effective for taxable years ending after September 28, 1997.

Sec. 5733.0611. (A) There is hereby allowed a nonrefundable credit against the tax imposed under section 5733.06 of the Revised Code. The credit shall be equal to the taxpayer's proportionate share of the lesser of either the tax due or the tax paid by any qualifying entity under section 5733.41 of the Revised Code for the qualifying taxable year of the qualifying entity that ends in the taxable year of the taxpayer. The taxpayer shall claim the credit for the taxpayer's taxable year in which ends the qualifying entity's qualifying taxable year.

In claiming the credit and determining its proportionate share of the tax due and the tax paid by the qualifying entity, the person claiming the credit shall follow the concepts set forth in subchapter K of the Internal Revenue Code. Nothing in this division shall be construed to limit or disallow pass-through treatment of a pass-through entity's income, deductions, credits, or other amounts necessary to compute the tax imposed and the

credits allowed under this chapter.

The credit shall be claimed in the order required under section 5733.98 of the Revised Code. Any unused credit shall be allowed as a credit in the ensuing tax year. Any such amount allowed as a credit in an ensuing tax year shall be deducted from the balance carried forward to the next ensuing tax year.

(B) Any person that is not a taxpayer solely by reason of division (A) or (C) of section 5733.09 of the Revised Code or a person described in section 501(c) of the Internal Revenue Code or division (F) of section 3334.01 Of the Revised Code, but that would be entitled to claim the nonrefundable credit under this section if that person were a taxpayer, may file an application for refund pursuant to section 5733.12 of the Revised Code. Upon proper application for refund under that section, the tax commissioner shall issue a refund in the amount of the credit to which that person would have been entitled under division (A)(1) of this section ~~had~~ if the person had been a taxpayer, and as if the credit were a refundable credit.

(C) If an organization described in section 401(a) of the Internal Revenue Code or a trust or fund is entitled to a proportionate share of the lesser of either the tax due or the tax paid by any qualifying entity under section 5733.41 of the Revised Code, and if that proportionate share is then or could be allocable to an exempt person as defined in division (D) of this section, then the ~~qualifying~~ organization, trust, or fund may file an application for refund with respect to such allocable amounts pursuant to section 5733.12 of the Revised Code. Upon proper application for refund under that section, the tax commissioner shall issue a refund in the amount of the credit to which the ~~qualifying~~ organization, trust, or fund would have been entitled under division (A)(1) of this section had the organization, trust, or fund been a taxpayer, and as if the credit were a refundable credit. To the extent that ~~a~~ such an organization, trust, or fund is permitted to apply for a refund under this division, or to the extent that ~~a~~ such an organization, trust, or fund has applied for such a refund, exempt persons are not entitled to the credit authorized under this section or section 5747.059 of the Revised Code.

(D)(1) For the purposes of division (C) of this section only, "exempt person" means any of the following:

(a) A person that is or may be the beneficiary of a trust if the trust is subject to Subchapter D of Chapter 1 of Subtitle A of the Internal Revenue Code.

(b) A person that is or may be the beneficiary of or the recipient of payments from a nuclear decommissioning reserve fund, a designated

settlement fund, or any other trust or fund established to resolve and satisfy claims that may otherwise be asserted by the beneficiary or a member of the beneficiary's family. Sections 267(c)(4), 468A(e), and 468B(d)(2) of the Internal Revenue Code apply to the determination of whether such a person is an exempt person under division (D) of this section.

(c) A person, other than a person that is treated as a C corporation for federal income tax purposes, who is or may be the beneficiary of a trust that, under its governing instrument, is not required to distribute all of its income currently. Division (D)(1)(c) of this section applies only if the trust irrevocably agrees that for the taxable year during or for which the trust distributes any of its income to any of the beneficiaries, the trust is a qualifying trust as defined in section 5733.40 Of the Revised Code and will pay the estimated tax, and will withhold and pay the withheld tax as required under section 5733.41 and sections 5747.40 to 5747.453 of the Revised Code.

(2) An exempt person does not include any person that would not qualify as an exempt person under the doctrines of "economic reality," "sham transaction," "step doctrine," or "substance over form." ~~A~~ Notwithstanding sections 5733.111 and 5747.131 Of the Revised Code to the contrary, an organization, trust, or fund described in division (C) of this section bears the burden of establishing by a preponderance of the evidence that any transaction giving rise to a claim for a refundable credit under this section does not have as a principal purpose a claim for that credit. Nothing in this section shall be construed to limit solely to this section the application of the doctrines referred to in division (D)(2) of this section.

~~(e)~~(E) Nothing in this section shall be construed to allow a refund more than once with respect to the taxes imposed under section 5733.41 or 5747.41 of the Revised Code.

Sec. 5733.12. (A) Four and two-tenths per cent of all payments received by the treasurer of state from the taxes imposed under sections 5733.06 and 5733.41 of the Revised Code shall be credited to the local government fund for distribution in accordance with section 5747.50 of the Revised Code, six-tenths of one per cent shall be credited to the local government revenue assistance fund for distribution in accordance with section 5747.61 of the Revised Code, and ninety-five and two-tenths per cent shall be credited to the general revenue fund.

(B) Except as otherwise provided under divisions (C) and (D) of this section, an application to refund to the corporation the amount of taxes imposed under section 5733.06 of the Revised Code that are overpaid, paid illegally or erroneously, or paid on any illegal, erroneous, or excessive

assessment, with interest thereon as provided by section 5733.26 of the Revised Code, shall be filed with the tax commissioner, on the form prescribed by the commissioner, within three years from the date of the illegal, erroneous, or excessive payment of the tax, or within any additional period allowed by division (C)(2) of section 5733.031, division (D)(2) of section 5733.067, or division (A) of section 5733.11 of the Revised Code.

On the filing of the refund application, the commissioner shall determine the amount of refund due and certify such amount to the director of budget and management and treasurer of state for payment from the tax refund fund created by section 5703.052 of the Revised Code.

(C) "Ninety days" shall be substituted for "three years" in division (B) of this section if the taxpayer satisfies both of the following:

(1) The taxpayer has applied for a refund based in whole or in part upon section 5733.0611 of the Revised Code;

(2) The taxpayer asserts that the imposition or collection of the tax imposed or charged by section 5733.06 of the Revised Code or any portion of such tax violates the Constitution of the United States or the Constitution of this state.

(D)(1) Division (D)(2) of this section applies only if all of the following conditions are satisfied:

(a) A qualifying pass-through entity pays an amount of the tax imposed by section 5733.41 of the Revised Code;

(b) The taxpayer is a qualifying investor as to that qualifying pass-through entity;

(c) The taxpayer did not claim the credit provided for in section 5733.0611 of the Revised Code as to the tax described in division (D)(1)(a) of this section;

(d) The three-year period described in division (B) of this section has ended as to the taxable year for which the taxpayer otherwise would have claimed that credit.

(2) A taxpayer shall file an application for refund pursuant to this division within one year after the date the payment described in division (D)(1)(a) of this section is made. An application filed under this division shall only claim refund of overpayments resulting from the taxpayer's failure to claim the credit described in division (D)(1)(c) of this section. Nothing in this division shall be construed to relieve a taxpayer from complying with the provisions of division (I)~~(13)~~(14) of section 5733.04 of the Revised Code.

Sec. 5733.40. As used in sections 5733.40 and 5733.41 and Chapter 5747. of the Revised Code:

(A)(1) "Adjusted qualifying amount" means either of the following:

(a) The net sum of a qualifying investor's distributive share of the income, gain, expense, or loss of a qualifying pass-through entity for the qualifying taxable year of the qualifying pass-through entity multiplied by the apportionment fraction defined in division (B) of this section, subject to section 5733.401 Of the Revised Code and divisions (A)(2) to (6) of this section;

(b) The sum of a qualifying beneficiary's share of the qualifying net income and qualifying net gain distributed by a qualifying trust for the qualifying taxable year of the qualifying trust multiplied by the apportionment fraction defined in division (B) of this section, subject to section 5733.401 Of the Revised Code and divisions (A)(2) to (5) of this section.

(2) The sum shall exclude any amount which, pursuant to the Constitution of the United States, the Constitution of Ohio, or any federal law is not subject to a tax on or measured by net income.

(3) The sum shall be increased by all amounts representing expenses other than amounts described in division (A)(6) of this section that the taxpayer paid to or incurred with respect to direct or indirect transactions with one or more related members, excluding the cost of goods sold calculated in accordance with section 263A of the Internal Revenue Code and United States department of the treasury regulations issued thereunder. Nothing in division (A)(3) of this section shall be construed to limit solely to this chapter the application of section 263A of the Internal Revenue Code and United States department of the treasury regulations issued thereunder.

(4) The sum shall be increased by all recognized losses, other than losses from sales of inventory the cost of which is calculated in accordance with section 263A of the Internal Revenue Code and United States department of the treasury regulations issued thereunder, with respect to all direct or indirect transactions with one or more related members. Losses from the sales of such inventory shall be calculated in accordance with section 482 of the Internal Revenue Code and United States department of the treasury regulations issued thereunder. Nothing in division (A)(4) of this section shall be construed to limit solely to this section the application of section 236A and section 482 of the Internal Revenue Code and United States department of the treasury regulations issued thereunder.

(5) The sum shall be computed without regard to section 5733.051 or division (D) of section 5733.052 of the Revised Code.

(6) For the purposes of Chapters 5733. and 5747. of the Revised Code, guaranteed payments made by a partnership or by a limited liability

company that is not subject to the tax imposed by section 5733.06 of the Revised Code, and compensation paid by an S corporation to its shareholders, shall be considered a distributive share of income of the partnership, limited liability company, or S corporation. Division (A)(6) of this section applies only to such payments or such compensation made or paid to a qualifying investor who is a related member to or of the qualifying entity.

(B) "Apportionment fraction" means:

(1) With respect to a qualifying pass-through entity other than a financial institution, the fraction calculated pursuant to division (B)(2) of section 5733.05 of the Revised Code as if the qualifying pass-through entity were a corporation subject to the tax imposed by section 5733.06 of the Revised Code;

(2) With respect to a qualifying pass-through entity that is a financial institution, the fraction calculated pursuant to division (C) of section ~~5133.056~~ 5733.056 of the Revised Code as if the qualifying pass-through entity were a financial institution subject to the tax imposed by section 5733.06 of the Revised Code.

(3) With respect to a qualifying trust, the fraction calculated pursuant to division (B)(2) of section 5733.05 of the Revised Code as if the qualifying trust were a corporation subject to the tax imposed by section 5733.06 of the Revised Code, except that the property, payroll, and sales fractions shall be calculated by including in the numerator and denominator of the fractions only the property, payroll, and sales, respectively, directly related to the production of income or gain from acquisition, ownership, use, maintenance, management, or disposition of tangible personal property located in this state at any time during the qualifying trust's qualifying taxable year or of real property located in this state.

(C) "Qualifying beneficiary" means any individual that, during the qualifying taxable year of a qualifying trust, is a beneficiary of that trust, but does not include an individual who is a resident taxpayer for the purposes of Chapter 5747. of the Revised Code for the entire qualifying taxable year of the qualifying trust.

(D) "Fiscal year" means an accounting period ending on any day other than the thirty-first day of December.

(E) "Individual" means a natural person.

(F) "Month" means a calendar month.

(G) "Partnership" has the same meaning as in section 5747.01 of the Revised Code.

(H) "Investor" means any person that, during any portion of a taxable

year of a qualifying pass-through entity, is a partner, member, shareholder, or investor in that qualifying pass-through entity.

(I) ~~"Qualifying~~ Except as otherwise provided in section 5733.402 or 5747.401 Of the Revised Code, "qualifying investor" means any investor except those described in divisions (I)(1) to (9) of this section.

(1) An investor satisfying one of the descriptions under section 501(a) or (c) of the Internal Revenue Code, an electing small business trust, a partnership with equity securities registered with the United States securities and exchange commission under section 12 of the "Securities Exchange Act of 1934," as amended, or an investor described in division (F) of section 3334.01, or division (A) or (C) of section 5733.09 of the Revised Code for the entire qualifying taxable year of the qualifying pass-through entity.

(2) An investor who is either an individual or an estate and is a resident taxpayer for the purposes of section 5747.01 of the Revised Code for the entire qualifying taxable year of the qualifying pass-through entity.

(3) An investor who is an individual for whom the qualifying pass-through entity makes a good faith and reasonable effort to comply fully and timely with the filing and payment requirements set forth in division (D) of section 5747.08 of the Revised Code and section 5747.09 of the Revised Code with respect to the individual's adjusted qualifying amount for the entire qualifying taxable year of the qualifying pass-through entity.

(4) An investor that is another qualifying pass-through entity having only investors described in division (I)(1), (2), (3), or (6) of this section during the three-year period beginning twelve months prior to the first day of the qualifying taxable year of the qualifying pass-through entity.

(5) An investor that is another pass-through entity having no investors other than individuals and estates during the qualifying taxable year of the qualifying pass-through entity in which it is an investor, and that makes a good faith and reasonable effort to comply fully and timely with the filing and payment requirements set forth in division (D) of section 5747.08 of the Revised Code and section 5747.09 of the Revised Code with respect to investors that are not resident taxpayers of this state for the purposes of Chapter 5747. of the Revised Code for the entire qualifying taxable year of the qualifying pass-through entity in which it is an investor.

(6) An investor that is a financial institution required to calculate the tax in accordance with division (D) of section 5733.06 of the Revised Code on the first day of January of the calendar year immediately following the last day of the financial institution's calendar or fiscal year in which ends the taxpayer's taxable year.

(7) An investor other than an individual that satisfies all the following:

(a) The investor submits a written statement to the qualifying pass-through entity stating that the investor irrevocably agrees that the investor has nexus with this state under the Constitution of the United States and is subject to and liable for the tax calculated under division (B) of section 5733.06 of the Revised Code with respect to the investor's adjusted qualifying amount for the entire qualifying taxable year of the qualifying pass-through entity. The statement is subject to the penalties of perjury, shall be retained by the qualifying pass-through entity for no fewer than seven years, and shall be delivered to the tax commissioner upon request.

(b) The investor makes a good faith and reasonable effort to comply timely and fully with all the reporting and payment requirements set forth in Chapter 5733. of the Revised Code with respect to the investor's adjusted qualifying amount for the entire qualifying taxable year of the qualifying pass-through entity.

(c) Neither the investor nor the qualifying pass-through entity in which it is an investor, before, during, or after the qualifying pass-through entity's qualifying taxable year, carries out any transaction or transactions with one or more related members of the investor or the qualifying pass-through entity resulting in a reduction or deferral of tax imposed by Chapter 5733. of the Revised Code with respect to all or any portion of the investor's adjusted qualifying amount for the qualifying pass-through entity's taxable year, or that constitute a sham, lack economic reality, or are part of a series of transactions the form of which constitutes a step transaction or transactions or does not reflect the substance of those transactions.

(8) Any other investor that the tax commissioner may designate by rule. The tax commissioner may adopt rules including a rule defining "qualifying investor" or "qualifying beneficiary" and governing the imposition of the withholding tax imposed by section 5747.41 of the Revised Code with respect to an individual who is a resident taxpayer for the purposes of Chapter 5747. of the Revised Code for only a portion of the qualifying taxable year of the qualifying entity.

(9) An investor that is a trust or fund the beneficiaries of which, during the qualifying taxable year of the qualifying pass-through entity, are limited to the following:

(a) A person that is or may be the beneficiary of a trust subject to Subchapter D of Chapter 1 of Subtitle A of the Internal Revenue Code.

(b) A person that is or may be the beneficiary of or the recipient of payments from a trust or fund that is a nuclear decommissioning reserve fund, a designated settlement fund, or any other trust or fund established to resolve and satisfy claims that may otherwise be asserted by the beneficiary

or a member of the beneficiary's family. Sections 267(c)(4), 468A(e), and 468B(d)(2) of the Internal Revenue Code apply to the determination of whether such a person satisfies division (I)(9) of this section.

(c) A person who is or may be the beneficiary of a trust that, under its governing instrument, is not required to distribute all of its income currently. Division (I)(9)(c) of this section applies only if the trust, prior to the due date for filing the qualifying pass-through entity's return for taxes imposed by section 5733.41 and sections 5747.41 to 5747.453 of the Revised Code, irrevocably agrees in writing that for the taxable year during or for which the trust distributes any of its income to any of its beneficiaries, the trust is a qualifying trust and will pay the estimated tax, and will withhold and pay the withheld tax, as required under sections 5747.40 to 5747.453 of the Revised Code.

For the purposes of division (I)(9) of this section, a trust or fund shall be considered to have a beneficiary other than persons described under divisions (I)(9)(a) to (c) of this section if a beneficiary would not qualify under those divisions under the doctrines of "economic reality," "sham transaction," "step doctrine," or "substance over form." A trust or fund described in division (I)(9) of this section bears the burden of establishing by a preponderance of the evidence that any transaction giving rise to the tax benefits provided under division (I)(9) of this section does not have as a principal purpose a claim of those tax benefits. Nothing in this section shall be construed to limit solely to this section the application of the doctrines referred to in this paragraph.

(J) "Qualifying net gain" means any recognized net gain with respect to the acquisition, ownership, use, maintenance, management, or disposition of tangible personal property located in this state at any time during a trust's qualifying taxable year or real property located in this state.

(K) "Qualifying net income" means any recognized income, net of related deductible expenses, other than distributions deductions with respect to the acquisition, ownership, use, maintenance, management, or disposition of tangible personal property located in this state at any time during the trust's qualifying taxable year or real property located in this state.

(L) "Qualifying entity" means a qualifying pass-through entity or a qualifying trust.

(M) "Qualifying trust" means a trust subject to subchapter J of the Internal Revenue Code that, during any portion of the trust's qualifying taxable year, has income or gain from the acquisition, management, ownership, use, or disposition of tangible personal property located in this state at any time during the trust's qualifying taxable year or real property

located in this state. "Qualifying trust" does not include a person described in section 501(c) of the Internal Revenue Code or a person described in division (C) of section 5733.09 of the Revised Code.

(N) "Qualifying pass-through entity" means a pass-through entity as defined in section 5733.04 of the Revised Code, excluding a person described in section 501(c) of the Internal Revenue Code, a partnership with equity securities registered with the United States securities and exchange commission under section 12 of the Securities Exchange Act of 1934, as amended, or a person described in division (C) of section 5733.09 of the Revised Code.

(O) "Quarter" means the first three months, the second three months, the third three months, or the last three months of a qualifying entity's qualifying taxable year.

(P) "Related member" has the same meaning as in division (A)(6) of section 5733.042 of the Revised Code without regard to division (B) of that section. However, for the purposes of divisions (A)(3) and (4) of this section only, "related member" has the same meaning as in division (A)(6) of section 5733.042 of the Revised Code without regard to division (B) of that section, but shall be applied by substituting "forty per cent" for "twenty per cent" wherever "twenty per cent" appears in division (A) of that section.

(Q) "Return" or "report" means the notifications and reports required to be filed pursuant to sections 5747.42 to 5747.45 of the Revised Code for the purpose of reporting the tax imposed under section 5733.41 or 5747.41 of the Revised Code, and included declarations of estimated tax when so required.

(R) "Qualifying taxable year" means the calendar year or the qualifying entity's fiscal year ending during the calendar year, or fractional part thereof, for which the adjusted qualifying amount is calculated pursuant to sections 5733.40 and 5733.41 or sections 5747.40 to 5747.453 of the Revised Code.

Sec. 5733.401. (A) As used in this section:

(1) "Investment pass-through entity" means a pass-through entity having for its qualifying taxable year at least ninety per cent of its gross income from transaction fees in connection with the acquisition, ownership, or disposition of intangible property, loan fees, financing fees, consent fees, waiver fees, application fees, net management fees, dividend income, interest income, net capital gains from the sale or exchange of intangible property, or distributive shares of income from pass-through entities; and having for its qualifying taxable year at least ninety per cent of the net book value of its assets represented by intangible assets. such percentages shall be the quarterly average of those percentages as calculated during the

-through entity's taxable year.

(2) "Net management fees" means management fees that a pass-through entity earns or receives from all sources, reduced by management fees that the pass-through entity incurs or pays to any person.

(B) For the purposes of divisions (A) and (C) of this section only, an investment in a pass-through entity shall be deemed to be an investment in an intangible asset.

(C) Except as otherwise provided in division (D) of this section, for the purposes of division (A) of section 5733.40 of the Revised Code, an investment pass-through entity shall exclude from the calculation of the adjusted qualifying amount all transaction fees in connection with the acquisition, ownership, or disposition of intangible property, loan fees, financing fees, consent fees, waiver fees, application fees, net management fees, dividend income, interest income, net capital gains from the sale or exchange of intangible property, and all types and classifications of income attributable to distributive shares of income from other pass-through entities. Nothing in this division shall be construed to provide for an exclusion of any item from adjusted qualifying amount more than once.

(D) Sections 5733.057 and 5747.231 of the Revised Code do not apply for the purposes of making the determinations required by division (A) of this section or claiming the exclusion provided by division (C) of this section.

Sec. 5733.402. (A) Notwithstanding section 5733.40, 5733.41, 5747.41, or 5747.43 of the Revised Code, but subject to divisions (B), (C), and (D) of this section, for taxable years beginning after 1997, a qualifying pass-through entity, hereinafter the "exempt entity," is not subject to the taxes imposed by and required to be paid under those sections with respect to distributive shares of income and gain that pass through from the qualifying pass-through entity to another qualifying pass-through entity, hereinafter the "investing entity," if the investing entity irrevocably acknowledges that it has nexus with this state under the Constitution of the United States during the exempt entity's entire taxable year.

(B)(1) Division (A) of this section does not apply to the extent that the investing entity fails to make a good faith and reasonable effort to comply on a reasonably timely basis with section 5733.41 and sections 5747.41 to 5747.453 of the Revised Code.

(2) The investing entity and the exempt entity bears the burden of establishing by a preponderance of the evidence that the investing entity made a good faith and reasonable effort to comply on a reasonably timely basis with section 5733.41 and sections 5747.41 to 5747.453 of the Revised

Code.

(3) This section does not modify, reduce, abate, defer, postpone, or bar the imposition of and the required payment of any fee, interest, or penalty otherwise due under Title LVII of the Revised Code.

(C) Except as otherwise provided in division (D) of this section, nothing in this section shall be construed to deny the application of division (A) of this section to the distributive share of income and gain of an investing entity that, with respect to that distributive share, is itself an exempt entity with respect to another qualifying pass-through entity, hereinafter the "upper level investing entity," if the upper level investing entity irrevocably acknowledges that it has nexus with this state under the Constitution of the United States during the investing entity's entire taxable year. Division (B) of this section also applies to the upper level investing entity. This division applies regardless of the number of levels of investing entities.

(D) An investing entity or upper level investing entity does not include an investment pass-through entity as defined in section 5733.401 of the Revised Code, and division (A) of this section does not apply with respect to any distributive shares of income or gain that pass through to an investment pass-through entity.

Sec. 5733.98. (A) To provide a uniform procedure for calculating the amount of tax imposed by section 5733.06 of the Revised Code that is due under this chapter, a taxpayer shall claim any credits to which it is entitled in the following order, except as otherwise provided in section 5733.058 Of the Revised Code:

(1) The credit for taxes paid by a qualifying pass-through entity allowed under section 5733.0611 of the Revised Code;

(2) The credit for qualifying affiliated groups under section 5733.068 of the Revised Code;

(3) The subsidiary corporation credit under section 5733.067 of the Revised Code;

(4) The savings and loan assessment credit under section 5733.063 of the Revised Code;

(5) The credit for recycling and litter prevention donations under section 5733.064 of the Revised Code;

(6) The credit for employers that enter into agreements with child day-care centers under section 5733.36 of the Revised Code;

(7) The credit for employers that reimburse employee child day-care expenses under section 5733.38 of the Revised Code;

(8) The credit for manufacturing investments under section 5733.061 of the Revised Code;

(9) The credit for purchases of new manufacturing machinery and equipment under section 5733.31 or section 5733.311 of the Revised Code;

(10) The second credit for purchases of new manufacturing machinery and equipment under section 5733.33 of the Revised Code;

(11) The enterprise zone credit under section 5709.66 of the Revised Code;

(12) The credit for the eligible costs associated with a voluntary action under section 5733.34 of the Revised Code;

(13) The credit for employers that establish on-site child day-care under section 5733.37 of the Revised Code;

(14) The credit for purchases of qualifying grape production property under section 5733.32 of the Revised Code;

(15) The export sales credit under section 5733.069 of the Revised Code;

(16) The credit for research and development and technology transfer investors under section 5733.35 of the Revised Code;

(17) The enterprise zone credits under section 5709.65 of the Revised Code;

(18) The refundable jobs creation credit under section 5733.0610 of the Revised Code.

(B) For any credit except the refundable jobs creation credit, the amount of the credit for a tax year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit.

Sec. 5739.02. For the purpose of providing revenue with which to meet the needs of the state, for the use of the general revenue fund of the state, for the purpose of securing a thorough and efficient system of common schools throughout the state, for the purpose of affording revenues, in addition to those from general property taxes, permitted under constitutional limitations, and from other sources, for the support of local governmental functions, and for the purpose of reimbursing the state for the expense of administering this chapter, an excise tax is hereby levied on each retail sale made in this state.

(A) The tax shall be collected pursuant to the schedules in section 5739.025 of the Revised Code.

The tax applies and is collectible when the sale is made, regardless of the time when the price is paid or delivered.

In the case of a sale, the price of which consists in whole or in part of rentals for the use of the thing transferred, the tax, as regards such rentals,

shall be measured by the installments thereof.

In the case of a sale of a service defined under division (MM) or (NN) of section 5739.01 of the Revised Code, the price of which consists in whole or in part of a membership for the receipt of the benefit of the service, the tax applicable to the sale shall be measured by the installments thereof.

(B) The tax does not apply to the following:

(1) Sales to the state or any of its political subdivisions, or to any other state or its political subdivisions if the laws of that state exempt from taxation sales made to this state and its political subdivisions;

(2) Sales of food for human consumption off the premises where sold;

(3) Sales of food sold to students only in a cafeteria, dormitory, fraternity, or sorority maintained in a private, public, or parochial school, college, or university;

(4) Sales of newspapers, and of magazine subscriptions shipped by second class mail, and sales or transfers of magazines distributed as controlled circulation publications;

(5) The furnishing, preparing, or serving of meals without charge by an employer to an employee provided the employer records the meals as part compensation for services performed or work done;

(6) Sales of motor fuel upon receipt, use, distribution, or sale of which in this state a tax is imposed by the law of this state, but this exemption shall not apply to the sale of motor fuel on which a refund of the tax is allowable under section 5735.14 of the Revised Code; and the tax commissioner may deduct the amount of tax levied by this section applicable to the price of motor fuel when granting a refund of motor fuel tax pursuant to section 5735.14 of the Revised Code and shall cause the amount deducted to be paid into the general revenue fund of this state;

(7) Sales of natural gas by a natural gas company, of electricity by an electric company, of water by a water-works company, or of steam by a heating company, if in each case the thing sold is delivered to consumers through wires, pipes, or conduits, and all sales of communications services by a telephone or telegraph company, all terms as defined in section 5727.01 of the Revised Code;

(8) Casual sales by a person, or auctioneer employed directly by the person to conduct such sales, except as to such sales of motor vehicles, watercraft or outboard motors required to be titled under section 1548.06 of the Revised Code, watercraft documented with the United States coast guard, snowmobiles, all-purpose vehicles as defined in section 4519.01 of the Revised Code, and manufactured homes;

(9) Sales of services or tangible personal property, other than motor

vehicles and manufactured homes, by churches or by nonprofit organizations operated exclusively for charitable purposes as defined in division (B)(12) of this section, provided that the number of days on which such tangible personal property or services, other than items never subject to the tax, are sold does not exceed six in any calendar year. If the number of days on which such sales are made exceeds six in any calendar year, the church or organization shall be considered to be engaged in business and all subsequent sales by it shall be subject to the tax. In counting the number of days, all sales by groups within a church or within an organization shall be considered to be sales of that church or organization, except that sales made by separate student clubs and other groups of students of a primary or secondary school, and sales made by a parent-teacher association, booster group, or similar organization that raises money to support or fund curricular or extracurricular activities of a primary or secondary school, shall not be considered to be sales of such school, and sales by each such club, group, association, or organization shall be counted separately for purposes of the six-day limitation. This division does not apply to sales by a noncommercial educational radio or television broadcasting station.

(10) Sales not within the taxing power of this state under the Constitution of the United States;

(11) The transportation of persons or property, unless the transportation is by a private investigation and security service;

(12) Sales of tangible personal property or services to churches, to organizations exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, and to any other nonprofit organizations operated exclusively for charitable purposes in this state, no part of the net income of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which consists of carrying on propaganda or otherwise attempting to influence legislation; sales to offices administering one or more homes for the aged or one or more hospital facilities exempt under section 140.08 of the Revised Code; and sales to organizations described in division (D) of section 5709.12 of the Revised Code.

"Charitable purposes" means the relief of poverty; the improvement of health through the alleviation of illness, disease, or injury; the operation of an organization exclusively for the provision of professional, laundry, printing, and purchasing services to hospitals or charitable institutions; the operation of a home for the aged, as defined in section 5701.13 of the Revised Code; the operation of a radio or television broadcasting station that is licensed by the federal communications commission as a noncommercial

educational radio or television station; the operation of a nonprofit animal adoption service or a county humane society; the promotion of education by an institution of learning that maintains a faculty of qualified instructors, teaches regular continuous courses of study, and confers a recognized diploma upon completion of a specific curriculum; the operation of a parent teacher association, booster group, or similar organization primarily engaged in the promotion and support of the curricular or extracurricular activities of a primary or secondary school; the operation of a community or area center in which presentations in music, dramatics, the arts, and related fields are made in order to foster public interest and education therein; the production of performances in music, dramatics, and the arts; or the promotion of education by an organization engaged in carrying on research in, or the dissemination of, scientific and technological knowledge and information primarily for the public.

Nothing in this division shall be deemed to exempt sales to any organization for use in the operation or carrying on of a trade or business, or sales to a home for the aged for use in the operation of independent living facilities as defined in division (A) of section 5709.12 of the Revised Code.

(13) Building and construction materials and services sold to construction contractors for incorporation into a structure or improvement to real property under a construction contract with this state or a political subdivision thereof, or with the United States government or any of its agencies; building and construction materials and services sold to construction contractors for incorporation into a structure or improvement to real property that are accepted for ownership by this state or any of its political subdivisions, or by the United States government or any of its agencies at the time of completion of such structures or improvements; building and construction materials sold to construction contractors for incorporation into a horticulture structure or livestock structure for a person engaged in the business of horticulture or producing livestock; building materials and services sold to a construction contractor for incorporation into a house of public worship or religious education, or a building used exclusively for charitable purposes under a construction contract with an organization whose purpose is as described in division (B)(12) of this section; building and construction materials sold for incorporation into the original construction of a sports facility under section 307.696 of the Revised Code; and building and construction materials and services sold to a construction contractor for incorporation into real property outside this state if such materials and services, when sold to a construction contractor in the state in which the real property is located for incorporation into real property

in that state, would be exempt from a tax on sales levied by that state;

(14) Sales of ships or vessels or rail rolling stock used or to be used principally in interstate or foreign commerce, and repairs, alterations, fuel, and lubricants for such ships or vessels or rail rolling stock;

(15) Sales to persons engaged in any of the activities mentioned in division (E)(2) or (9) of section 5739.01 of the Revised Code, to persons engaged in making retail sales, or to persons who purchase for sale from a manufacturer tangible personal property that was produced by the manufacturer in accordance with specific designs provided by the purchaser, of packages, including material and parts for packages, and of machinery, equipment, and material for use primarily in packaging tangible personal property produced for sale by or on the order of the person doing the packaging, or sold at retail. "Packages" includes bags, baskets, cartons, crates, boxes, cans, bottles, bindings, wrappings, and other similar devices and containers, and "packaging" means placing therein.

(16) Sales of food to persons using food stamp coupons to purchase the food. As used in division (B)(16) of this section, "food" has the same meaning as in the "Food Stamp Act of 1977," 91 Stat. 958, 7 U.S.C. 2012, as amended, and federal regulations adopted pursuant to that act.

(17) Sales to persons engaged in farming, agriculture, horticulture, or floriculture, of tangible personal property for use or consumption directly in the production by farming, agriculture, horticulture, or floriculture of other tangible personal property for use or consumption directly in the production of tangible personal property for sale by farming, agriculture, horticulture, or floriculture; or material and parts for incorporation into any such tangible personal property for use or consumption in production; and of tangible personal property for such use or consumption in the conditioning or holding of products produced by and for such use, consumption, or sale by persons engaged in farming, agriculture, horticulture, or floriculture, except where such property is incorporated into real property;

(18) Sales of drugs dispensed by a licensed pharmacist upon the order of a <u>licensed</u> health professional authorized to prescribe drugs <u>to a human being</u>, as <u>the term "licensed health professional authorized to prescribe drugs" is</u> defined in section 4729.01 of the Revised Code; insulin as recognized in the official United States pharmacopoeia; urine and blood testing materials when used by diabetics or persons with hypoglycemia to test for glucose or acetone; hypodermic syringes and needles when used by diabetics for insulin injections; epoetin alfa when purchased for use in the treatment of persons with end-stage renal disease; hospital beds when purchased for use by persons with medical problems for medical purposes;

and oxygen and oxygen-dispensing equipment when purchased for use by persons with medical problems for medical purposes;

(19) Sales of artificial limbs or portion thereof, breast prostheses, and other prosthetic devices for humans; braces or other devices for supporting weakened or nonfunctioning parts of the human body; wheelchairs; devices used to lift wheelchairs into motor vehicles and parts and accessories to such devices; crutches or other devices to aid human perambulation; and items of tangible personal property used to supplement impaired functions of the human body such as respiration, hearing, or elimination. No exemption under this division shall be allowed for nonprescription drugs, medicines, or remedies; items or devices used to supplement vision; items or devices whose function is solely or primarily cosmetic; or physical fitness equipment. This division does not apply to sales to a physician or medical facility for use in the treatment of a patient.

(20) Sales of emergency and fire protection vehicles and equipment to nonprofit organizations for use solely in providing fire protection and emergency services for political subdivisions of the state;

(21) Sales of tangible personal property manufactured in this state, if sold by the manufacturer in this state to a retailer for use in the retail business of the retailer outside of this state and if possession is taken from the manufacturer by the purchaser within this state for the sole purpose of immediately removing the same from this state in a vehicle owned by the purchaser;

(22) Sales of services provided by the state or any of its political subdivisions, agencies, instrumentalities, institutions, or authorities, or by governmental entities of the state or any of its political subdivisions, agencies, instrumentalities, institutions, or authorities;

(23) Sales of motor vehicles to nonresidents of this state upon the presentation of an affidavit executed in this state by the nonresident purchaser affirming that the purchaser is a nonresident of this state, that possession of the motor vehicle is taken in this state for the sole purpose of immediately removing it from this state, that the motor vehicle will be permanently titled and registered in another state, and that the motor vehicle will not be used in this state;

(24) Sales to persons engaged in the preparation of eggs for sale of tangible personal property used or consumed directly in such preparation, including such tangible personal property used for cleaning, sanitizing, preserving, grading, sorting, and classifying by size; packages, including material and parts for packages, and machinery, equipment, and material for use in packaging eggs for sale; and handling and transportation equipment

and parts therefor, except motor vehicles licensed to operate on public highways, used in intraplant or interplant transfers or shipment of eggs in the process of preparation for sale, when the plant or plants within or between which such transfers or shipments occur are operated by the same person. "Packages" includes containers, cases, baskets, flats, fillers, filler flats, cartons, closure materials, labels, and labeling materials, and "packaging" means placing therein.

(25)(a) Sales of water to a consumer for residential use, except the sale of bottled water, distilled water, mineral water, carbonated water, or ice;

(b) Sales of water by a nonprofit corporation engaged exclusively in the treatment, distribution, and sale of water to consumers, if such water is delivered to consumers through pipes or tubing.

(26) Fees charged for inspection or reinspection of motor vehicles under section 3704.14 of the Revised Code;

(27) Sales of solar, wind, or hydrothermal energy systems that meet the guidelines established under division (B) of section 1551.20 of the Revised Code, components of such systems that are identified under division (B) or (D) of that section, or charges for the installation of such systems or components, made during the period from August 14, 1979, through December 31, 1985;

(28) Sales to persons licensed to conduct a food service operation pursuant to section 3732.03 of the Revised Code, of tangible personal property primarily used directly for the following:

(a) To prepare food for human consumption for sale;

(b) To preserve food that has been or will be prepared for human consumption for sale by the food service operator, not including tangible personal property used to display food for selection by the consumer;

(c) To clean tangible personal property used to prepare or serve food for human consumption for sale.

(29) Sales of animals by nonprofit animal adoption services or county humane societies;

(30) Sales of services to a corporation described in division (A) of section 5709.72 of the Revised Code, and sales of tangible personal property that qualifies for exemption from taxation under section 5709.72 of the Revised Code;

(31) Sales and installation of agricultural land tile, as defined in division (B)(5)(a) of section 5739.01 of the Revised Code;

(32) Sales and erection or installation of portable grain bins, as defined in division (B)(5)(b) of section 5739.01 of the Revised Code;

(33) The sale, lease, repair, and maintenance of; parts for; or items

ached to or incorporated in motor vehicles that are primarily used for transporting tangible personal property by a person engaged in highway transportation for hire;

(34) Sales to the state headquarters of any veterans' organization in Ohio that is either incorporated and issued a charter by the congress of the United States or is recognized by the United States veterans administration, for use by the headquarters;

(35) Sales to a telecommunications service vendor of tangible personal property and services used directly and primarily in transmitting, receiving, switching, or recording any interactive, two-way electromagnetic communications, including voice, image, data, and information, through the use of any medium, including, but not limited to, poles, wires, cables, switching equipment, computers, and record storage devices and media, and component parts for the tangible personal property. The exemption provided in division (B)(35) of this section shall be in lieu of all other exceptions under division (E)(2) of section 5739.01 of the Revised Code to which a telecommunications service vendor may otherwise be entitled based upon the use of the thing purchased in providing the telecommunications service.

(36) Sales of investment metal bullion and investment coins. "Investment metal bullion" means any elementary precious metal that has been put through a process of smelting or refining, including, but not limited to, gold, silver, platinum, and palladium, and which is in such state or condition that its value depends upon its content and not upon its form. "Investment metal bullion" does not include fabricated precious metal that has been processed or manufactured for one or more specific and customary industrial, professional, or artistic uses. "Investment coins" means numismatic coins or other forms of money and legal tender manufactured of gold, silver, platinum, palladium, or other metal under the laws of the United States or any foreign nation with a fair market value greater than any statutory or nominal value of such coins.

(37)(a) Sales where the purpose of the consumer is to use or consume the things transferred in making retail sales and consisting of newspaper inserts, catalogues, coupons, flyers, gift certificates, or other advertising material that prices and describes tangible personal property offered for retail sale.

(b) Sales to direct marketing vendors of preliminary materials such as photographs, artwork, and typesetting that will be used in printing advertising material; of printed matter that offers free merchandise or chances to win sweepstake prizes and that is mailed to potential customers with advertising material described in division (B)(37)(a) of this section;

and of equipment such as telephones, computers, facsimile machines, and similar tangible personal property primarily used to accept orders for direct marketing retail sales.

(c) Sales of automatic food vending machines that preserve food with a shelf life of forty-five days or less by refrigeration and dispense it to the consumer.

For purposes of division (B)(37) of this section, "direct marketing" means the method of selling where consumers order tangible personal property by United States mail, delivery service, or telecommunication and the vendor delivers or ships the tangible personal property sold to the consumer from a warehouse, catalogue distribution center, or similar fulfillment facility by means of the United States mail, delivery service, or common carrier.

(38) Sales to a person engaged in the business of horticulture or producing livestock of materials to be incorporated into a horticulture structure or livestock structure;

(39) The sale of a motor vehicle that is used exclusively for a vanpool ridesharing arrangement to persons participating in the vanpool ridesharing arrangement when the vendor is selling the vehicle pursuant to a contract between the vendor and the department of transportation;

(40) Sales of personal computers, computer monitors, computer keyboards, modems, and other peripheral computer equipment to an individual who is licensed or certified to teach in an elementary or a secondary school in this state for use by that individual in preparation for teaching elementary or secondary school students;

(41) Sales to a professional racing team of any of the following:

(a) Motor racing vehicles;

(b) Repair services for motor racing vehicles;

(c) Items of property that are attached to or incorporated in motor racing vehicles, including engines, chassis, and all other components of the vehicles, and all spare, replacement, and rebuilt parts or components of the vehicles; except not including tires, consumable fluids, paint, and accessories consisting of instrumentation sensors and related items added to the vehicle to collect and transmit data by means of telemetry and other forms of communication.

For the purpose of the proper administration of this chapter, and to prevent the evasion of the tax, it is presumed that all sales made in this state are subject to the tax until the contrary is established.

As used in this section, except in division (B)(16) of this section, "food" includes cereals and cereal products, milk and milk products including ice

cream, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruits, fruit products, and pure fruit juices, condiments, sugar and sugar products, coffee and coffee substitutes, tea, and cocoa and cocoa products. It does not include: spirituous or malt liquors; soft drinks; sodas and beverages that are ordinarily dispensed at bars and soda fountains or in connection therewith, other than coffee, tea, and cocoa; root beer and root beer extracts; malt and malt extracts; mineral oils, cod liver oils, and halibut liver oil; medicines, including tonics, vitamin preparations, and other products sold primarily for their medicinal properties; and water, including mineral, bottled, and carbonated waters, and ice.

(C) The levy of an excise tax on transactions by which lodging by a hotel is or is to be furnished to transient guests pursuant to this section and division (B) of section 5739.01 of the Revised Code does not prevent any of the following:

(1) A municipal corporation or township from levying an excise tax for any lawful purpose not to exceed three per cent on transactions by which lodging by a hotel is or is to be furnished to transient guests in addition to the tax levied by this section. If a municipal corporation or township repeals a tax imposed under division (C)(1) of this section and a county in which the municipal corporation or township has territory has a tax imposed under division (C) of section 5739.024 of the Revised Code in effect, the municipal corporation or township may not reimpose its tax as long as that county tax remains in effect. A municipal corporation or township in which a tax is levied under division (B)(2) of section 351.021 of the Revised Code may not increase the rate of its tax levied under division (C)(1) of this section to any rate that would cause the total taxes levied under both of those divisions to exceed three per cent on any lodging transaction within the municipal corporation or township.

(2) A municipal corporation or a township from levying an additional excise tax not to exceed three per cent on such transactions pursuant to division (B) of section 5739.024 of the Revised Code. Such tax is in addition to any tax imposed under division (C)(1) of this section.

(3) A county from levying an excise tax pursuant to division (A) of section 5739.024 of the Revised Code.

(4) A county from levying an excise tax not to exceed three per cent of such transactions pursuant to division (C) of section 5739.024 of the Revised Code. Such a tax is in addition to any tax imposed under division (C)(3) of this section.

(5) A convention facilities authority, as defined in division (A) of

section 351.01 of the Revised Code, from levying the excise taxes provided for in division (B) of section 351.021 of the Revised Code.

(6) A county from levying an excise tax not to exceed one and one-half per cent of such transactions pursuant to division (D) of section 5739.024 of the Revised Code. Such tax is in addition to any tax imposed under division (C)(3) or (4) of this section.

(7) A county from levying an excise tax not to exceed one and one-half per cent of such transactions pursuant to division (E) of section 5739.024 of the Revised Code. Such a tax is in addition to any tax imposed under division (C)(3), (4), or (6) of this section.

(D) The levy of this tax on retail sales of recreation and sports club service shall not prevent a municipal corporation from levying any tax on recreation and sports club dues or on any income generated by recreation and sports club dues.

Sec. 5747.01. Except as otherwise expressly provided or clearly appearing from the context, any term used in this chapter has the same meaning as when used in a comparable context in the Internal Revenue Code, and all other statutes of the United States relating to federal income taxes.

As used in this chapter:

(A) "Adjusted gross income" or "Ohio adjusted gross income" means adjusted gross income as defined and used in the Internal Revenue Code, adjusted as provided in divisions (A)(1) to ~~(16)~~(17) of this section:

(1) Add interest or dividends on obligations or securities of any state or of any political subdivision or authority of any state, other than this state and its subdivisions and authorities.

(2) Add interest or dividends on obligations of any authority, commission, instrumentality, territory, or possession of the United States that are exempt from federal income taxes but not from state income taxes.

(3) Deduct interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.

(4) Deduct disability and survivor's benefits to the extent included in federal adjusted gross income.

(5) Deduct benefits under Title II of the Social Security Act and tier 1 railroad retirement benefits to the extent included in federal adjusted gross income under section 86 of the Internal Revenue Code.

(6) Add, in the case of a taxpayer who is a beneficiary of a trust that

makes an accumulation distribution as defined in section 665 of the Internal Revenue Code, the portion, if any, of such distribution that does not exceed the undistributed net income of the trust for the three taxable years preceding the taxable year in which the distribution is made. "Undistributed net income of a trust" means the taxable income of the trust increased by (a)(i) the additions to adjusted gross income required under division (A) of this section and (ii) the personal exemptions allowed to the trust pursuant to section 642(b) of the Internal Revenue Code, and decreased by (b)(i) the deductions to adjusted gross income required under division (A) of this section, (ii) the amount of federal income taxes attributable to such income, and (iii) the amount of taxable income that has been included in the adjusted gross income of a beneficiary by reason of a prior accumulation distribution. Any undistributed net income included in the adjusted gross income of a beneficiary shall reduce the undistributed net income of the trust commencing with the earliest years of the accumulation period.

(7) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal adjusted gross income for the taxable year, had the targeted jobs credit allowed and determined under sections 38, 51, and 52 of the Internal Revenue Code not been in effect.

(8) Deduct any interest or interest equivalent on public obligations and purchase obligations to the extent included in federal adjusted gross income.

(9) Add any loss or deduct any gain resulting from the sale, exchange, or other disposition of public obligations to the extent included in federal adjusted gross income.

(10) Regarding tuition credits purchased under Chapter 3334. of the Revised Code:

(a) Deduct the following:

(i) For credits that as of the end of the taxable year have not been refunded pursuant to the termination of a tuition payment contract under section 3334.10 of the Revised Code, the amount of income related to the credits, to the extent included in federal adjusted gross income;

(ii) For credits that during the taxable year have been refunded pursuant to the termination of a tuition payment contract under section 3334.10 of the Revised Code, the excess of the total purchase price of the tuition credits refunded over the amount of refund, to the extent the amount of the excess was not deducted in determining federal adjusted gross income;

(b) Add the following:

(i) For credits that as of the end of the taxable year have not been refunded pursuant to the termination of a tuition payment contract under

section 3334.10 of the Revised Code, the amount of loss related to the credits, to the extent the amount of the loss was deducted in determining federal adjusted gross income;

(ii) For credits that during the taxable year have been refunded pursuant to the termination of a tuition payment contract under section 3334.10 of the Revised Code, the excess of the amount of refund over the purchase price of each tuition credit refunded, to the extent not included in federal adjusted gross income.

(11) Deduct, in the case of a self-employed individual as defined in section 401(c)(1) of the Internal Revenue Code and to the extent not otherwise allowable as a deduction in computing federal adjusted gross income for the taxable year, the amount paid during the taxable year for insurance ~~which~~ that constitutes medical care for the taxpayer, the taxpayer's spouse, and dependents. No deduction under division (A)(11) of this section shall be allowed to any taxpayer who is eligible to participate in any subsidized health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer. No deduction under division (A)(11) of this section shall be allowed to the extent that the sum of such deduction and any related deduction allowable in computing federal adjusted gross income for the taxable year exceeds the taxpayer's earned income, within the meaning of section 401(c) of the Internal Revenue Code, derived by the taxpayer from the trade or business with respect to which the plan providing the medical coverage is established.

(12) Deduct any amount included in federal adjusted gross income solely because the amount represents a reimbursement or refund of expenses that in a previous year the taxpayer had deducted as an itemized deduction pursuant to section 63 of the Internal Revenue Code and applicable United States department of the treasury regulations.

(13) Deduct any portion of the deduction described in section 1341(a)(2) of the Internal Revenue Code, for repaying previously reported income received under a claim of right, that meets both of the following requirements:

(a) It is allowable for repayment of an item that was included in the taxpayer's adjusted gross income for a prior taxable year and did not qualify for a credit under division (A) or (B) of section 5747.05 of the Revised Code for that year;

(b) It does not otherwise reduce the taxpayer's adjusted gross income for the current or any other taxable year.

(14) Deduct an amount equal to the deposits made to, and net investment earnings of, a medical savings account during the taxable year,

in accordance with section 3924.66 of the Revised Code. The deduction allowed by division (A)(14) of this section does not apply to medical savings account deposits and earnings otherwise deducted or excluded for the current or any other taxable year from the taxpayer's federal adjusted gross income.

(15)(a) Add an amount equal to the funds withdrawn from a medical savings account during the taxable year, and the net investment earnings on those funds, when the funds withdrawn were used for any purpose other than to reimburse an account holder for, or to pay, eligible medical expenses, in accordance with section 3924.66 of the Revised Code;

(b) Add the amounts distributed from a medical savings account under division (A)(2) of section 3924.68 of the Revised Code during the taxable year.

(16) Add any amount claimed as a credit under section 5747.059 of the Revised Code to the extent that such amount satisfies either of the following:

(a) The amount was deducted or excluded from the computation of the taxpayer's federal adjusted gross income as required to be reported for the taxpayer's taxable year under the Internal Revenue Code;

(b) The amount resulted in a reduction of the taxpayer's federal adjusted gross income as required to be reported for any of the taxpayer's taxable years under the Internal Revenue Code.

~~(16)~~(17) Deduct the amount contributed by the taxpayer to an individual development account program established by a county department of human services pursuant to sections 329.11 to 329.14 of the Revised Code for the purpose of matching funds deposited by program participants. On request of the tax commissioner, the taxpayer shall provide any information that, in the tax commissioner's opinion, is necessary to establish the amount deducted under division (A)~~(16)~~(17) of this section.

(B) "Business income" means income arising from transactions, activities, and sources in the regular course of a trade or business and includes income from tangible and intangible property if the acquisition, rental, management, and disposition of the property constitute integral parts of the regular course of a trade or business operation.

(C) "Nonbusiness income" means all income other than business income and may include, but is not limited to, compensation, rents and royalties from real or tangible personal property, capital gains, interest, dividends and distributions, patent or copyright royalties, or lottery winnings, prizes, and awards.

(D) "Compensation" means any form of remuneration paid to an

employee for personal services.

(E) "Fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any other person acting in any fiduciary capacity for any individual, trust, or estate.

(F) "Fiscal year" means an accounting period of twelve months ending on the last day of any month other than December.

(G) "Individual" means any natural person.

(H) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.

(I) "Resident" means:

(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code;

(2) The estate of a decedent who at the time of death was domiciled in this state. The domicile tests of section 5747.24 of the Revised Code and any election under section 5747.25 of the Revised Code are not controlling for purposes of division (I)(2) of this section.

(J) "Nonresident" means an individual or estate that is not a resident. An individual who is a resident for only part of a taxable year is a nonresident for the remainder of that taxable year.

(K) "Pass-through entity" has the same meaning as in section 5733.04 of the Revised Code.

(L) "Return" means the notifications and reports required to be filed pursuant to this chapter for the purpose of reporting the tax due and includes declarations of estimated tax when so required.

(M) "Taxable year" means the calendar year or the taxpayer's fiscal year ending during the calendar year, or fractional part thereof, upon which the adjusted gross income is calculated pursuant to this chapter.

(N) "Taxpayer" means any person subject to the tax imposed by section 5747.02 of the Revised Code or any pass-through entity that makes the election under division (D) of section 5747.08 of the Revised Code.

(O) "Dependents" means dependents as defined in the Internal Revenue Code and as claimed in the taxpayer's federal income tax return for the taxable year or which the taxpayer would have been permitted to claim had the taxpayer filed a federal income tax return.

(P) "Principal county of employment" means, in the case of a nonresident, the county within the state in which a taxpayer performs services for an employer or, if those services are performed in more than one county, the county in which the major portion of the services are performed.

(Q) As used in sections 5747.50 to 5747.55 of the Revised Code:

(1) "Subdivision" means any county, municipal corporation, park district, or township.

(2) "Essential local government purposes" includes all functions that any subdivision is required by general law to exercise, including like functions that are exercised under a charter adopted pursuant to the Ohio Constitution.

(R) "Overpayment" means any amount already paid that exceeds the figure determined to be the correct amount of the tax.

(S) "Taxable income" applies to estates only and means taxable income as defined and used in the Internal Revenue Code adjusted as follows:

(1) Add interest or dividends on obligations or securities of any state or of any political subdivision or authority of any state, other than this state and its subdivisions and authorities;

(2) Add interest or dividends on obligations of any authority, commission, instrumentality, territory, or possession of the United States that are exempt from federal income taxes but not from state income taxes;

(3) Add the amount of personal exemption allowed to the estate pursuant to section 642(b) of the Internal Revenue Code;

(4) Deduct interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States that are exempt from state taxes under the laws of the United States;

(5) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal taxable income for the taxable year, had the targeted jobs credit allowed under sections 38, 51, and 52 of the Internal Revenue Code not been in effect;

(6) Deduct any interest or interest equivalent on public obligations and purchase obligations to the extent included in federal taxable income;

(7) Add any loss or deduct any gain resulting from sale, exchange, or other disposition of public obligations to the extent included in federal taxable income;

(8) Except in the case of the final return of an estate, add any amount deducted by the taxpayer on both its Ohio estate tax return pursuant to section 5731.14 of the Revised Code, and on its federal income tax return in determining either federal adjusted gross income or federal taxable income;

(9) Deduct any amount included in federal taxable income solely because the amount represents a reimbursement or refund of expenses that in a previous year the decedent had deducted as an itemized deduction pursuant to section 63 of the Internal Revenue Code and applicable treasury

regulations;

(10) Deduct any portion of the deduction described in section 1341(a)(2) of the Internal Revenue Code, for repaying previously reported income received under a claim of right, that meets both of the following requirements:

(a) It is allowable for repayment of an item that was included in the taxpayer's taxable income or the decedent's adjusted gross income for a prior taxable year and did not qualify for a credit under division (A) or (B) of section 5747.05 of the Revised Code for that year.

(b) It does not otherwise reduce the taxpayer's taxable income or the decedent's adjusted gross income for the current or any other taxable year.

(11) Add any amount claimed as a credit under section 5747.059 of the Revised Code to the extent that the amount satisfies either of the following:

(a) The amount was deducted or excluded from the computation of the taxpayer's federal taxable income as required to be reported for the taxpayer's taxable year under the Internal Revenue Code;

(b) The amount resulted in a reduction in the taxpayer's federal taxable income as required to be reported for any of the taxpayer's taxable years under the Internal Revenue Code.

(T) "School district income" and "school district income tax" have the same meanings as in section 5748.01 of the Revised Code.

(U) As used in divisions (A)(8), (A)(9), (S)(6), and (S)(7) of this section, "public obligations," "purchase obligations," and "interest or interest equivalent" have the same meanings as in section 5709.76 of the Revised Code.

(V) "Limited liability company" means any limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state.

(W) "Pass-through entity investor" means any person who, during any portion of a taxable year of a pass-through entity, is a partner, member, shareholder, or investor in that pass-through entity.

(X) "Banking day" has the same meaning as in section 1304.01 of the Revised Code.

(Y) "Month" means a calendar month.

(Z) "Quarter" means the first three months, the second three months, the third three months, or the last three months of the taxpayer's taxable year.

(AA) Any term used in this chapter that is not otherwise defined in this section and that is not used in a comparable context in the Internal Revenue Code and other statutes of the United States relating to federal income taxes has the same meaning as in section 5733.40 of the Revised Code.

Sec. 5747.02. (A) For the purpose of providing revenue for the support of schools and local government functions, to provide relief to property taxpayers, to provide revenue for the general revenue fund, and to meet the expenses of administering the tax levied by this chapter, there is hereby levied on every individual and every estate residing in or earning or receiving income in this state, on every individual and estate earning or receiving lottery winnings, prizes, or awards pursuant to Chapter 3770. of the Revised Code, and on every individual and estate otherwise having nexus with or in this state under the Constitution of the United States, an annual tax measured in the case of individuals by adjusted gross income less an exemption for the taxpayer, the taxpayer's spouse, and each dependent as provided in section 5747.025 of the Revised Code, and measured in the case of estates by taxable income. The tax imposed by this section on the balance thus obtained is hereby levied as follows:

ADJUSTED GROSS INCOME LESS EXEMPTIONS (INDIVIDUALS) OR TAXABLE INCOME (ESTATES)	TAX
$5,000 or less	0.743%
More than $5,000 but not more than $10,000	$37.15 plus 1.486% of the amount in excess of $5,000
More than $10,000 but not more than $15,000	$111.45 plus 2.972% of the amount in excess of $10,000
More	$260.05 plus 3.715% of the amount in excess of $15,000

More than $15,000 but not more than $20,000	$445.80 plus 4.457% of the amount in excess of $20,000
More than $20,000 but not more than $40,000	$1,337.20 plus 5.201% of the amount in excess of $40,000
More than $40,000 but not more than $80,000	$3,417.60 plus 5.943% of the amount in excess of $80,000
More than $80,000 but not more than $100,000	$5,796.20 plus 6.9% of the amount in excess of $100,000
More than $100,000 but not more than $200,000	$7,106.20 plus 7.5% of the amount in excess of $200,000

than
$200,000

(B) ~~If the director of budget and management makes a certification to the tax commissioner under division (B) of section 131.44 of the Revised Code, the amount of tax as determined under division (A) of this section shall be reduced by the percentage prescribed in that certification for taxable years beginning in the calendar year in which that certification is made.~~

~~(C)~~ The levy of this tax on income does not prevent a municipal corporation, a joint economic development zone created under section 715.691, or a joint economic development district created under section 715.70 or 715.71 or sections 715.72 to 715.81 of the Revised Code from levying a tax on income.

Sec. 5747.08. An annual return with respect to the tax imposed by section 5747.02 of the Revised Code and each tax imposed under Chapter 5748. of the Revised Code shall be made by every taxpayer for any taxable year for which the taxpayer is liable for the tax imposed by that section or under that chapter, unless the total credits allowed under divisions (E), (F), and (G) of section 5747.05 of the Revised Code for the year are equal to or exceed the tax imposed by section 5747.02 of the Revised Code, in which case no return shall be required unless the taxpayer is liable for a tax imposed pursuant to Chapter 5748. of the Revised Code.

(A) If an individual is deceased, any return or notice required of that individual under this chapter shall be made and filed by that decedent's executor, administrator, or other person charged with the property of that decedent.

(B) If an individual is unable to make a return or notice required by this chapter, the return or notice required of that individual shall be made and filed by the individual's duly authorized agent, guardian, conservator, fiduciary, or other person charged with the care of the person or property of that individual.

(C) Returns or notices required of an estate or a trust shall be made and filed by the fiduciary of the estate or trust.

(D)(1) ~~Any~~ (a) Except as otherwise provided in division (D)(1)(b) of this section, any pass-through entity ~~having two or more nonresident pass-through entity investors who derive no taxable income from this state, other than a distributive share of the pass-through entity income,~~ may file a single return on behalf of ~~all or some of those pass-through entity~~ one or more of the entity's investors ~~who are individuals or estates~~ other than an investor that is a person subject to the tax imposed under section 5733.06 Of the Revised Code. The single return shall set forth the name, address, and

social security number of each of those pass-through entity ~~investor of that nature~~ investors and shall indicate the distributive share of each of those pass-through entity investor's income taxable in this state in accordance with sections 5747.20 to 5747.231 of the Revised Code. Such ~~nonresident~~ pass-through entity investors for whom the pass-through entity elects to file a single return are not entitled to the exemption or credit provided for by sections 5747.02 and 5747.022 of the Revised Code; shall calculate the tax before business credits at the highest rate of tax set forth in section 5747.02 of the Revised Code for the taxable year for which the return is filed; and are entitled to only their distributive share of the business credits as defined in division (D)(2) of this section. A single check drawn by the pass-through entity shall accompany the return in full payment of the tax due for such investors other than investors who are persons subject to the tax imposed under section 5733.06 of the Revised Code.

(b)(i) A pass-through entity shall not include in such a single return any investor that is a trust to the extent that any direct or indirect current, future, or contingent beneficiary of the trust is a person subject to the tax imposed under section 5733.06 of the Revised Code.

(ii) A pass-through entity shall not include in such a single return any investor that is itself a pass-through entity to the extent that any direct or indirect investor in the second pass-through entity is a person subject to the tax imposed under section 5733.06 of the Revised Code.

(c) Nothing in division (D) of this section precludes the tax commissioner from requiring such investors to file the return and make the payment of taxes and related interest, penalty, and interest penalty required by this section or section 5747.02, 5747.09, or 5747.15 of the Revised Code. Nothing in division (D) of this section shall be construed to provide to such an investor or pass-through entity any additional deduction or credit, other than the credit provided by division (J) of this section, solely on account of the entity's filing a return in accordance with this section. Such a pass-through entity also shall make the filing and payment of estimated taxes on behalf of ~~those nonresident~~ the pass-through entity investors other than an investor that is a person subject to the tax imposed under section 5733.06 Of the Revised Code.

(2) For the purposes of this section, "business credits" means the credits listed in section 5747.98 of the Revised Code excluding the following credits:

(a) The income tax reduction fund credit under section 5747.37 of the Revised Code;

(b) The retirement credit under division (B) of section 5747.055 of the

Revised Code;

~~(b)~~(c) The senior citizen credit under division (C) of section 5747.05 of the Revised Code;

~~(c)~~(d) The lump sum distribution credit under division (D) of section 5747.05 of the Revised Code;

~~(d)~~(e) The dependent care credit under section 5747.054 of the Revised Code;

~~(e)~~(f) The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;

~~(f)~~(g) The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;

~~(g)~~(h) The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;

~~(h)~~(i) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;

~~(i)~~(j) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;

~~(j)~~(k) The joint filing credit under division (G) of section 5747.05 of the Revised Code;

~~(k)~~(l) The nonresident credit under division (A) of section 5747.05 of the Revised Code;

~~(l)~~(m) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code.

(3) The election provided for under division (D) of this section applies only to the taxable year for which the election is made by the pass-through entity. Unless the tax commissioner provides otherwise, this election, once made, is binding and irrevocable for the taxable year for which the election is made. Nothing in this division shall be construed to provide for any deduction or credit that would not be allowable if a nonresident pass-through entity investor were to file an annual return.

(4) If a pass-through entity makes the election provided for under division (D) of this section, the pass-through entity shall be liable for any additional taxes, interest, interest penalty, or penalties imposed by this chapter if the tax commissioner determines that the single return does not reflect the correct tax due by nonresident pass-through entity investors covered by that return. Nothing in this division shall be construed to limit or alter the liability, if any, imposed on pass-through entity investors for unpaid or underpaid taxes, interest, interest penalty, or penalties as a result of the pass-through entity's making the election provided for under division (D) of this section. For the purposes of division (D) of this section, "correct tax

due" means the tax that would have been paid by the pass-through entity had the single return been filed in a manner reflecting and including the findings and determinations made by the tax commissioner. Nothing in division (D) of this section shall be construed to make or hold a pass-through entity liable for tax attributable to a pass-through entity investor's income from a source other than the pass-through entity electing to file the single return.

(E) If a husband and wife file a joint federal income tax return for a taxable year, they shall file a joint return under this section for that taxable year, and their liabilities are joint and several, but, if the federal income tax liability of either spouse is determined on a separate federal income tax return, they shall file separate returns under this section.

If either spouse is not required to file a federal income tax return and either or both are required to file a return pursuant to this chapter, they may elect to file separate or joint returns, and, pursuant to that election, their liabilities are separate or joint and several. If a husband and wife file separate returns pursuant to this chapter, each must claim the taxpayer's own exemption, but not both, as authorized under section 5747.02 of the Revised Code on the taxpayer's own return.

(F) Each return or notice required to be filed under this section shall contain the signature of the taxpayer or the taxpayer's duly authorized agent and of the person who prepared the return for the taxpayer, and shall include the taxpayer's social security number. Each return shall be verified by a declaration under the penalties of perjury. The tax commissioner shall prescribe the form that the signature and declaration shall take.

(G) Each return or notice required to be filed under this section shall be made and filed as required by section 5747.04 of the Revised Code, on or before the fifteenth day of April of each year, on forms that the tax commissioner shall prescribe, together with remittance made payable to the treasurer of state in the combined amount of the state and all school district income taxes shown to be due on the form, unless the combined amount shown to be due is one dollar or less, in which case that amount need not be remitted. ~~Returns for taxable years for which a reduction in the tax due is made under division (B) of section 5747.02 of the Revised Code shall include the following statement: "The tax on this line reflects a.....% (here enter the percentage reduction described in division (B) of section 5747.02 of the Revised Code) reduction under legislation enacted by the General Assembly requiring the return of excess state revenue to taxpayers." The statement shall appear in boldface type and shall be placed in a prominent location on the return in the vicinity of the location where the amount of tax due, before any credits or amounts withheld, is entered.~~

Upon good cause shown, the commissioner may extend the period for filing any notice or return required to be filed under this section and may adopt rules relating to extensions. If the extension results in an extension of time for the payment of any state or school district income tax liability with respect to which the return is filed, the taxpayer shall pay at the time the tax liability is paid an amount of interest computed at the rate per annum prescribed by section 5703.47 of the Revised Code on that liability from the time that payment is due without extension to the time of actual payment. In addition to all other interest charges and penalties, all taxes imposed ~~by section 5747.02 of the Revised Code or~~ under this chapter or Chapter 5748. of the Revised Code and remaining unpaid after they become due, except combined amounts due of one dollar or less, bear interest at the rate per annum prescribed by section 5703.47 of the Revised Code until paid or until the day an assessment is issued under section 5747.13 of the Revised Code, whichever occurs first. If the commissioner considers it necessary in order to ensure the payment of the tax imposed by section 5747.02 of the Revised Code or any tax imposed under Chapter 5748. of the Revised Code, the commissioner may require returns and payments to be made otherwise than as provided in this section.

(H) If any report, claim, statement, or other document required to be filed, or any payment required to be made, within a prescribed period or on or before a prescribed date under this chapter is delivered after that period or that date by United States mail to the agency, officer, or office with which the report, claim, statement, or other document is required to be filed, or to which the payment is required to be made, the date of the postmark stamped on the cover in which the report, claim, statement, or other document, or payment is mailed shall be deemed to be the date of delivery or the date of payment.

If a payment is required to be made by electronic funds transfer pursuant to section 5747.072 of the Revised Code, the payment is considered to be made when the payment is received by the treasurer of state or credited to an account designated by the treasurer of state for the receipt of tax payments.

"The date of the postmark" means, in the event there is more than one date on the cover, the earliest date imprinted on the cover by the United States postal service.

(I) The amounts withheld by the employer pursuant to section 5747.06 of the Revised Code shall be allowed to the recipient of the compensation as credits against payment of the appropriate taxes imposed on the recipient by section 5747.02 and under Chapter 5748. of the Revised Code.

(J) If, in accordance with division (D) of this section, a pass-through entity elects to file a single return and if any investor is required to file the return and make the payment of taxes required by this chapter on account of the investor's other income that is not included in a single return filed by a pass-through entity, the investor is entitled to a refundable credit equal to the investor's proportionate share of the tax paid by the pass-through entity on behalf of the investor. The investor shall claim the credit for the investor's taxable year in which or with which ends the taxable year of the pass-through entity. Nothing in this chapter shall be construed to allow any credit provided in this chapter to be claimed more than once. For the purposes of computing any interest, penalty, or interest penalty, the investor shall be deemed to have paid the refundable credit provided by this division on the day that the pass-through entity paid the estimated tax or the tax giving rise to the credit.

Sec. 5747.37. (A) For a taxable year beginning in a calendar year during which the director of budget and management makes a certification to the tax commissioner under division (B) of section 131.44 of the Revised Code, a taxpayer may claim a credit against the tax levied under section 5747.02 of the Revised Code. The amount of the credit equals the percentage specified in that certification multiplied by the amount of tax determined under division (A) of section 5747.02 of the Revised Code before reduction for withheld amounts or any other credits.

The taxpayer shall claim the credit authorized by this section in the order required under section 5747.98 of the Revised Code.

(B) For a taxable year for which a credit is authorized by this section, the tax commissioner shall include on the annual return form a separate line for the credit, using the phrase "....(here enter the taxable year) Income Tax Reduction Fund Credit." For a taxable year for which no credit is authorized by this section, the commissioner shall include no reference to the credit on the annual return form.

Sec. 5747.401. (A)(1) except as otherwise provided in division (B) of this section, for the purposes of sections 5733.40, 5733.401, 5733.402, 5733.41, and 5747.40 to 5747.457 of the Revised Code, the investors in an investment pass-through entity as defined in section 5733.401 of the Revised Code, hereinafter the "deemed investors," shall be deemed to be investors in any other pass-through entity in which the investment pass-through entity is a direct investor without regard to sections 5733.057 or 5747.231 of the Revised Code. each deemed investor's portion of such other pass-through entity's adjusted qualifying amount shall be the adjusted qualifying amount that, without regard to this section, passes through from

such other pass-through entity to the investment pass-through entity multiplied by the percentage of the deemed investor's direct ownership in the investment pass-through entity without regard to sections 5733.057 or 5747.231 of the Revised Code.

(2) For the purposes of sections 5733.40, 5733.401, 5733.402, 5733.41, and 5747.40 to 5747.457 of the Revised Code, the investment pass-through entity shall not be deemed to be an investor in such other pass-through entity.

(3) If the taxable year of the investment pass-through entity ends on a day other than the last day of such other pass-through entity's taxable year, division (A)(1) of this section applies to those persons who are investors in the investment pass-through entity on the last day of such other pass-through entity's taxable year ending within the investment pass-through entity's taxable year.

(B) Division (A) of this section applies only to the extent to which the investment pass-through entity provides on a timely basis to such other pass-through entity the name, address, and social security number or federal identification number for each direct investor in the investment pass-through entity without regard to sections 5733.057 and 5747.231 of the Revised Code. Once such other pass-through entity receives such information from the investment pass-through entity, division (A) of this section applies for such other pass-through entity's taxable year unless the tax commissioner permits the investment pass-through entity to revoke the notice that the investment pass-through entity previously provided to such other pass-through entity.

Sec. 5747.43. (A) As used in this section:

(1) "Estimated taxes" means the amount that a qualifying entity estimates to be the sum of its liability under sections 5733.41 and 5747.41 of the Revised Code for its current qualifying taxable year.

(2) "Tax liability" means the total of the taxes and withholding taxes due under sections 5733.41 and 5747.41 of the Revised Code for the qualifying taxable year prior to applying any estimated tax payment or refund from another year.

(3) "Taxes paid" includes payments of estimated taxes made under division (C) of this section and tax refunds applied by the qualifying entity in payment of estimated taxes.

(B) In addition to the return required to be filed pursuant to section 5747.42 of the Revised Code, each qualifying entity subject to the tax imposed under section 5733.41 and to the withholding tax imposed by section 5747.41 of the Revised Code shall file an estimated tax return and

pay a portion of the qualifying entity's tax liability for its qualifying taxable year. The portion of those taxes required to be paid, and the last day prescribed for payment thereof, shall be as prescribed by divisions (B)(1), (2), (3), and (4) of this section:

(1) On or before the fifteenth day of the month following the last day of the first quarter of the qualifying entity's qualifying taxable year, twenty-two and one-half per cent of the qualifying entity's estimated tax liability for that taxable year;

(2) On or before the fifteenth day of the month following the last day of the second quarter of the qualifying entity's qualifying taxable year, forty-five per cent of the qualifying entity's estimated tax liability for that taxable year;

(3) On or before the fifteenth day of the month following the last day of the third quarter of the qualifying entity's qualifying taxable year, sixty-seven and one-half per cent of the qualifying entity's estimated tax liability for that taxable year;

(4) On or before the fifteenth day of the month following the last day of the fourth quarter of the qualifying entity's qualifying taxable year, ninety per cent of the qualifying entity's estimated tax liability for that taxable year.

Payments of estimated taxes shall be made payable to the treasurer of state.

(C) If a payment of estimated taxes is not paid in the full amount required under division (B) of this section, a penalty shall be added to the taxes charged for the qualifying taxable year unless the underpayment is due to reasonable cause as described in division (D) of this section. The penalty shall accrue at the rate per annum prescribed by section 5703.47 of the Revised Code upon the amount of underpayment from the day the estimated payment was required to be made to the day the payment is made.

The amount of the underpayment upon which the penalty shall accrue shall be determined as follows:

(1) For the first payment of estimated taxes each year, twenty-two and one-half per cent of the tax liability less the amount of taxes paid by the date prescribed for that payment;

(2) For the second payment of estimated taxes each year, forty-five per cent of the tax liability less the amount of taxes paid by the date prescribed for that payment;

(3) For the third payment of estimated taxes each year, sixty-seven and one-half per cent of the tax liability less the amount of taxes paid by the date prescribed for that payment;

(4) For the fourth payment of estimated taxes each year, ninety per cent

of the tax liability less the amount of taxes paid by the date prescribed for that payment.

For the purposes of this section, a payment of estimated taxes on or before any payment date shall be considered a payment of a previous underpayment only to the extent the payment of estimated taxes exceeds the amount of the payment presently required to be paid to avoid any penalty.

The penalty imposed under division (C) of this section is in lieu of any other interest charge or penalty imposed for failure to file a declaration of estimated tax report and make estimated payments as required by this section.

(D) An underpayment of estimated taxes determined under division (C) of this section is due to reasonable cause if any of the following apply:

(1) The amount of tax that was paid equals at least ninety per cent of the tax liability for the current qualifying taxable year, determined by annualizing the income received during that year up to the end of the month immediately preceding the month in which the payment is due;

(2) The amount of tax liability that was paid equals at least ninety per cent of the tax liability for the current qualifying taxable year;

(3) The amount of tax liability that was paid equals at least one hundred per cent of the tax liability shown on the return of the qualifying entity for the preceding qualifying taxable year, provided that the immediately preceding qualifying taxable year reflected a period of twelve months and the qualifying entity filed a return under section 5747.42 of the Revised Code for that year.

(E)(1) Divisions (B) and (C) of this section do not apply for a taxable year if either of the following applies to the qualifying entity:

(a) For the immediately preceding taxable year, the entity computes in good faith and in a reasonable manner that the sum of its adjusted qualifying amounts is ten thousand dollars or less.

(b) For the taxable year the entity computes in good faith and in a reasonable manner that the sum of its adjusted qualifying amounts is ten thousand dollars or less.

(2) Notwithstanding any other provision of Title LVII Of the Revised Code to the contrary, the entity shall establish by a preponderance of the evidence that its computation of the adjusted qualifying amounts for the immediately preceding taxable year and the taxable year was, in fact, made in good faith and in a reasonable manner.

(F) The tax commissioner may waive the requirement for filing a declaration of estimated taxes for any class of qualifying entities if the commissioner finds the waiver is reasonable and proper in view of

ministrative costs and other factors.

Sec. 5747.511. (A) Notwithstanding any section in this chapter to the contrary, the county auditor shall deduct from the amounts that would otherwise be distributed under this chapter from the state local government fund to a municipal corporation, an amount equal to the amount of taxes collected by the municipal corporation during the preceding calendar year on the income or profits of an electric company, a natural gas company, or a telephone company. The county auditor shall allocate that amount to each subdivision in the county in proportion to the dollar amount of property taxes levied by the subdivision in the preceding calendar year divided by the dollar amount of property taxes levied by all subdivisions in the county in the preceding calendar year. The tax commissioner shall adopt rules as necessary for the proper administration of the section.

(B) As used in division (A) of this section:

(1) "Electric company" has the same meaning as in division (D)(3) of section 5727.01 Of the Revised Code.

(2) "Natural gas company" has the same meaning as in division (D)(4) of section 5727.01 Of the Revised Code.

(3) "Telephone company" has the same meaning as in division (D)(2) of section 5727.01 Of the Revised Code.

Sec. 5747.98. (A) To provide a uniform procedure for calculating the amount of tax due under section 5747.02 of the Revised Code, a taxpayer shall claim any credits to which the taxpayer is entitled in the following order:

(1) The income tax reduction fund credit under section 5747.37 of the Revised Code;

(2) The retirement income credit under division (B) of section 5747.055 of the Revised Code;

~~(2)~~(3) The senior citizen credit under division (C) of section 5747.05 of the Revised Code;

~~(3)~~(4) The lump sum distribution credit under division (D) of section 5747.05 of the Revised Code;

~~(4)~~(5) The dependent care credit under section 5747.054 of the Revised Code;

~~(5)~~(6) The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;

~~(6)~~(7) The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;

~~(7)~~(8) The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;

~~(8)~~(9) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;

~~(9)~~(10) The campaign contribution credit under section 5747.29 of the Revised Code;

~~(10)~~(11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;

~~(11)~~(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;

~~(12)~~(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;

~~(13)~~(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;

~~(14)~~(15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;

~~(15)~~(16) The credit for employers that reimburse employee child day-care expenses under section 5747.36 of the Revised Code;

~~(16)~~(17) The credit for manufacturing investments under section 5747.051 of the Revised Code;

~~(17)~~(18) The credit for purchases of new manufacturing machinery and equipment under section 5747.26 or section 5747.261 of the Revised Code;

~~(18)~~(19) The second credit for purchases of new manufacturing machinery and equipment under section 5747.31 of the Revised Code;

~~(19)~~(20) The enterprise zone credit under section 5709.66 of the Revised Code;

~~(20)~~(21) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;

~~(21)~~(22) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;

~~(22)~~(23) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;

~~(23)~~(24) The export sales credit under section 5747.057 of the Revised Code;

~~(24)~~(25) The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;

~~(25)~~(26) The enterprise zone credits under section 5709.65 of the Revised Code;

~~(26)~~(27) The refundable jobs creation credit under section 5747.058 of the Revised Code;

~~(27)~~(28) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;

(29) The refundable credits for taxes paid by a qualifying pass-through entity granted under division (J) of section 5747.08 Of the Revised Code.

(B) For any credit except the refundable ~~jobs creation credit and the refundable credit for taxes paid by a qualifying entity~~ credits enumerated in divisions (A)(27), (28), and (29) of this section and the credit granted under division (I) of section 5747.08 Of the Revised Code, the amount of the credit for a taxable year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.

Sec. 5907.022. The board of trustees of the Ohio veterans' home may do either of the following to expand nursing home care and domiciliary services to veterans at sites other than the Ohio veterans' home and the Robert T. Secrest nursing home:

(A) Enter into contracts or agreements, including agreements for the acceptance of grants, to construct, lease, purchase, or otherwise acquire real property or facilities to establish a network of facilities;

(B) Enter into contracts with private providers.

Sec. 5907.15. There is hereby created in the state treasury the Ohio veterans home rental and service revenue fund. Revenue generated from temporary use agreements of the home, from the sale of meals at the home's dining halls, and from rental, lease, or sharing agreements for the use of facilities, supplies, equipment, utilities, or services provided by the home shall be credited to the fund. The fund shall be used only for maintenance costs of the home.

SECTION 2. That existing sections 126.14, 131.35, 131.44, 133.06, 325.19, 703.21, 718.01, 3301.0711, 3302.03, 3313.646, 3313.841, 3313.842, 3313.975, 3313.98, 3314.03, 3314.07, 3314.08, 3317.01, 3317.013, 3317.02, 3317.021, 3317.022, 3317.023, 3317.024, 3317.029, 3317.0212, 3317.0213, 3317.0214, 3317.0215, 3317.0216, 3317.03, 3317.05, 3317.051, 3317.06, 3317.082, 3317.10, 3317.11, 3317.161, 3317.19, 3318.06, 3318.08, 3318.10, 3319.22, 3323.091, 3323.12, 3323.142, 3734.28, 3734.57, 3734.82, 4123.40, 4701.10, 4701.20, 4743.05, 4745.01, 5101.93, 5104.32, 5104.34, 5104.35, 5104.38, 5126.04, 5126.05, 5711.22, 5733.04, 5733.05, 5733.057, 5733.0611, 5733.12, 5733.40, 5733.98, 5739.02, 5747.01, 5747.02, 5747.08, 5747.43, and 5747.98, and section 5747.452 of the Revised Code are hereby repealed. Existing section 3109.401 of the Revised Code as enacted by Am.

Sub. S.B. 112 of the 122nd General Assembly is hereby repealed. Existing Section 50.11 of Am. Sub. H.B. 215 of the 122nd General Assembly, as most recently amended by Am. Sub. H.B. 650 of the 122nd General Assembly, is hereby repealed.

SECTION 3. Section 5747.511 of the Revised Code is hereby repealed, effective December 31, 2000.

SECTION 4. That Sections 20.05, 47.13, 50.52, 50.52.2, 50.52.4, 50.52.7, 50.52.9, 58, 62.01, 67.08, 101, 119, 190, and 210 of Am. Sub. H.B. 215 of the 122nd General Assembly be amended to read as follows:

"Sec. 20.05. Transfers to Central Service Agency Fund

The Director of Budget and Management may transfer up to $1,500,000 in fiscal year 1998 and up to $500,000 in fiscal year 1999 from the Occupational Licensing and Regulatory Fund (Fund 4K9) to the Central Service Agency Fund (Fund 115). The cash transferred shall be used to purchase the necessary equipment, products, and services to install a local area network for the professional licensing boards, to migrate their licensing applications to this network, and to provide for the ongoing operations of the network in fiscal year 1998 and fiscal year 1999. Appropriation authority equal to the cash transfer is hereby appropriated to line item 100-632, Central Service Agency.

The Director of Budget and Management may transfer up to $150,000 in fiscal year 1998 and up to $150,000 in fiscal year 1999 from the Occupational Licensing and Regulatory Fund (Fund 4K9) to the Central Service Agency Fund (Fund 115). The cash shall be utilized as necessary to subsidize the operations of the Central Service Agency during the process of transition due to the Medical Board and the Pharmacy Board no longer using Central Service Agency services.

The Director of Budget and Management shall transfer up to $20,000 in fiscal year 1998 from the Occupational Licensing and Regulatory Fund (Fund 4K9) to the Central Service Agency Fund (Fund 115). The Office of Budget and Management shall conduct, or contract for the conduct of, a study examining the feasibility of consolidating the administrative process of licensing and regulating barbers and cosmetologists while respecting the separate identities of the two professions. Appropriation authority equal to the cash transfer is hereby appropriated to line item 100-632, Central Service Agency.

Sec. 47.13. Minority Business Bonding Fund

Notwithstanding Chapters 122., 169., and 175. of the Revised Code and other provisions of ~~this act~~ Am. Sub. H.B. 215 of the 122nd General Assembly, the Director of Development may, upon the recommendation of the Minority Development Financing Advisory Board, pledge up to $10,000,000 in this biennium of unclaimed funds administered by the Director of Commerce and allocated to the Minority Business Bonding Program pursuant to section 169.05 of the Revised Code. The transfer of any cash by the Director of Commerce from the Department of Commerce's Unclaimed Funds Fund (Fund 543) to the Department of Development's Minority Business Bonding Fund (Fund 449) shall occur, if requested by the Director of Development, only if such funds are needed for payment of losses arising from the Minority Business Bonding Program, and only after the $2,700,000 transferred to the Minority Business Bonding Fund by the Controlling Board in 1983 has been used for that purpose. Moneys transferred by the Director of Commerce for this purpose may be moneys in custodial funds held by the Treasurer of State. If expenditures are required for payment of losses arising from the Minority Business Bonding Program, such expenditures shall be made from appropriation item 195-623, Minority Business Bonding Contingency in the Minority Business Bonding Fund, and such amounts are hereby appropriated.

Minority Business Bonding Program Administration

Investment earnings of the Minority Business Bonding Fund (Fund 449), shall be credited to Minority Business Bonding Program Administration Fund (Fund 450).

Ohio Minority Development Financing Advisory Board

The foregoing appropriation item 195-411, Minority Development Financing Advisory Board, shall be used to pay operating costs associated with the Minority Development Financing Advisory Board.

Minority Business Enterprise Loan

Of the foregoing appropriation item 195-646, Minority Business Enterprise Loan (Fund 4W1), not less than $500,000 in each fiscal year shall be used to fund the Ohio Mini-Loan Guarantee Program to make loan guarantees to small businesses in an amount not to exceed fifty per cent of the total capital cost of the project being assisted. In each fiscal year, no more than $400,000 shall be used to pay up to 50 per cent of the operating costs of the Minority Development Financing Advisory Board.

~~In fiscal year 1998~~ During the 1997-1999 biennium, the Director of Development shall use $250,000 from appropriation item 195-646, Minority Business Enterprise Loan, to study minority businesses to identify current minority business needs and to determine how to improve Department of

Development services for minority businesses that would promote economic development throughout the state.

All loan repayments from the Minority Development Financing Advisory Board loan program and the Ohio Mini-Loan Guarantee Program shall be deposited in the State Treasury, to the credit of the Minority Enterprise Loan Fund (Fund 4W1).

Sec. 50.52. Community Schools

The foregoing appropriation item 200-455, Community Schools, shall be paid to the Lucas County Educational Service Center for the Superintendent to use in awarding planning and start-up grants pursuant to this section. Of the foregoing appropriation item 200-455, Community Schools, $150,000 in each fiscal year may be retained by the Lucas County Educational Service Center to pay for additional services and responsibilities under ~~this act~~ Am. Sub. H.B. 215 of the 122nd General Assembly, subject to the reporting of actual expenses incurred to the Department of Education.

From the money received each year from appropriation item 200-455, Community Schools, the Superintendent of the Lucas County Educational Service Center shall make grants to community schools. The Superintendent shall make a grant of up to $50,000 to a proposing group with a preliminary agreement obtained under division (B)~~(4)~~(2) of Subsection 4 of this section in order to defray planning and initial start-up costs. In the first year of operation of a community school, the Superintendent shall make a grant of no more than $100,000 to the governing authority of the school to partially defray additional start-up costs. The amount of the grant shall be based on a thorough examination of the needs of the community school. The Superintendent shall not utilize money received under this section for any other purpose other than those specified under this section.

The governing authority of a community school established pursuant to this section and the Governing Board of the Lucas County Educational Service Center may enter into an agreement, through the adoption of identical resolutions, under which the Service Center Board will provide services to the community school. Services provided under the agreement and the amount and manner in which the community school board will pay for such services shall be mutually agreed to by the school's governing board and the Service Center Board and shall be specified in the service agreement. No agreement may extend beyond June 30, 2003.

The immediately following sections of law, designated as Subsections 1 through 13, are (a) integral parts of this section and (b) a discrete phase of ~~this act~~ Am. Sub. H.B. 215 of the 122nd General Assembly. Within the

scope of this section, the subsections are cited and referred to by only their subsection numbers. For any other purposes, however, the subsections may be cited and referred to by stating, first, the number of this section and, then, following a decimal point, the number of the subsection. For example, if this section were numbered "37.05," Subsection 5 of this section would be cited and referred to in the form, "Section 37.05.5 of ~~this act~~ Am. Sub. H.B. 215 of the 122nd General Assembly."

Sec. 50.52.2. (A) As used in this section:

(1) "Lucas County area" includes the entire territory of any school district having the majority of its territory in Lucas County.

(2) "Start-up school" means a community school other than one created by converting all or part of an existing public school, as designated in the school's contract pursuant to division (P) of Subsection 5 of this section.

(B) The General Assembly finds that the establishment of independent community schools throughout the state has potential desirable effects, including providing parents a choice of academic environments for their children and providing the education community with the opportunity to establish limited experimental educational programs in a deregulated setting. However, the potential effects of a statewide system of community schools could also generate some adverse results. Therefore, the General Assembly finds it advisable to establish a pilot project in the Lucas County area which will permit the operation of community schools in a limited area of the state in order to provide for the evaluation and measurement of the effects of these schools.

No more than twenty start-up school contracts may be in effect at any time under this section. The Superintendent of the Lucas County Educational Service Center shall be responsible for ensuring that the twenty start-up schools represent diverse educational missions, are intended to serve a number of different grade levels, and will appeal to students with a variety of interests or characteristics in order to provide for a range of educational experiments within the pilot project schools. Upon entering into a preliminary agreement pursuant to Subsection 4 of this section, the potential sponsor of a community school shall file a copy of the preliminary agreement with the Superintendent of the Lucas County Educational Service Center. Within twenty-four hours of receipt of the preliminary agreement for a start-up school, the Superintendent shall determine whether the proposed school will add to the diversity of the pilot project schools through offering a unique educational mission, serving grade levels of students or students with certain characteristics or interests not yet being served by other community schools, or offering innovative instructional methods. If the

school will not add to the diversity of the pilot project schools and would be overserving students of a certain type or grade level, the Superintendent may reject the school's preliminary agreement and shall immediately notify the sponsor and the proposing group or individual. Upon entering into a community school contract, the sponsor shall file a copy of the approved contract with that Superintendent. Within twenty-four hours of the filing of the contract, the Superintendent shall notify the sponsor whether twenty start-up school contracts were already in effect at the time of the filing. If twenty such contracts were in effect, the contract filed by the sponsor shall be voided.

Within twenty-four hours of a request of any person, the Superintendent shall indicate the number of preliminary agreements for start-up schools currently outstanding and the number of contracts currently in effect.

(C) No start-up or converted community school shall begin operation under this section after June 30, 2000.

(D) ~~Within ninety days of the effective date of this section~~ not later than September 28, 1997, the Director of the Legislative Office of Education Oversight, in consultation with the Superintendent of the Lucas County Educational Service Center, a classroom teacher appointed by the board of the Ohio Education Association, a classroom teacher appointed by the board of the Ohio Federation of Teachers, and a classroom teacher who is a member of neither of these organizations selected by that Superintendent, shall develop a study design for the evaluation of the pilot project schools and the overall effects of the community school pilot project. The study design shall include the criteria that the Office will use to determine the positive and negative effects of the project overall, and the success or failure of individual community schools. The design shall include a description of the data that must be collected by the Superintendent and by each community school and sponsor and a timeline for the collection of the data. The director shall adapt the study design prepared under this subsection for use in evaluating community schools established under Chapter 3314. Of the Revised Code, as well as the Lucas County pilot project community schools. The office shall notify each community school of the data that must be collected and the timeline for collection of the data. Data shall be collected at regular intervals, but no evaluation of the results of data collected shall be made by the Office prior to June 2001. A preliminary report, together with any recommendations to improve ~~the project~~ community schools, shall be issued to the Speaker of the House of Representatives and the President of the Senate by June 30, 2001. A final report, with recommendations as to the future of community schools in Ohio, shall be made to the Speaker and

President by June 1, 2003.

Sec. 50.52.4. (A) As used in this section, "sponsor" means a school district located in the Lucas County area, the Lucas County Educational Service Center, or the University of Toledo ~~College of Education~~ board of trustees or its designee with which the governing authority of a proposed community school enters into a contract pursuant to this subsection.

(B)(1) Any individual or group of individuals may propose the establishment of a community school to ~~the board of education of the Lucas County area city, local, or exempted village school district in which the community school is proposed to be located. If such city, local, or exempted village board wishes to sponsor the school, the board and the proposing individual or group shall sign a preliminary agreement pursuant to division (B)(4) of this subsection and the board shall enter into negotiations for the contract required by division (C) of this subsection.~~

~~If such city, local, or exempted village board does not enter into a preliminary agreement within thirty calendar days of the date on which the initial proposal was made to it by the proposing individual or group, or if the board directly notifies the proposing individual or group at any time that it does not wish to sponsor the community school, the individual or group may instead propose the establishment of a community school to either~~ any of the following public entities:

(a) The board of education of any Lucas County area city, local, or exempted village school district in which the community school is proposed to be located, or, if the proposed community school would utilize a facility located outside the Lucas County area but within a county contiguous to Lucas County as permitted in subsection 7 of this section, to the board of education of any Lucas County area city, local, or exempted village school district;

(b) The Governing Board of the Lucas County Educational Service Center;

~~(b)~~(c) ~~The governing~~ A sponsoring authority designated by the board of trustees of the University of Toledo ~~College of Education~~ or the board itself.

Such board of education, governing board, or sponsoring authority may enter into a preliminary agreement pursuant to division (B)~~(4)~~(2) of this subsection with the proposing person or group and enter into negotiations for the contract required by division (C) of this subsection.

Any public entity to which an individual or a group of individuals proposes the establishment of a community school pursuant to this section shall notify that individual or group of individuals within thirty calendar days after the individual or group of individuals has delivered its proposal of

the entity's decision whether or not to enter into a preliminary agreement to establish the proposed community school.

(2) ~~An employee or group of employees of the Lucas County Educational Service Center may propose the establishment of a community school to the Governing Board of the Center. If the Board wishes to sponsor the school, the Board and any proposing employees shall sign a preliminary agreement pursuant to division (B)(4) of this subsection and the Board shall enter into negotiations for the contract required by division (C) of this subsection.~~

~~(3) An employee or group of employees of the University of Toledo College of Education may propose the establishment of a community school to the governing authority of the College. If the authority wishes to sponsor the school, the authority and any proposing employees shall sign a preliminary agreement pursuant to division (B)(4) of this subsection and the authority shall enter into negotiations for the contract required by division (C) of this subsection.~~

~~(4)~~ A preliminary agreement indicates the intention of a public entity described in this subsection to sponsor the community school. Unless the Superintendent of the Lucas County Educational Service Center rejects the preliminary agreement pursuant to Subsection 2 of this section, a proposing individual or group that has such a preliminary agreement may proceed to finalize plans for the school, establish a governing authority for the school, and negotiate a contract with the public entity. Provided the proposing individual or group adheres to the preliminary agreement and all provisions of this section, the public entity shall negotiate in good faith to enter into a contract in accordance with division (C) of this subsection.

~~(5)~~(3) At any time after the expiration of a sixty-calendar-day period following the signing of a preliminary agreement by ~~a city, local, or exempted village board~~ an entity and a proposing individual or group, the proposing individual or group may cancel the preliminary agreement and may instead propose the establishment of the school to ~~the Lucas County Educational Service Center or the University of Toledo College of Education~~ another entity unless one of the following occurs:

(a) The ~~school district board~~ entity and the governing authority of the proposed community school mutually agree to and sign a contract meeting the requirements of Subsection 5 of this section;

(b) The ~~school district board~~ entity and the individual or group proposing the school mutually agree to extend the period for negotiation of a contract meeting the requirements of Subsection 5 of this section.

(C) A majority vote of the appropriate public entity and a majority vote

of the members of the governing authority of a community school shall be required to adopt a contract and establish the community school. Except as limited in Subsection 2 of this section, an unlimited number of community schools may be established in any one school district provided that a contract is entered into for each community school pursuant to this section.

(D) Prior to entering into a contract under this section, a potential sponsor shall determine whether the proposed community school consists of a facility and governing board that is substantially the same as the facility and governing board of a nonpublic school in existence on January 1, 1997. If the potential sponsor determines the facility and board to be substantially the same, it shall not enter into a contract with the governing authority of the school. Upon request of a potential sponsor, the Office of the Secretary of State shall provide any records filed with that office that are relevant to a determination under this subsection. The Secretary of State may charge the potential sponsor a reasonable fee for any information provided under this division.

Sec. 50.52.7. Any facility used for a community school shall meet all health and safety standards established by law for school buildings.

In the case where a community school is proposed to be located in a facility owned by a school district or the Lucas County Educational Service Center, the facility may not be used for such community school unless the district or service center board owning the facility enters into an agreement to lease the facility to the governing authority of the community school. Such lease may be under any terms and conditions agreed to by the district or service center board and the school.

A community school operated pursuant to this section may utilize any facility located anywhere within the Lucas County area as defined in this section or anywhere within any county contiguous to Lucas County.

Sec. 50.52.9. (A) The expiration of the contract for a community school between a sponsor and a school shall be the date provided in the contract. A successor contract may be entered into unless the contract is terminated or not renewed pursuant to this subsection. However, no contract shall extend beyond June 30, 2003.

(B)(1) A sponsor may choose not to renew a contract at its expiration or may choose to terminate a contract prior to its expiration for any of the following reasons:

(a) Failure to meet student performance requirements stated in the contract;

(b) Failure to meet generally accepted standards of fiscal management;

(c) Violation of any provision of the contract or applicable state or

federal law;

(d) Other good cause.

A termination shall be effective only at the conclusion of the instructional year.

(2) At least ~~sixty~~ one hundred eighty days prior to the termination or nonrenewal of a contract, the sponsor shall notify the school of the proposed action in writing. The notice shall include the reasons for the proposed action in detail and that the school may, within fourteen days of receiving the notice, request an informal hearing before the sponsor. Such request must be in writing.

(3) A decision by a sponsoring board of education or the University of Toledo College of Education to terminate a community school contract may be appealed to the Superintendent of the Lucas County Educational Service Center. A decision by the Lucas County Educational Service Center to terminate a contract of a school it sponsors may be appealed to the State Board of Education. The decision by the Superintendent or the State Board, as applicable, pertaining to an appeal under this division is final.

(C) A child attending a community school whose contract has been terminated or nonrenewed or that closes for any reason shall be admitted to the schools of the district in which the child is entitled to attend under section 3313.64 or 3313.65 of the Revised Code. Any deadlines established for the purpose of admitting students under section 3313.97 or 3313.98 of the Revised Code shall be waived for students to whom this division pertains.

(D) Notwithstanding anything to the contrary in section 2744.02 of the Revised Code, a sponsor of a community school and the officers, directors, or employees of such a sponsor are not liable in damages in a tort or other civil action for harm allegedly arising from either of the following:

(1) A failure of the community school or any of its officers, directors, or employees to perform any statutory or common law duty or responsibility or any other legal obligation;

(2) An action or omission of the community school or any of its officers, directors, or employees that results in harm.

(E) As used in this subsection:

(1) "Harm" means injury, death, or loss to person or property.

(2) "Tort action" means a civil action for damages for injury, death, or loss to person or property other than a civil action for damages for a breach of contract or another agreement between persons.

Sec. 58. EPA ENVIRONMENTAL PROTECTION AGENCY

General Revenue Fund

GRF	716-321	Central Administration	$	3,688,765	$	~~3,780,221~~ 3,865,221
GRF	717-321	Water Quality Planning and Assessment	$	~~7,783,614~~ 7,748,614	$	8,133,514
GRF	718-321	Ground Water	$	1,035,597	$	1,098,797
GRF	719-321	Air Pollution Control	$	2,608,893	$	2,673,946
GRF	721-321	Public Water System Supervision	$	2,857,608	$	2,939,948
GRF	724-321	Pollution Prevention	$	630,799	$	630,799
GRF	725-321	Laboratory	$	1,116,505	$	1,145,330
GRF	726-321	Corrective Actions	$	304,462	$	281,279
GRF	715-501	Local Air Pollution Control	$	1,398,489	$	1,437,647
GRF	715-503	Science Advisory Program	$	~~500,000~~ 450,000	$	500,000
GRF	715-504	Special Sanitary District Distress Fund	$	3,000,000	$	0
TOTAL GRF General Revenue Fund			$	~~24,924,732~~ 24,839,732	$	~~22,621,481~~ 22,706,481
General Services Fund Group						
199	715-602	Laboratory Services	$	700,000	$	700,000
4A1	715-640	Sale of Goods and Services	$	3,148,826	$	3,148,680
491	715-665	Moving Expenses	$	0	$	1,358,168
TOTAL GSF General Services Fund Group			$	3,848,826	$	~~3,848,680~~ 5,206,848
Federal Special Revenue Fund Group						
3F2	715-630	State Revolving Loan Fund - Operating Expenses	$	3,733,024	$	3,821,161
3F3	715-632	PCB Toxics	$	3,584,637	$	3,571,485
3F4	715-633	Water Quality Management	$	934,238	$	624,238
3F5	715-641	Nonpoint Source Pollution Management	$	4,339,154	$	4,197,440
3J1	715-620	Urban Stormwater	$	461,309	$	589,109
3J5	715-615	Maumee River	$	1,183,511	$	600,734
3K2	715-628	Clean Water Act 106	$	2,535,049	$	2,784,249
3K3	715-637	DOE Agreement in Principle	$	1,932,687	$	1,988,973
3K4	715-634	DOD Base Realignment/Closure Grant	$	861,500	$	861,500
3K6	715-639	Remedial Action Plan	$	510,493	$	723,887
3M5	715-652	Haz Mat Transport Uniform Safety	$	268,745	$	276,707
3N1	715-655	Pollution Prevention Grants	$	90,000	$	90,000
3N4	715-657	DOE Cost Recovery Grants	$	3,098,920	$	3,137,675
352	715-611	Wastewater Pollution	$	349,132	$	395,000
353	715-612	Public Water Supply	$	2,308,500	$	2,308,500
354	715-614	Hazardous Waste Management	$	4,678,123	$	4,678,123
356	715-616	Indirect Costs	$	3,600,000	$	3,600,000
357	715-619	Air Pollution Control	$	3,074,005	$	2,876,047
362	715-605	Underground Injection Control	$	119,000	$	119,000
TOTAL FED Federal Special Revenue						

Fund Group				$	37,662,027	$ 37,243,828
State Special Revenue Fund Group						
4C3	715-647	Central Support Indirect		$	7,254,006	$ 7,437,442
4D7	715-603	Natural Resources Damage Assessment		$	86,610	$ 86,610
4G3	715-618	Jennison Wright Cleanup		$	140,352	$ 140,352
4J0	715-638	Underground Injection Control		$	321,139	$ 329,488
4K2	715-648	Clean Air		$	1,863,000	$ 1,863,000
4K3	715-649	Solid Waste		$	9,960,931	$ 9,037,732
4K4	715-650	Surface Water Protection		$	6,985,194	$ 6,985,194
4K5	715-651	Drinking Water Protection		$	4,799,522	$ 3,945,546
4P5	715-654	Cozart Landfill		$	130,000	$ 130,000
4R5	715-656	Scrap Tire Management		$	4,255,459	$ 4,243,359
4R9	715-658	Voluntary Action Program		$	1,345,567	$ 1,269,754
4T3	715-659	Title V Permit Program		$	11,000,000	$ 10,900,000
4U7	715-660	Construction & Demolition Debris		$	300,160	$ 300,160
4V8	715-663	Microdot Settlement		$	40,000	$ 0
500	715-608	Immediate Removal Special Account		$	591,800	$ 599,639
503	715-621	Hazardous Waste Facility Management		$	7,580,537	$ 7,901,421
503	715-661	Hazardous Waste Facility Cleanup		$	3,123,667	$ 3,173,266
503	715-662	Hazardous Waste Facility Board		$	796,573	$ 810,122
505	715-623	Hazardous Waste Clean-up		$	18,444,873	$ 17,852,771
6A1	715-645	Environmental Education		$	2,119,976	$ 2,125,114
602	715-626	Motor Vehicle Inspection and Maintenance		$	2,301,013	$ 2,390,569
644	715-631	ER Radiological Safety		$	198,095	$ 190,451
660	715-629	Infectious Wastes Management		$	179,630	$ 120,480
678	715-635	Air Toxic Release		$	272,236	$ 290,016
679	715-636	Emergency Planning		$	1,799,000	$ 1,849,372
676	715-642	Water Pollution Control Loan Administration		$	0	$ 1,060,000
696	715-643	Air Pollution Control Administration		$	740,000	$ 750,000
699	715-644	Water Pollution Control Administration		$	500,000	$ 500,000
TOTAL SSR State Special Revenue Fund Group				$	87,129,340	$ 86,281,858
TOTAL ALL BUDGET FUND GROUPS				$	~~153,564,925~~ 153,479,925	$ ~~149,995,847~~ 151,439,015

Cash Transfer from Hazardous Waste Funds to Solid Waste Fund

Notwithstanding any other provision of law to the contrary, the Director of Budget and Management shall transfer $882,619 cash from Fund 503, Hazardous Waste Facility Management and $882,619 from Fund 505, Hazardous Waste Clean-up, to Fund 4K3, Solid Waste.

Special Sanitary District Distress Fund

Of the foregoing appropriation item, GRF 715-504, Special Sanitary District Distress Fund, $3,000,000 in fiscal year 1998 shall be used exclusively to abate or correct unsanitary conditions in a special sanitary district created under section 1541.21 of the Revised Code concerning which the Director of Environmental Protection has issued proposed Administrative Orders prior to April 1994, but has not issued Final Administrative Orders. The Special Sanitary District Distress Fund shall be abolished on June 30, 1999, or whenever the balance in the fund is $0, whichever occurs earlier.

Area-Wide Planning Agencies

Of the foregoing appropriation item, GRF 717-321, Water Quality Planning and Assessment, $450,000 in fiscal year 1998 and $450,000 in fiscal year 1999 shall be divided evenly between the following six area-wide planning agencies: Eastgate Development and Transportation Agency, Toledo Metropolitan Area Council of Governments, Northeast Ohio Four County Regional Planning and Development Organization, Northeast Ohio Areawide Coordinating Agency, Ohio-Kentucky-Indiana Regional Council of Governments, and Miami Valley Regional Planning Commission.

Hazardous Waste Study Committee

The Director of Environmental Protection shall review the funding needs and program activities of the Division of Hazardous Waste Management and the Division of Emergency and Remedial Response and present that information to an advisory committee established by the Director. The committee shall be composed of three representatives of the Environmental Protection Agency, two representatives of permitted hazardous waste facilities, two representatives of industry involved in emergency and remedial response, and two representatives of state-wide environmental advocacy organizations. The committee shall make recommendations to the Director regarding funding needs and program activities. The Director shall report the committee's recommendations to the Speaker of the House of Representatives and the President of the Senate not later than October 1, 1998.

Scrap Tire Program

Of the foregoing appropriation item Fund 4R5, 715-656 Scrap Tire Management, $400,000 in fiscal year 1998 and $400,000 in fiscal year 1999 shall be used to fund a tire development and reprocessing project.

Harrison County Garage Environmental Assessment

Of the foregoing appropriation item GRF 726-321, Corrective Actions, $30,000 in fiscal year 1998 shall be used to fund the Harrison County Garage environmental assessment.

Moving Expenses

There is hereby created in the state treasury the Moving Expenses Fund. The fund shall consist of cash balances transferred from existing funds not already obligated to pay existing obligations. The fund shall be used to pay the moving expenses of the Environmental Protection Agency into new facilities.

Notwithstanding any provision of the law to the contrary, the Director of Environmental Protection, with the approval of the Director of Budget and Management, may transfer cash balances not already obligated to other obligations into the Moving Expenses Fund.

Sec. 62.01. Child and Family Health Services

Of the foregoing appropriation item 440-416, Child and Family Health Services, $1,300,000 in each fiscal year shall be used for family planning services. None of the funds received through these family planning grants shall be used to provide abortion services. None of the funds received through these family planning grants shall be used for referrals for abortion, except in the case of a medical emergency. These funds shall be distributed on the basis of the relative need in the community served by the Director of Health to family planning programs, which shall include family planning programs funded under Title V of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C.A. 301, as amended, and Title X of the "Public Health Services Act," 58 Stat. 682 (1946), 42 U.S.C.A. 201, as amended, as well as to other family planning programs which the Department of Health also determines will provide services that do not include referrals for abortion, other than in the case of medical emergency, with state funds, but that otherwise substantially comply with the quality standards for such programs under Title V and Title X.

The Director of Health shall, by regulation, provide reasonable methods by which a grantee wishing to be eligible for federal funding may comply with these requirements for state funding without losing its eligibility for federal funding.

Of the foregoing appropriation item 440-416, Child and Family Health Services, $25,000 in fiscal year 1998 shall be used by the Preble County Commission to conduct a study to determine if a Wellness Center should be established in Preble County. Any unused funds shall be credited to appropriation item 440-416, Child and Family Health Services.

Of the foregoing appropriation item 440-416, Child and Family Health Services, $47,000 in fiscal year 1998 shall be used by the Monroe County Health Planning Council.

Of the foregoing appropriation item 440-416, Child and Family Health

Services, $150,000 in each fiscal year shall be used to provide malpractice insurance for physicians and other health professionals providing prenatal services in programs funded by the Ohio Department of Health.

Of the foregoing appropriation item 440-416, Child and Family Health Services, $650,000 in each fiscal year shall be used for the Help Me Grow program.

Of the foregoing appropriation item 440-416, Child and Family Health Services, $200,000 shall be used in each fiscal year for the OPTIONS dental care access program.

Of the foregoing appropriation item 440-416, Child and Family Health Services, $25,000 shall be used by the Carroll County Health Department.

Of the foregoing appropriation item 440-416, Child and Family Health Services, $50,000 in each fiscal year shall be used by the Cuyahoga County Health Department for the development of a Pulmonary Hemosiderosis Prevention Program.

Prevention

Of the foregoing appropriation item 440-451, Prevention, $100,000 shall be used in each fiscal year for rape prevention programs.

Of the foregoing appropriation item 440-451, Prevention, $54,500 in fiscal year 1998 and $49,820 in fiscal year 1999 shall be used by the Miami Valley Youth Health Improvement Coalition to prevent youths from cigarette or marijuana use and from alcohol consumption. These funds shall be made available for use in the following counties: Champaign, Clark, Darke, Greene, Miami, Montgomery, Preble, and Shelby.

Hemophilia AIDS Prevention

Of the foregoing appropriation, 440-406, Hemophilia Services, $235,000 in fiscal year 1998 and $245,000 in fiscal year 1999 shall be used by the Ohio Department of Health to provide grants to the nine hemophilia treatment centers to provide prevention services for persons with hemophilia and their family members affected by AIDS and other bloodborne pathogens.

HIV/AIDS Prevention/Protease Inhibitors

Of the foregoing appropriation item 440-444, AIDS Prevention/AZT, $3.0 million in fiscal year 1998 and $3.9 million in fiscal year 1999 shall be used to assist persons with HIV/AIDS in acquiring protease inhibitor drugs.

Hemophilia Insurance Pilot Project

Of the foregoing appropriation item 440-406, Hemophilia Services, $205,000 in each fiscal year shall be used to implement the Hemophilia Insurance Pilot Project.

Maternal Child Health Block Grant

Of the foregoing appropriation item 440-601, Maternal Child Health Block Grant (Fund 320), $2,091,299 shall be used in each fiscal year for the purposes of abstinence-only education. The Director of Health shall develop guidelines for the establishment of abstinence programs for teenagers with the purpose of decreasing unplanned pregnancies and abortion. Such guidelines shall be pursuant to Title V of the "Social Security Act," 42 U.S.C.A. 510 and shall include, but are not limited to, advertising campaigns and direct training in schools and other locations.

Medically Handicapped Children Audit

The Medically Handicapped Children Audit Fund (Fund 477) shall receive revenue from audits of hospitals and recoveries from third-party payors. Funds may be expended for payment of audit settlements and for costs directly related to obtaining recoveries from third-party payors and for encouraging Program for Medically Handicapped Children recipients to apply for third-party benefits. Funds also may be expended for payments for diagnostic and treatment services on behalf of medically handicapped children, as defined in division (A) of section 3701.022 of the Revised Code, Ohio residents who are twenty-one or more years of age and who are suffering from cystic fibrosis.

Medically Handicapped Children - County Assessments

The foregoing appropriation item, 440-607, Medically Handicapped Children - County Assessments, shall be used to make payments pursuant to division (E) of section 3701.023 of the Revised Code.

Sickle Cell Fund

The foregoing State Special Revenue Fund Group appropriation item 440-610, Sickle Cell Disease Control (Fund 4F9), shall be used by the Department of Health to administer programs authorized by section 3701.131 of the Revised Code. The source of the funds is as specified in section 3701.23 of the Revised Code.

Cancer Registry System

The foregoing appropriation item 440-412, Cancer Incidence Surveillance System, shall be used to establish and maintain a cancer registry system within the Department of Health pursuant to sections 3701.261 to 3701.263 of the Revised Code. In each fiscal year of the biennium, $50,000 of line item 440-412 shall be used as an operating subsidy for the Cleveland Cancer Data Systems.

Genetics Services

The foregoing State Special Revenue Fund Group appropriation item 440-608, Genetics Services (Fund 4D6), shall be used by the Department of Health to administer programs authorized by sections 3701.501 and

3701.502 of the Revised Code.

Sudden Infant Death Syndrome

A portion of the foregoing appropriation item 440-601, Maternal and Child Health Block Grant (Fund 320), shall be used to ensure that current information on sudden infant death syndrome is available for distribution by local health districts.

Poison Control Network

Of the foregoing appropriation, 440-504, Poison Control Network, all available funds in each fiscal year shall be used by the Ohio Department of Health for grants to the consolidated Ohio Poison Control Center to provide poison control services to Ohio citizens.

Of the foregoing appropriation item 440-504, Poison Control Network, $250,000 in fiscal year 1998 and $250,000 in fiscal year 1999 shall be used to consolidate the poison control centers in Ohio in a single location in Hamilton County.

Tuberculosis

The foregoing appropriation item 440-506, Tuberculosis, shall be used to make payments to counties pursuant to section 339.43 of the Revised Code.

Child and Family Health Services ISTV

The Director of Budget and Management shall transfer cash from Fund 3P8, Disproportionate Share, to the Department of Health Fund 5E1, Health Services, in an amount of $14,800,000. This amount shall be used for the following purposes: $4,900,000 shall be used in fiscal years 1998 and 1999 for rabies prevention; $1,000,000 in each fiscal year shall be disbursed to the local Child and Family Health Services Clinics to provide services to uninsured low-income persons; $1,500,000 in each fiscal year to Federally Qualified Health Centers and federally designated look-alikes to provide services to uninsured low-income persons; $1,000,000 in each fiscal year shall be used for the diagnosis and treatment of sexually transmitted diseases; and $700,000 in each fiscal year for family planning services. None of the funds received through family planning grants under appropriation item 440-624, Health Services (Fund 5E1), shall be used to provide abortion services. None of the funds received through family planning grants under appropriation item 440-624, Health Services (Fund 5E1), shall be used for referrals for abortion, except in the case of a medical emergency. These funds shall be distributed on the basis of the relative need in the community served by the Director of Health to family planning programs, which shall include family planning programs funded under Title V of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C.A. 301, as

amended, and Title X of the "Public Health Services Act," 58 Stat. 682 (1946), 42 U.S.C.A. 201, as amended, as well as to other family planning programs which the Department of Health also determines will provide services that do not include referrals for abortion, other than in the case of medical emergency, with state funds, but that otherwise substantially comply with the quality standards for such programs under Title V and Title X.

The Director of Health shall, by regulation, provide reasonable methods by which a grantee wishing to be eligible for federal funding may comply with these requirements for state funding without losing its eligibility for federal funding. The Director of Health shall adopt rules for the use of these funds by September 30, 1997.

The Director of Health shall require recipients of these funds to acknowledge that Fund 5E1, Health Services, does not have a revenue source beyond this biennium and that there is no assurance that funding for these initiatives will continue in the next biennium.

Public Health

Of the foregoing appropriation item 440-624, Health Services, $500,000 in fiscal year 1998 and $1,000,000 in fiscal year 1999 shall be transferred to the Ohio State University College of Medicine and Public Health. The funds shall support the development of statewide public health initiatives that are consistent with the "Ohio Public Health Plan: Strategies to Implement the Five Point Plan," including the development of data collection mechanisms and data processes to track and evaluate public health programs and outcomes. The College of Medicine and Public Health shall work in collaboration with the Department of Health and the local departments of health to provide consultative program development and design services in health behavior, health promotion, epidemiology, biometrics, health services and management, and environmental health sciences. Measurable outcome-based initiatives shall be developed in a minimum of the following areas: childhood immunizations; emerging infectious diseases; women's health issues; the prevention of teenage pregnancy; improved outcomes of pregnancy; and the value of nutritional education and dietary modification as a strategy for the prevention of heart disease and cancer.

The Director of Health shall require The Ohio State University College of Medicine and Public Health to acknowledge that Fund 5E1, Health Services, does not have a revenue source beyond this biennium and that there is no assurance that funding for these initiatives will continue in the next biennium.

AIDS Drug Reimbursement Program

Of the foregoing appropriation item 440-444, AIDS Prevention/AZT, $124,500 in fiscal years 1998 and 1999 shall be used for the AIDS Drug Reimbursement Program and section 3701.241 of the Revised Code and Title XXVI of the "Public Health Services Act," 104 Stat. 576 (1990), 42 U.S.C.A. 2601, as amended. The Department of Health is authorized to promulgate rules pursuant to section 111.15 and Chapter 119. of the Revised Code as necessary for the administration of the program.

Ohio Early Start Program

The foregoing appropriation item 440-459, Ohio Early Start, shall be used to provide services to children under age three who are at risk of developmental delay or child abuse and neglect. Funds shall be allocated with the approval of the Family and Children First Cabinet Council and pursuant to rules adopted in accordance with Chapter 119. of the Revised Code.

Ohio Health Care Data System

Of the foregoing appropriation item, 440-413, Ohio Health Care Data System, the Director of Health may distribute up to $450,000 in each fiscal year to the Ohio Corporation for Health Information to expand the electronic data interchange effort and for special projects.

Transfer of Laboratory Services

The Director of Health shall contract with The Ohio State University to perform the state laboratory testing, analytical duties and any other related functions currently performed by the Bureau of Laboratories at the Department of Health.

Osteoporosis Awareness Program

Grants from pharmaceutical companies, and others, that are credited to appropriation item 440-609, Non-Governmental Revenue (Fund 4L3), for the purpose of osteoporosis awareness and appropriations in line item 440-402, Osteoporosis Awareness, are to be used by the Office of Women's Health Initiatives to implement an Osteoporosis Awareness Program.

Central Support Indirect Fund Cash Transfer

On or before June 30, 1998, at the request of the Director of Health, the Director of Budget and Management may transfer cash in an amount up to $600,000 from the Central Support Indirect Fund (Fund 211) to the Lab Handling Fee Fund (Fund 473) and increase appropriation item 440-622, Lab Handling Fee, by an equivalent amount.

Certificate of Need Fund Uses

In addition to uses cited in division (B) of section 3702.52 Of the Revised Code, in fiscal year 1999 the Director of Health may use the Certificate of Need Fund (Fund 471) to administer sections 3702.11 to

3702.20 and 3702.30 Of the Revised Code.

SECTION 67.08 OF AM. SUB. H.B. 215/122nd GA

Sec. 67.08. Study on Transfer of Assets and the Medicaid Estate Recovery Program

The Department of Human Services shall conduct a study, or contract for a study to be conducted, for the purpose of determining the extent to which applicants for nursing home services paid for through the Medicaid program are transferring their assets for less than fair market value as a means of avoiding depletion of their assets for their own support prior to becoming eligible for Medicaid. The study shall include an analysis of the Medicaid estate recovery program, including a compilation of data regarding the ~~follwing~~ following: the frequency of homestead property being available for recovery, the amount spent on the estate recovery program in comparison to the amount actually recovered, and the experience of other states in operating Medicaid estate recovery programs. The study shall include any recommendations for legislative changes that would either deter the occurrence of pre-eligibility asset transfers or enhance the efficacy of the Department's Medicaid estate recovery program. Results of the study shall be filed by January 1, 1999, with the Governor, the Speaker of the House of Representatives, and the President of the Senate.

Funding for the Early Start Welcome Visits Program

In fiscal year 1999, upon the request of the Director of Human Services, the Controlling Board may transfer up to $4 million in state share General Revenue Fund appropriations from the Department of Human Services to the Department of Health appropriation item 440-459, Ohio Early Start, to provide financial support for the Early Start Welcome Visits Program. The Director of Budget and Management may reduce the appropriate line item in the Department of Human Services' budget by the amount of corresponding federal matching funds.

Sec. 101. RSC REHABILITATION SERVICES COMMISSION

General Revenue Fund

GRF	415-100	Personal Services	$	6,974,196	$ 7,147,615
GRF	415-401	Personal Care Assistance	$	778,680	$ 778,680
GRF	415-402	Independent Living Council	$	270,600	$ 396,218
GRF	415-403	Mental Health Services	$	750,000	$ 750,000
GRF	415-404	MR/DD Services	$	1,286,281	$ 1,318,438
GRF	415-405	Vocational Rehabilitation/Human Services	$	561,450	$ 561,450
GRF	415-431	Office for People with Head Injury	$	192,672	$ 195,452
GRF	415-506	Case Services for People with Disabilities	$	10,865,916	$ 11,227,308
GRF	415-508	Services for People who are	$	48,854	$ 48,854

		Deaf		
GRF	415-509	Services for People who are Elderly	$ 365,567	$ 375,803
GRF	415-520	Independent Living Centers or Services	$ 58,948	$ 60,716
TOTAL GRF General Revenue Fund			$ 22,153,164	$ 22,860,534
General Services Fund Group				
4W5	415-606	Indirect Costs	$ 15,629,694	$ 16,307,149
467	415-609	Stand Concessions	$ 1,571,770	$ 1,629,834
TOTAL GSF General Services Fund Group			$ 17,201,464	$ 17,936,983
Federal Special Revenue Fund Group				
317	415-620	Disability Determination	$ 59,462,014	$ 61,382,614
3L1	415-601	Social Security Personal Care Assistance	$ 3,027,000	$ 3,027,000
3L1	415-605	Social Security Community Centers for People who are Deaf	$ 1,100,000	$ 1,100,000
3L1	415-607	Social Security Administration Cost	$ 123,292	$ 125,823
3L1	415-608	Social Security Special Programs/Assistance	$ 1,330,981	$ 1,343,818
3L1	415-610	Social Security Vocational Rehabilitation	$ 1,302,000	$ 1,302,000
3L1	415-614	Social Security Independent Living	$ 285,979	$ 285,979
3L4	415-611	Federal-Independent Living Council	$ 185,400	$ 190,962
3L4	415-612	Federal-Independent Living Centers or Services	$ 530,532	$ 546,444
3L4	415-615	Federal - Supported Employment	$ 2,064,125	$ 2,110,656
3L4	415-617	Federal Special Vocational Rehabilitation Programs	$ 494,453	$ 499,177
379	415-616	Federal-Vocational Rehabilitation	$ 105,202,487	$ 110,562,781
TOTAL FED Federal Special Revenue Fund Group			$175,108,263	$182,477,254
State Special Revenue Fund Group				
4L1	415-619	Services for Rehabilitation	$ 1,800,000	$ 1,800,000
468	415-618	Third Party Funding	$ 6,138,409	$ 6,191,365
TOTAL SSR State Special Revenue Fund Group			$ 7,938,409	$ 7,991,365
TOTAL ALL BUDGET FUND GROUPS			$ 222,401,300	$ 231,266,136

Stand Concessions Fund--Crediting of Income

In crediting interest and other income earned on moneys deposited in the Stand Concessions Fund (Fund 467), the Treasurer of State and Director of Budget and Management shall ensure that the requirements of section 3304.35 of the Revised Code are met.

Personal Care Assistance

The foregoing appropriation item 415-401, Personal Care Assistance,

shall be used in addition to the federal Social Security reimbursement funds used to provide personal care assistance services. These funds shall not be used in lieu of the Social Security reimbursement funds.

MR/DD Services

The foregoing appropriation item 415-404, MR/DD Services, shall be used as state matching funds to provide vocational rehabilitation services to mutually eligible clients between the Rehabilitation Services Commission and the Ohio Department of Mental Retardation and Developmental Disabilities. The Rehabilitation Services Commission shall report to the Ohio Department of Mental Retardation and Developmental Disabilities, as outlined in an interagency agreement, on the number and status of mutually eligible clients and the status of the funds and expenditures for these clients.

Vocational Rehabilitation/Human Services

The foregoing appropriation item 415-405, Vocational Rehabilitation/Human Services, shall be used as state matching funds to provide vocational rehabilitation services to mutually eligible clients between the Rehabilitation Services Commission and the Ohio Department of Human Services. The Rehabilitation Services Commission shall report to the Ohio Department of Human Services, as outlined in an interagency agreement, on the number and status of mutually eligible clients and the status of the funds and expenditures for these clients.

Office for People with Head Injury

Of the foregoing appropriation item 415-431, Office for People with Head Injury, $100,000 in ~~each~~ fiscal year 1999 shall be used for the state match for a federal grant awarded through P.L. 104-166, The Traumatic Brain Injury Act. The remaining appropriations in this item shall be used to plan and coordinate head injury-related services provided by state agencies and other government or private entities, to assess the needs for such services and to set priorities in this area.

Services for People who are Deaf

The foregoing appropriation item 415-508, Services for People who are Deaf, shall be used to supplement the federal Social Security reimbursement funds used to provide grants to community centers for the deaf. These funds shall not be used in lieu of Social Security reimbursement funds.

Services for People who are Elderly

The foregoing appropriation item 415-509, Services for People who are Elderly, shall be used as matching funds for vocational rehabilitation services for eligible elderly citizens with a disability.

Social Security Reimbursement Funds

Reimbursement funds received from the Social Security Administration,

U.S. Department of Health and Human Services, for the costs of providing services and training to return disability recipients to gainful employment, shall be used in the Social Security Reimbursement Fund (Fund 3L1), as follows:

(A) Appropriation item 415-601, Social Security Personal Care Assistance, to provide personal care services in accordance with section 3304.41 of the Revised Code.

(B) Appropriation item 415-605, Social Security Community Centers for People who are Deaf, to provide grants to community centers for the deaf in Ohio for services to individuals with hearing impairments.

(C) Appropriation item 415-607, Social Security Administrative Cost, to provide administrative services needed to administer the Social Security reimbursement program.

(D) Appropriation item 415-610, Social Security Vocational Rehabilitation, to provide vocational rehabilitation services to individuals with severe disabilities to achieve a noncompetitive employment goal such as homemaker.

(E) The foregoing appropriation item 415-614, Social Security Independent Living, to cover projected shortfall in federal funding for fiscal years 1998 and 1999.

(F) Appropriation item 415-608, Social Security Special Programs/Assistance, to provide vocational rehabilitation services to individuals with severe disabilities, who are Social Security beneficiaries, to achieve competitive employment. This item also includes funds to assist the Personal Care Assistance, Community Centers for the Deaf, and Independent Living programs to pay their share of indirect costs as mandated by federal OMB Circular A-87.

Indirect Costs

The foregoing appropriation item 415-606, Indirect Costs, shall be used to support the administrative functions of the commission related to the provision of vocational rehabilitation, disability determination services, and ancillary programs.

Independent Living Council

The foregoing appropriation items 415-402, Independent Living Council, and 415-611, Federal-Independent Living Council, shall be used to fund the operations of the State Independent Living Council.

Mental Health Services

The foregoing appropriation item 415-403, Mental Health Services, shall be used for the provision of vocational rehabilitation services to mutually eligible consumers of the Rehabilitation Services Commission and

the Department of Mental Health.

The Department of Mental Health shall receive a quarterly report from the Rehabilitation Services Commission stating the numbers served, numbers placed in employment, average hourly wage, and average hours worked.

Independent Living Centers or Services

The foregoing appropriation items 415-520, Independent Living Centers or Services, and 415-612, Federal-Independent Living Centers or Services, shall be used to support state independent living centers or independent living services pursuant to Title VII-Independent Living Services and Centers for Independent Living of the Rehabilitation Act Amendments of 1992, 106 Stat. 4344, 29 U.S.C.A. 796d.

Federal - Special Vocational Rehabilitation Programs

The foregoing appropriation item 415-617, Federal-Special Vocational Rehabilitation Programs, shall be used to support vocational rehabilitation programs including, but not limited to, Projects with Industry and Training Grants.

Sec. 119. OVH OHIO VETERANS' HOME

General Revenue Fund

GRF	430-100	Personal Services	$	10,334,362	$	11,039,285
GRF	430-200	Maintenance	$	4,676,165	$	5,007,942
TOTAL GRF General Revenue Fund			$	15,010,527	$	16,047,227

Federal Special Revenue Fund Group

3L2	430-601	Federal Grants	$	6,690,000	$	7,034,267
TOTAL FED Federal Special Revenue Fund Group			$	6,690,000	$	7,034,267

State Special Revenue Fund Group

4E2	430-602	Veterans Home Operating	$	3,082,672	$	~~3,320,470~~ 3,480,942
484	430-603	Rental and Service Revenue>	$	0	$	100,000
604	430-604	Veterans Home Improvement	$	466,192	$	579,839
TOTAL SSR State Special Revenue Fund Group			$	3,548,864	$	~~3,900,309~~ 4,160,781
TOTAL ALL BUDGET FUND GROUPS			$	25,249,391	$	~~26,981,803~~ 27,242,275

Cash Transfer From Veterans Home Fund To Operating Fund

The Director of Budget and Management may transfer cash in an amount equal to a one per cent reduction in the Ohio Veterans Home General Revenue Fund operating line items, as provided in Am. Sub. H. B. 650 of the 122nd General Assembly, from the Veterans Home Fund (Fund 604) to the Veterans Home Operating Fund (Fund 4E2).

Sec. 190. Ohio Departments Building

(A) As used in this section:

(1) "Repair and renovate" and "repair and renovation" include, but are not limited to, planning, programming, design, constructions, furnishing, and equipping of the Ohio Departments Building;

(2) "Appropriation" means appropriation items CAP-815 and CAP-849 in Section 28 of Am. H.B. 748 of the 121st General Assembly, appropriation items CIR-825, CIR-815, and CIR-831 in Section 15.02 of Am. Sub. S.B. 264 of the 121st General Assembly, and any subsequent appropriations made to or for the benefit of the Supreme Court for the repair and renovation of the Ohio Departments Building.

(B) The appropriation shall be used by or at the direction of the Supreme Court of Ohio for the repair and renovation of the Ohio Departments Building as follows:

(1) A portion shall be used by the Department of Administrative Services for the repair and renovation of the exterior, roof, and grounds of the Ohio Departments Building;

(2) The remaining portion shall be used after January 1, 1998 by the Ohio Building Authority for other expenses associated with the repair and renovation of the Ohio Departments Building, including, but not limited to, the interior and grounds of the Building.

(C) The Ohio Building Authority, with the prior approval of the Supreme Court, shall submit a plan and cost estimate of repair and renovation set forth in division (B)(2) of this section to the Department of Administrative Services. Based upon the plan, the Director of Administrative Services shall request the Director of Budget and Management to release from the appropriation the estimated amount. The Director of Budget and Management may release the ~~funds~~ appropriation and, upon ~~their~~ that release, the Director of Administrative Services shall transfer the amount released to the Ohio Building Authority, which shall use the ~~funds~~ moneys, and any investment earnings on the ~~funds~~ moneys and other available receipts as defined in section 152.09 of the Revised Code, to pay the costs of the repair and renovation.

(D) Upon completion of the repair and renovation:

(1) Any ~~funds~~ moneys received by the Ohio Building Authority for the repair and renovation that have not been used shall be refunded to the Department of Administrative Services for deposit into Fund 026;

(2) The Supreme Court shall own, operate, and manage the Ohio Departments ~~funds received by the Ohio Building Authority for the repair and renovation that have not been used shall be refunded to the Department of Administrative Services for deposit into Fund 026~~ Building.

(E) The Supreme Court may enter into contracts or other agreements

with the Department of Administrative Services, the Ohio Building Authority, another state entity, or a private contractor to operate and manage the Ohio Departments Building.

(F) To assist the Ohio Building Authority, the Department of Administrative Services and the Supreme Court may assign, amend, or enter into any necessary or appropriate leases, contracts, or agreements relating to the Ohio Departments Building to or with the Ohio Building Authority upon terms satisfactory to all parties.

(G) Repairs and renovations that are made using the appropriation are exempt from section 3379.10 Of the Revised Code, the per cent for arts program.

Sec. 210. Sections 5733.02, 5733.022, 5733.03, 5733.042, 5733.05, 5733.051, 5733.052, 5733.053, 5733.055, 5733.06, 5733.061, 5733.065, 5733.066, 5733.067, 5733.068, 5733.069, 5733.0611, 5733.09, 5733.12, 5733.31, 5733.311, 5733.32, 5733.33, and 5733.98 of the Revised Code, as amended or enacted by ~~this act~~ Am. Sub. H.B. 215 of the 122nd General Assembly, apply to tax years 1999 and thereafter, except as otherwise provided in division (A) of section 5733.05 ~~and divisions (A)(6) through (8) of section 5733.98~~ of the Revised Code. Nothing in Am. Sub. H.B. 215 of the 122nd General Assembly amends or repeals all or any portion of these sections for the purposes of tax year 1998 with regard to corporations other than financial institutions.

The amendment of this section is subject to the referendum."

SECTION 5. That existing Sections 20.05, 47.13, 50.52, 50.52.2, 50.52.4, 50.52.7, 50.52.9, 58, 62.01, 67.08, 101, 119, 190, and 210 of Am. Sub. H.B. 215 of the 122nd General Assembly are hereby repealed.

SECTION 6. That Section 67.05 of Am. Sub. H.B. 215 of the 122nd General Assembly, as amended by Sub. H.B. 446 of the 122nd General Assembly, be amended to read as follows:

"Sec. 67.05. Transfer of Funds

The Ohio Department of Human Services shall transfer through intrastate transfer vouchers, cash from State Special Revenue Fund 4K1, ICF/MR Bed Assessments, to fund 4K8, Home and Community-Based Services, in the Ohio Department of Mental Retardation and Developmental Disabilities. The sum of the transfers shall be equal to the amounts appropriated per fiscal year in line item 322-604, Waiver - Match. The transfer may occur on a quarterly basis or on a schedule developed and

agreed to by both Departments.

The Ohio Department of Human Services shall transfer, through intrastate transfer vouchers, cash from the State Special Revenue Fund 4J5, Home and Community-Based Services for the Aged, to Fund 4J4, PASSPORT, in the Ohio Department of Aging. The sum of the transfers shall be equal to the amount appropriated per fiscal year in line item 490-610, PASSPORT/Residential State Supplement. The transfer may occur on a quarterly basis or on a schedule developed and agreed to by both departments.

Day Care for Foster Parents

Of the foregoing appropriation item 400-527, Child Protective Services, not more than $1,400,000 in fiscal year 1998 and not more than $1,400,000 in fiscal year 1999, may be used to reimburse counties for child day care services purchased in behalf of children in foster care. Such funds may be used as matching funds for federal funds that may be available for this purpose. The Department of Human Services shall adopt rules, in accordance with section 111.15 of the Revised Code, establishing reimbursement procedures and conditions to be followed by counties.

Transfer from the Children's Trust Fund to the Wellness Block Grant Fund

The Director of Budget and Management shall transfer $1,000,000 in fiscal year 1998 and $1,000,000 in fiscal year 1999 from Fund 198, Children's Trust Fund, to Fund 4N7, Wellness Block Grant, within the Department of Human Services' budget.

Foster Care Liability Coverage

On behalf of public children services agencies and in consultation with the Department of Insurance and the Office of State Purchasing, the Department of Human Services may seek and accept proposals for a uniform and statewide insurance policy to indemnify foster parents for personal injury and property damage suffered by them due to the care of a foster child. Premiums for such a policy shall be the sole responsibility of each public children services agency that agrees to purchase the insurance policy.

Protective Services Incentive Funding

Notwithstanding the formula in section 5101.14 of the Revised Code, from the foregoing appropriation item 400-527, Child Protective Services, the Department of Human Services may use no more than $2 million in fiscal year 1999 as incentive funding for public children services agencies to promote innovative practice standards and efficiencies in service delivery. The department shall develop a process for the release of these funds and

may adopt rules in accordance with section 111.15 of the Revised Code governing the distribution, release, and use of these funds.

Day Care/Head Start Collaborations

The Department of Human Services and the county departments of human services shall work to develop collaborative efforts between Head Start and child care providers. The Department of Human Services may use the foregoing appropriation items 400-413, Day Care Match/Maintenance of Effort, and 400-617, Day Care Federal, to support collaborative efforts between Head Start and child day care centers.

Day Care Funding for Latchkey Children

The Department of Human Services shall use not less than $5,000,000 in fiscal year 1998 and not less than $5,000,000 in fiscal year 1999 of the Child Care Development Block Grant moneys to support low-income families who need assistance in the provision of before-school and after-school care for their children. The Department of Human Services shall establish rules determining eligibility for these dollars adopted in accordance with section 111.15 of the Revised Code.

Evening and Night Time Child Care

When the Department of Human Services adopts rules establishing a procedure for determining the rates of maximum reimbursement for publicly funded child care, the department shall adopt an enhanced rate to encourage the development of child care for parent(s) who work nontraditional hours.

Human Services Staff Reduction

From staffing levels that existed on January 1, 1997, the Department of Human Services is required to reduce its full-time equivalent positions by 150 by July 1, 1999. At least thirty-nine positions must be eliminated by January 1, 1998. The remaining positions must be eliminated by July 1, 1999.

Child Protective Services Information System

(A) From the foregoing appropriation item 400-416, Computer Projects, the Department of Human Services shall expend at least $6,000,000 in fiscal year 1998 and at least $6,000,000 in fiscal year 1999 to contract with a vendor to develop a statewide automated child welfare information system (SACWIS) and support the 88 public children services agencies' implementation of the SACWIS. The department shall select a vendor by using a competitively bid request for proposal process. For a vendor to be eligible to contract with the department, all of the following must apply:

(1) The vendor must have developed a SACWIS for another state and assisted that state with the successful implementation of the SACWIS;

(2) The vendor must be able to do either of the following:

(a) Revise the SACWIS developed for the other state to comply with Ohio and federal law and successfully interface with the Support Enforcement Tracking System (SETS) and Client Registry and Information System-Enhanced (CRIS-E);

(b) Develop a new SACWIS that complies with Ohio and federal law and successfully interfaces with SETS and CRIS-E;

(3) The vendor must be able to have the SACWIS operational in all 88 public children services agencies by June 30, 1999.

(B) The Department of Human Services shall do both of the following:

(1) Provide training and system support for the county employees who will use the SACWIS;

(2) Provide for the maintenance and general upkeep of the SACWIS.

Adoption Assistance

Of the foregoing appropriation item 400-528, Title IV-E and State Adoption Services, not more than $3,700,000 in fiscal year 1998 and not more than $3,700,000 in fiscal year 1999 shall be used in support of post finalization adoption services offered pursuant to section 5153.163 of the Revised Code. The Department of Human Services shall adopt rules and procedures pursuant to section 111.15 of the Revised Code to set payment levels and limit eligibility for post finalization adoption services as necessary to limit program expenditures to the amounts set forth in this section, based on factors, including but not limited to, any or all of the following: type, or extent, of the adopted child's disability or special need; and resources available to the adoptive family to meet the child's service needs.

Social Service Block Grant (SSBG) Earmark for Day Care Services

Of the foregoing appropriation item 400-620, Social Services Block Grant, no less than $15,000,000 in fiscal year 1998 and $15,000,000 in fiscal year 1999 shall be used for child day care services. The remainder of the SSBG funding may be used to provide social services as authorized in section ~~5101.465~~ 5101.46 of the Revised Code, including adult day care.

Child Support Collections/TANF MOE

The foregoing appropriation item 400-658, Child Support Collections, shall be used by the Department of Human Services to meet the TANF Maintenance of Effort requirements of Pub. L. No. 104-193. After the state has met the maintenance of effort requirement, the Department of Human Services may use funds from line item 400-658 to support public assistance activities.

Transfer of Unspent Funds from Fiscal Year 1998 to Fiscal Year 1999

Upon the request of the Department of Human Services, the Controlling

Board may transfer any remaining unspent fiscal year 1998 funds from appropriation item 400-410, TANF State, to appropriations for fiscal year 1999 so that the state of Ohio will be able to meet the Maintenance of Effort requirements for the Temporary Assistance for Needy Families Block.

Upon the request of the Department of Human Services, the Controlling Board may transfer any remaining unspent fiscal year 1998 funds from appropriation item 400-413, Day Care/Maintenance of Effort, to appropriations for fiscal year 1999 so that the state of Ohio will be able to meet the Maintenance of Effort requirements for the Child Care Development Block Grant.

Upon the request of the Department of Human Services, the Controlling Board may transfer any remaining unspent fiscal year 1998 funds from individual county consolidations from appropriation item 400-527, Child Protective Services, to appropriations for fiscal year 1999 so that the counties may meet the obligations for services funded through that line item.

Upon the request of the Department of Human Services, the Controlling Board may transfer any remaining unspent fiscal year 1998 funds from the Post Finalization Special Adoption Services portion of appropriation item 400-528, Adoption Services, to appropriations for fiscal year 1999 so that counties may meet the obligations for services funded through that portion of the line item.

Upon the request of the Department of Human Services, the Controlling Board may transfer any remaining unspent fiscal year 1998 funds from appropriation item 400-409, Wellness Block Grant, to appropriations for fiscal year 1999 so that the counties may meet the obligations for services funded through that line.

Private Child Care Agencies Training

The foregoing appropriation item 400-615, Private Child Care Agencies Training, shall be used by the Department of Human Services to provide the state match for federal Title IV-E training dollars for private child placing agencies and private noncustodial agencies. Revenues shall consist of moneys derived from fees established under section ~~5101.112~~ 5101.143 of the Revised Code and paid by private child placing agencies and private noncustodial agencies.

Funding for Emergency Food Distribution Programs

Of the foregoing appropriation item 400-610, Food Stamps and State Administration, $1.5 million in fiscal year 1998 and $1.5 million in fiscal year 1999 shall be used by the Department of Human Services to purchase commodities and distribute those commodities to supplement the emergency food distribution programs. Agencies receiving commodities under this

program shall provide reports in accordance with rules developed by the Department of Human Services.

Transfers for Lead Assessments

Of the foregoing appropriation item 400-525, Health Care/Medicaid, $77,790 (state share only) in fiscal year 1998, and $111,477 (state share only) in fiscal year 1999 shall be used to transfer funds from the General Revenue Fund to the General Operations Fund (Fund 142) of the Department of Health. Transfer of the funds shall be made through intrastate transfer vouchers pursuant to an interagency agreement for the purpose of performing environmental lead assessments in the homes of Medicaid Healthcheck recipients.

Transfer IMD/DSH Cash

The Director of Budget and Management may transfer cash from the Disproportionate Share Fund (3P8) in the Department of Human Services to the OhioCare Fund (4X5) in the Department of Mental Health, the Behavioral Health Medicaid Services Fund (4X4) in the Department of Alcohol and Drug Addiction Services, and the Medicaid Program Support Fund - State (5C9) in the Department of Human Services and shall transfer cash in the amount of $14,800,000 to the Health Services Fund (5E1) in the Department of Health.

Interagency Agreement on Specified Medicaid Services

Based on an interagency agreement, the Department of Human Services may delegate authority to the Department of Alcohol and Drug Addiction Services and the Department of Mental Health to administer specified Medicaid services. Monthly reimbursement shall be made by intrastate transfer voucher from the Department of Human Services' appropriation items 400-525, Health Care/Medicaid, and 400-655, Interagency Reimbursement, to the Department of Drug and Alcohol Addiction Services' Behavioral Health Medicaid Services Fund (4X4) and the Department of Mental Health's OhioCare Fund (4X5).

Medicaid Program Support Fund-State

The Department of Human Services' Medicaid Program Support Fund-State (5C9) is hereby created in the state treasury. The Fund shall be used to receive earned federal reimbursement generated by the Institutions for Mental Diseases/Disproportionate Share Hospital Program. The foregoing appropriation item 400-671, Medicaid Program Support, may be used for the following purposes: to pay for Medicaid services to eligible children under age nineteen, whose family income does not exceed 150 per cent of the federal poverty level; to pay for a new Medicaid home and community-based waiver program for non-aged persons with chronic,

long-term disabilities; and, to make residual payments associated with the specified Medicaid services transferred to the Department of Alcohol and Drug Addiction Services and the Department of Mental Health.

The foregoing appropriation item 400-672, Medicaid Services, may be used by the Department of Human Services to pay for Medicaid services or to transfer moneys by intrastate transfer voucher to the Department of Mental Health's OhioCare Fund (4X5) in accordance with an interagency agreement which delegates authority from the Department of Human Services to the Department of Alcohol and Drug Addiction Services and the Department of Mental Health to administer specified Medicaid services.

Medicaid Program Support Fund-Federal

The Department of Human Services' Medicaid Program Support Fund-Federal (3P7) is hereby created in the state treasury. The foregoing appropriation item 400-668, Medicaid Program Support, may be used to pay for Medicaid services to eligible children under age nineteen, whose family income does not exceed 150 per cent of the federal poverty level; and for a new Medicaid home and community-based waiver program for non-aged persons with chronic, long-term disabilities. Funds also may be used for residual payments associated with the specified Medicaid services transferred to the Department of Alcohol and Drug Addiction Services and the Department of Mental Health.

The foregoing appropriation item 400-672, Medicaid Services, may be used by the Department of Human Services to pay for Medicaid services and contracts.

OhioCare Start-up Fund Name Change

The name of the Department of Human Services' OhioCare Start-up Fund (3P7) is hereby changed to the Medicaid Program Support Fund-Federal.

Rural Medicaid Managed Care Pilot Programs

The Director of Human Services may contract with one or more organizations to develop and/or implement Medicaid Managed Care Pilot Programs in rural sections of Ohio.

Medicaid Managed Care Reimbursement Study Committee

The Medicaid Managed Care Reimbursement Study Committee shall meet by August 1, 1997, to begin reviewing the appropriateness of the negotiated Medicaid reimbursement rates paid to managed care organizations for services provided to Medicaid recipients in fiscal year 1998. By November 1, 1997, the Committee must report its findings and/or recommendations concerning the fiscal year 1998 rates to the Governor, the Speaker of the House of Representatives, and the President of the Senate.

Medicaid Managed Care for Individuals with MR/DD

In preparing the budget for medical assistance for state fiscal years 2000 and 2001, as it pertains to services provided to individuals with mental retardation and developmental disabilities, the Office of Budget and Management and the Department of Human Services shall review the results of any study regarding the use of a managed care system that is prepared and submitted to it by the Hattie Larlham Foundation, the Ohio Department of Mental Retardation and Developmental Disabilities Action Committee, the Ohio Private Residential Association, the Ohio Coalition for Services to Persons with Mental Retardation and Developmental Disabilities, or any other entity.

Transfer Lapsed Funds in Fund 4A6 to GRF

The Department of Human Services shall certify the cash balance of Fund 4A6 to the Director of Budget and Management who shall transfer the remaining unexpended, unobligated balance in Fund 4A6 to the General Revenue Fund.

Holding Account Redistribution Group

The foregoing appropriation items 400-643 and 400-644, Holding Account Redistribution Fund Group, shall be used to hold revenues until they are directed to the appropriate accounts or until they are refunded. If it is determined that additional appropriation authority is necessary, such amounts are hereby appropriated.

Agency Fund Group

The foregoing appropriation items 400-646, 400-601, and 400-642, Agency Fund Group, shall be used to hold revenues until they are directed to the appropriate accounts or until they are directed to the appropriate governmental agency other than the Department of Human Services. If it is determined that additional appropriation authority is necessary, such amounts are hereby appropriated.

State Special Revenue Fund Group

The foregoing appropriation items that appear in the Department of Human Services' State Special Revenue Fund Group shall be used to collect revenue from various sources and use the revenue to support programs administered by the Department of Human Services. If it is determined that additional appropriations are necessary, the department shall notify the Director of Budget and Management on forms prescribed by the Controlling Board. If the director agrees that the additional appropriation is necessary in order to perform the functions allowable in the appropriation item then such amounts are hereby appropriated. The Director of Budget and Management shall notify the Controlling Board at their next regularly scheduled meeting

as to the action taken."

SECTION 7. That existing Section 67.05 of Am. Sub. H.B. 215 of the 122nd General Assembly, as amended by Sub. H.B. 446 of the 122nd General Assembly, is hereby repealed.

SECTION 8. That Sections 50, 50.07, 50.09, 50.10, 50.12, 50.13, 50.14, 50.24, 50.43, 50.44, 50.52.5, 50.52.10, and 69.03 of Am. Sub. H.B. 215 of the 122nd General Assembly, as amended by Am. Sub. H.B. 650 of the 122nd General Assembly, be amended to read as follows:

SECTION 50 OF AM. SUB. H.B. 215/122nd GA AS AMENDED BY AM. SUB. H.B. 650/122nd GA

" Sec. 50. EDU DEPARTMENT OF EDUCATION

General Revenue Fund

GRF	200-100	Personal Services	$	10,744,925	$ ~~10,756,210~~ 11,256,210
GRF	200-200	Maintenance	$	~~8,691,111~~ 3,991,111	$ ~~4,597,207~~ 6,797,207
GRF	200-300	Equipment	$	117,449	$ ~~116,773~~ 2,116,773
GRF	200-405	Primary and Secondary Education Funding	$	0	$ 0
GRF	200-406	Head Start	$	83,739,058	$ 92,562,977
GRF	200-408	Public Preschool	$	17,468,094	$ 17,904,796
GRF	200-410	Professional Development	$	0	$ 29,649,944
GRF	200-411	Family and Children First	$	8,500,500	$ 10,642,188
GRF	200-412	Driver Education Administration	$	143,429	$ 142,605
GRF	200-415	Consumer Education	$	500,000	$ 500,000
GRF	200-416	Vocational Education Match	$	2,245,026	$ 2,248,664
GRF	200-417	Professional Development	$	14,370,077	$ 0
GRF	200-422	School Management Assistance	$	800,596	$ 841,563
GRF	200-423	Teacher Recruitment	$	1,289,067	$ 0
GRF	200-424	Simulation System	$	449,796	$ 447,210
GRF	200-426	Ohio Educational Computer Network	$	21,698,858	$ 22,228,079
GRF	200-429	Local Professional Development Block Grants	$	9,259,713	$ 0
GRF	200-431	School Improvement Models	$	16,450,000	$ 11,525,000
GRF	200-432	School Conflict Management	$	392,575	$ 402,390
GRF	200-437	Student Proficiency	$	10,555,476	$ 11,798,788
GRF	200-441	American Sign Language	$	226,245	$ 226,245
GRF	200-442	Child Care Licensing	$	1,359,171	$ 1,438,172
GRF	200-446	Education Management Information System	$	12,060,657	$ 10,299,674
GRF	200-447	GED Testing/Adult High School	$	1,939,001	$ 1,987,475

GRF 200-455	Charter Schools	$	1,200,000	$ 2,300,000
GRF 200-500	School Finance Equity	$	109,405,982	$ 66,957,250
GRF 200-501	Base Cost Funding	$	2,202,851,688	$ 2,986,915,811
GRF 200-502	Pupil Transportation	$	179,702,987	$ 231,595,463
GRF 200-503	Bus Purchase Allowance	$	36,365,821	$ 37,274,967
GRF 200-504	Special Education	$	556,029,126	$ 0
GRF 200-505	School Lunch Match	$	9,450,000	$ 9,450,000
GRF 200-507	Vocational Education	$	317,612,847	$ 0
GRF 200-509	Adult Literacy Education	$	8,928,273	$ 9,151,480
GRF 200-511	Auxiliary Services	$	95,956,267	$ 101,617,687
GRF 200-512	Driver Education	$	6,026,070	$ 6,206,852
GRF 200-514	Post-Secondary/Adult Vocational Education	$	20,695,861	$ 20,695,861
GRF 200-520	Disadvantaged Pupil Impact Aid	$	277,205,650	$ 386,618,741
GRF 200-521	Gifted Pupil Program	$	34,383,349	$ 36,326,043
GRF 200-524	Educational Excellence and Competency	$	9,528,000	$ 9,168,000
GRF 200-526	Vocational Education Equipment Replacement	$	4,941,622	$ 0
GRF 200-532	Nonpublic Administrative Cost Reimbursement	$	41,829,125	$ 44,297,043
GRF 200-533	School-Age Child Care	$	1,046,647	$ 1,046,647
GRF 200-534	Desegregation Costs	$	50,400,000	$ 50,400,000
GRF 200-540	Special Education Enhancements	$	0	$ 136,286,490
GRF 200-541	Peer Review	$	1,840,000	$ 0
GRF 200-542	National Board Certification	$	1,600,000	$ 0
GRF 200-543	Entry Year Program	$	2,396,205	$ 0
GRF 200-544	Individual Career Plan & Passport	$	5,708,968	$ 0
GRF 200-545	Vocational Education Enhancements	$	0	$ ~~184,298,314~~ 201,991,432
GRF 200-546	Charge-Off Supplement	$	0	$ 11,000,000
GRF 200-547	Power Equalization	$	0	$ 12,500,000
GRF 200-551	Reading Improvement	$	1,666,133	$ 1,666,133
GRF 200-552	County MR/DD Boards Vehicle Purchases	$	1,551,774	$ 1,590,569
GRF 200-553	County MR/DD Boards Transportation Operating	$	6,611,623	$ 6,876,088
GRF 200-558	Emergency Loan Interest Subsidy	$	0	$ 8,490,374
GRF 200-577	Preschool Special Education	$	62,268,535	$ 0
GRF 200-589	Special Education Aides	$	1,635,157	$ 0
GRF 200-901	Property Tax Allocation - Education	$	566,800,000	$ 600,800,000
GRF 200-906	Tangible Tax Exemption - Education	$	61,320,000	$ 63,210,000
TOTAL GRF General Revenue Fund		$	~~4,899,958,534~~ 4,895,258,534	$ ~~5,257,055,773~~ 5,279,448,891
General Services Fund Group				
4D1 200-602	Ohio Prevention/Education Resource Center	$	277,560	$ 285,332

138	200-606	Computer Services	$	4,036,728	$	4,143,201
452	200-638	Fees and Gifts	$	1,788,862	$	1,838,335
596	200-656	Ohio Career Information System	$	647,156	$	660,812
4P1	200-629	Adult Literacy Education	$	2,364,400	$	2,430,603
4L2	200-681	Teacher Certification and Licensure	$	3,580,741	$	3,675,311
TOTAL GSF General Services Fund Group			$	12,695,447	$	13,033,594
Federal Special Revenue Fund Group						
309	200-601	Educationally Disadvantaged	$	12,486,104	$	12,904,245
366	200-604	Adult Basic Education	$	16,300,000	$	18,000,000
3H9	200-605	Head Start Collaboration Project	$	200,000	$	200,000
367	200-607	School Food Services	$	9,290,000	$	10,160,000
368	200-614	Veterans' Training	$	565,232	$	593,493
369	200-616	Vocational Education	$	10,556,971	$	10,787,320
3L6	200-617	Federal School Lunch	$	159,570,000	$	167,550,000
3L7	200-618	Federal School Breakfast	$	29,818,000	$	31,607,000
3L8	200-619	Child and Adult Care Programs	$	58,600,000	$	59,800,000
3L9	200-621	Vocational Education Basic Grant	$	54,122,121	$	54,122,121
3M0	200-623	ESEA Chapter One	$	356,669,568	$	374,503,047
370	200-624	Education of All Handicapped Children	$	12,902,838	$	12,902,838
3N7	200-627	School-to-Work	$	18,000,000	$	13,500,000
371	200-631	EEO Title IV	$	364,655	$	377,850
372	200-635	Federal Driver Education Projects	$	84,500	$	84,500
373	200-642	Pupil Transportation Safety Project	$	81,000	$	81,000
374	200-647	E.S.E.A. Consolidated Grants	$	260,301	$	265,624
375	200-652	Technical Assistance for Educational Mobility	$	216,720	$	227,556
376	200-653	J.T.P.A.	$	5,000,000	$	5,034,523
3R3	200-654	Goals 2000	$	19,789,214	$	22,000,000
377	200-657	Sex Equity	$	125,685	$	131,969
378	200-660	Math/Science Technology Investments	$	10,802,634	$	12,000,000
3D1	200-664	Drug Free Schools	$	17,410,259	$	19,500,000
3D2	200-667	Honors Scholarship Program	$	1,231,979	$	1,231,979
3E2	200-668	AIDS Education Project	$	718,734	$	620,775
3M1	200-678	ESEA Chapter Two	$	13,478,447	$	14,152,369
3M2	200-680	Ind W/Disab Education Act	$	91,825,830	$	91,825,830
TOTAL FED Federal Special Revenue Fund Group			$	900,470,792	$	934,164,039
State Special Revenue Fund Group						
454	200-610	Guidance and Testing	$	490,662	$	503,912
455	200-608	Commodity Foods	$	8,000,000	$	8,000,000
4V7	200-633	Interagency Vocational Support	$	514,000	$	528,392
5F8	200-645	Textbooks/Instructional	$	25,000,000	$	25,000,000

		Materials		
598	200-659	Auxiliary Services Mobile Units	$ 1,224,444	$ 1,258,728
5H3	200-687	School District Solvency Assistance	$ 0	$ 30,000,000
4R7	200-695	Indirect Cost Recovery	$ 1,357,434	$ 1,393,146
TOTAL SSR State Special Revenue Fund Group			$ 36,586,540	$ 66,684,178
Lottery Profits Education Fund Group				
017	200-682	Lease Rental Payment Reimbursement	$ 21,105,000	$ 32,780,000
017	200-610	Base Cost Funding	$ 0	$ 666,093,028
017	200-670	School Foundation - Basic Allowance	$ 584,137,200	$ 0
017	200-671	Special Education	$ 44,000,000	$ 0
017	200-672	Vocational Education	$ 30,000,000	$ 0
017	200-673	Primary and Secondary Lottery Funding	$ 0	$ 0
017	200-694	Bus Purchase One Time Supplement	$ 10,000,000	$ 0
018	200-669	Judgment Loan	$ 5,650,000	$ 0
Total 017 and 018 LPE Lottery Profits Education Fund Group			$ 694,892,200	$ 698,873,028
Education Improvement Fund				
006	200-689	Hazardous Waste Removal	$ 1,500,000	$ 1,443,401
TOTAL Education Improvement Fund			$ 1,500,000	$ 1,443,401
TOTAL ALL BUDGET FUND GROUPS			$ ~~6,546,103,513~~ 6,541,403,513	$ ~~6,969,810,612~~ 6,992,203,730

Professional Development

Of the foregoing appropriation item 200-410, Professional Development, $5,997,829 shall be used by the Department of Education to develop a statewide comprehensive system of twelve professional development centers that support local educators' ability to foster academic achievement in the students they serve. The centers shall include training teachers on site-based management concepts to encourage teachers to become involved in the management of their schools. Each fiscal year, up to $450,000 of the appropriation item shall be used to continue Ohio leadership academies to develop and train superintendents, principals, other administrators, and board members in new leadership and management practices to support high performance schools. This training shall be coordinated with other locally administered leadership programs.

Of the foregoing appropriation item 200-410, Professional Development, $50,000 each year shall be distributed to the Ohio Geographical Alliance at such time as matching funds are provided by the National Geographical Society. These moneys shall be used by the Ohio Geographical Alliance to provide inservice geography training to Ohio

public school teachers.

Of the foregoing appropriation item 200-410, Professional Development, $75,000 in each fiscal year shall be distributed by the Department of Education to the Ohio University Leadership Project.

Of the foregoing appropriation item 200-410, Professional Development, up to $500,000 each year shall be used by the Department of Education to work with school districts in coordinating and improving the training and performance of classroom teachers.

Of the foregoing appropriation item 200-410, Professional Development, $25,000 in each fiscal year shall be used by the Lake County Educational Service Center and $25,000 in each fiscal year shall be used by the Geauga County Educational Service Center. Both projects shall be used for professional teacher development of innovative teaching practices in science and math.

Of the foregoing appropriation item 200-410, Professional Development, $500,000 in each fiscal year shall be used by the Rural Appalachian Initiative to create professional development academies for teachers, principals, and superintendents in the Appalachian region.

Of the foregoing appropriation item 200-410, Professional Development, up to $1,800,000 in fiscal year 1999 shall be used by the Department of Education in cooperation with the Regional Professional Development Centers to train mentor teachers and provide stipends of $1,500 per year to each mentor teacher to assist in the professional development of beginning teachers.

Of the foregoing appropriation item 200-410, Professional Development, up to $1,000,000 in fiscal year 1999 shall be used by the Department of Education in cooperation with the Regional Professional Development Centers to train teacher assessors and provide stipends of $2,500 per year to each teacher assessor to assist in the evaluation of the classroom performance of beginning teachers.

Of the foregoing appropriation item 200-410, Professional Development, $1,321,292 shall be used by the Department of Education to establish programs targeted at recruiting under-represented populations into the teaching profession. In each year, the appropriation item shall be used by the department to include, but not be limited to, alternative teacher licensure or certification programs emphasizing the recruitment of highly qualified minority candidates into teaching, including emphasizing the recruitment of highly qualified minority candidates into teaching positions in schools which have a high percentage of minority students. The recruitment programs shall also target recruiting qualified candidates available as a

ult of downsizing of the military and business sectors. Funding shall also be targeted to statewide, regional, and local programs that are competitively selected as promising programs demonstrating the potential of significantly increasing Ohio's minority teaching force.

Of the foregoing appropriation item 200-410, Professional Development, $500,000 in each fiscal year shall be used to establish or enhance alternative disciplinary schools by providing grants of $100,000 annually to each of the following programs: Wood County Alternative School Program, Interval Opportunity School in Summit County, Portage County Opportunity School in Ravenna, Auglaize County Alternative School Program, and Licking County Alternative School Program. Such pilot programs shall encourage collaborative relationships with juvenile courts and other agencies to develop effective teaching and learning programs.

Of the foregoing appropriation item 200-410, Professional Development, $200,000 in each fiscal year shall be provided to the Stark County Schools Teacher Technical Training Center.

Of the foregoing appropriation item 200-410, Professional Development, $9,659,713 shall be distributed on a per teacher basis to all school districts, joint vocational school districts, and chartered nonpublic schools for locally developed teacher training and professional development and for the establishment of local professional development committees. School districts and joint vocational school districts shall not be precluded from using these funds for cooperative activities on a county or regional basis.

Of the foregoing appropriation item 200-410, Professional Development, $2,875,000 shall be used by the Department of Education to develop a peer review program for teachers, to provide training, and to implement the peer review program in school districts on a pilot basis in fiscal year 1998. Funds for fiscal year 1999 shall be awarded on a competitive basis to school districts wishing to implement peer review programs. In each fiscal year, $640,000 shall be distributed to the Regional Professional Development Centers to provide training for mentor teachers and for leadership teams from districts implementing peer review programs.

Of the foregoing appropriation item 200-410, Professional Development, $125,000 in each fiscal year shall be used by the Rural Appalachian Initiative to develop a peer review and coaching model whereby teachers coach one another. In addition, the funds shall be used to train and provide stipends for teacher coaches and mentors, and to develop training modules for professional improvement through establishing and

taining goals.

Of the foregoing appropriation item 200-410, Professional Development, $1,650,000 shall be used by the Department of Education to pay the application fee for teachers from public and chartered nonpublic schools applying to the National Board for Professional Teaching Standards for professional teaching certificates or licenses that the board offers, and to provide grants in each fiscal year to recognize and reward teachers who become certified by the board pursuant to section 3319.55 of the Revised Code.

In each fiscal year, the appropriation item shall be used to pay for the first 400 applications received by the department. Each prospective applicant for certification or licensure shall submit an application to the Department of Education. When the department has collected a group of applications, but no later than 30 days after receipt of the first application in a group, it shall send the applications to the National Board for Professional Teaching Standards along with a check to cover the cost of the application fee for all applicants in that group.

Of the foregoing appropriation item 200-410, Professional Development, up to $300,000 shall be used each fiscal year by the Department of Education to support the connection of teacher applicants to university programs that enhance applicant learning and professional development during the National Board Certification process.

Of the foregoing appropriation item 200-410, Professional Development, $2,456,110 shall be used by the Department of Education to expand the pilot residency programs established pursuant to provisions of Am. Sub. H.B. 152 of the 120th General Assembly.

The Department of Education shall select eligible beginning teachers to participate in a year-long entry year program which provides for guidance and coaching by experienced school district and university faculty and regular teacher performance assessment. The program is designed to assess each beginning teacher with the Education Testing Service's Praxis III examination. These funds shall be used to support the supervisory, teaching, and assessment services associated with the pilot residency program in urban, suburban, and rural sites.

SECTION 50.07 OF AM. SUB. H.B. 215/122nd GA AS AMENDED BY AM. SUB. H.B. 650/122nd GA

Sec. 50.07. Potential Value Recomputation

(A) Notwithstanding division (A)(2) of section 3317.022 of the Revised Code in fiscal year 1999 the Department of Education shall first calculate all state basic aid payments to school districts required under Chapter 3317. of

the Revised Code and other sections of Am. Sub. H.B. 215 and Am. Sub. H.B. 650 of the 122nd General Assembly under which payments are made from appropriation items 200-501, ~~School Foundation Basic Allowance~~ Base Cost Funding, and 200-670, ~~School Foundation Basic Allowance~~ Base Cost Funding, as if such division had not been enacted. Such calculated amounts shall be paid to school districts in accordance with section 3317.01 of the Revised Code and Am. Sub. H.B. 650 of the 122nd General Assembly.

(B) After the calculation required by division (A) of this section, the department shall recalculate all state basic aid payments to school districts required under Chapter 3317. of the Revised Code and other sections of Am. Sub. H.B. 215 and Am. Sub. H.B. 650 of the 122nd General Assembly, utilizing in such recalculation the provisions of division (A)(2) of section 3317.022 of the Revised Code. From the additional available money, the department shall pay each district an amount equal to the difference between its calculated amount of basic aid under division (A) of this section and its recalculated amount under this division. If there is not enough additional money to pay such amounts to all school districts, the department shall pay each district a percentage of such amount equal to the percentage the total amount of additional available money represents of the total amount of money that would be necessary to make the payments prescribed under this division to all districts.

SECTION 50.09 OF AM. SUB. H.B. 215/122nd GA AS AMENDED BY AM. SUB. H.B. 650/122nd GA

Sec. 50.09. Adult Literacy Education

The foregoing appropriation item 200-509, Adult Literacy Education, shall be used to support Adult Basic and Literacy Education instructional programs, the State Literacy Resource Center program, and the State Advisory Council on Adult Education and Literacy.

Of the foregoing appropriation item 200-509, Adult Literacy Education, up to $410,000 in fiscal year 1998 and $512,500 in fiscal year 1999 shall be used to satisfy state match requirements for the support and operation of the State Literacy Resource Center and the State Advisory Council on Adult Education and Literacy.

Of the foregoing appropriation item 200-509, Adult Literacy Education, up to $50,000 in each fiscal year shall be used to provide funds to literacy councils that have not previously received funding. Each of these councils, in order to receive funds, shall have its plan of service approved by the local Family and Children First council.

The remainder shall be used to continue to satisfy the state match

requirement for the support and operation of the Ohio Department of Education administered instructional grant program for Adult Basic and Literacy Education in accordance with the department's state plan for Adult Basic and Literacy Education as approved by the State Board of Education and the Secretary of the United States Department of Education.

Auxiliary Services

The foregoing appropriation item 200-511, Auxiliary Services, shall be used by the State Board of Education for the purpose of implementing section 3317.06 of the Revised Code. Of the appropriation, up to $1,000,000 in each fiscal year of the biennium may be used for payment of the Post-Secondary Enrollment Options Program for nonpublic students pursuant to section 3365.10 of the Revised Code.

Driver Education

The foregoing appropriation item 200-512, Driver Education, shall be used by the State Board of Education for subsidizing driver education courses for which the State Board of Education prescribes minimum standards pursuant to section 3301.07 of the Revised Code and courses for students released by high school principals to attend commercial driver training schools licensed under Chapter 4508. of the Revised Code.

Post-Secondary/Adult Vocational Education

The foregoing appropriation item 200-514, Post-Secondary/Adult Vocational Education, shall be used by the State Board of Education to provide post-secondary/adult vocational education pursuant to sections 3313.52 and 3313.53 of the Revised Code.

Of the foregoing appropriation item 200-514, Post-Secondary/Adult Vocational Education, up to $500,000 in each fiscal year shall be allocated for the Ohio Career Information System (OCIS) and used for the dissemination of career information data to public schools, libraries, rehabilitation centers, two- and four-year colleges and universities, and other governmental units.

Of the foregoing appropriation item 200-514, Post-Secondary/Adult Vocational Education, up to $30,000 in each fiscal year shall be used for the statewide coordination of the activities of the Ohio Young Farmers.

Disadvantaged Pupil Impact Aid

The foregoing appropriation item 200-520, Disadvantaged Pupil Impact Aid, shall be distributed to school districts according to the provisions of section 3317.029 of the Revised Code. However, no money shall be distributed for all-day kindergarten to any school district whose three-year average formula ADM exceeds 17,500 but whose DPIA index is not at least equal to 1.00, unless the Department of Education certifies that sufficient

funds exist in this appropriation to make all other payments required by section 3317.029 of the Revised Code.

The Department of Education shall pay to community schools an amount for all-day kindergarten if the school district in which the student is entitled to attend school is eligible but does not receive a payment for all-day kindergarten, pursuant to division (B) of section 3314.13 of the Revised Code, and the student is reported by the community school as enrolled in all-day kindergarten at the community school.

Annually, $1,450,000 shall be used by the Department of Education to provide state matching funds to implement the federal building based Effective School Program.

Of the foregoing appropriation item 200-520, Disadvantaged Pupil Impact Aid, up to $3,000,000 in each year of the biennium shall be used for school breakfast programs. Of the $3,000,000, up to $500,000 shall be used each year by the Department of Education to provide start-up grants to rural school districts that start school breakfast programs. The remainder of the $3,000,000 shall be used to: (1) partially reimburse school buildings within school districts that are required to have a school breakfast program pursuant to section 3313.813 of the Revised Code, at a rate decided upon by the department, for each breakfast served to any pupil enrolled in the district; (2) partially reimburse districts participating in the National School Lunch Program that have at least 20 per cent of students who are eligible for free and reduced meals according to federal standards, at a rate decided upon by the department; and (3) to partially reimburse districts participating in the National School Lunch Program for breakfast served to children eligible for free and reduced meals enrolled in the district, at a rate decided upon by the department.

Of the portion of the funds distributed to the Cleveland City School District under section 3317.029 of the Revised Code calculated under division (F)(2) of that section, up to $8,700,000 in fiscal year 1999 shall be used to operate the pilot school choice program in the Cleveland City School District pursuant to sections 3313.974 to 3313.979 of the Revised Code.

Of the foregoing appropriation item 200-520, Disadvantaged Pupil Impact Aid, $8,750,000 in fiscal year 1999 shall be used for competitive discipline intervention grants for the 21 urban school districts as defined in division (O) of section 3317.02 of the Revised Code as it existed prior to July 1, 1998. The grants shall be administered by the Ohio Department of Education and designed to reduce problems with student attendance, truancy, dropouts, and discipline.

Of the foregoing appropriation item 200-520, Disadvantaged Pupil Impact Aid, $250,000 in fiscal year 1999 shall be distributed to the Franklin County Educational Council to provide a cross district alternative learning environment for students with alternative learning requirements, in collaboration with member districts and community services.

Of the foregoing appropriation item 200-520, Disadvantaged Pupil Impact Aid, $900,000 each year shall be used to support dropout recovery programs administered by the Ohio Department of Education, Jobs for Ohio's Graduates program.

Of the foregoing appropriation item 200-520, Disadvantaged Pupil Impact Aid, up to $1,000,000 in each year of the biennium shall be used to fund grants to improve reading performance, using programs such as Failure Free Reading, Slavin's Success for All, and other programs that have a demonstrated record of improving reading comprehension. The grants shall be made by the Department of Education to 20 schools in which at least 50 per cent of fourth grade students failed to pass at least four parts of the fourth grade proficiency test. The grants shall be made in the amount of $50,000 for each school.

Of the foregoing appropriation item 200-520, Disadvantaged Pupil Impact Aid, the Department shall distribute $75,000 in each fiscal year to the Collinwood Community Center to continue outreach work on the Parents' Pledge of Responsibility in the Cleveland City School District. This distribution shall come from the Cleveland City School District's Disadvantaged Pupil Impact Aid.

Of the foregoing appropriation item 200-520, Disadvantaged Pupil Impact Aid, up to $500,000 in each fiscal year shall be used by the Department of Education to encourage school districts to set high academic standards and provide a helping hand for students striving to meet them. A Summer Proficiency Academy shall be any school district's summer school program that is conducted for students who have been enrolled in the fourth and sixth grades, whether district-wide, in several school buildings or within a cluster of school buildings, that addresses the needs of students who did not pass at least three of the five parts of either the fourth-grade or sixth-grade proficiency test, that is of at least six weeks' duration, and that provides an innovative, enriching educational experience. The department shall use the funds indicated in this paragraph to make grants to those school districts that conduct such Summer Proficiency Academies and that have valuation per pupil less than 150 per cent of the statewide average valuation per pupil, to defray 75 per cent of the costs of conducting such academies. The amount of each grant shall not exceed $150,000 and each school district

shall be eligible for up to four grants in each fiscal year. Grants shall be made to school districts based on the percentage of students failing three or more tests, with first priority given to districts with the highest failure rates. As used in this paragraph, "valuation per pupil" has the same meaning as in division (A)(4) of section 3317.0212 of the Revised Code as it existed prior to July 1, 1998.

SECTION 50.10 OF AM. SUB. H.B. 215/122nd GA AS AMENDED BY AM. SUB. H.B. 650/122nd GA

Sec. 50.10. Gifted Pupil Program

The foregoing appropriation item 200-521, Gifted Pupil Program, shall be used for gifted education units not to exceed 927 in fiscal year 1998 and 950 in fiscal year 1999. Up to $70,000 per year shall be used for the operation and support of the Ohio Summer School for the Gifted. Up to $600,000 per year shall be used for research and demonstration projects.

Notwithstanding the prohibition in section 3317.05 of the Revised Code that the State Board of Education annually approve for school districts and educational service centers no more than the number of gifted education units for which it determines appropriations have been made and notwithstanding the amounts required to be annually paid to school districts and educational service centers for approved gifted education units under division ~~(Q)~~(P) of section 3317.024 and division (B) of section 3317.162 of the Revised Code, if the foregoing appropriation item is not sufficient to fund the maximum allowable number of funded gifted education units in fiscal year 1999 in accordance with division ~~(Q)~~(P) of section 3317.024 and division (B) of section 3317.162 of the Revised Code, the State Board of Education may approve up to the maximum allowable number of funded gifted education units in each fiscal year of the biennium and, in lieu of the amounts required to be paid for approved units under division ~~(Q)~~(P) of section 3317.024 and division (B) of section 3317.162 of the Revised Code, shall proportionately reduce those amounts so that the total amount the State Board and educational service centers pays to school districts for all approved units does not exceed the amount of funds available in the foregoing appropriation item for such units. During the course of each fiscal year, the State Board may alter its determination of any reduction under this section for that fiscal year.

Of the foregoing appropriation item 200-521, Gifted Pupil Program, the Department of Education shall be authorized to expend up to $1,000,000 each year for the Summer Honors Institute for gifted freshmen and sophomore high school students.

Of the foregoing appropriation item 200-521, Gifted Pupil Program, up

to $200,000 each year shall be used for the W.E.B. DuBois Talented Tenth Teacher Training Academy. The program will provide a summer honors program to promising minority students identified by their school districts as potential future teachers~~, pursuant to section 3313.608 of the Revised Code~~.

SECTION 50.12 OF AM. SUB. H.B. 215/122ND GA AS AMENDED BY AM. SUB. H.B. 650/122ND GA

Sec. 50.12. Educational Excellence and Competency

Of the foregoing appropriation item 200-524, Educational Excellence and Competency, up to $35,000 in each year of the biennium shall be reserved for the Ohio Science Olympiad and up to $35,000 in each year of the biennium shall be reserved for the International Science and Engineering Fair. In each year of the biennium, $250,000 shall be reserved for a Math and Science Initiative to enhance math and science education for elementary students in a county-wide collaborative.

The Department of Education shall distribute $100,000 in fiscal year 1998 and $150,000 in fiscal year 1999 to the Christopher Project. The department shall distribute $120,000 in each fiscal year to the Regional District/University Consortium to Validate At-Risk Programs for Rural School Districts. The Department shall distribute $75,000 in each fiscal year to the Cincinnati Artworks Project. In fiscal year 1998, $100,000 shall be used for the Fairborn Community Vision and $300,000 in fiscal year 1998 and $100,000 in fiscal year 1999 shall be used for Ledgemont Education Excellency. In addition, the department shall distribute $275,000 in each fiscal year to the Summit County Technology Project.

In each fiscal year, $300,000 shall be used for a pilot project for the integration and implementation of distance learning, virtual reality, and computer technology to prepare students for careers in industry. Of this amount, $65,000 in each fiscal year shall be distributed to the Math, Science and Industrial Technology Institute at Kent State University-Trumbull Campus for purposes of this pilot project and $235,000 in each fiscal year shall be distributed to the Trumbull County Educational Service Center for the Industrial Technology Career Academy pilot project. In each fiscal year, $140,000 shall be used for the Crouse School Readiness Program.

Of the foregoing appropriation item 200-524, Educational Excellence and Competency, $90,000 in fiscal year 1998 shall be used for the Cleveland Language pilot program; and $20,000 in fiscal year 1998 shall be used for the Columbus Language pilot program.

Of the foregoing appropriation item 200-524, Educational Excellence and Competency, $850,000 in fiscal year 1998 and $850,000 in fiscal year 1999 shall be used to assist local school districts in the implementation of

financial literacy programs as part of the school curriculum in kindergarten through grade six. The funds shall be used to purchase financial literacy instructional materials, including student books, hands-on material, and supporting teacher guides, which promote economic awareness by addressing fundamental life skills such as earning money, saving money, and spending money wisely. The financial literacy curriculum shall also introduce students to the concepts of economic interdependence, profit, loss, investment, and supply and demand. In fiscal year 1999, each school district shall be eligible for one $1,000 grant for each kindergarten through sixth grade level in each school building. A school building with five or more classes per grade level may receive up to $2,000 for that grade level.

The remainder of the appropriation shall be used by the Department of Education to fund programs for at-risk students each year as follows:

Earn and Learn	$1,030,000
Trumbull County "Make Learning Fun"	$75,000
LEAF	$65,000
Coventry	$25,000
Columbus Youth Corp	$50,000
Montgomery County Summer Math program	$215,000
Columbus City District's "I Know I Can"	$645,000
Dayton-Montgomery County Scholarship Program	$645,000
Cleveland Scholarship	$500,000
Cleveland Initiative for Education	$360,000
Cincinnati Project Succeed Academy	$100,000
Cincinnati Scholarship Foundation	$645,000
Improved Solutions for Urban Systems (ISUS)	$100,000
Lorain County Access	$150,000
Amer-I-Can	$850,000
London Learns	$100,000
Project Succeed	$1,000,000
Greater Toledo School-To-Work Consortium	$100,000
Muskingum Valley Services Center	$100,000

For the Cleveland Initiative in Education program, the grant shall support its mentoring and advocacy program.

Of the foregoing appropriation item 200-524, Educational Excellence and Competency, $83,000 in fiscal year 1998 and $83,000 in fiscal year 1999 shall be used for the Shaker Heights Educational Mobility program.

Each program or entity that receives funds under the foregoing

ropriation item 200-524, Educational Excellence and Competency, shall submit annually to the chairpersons of the education committees of the House of Representatives and the Senate and to the Department of Education a report that includes a description of the services supported by the funds, a description of the results achieved by those services, an analysis of the effectiveness of the program, and an opinion as to the program's applicability to other school districts. No funds shall be provided by the Department of Education to a district for the fiscal year 1999 until its report for the fiscal year 1998 has been submitted.

Nonpublic Administrative Cost Reimbursement

The foregoing appropriation item 200-532, Nonpublic Administrative Cost Reimbursement, shall be used by the State Board of Education for the purpose of implementing section 3317.063 of the Revised Code.

School-Age Child Care

Of the foregoing appropriation item 200-533, School-Age Child Care, up to $200,000 in each fiscal year shall be used for the "Training Ohio's Parents for Success" program. Up to $500,000 in each fiscal year shall be used for the "Parents as Teachers" program.

Of the foregoing appropriation item 200-533, School-Age Child Care, up to $62,500 in each fiscal year shall be used by the Cincinnati YWCA for its Home Instruction Program for Preschool Youngsters (HIPPY).

As used under this heading "school-age child care" means a program of child care conducted outside of regular school hours for school age children.

The remainder of the foregoing appropriation item 200-533, School-Age Child Care, shall be used by the Department of Education to provide grants to city, local, and exempted village school districts and educational service centers for school-age child care programs. In each fiscal year, the department shall make grants. All grants shall be awarded by the department on the basis of project proposals submitted by school district boards of education or educational service center governing boards. The board of education of each district or governing board of each educational service center that receives a grant shall keep a record of how the grant is used, and issue a report at the end of the school year for which the grant was made explaining the goals and objectives determined, the activities implemented, and the progress made toward achieving goals and objectives.

Desegregation Costs

The foregoing appropriation item 200-534, Desegregation Costs, shall be used to pay desegregation costs.

(A) Notwithstanding any section of law to the contrary, if in each fiscal year, due to federal court order, the Department of Education is obligated to

pay for desegregation costs in any school district, the costs shall be paid from the foregoing appropriation item 200-534, Desegregation Costs.

Of the foregoing appropriation item 200-534, Desegregation Costs, up to $900,000 in fiscal year 1998 ~~and up to $1,000,000 in fiscal year 1999~~ may be used to cover the legal fees associated with desegregation cases brought against the state.

Of the foregoing appropriation item 200-534, Desegregation Costs, in fiscal year 1999 any unobligated balances may be used to cover the legal fees associated with desegregation cases brought against the state.

By May 1 of each year, the Department of Education will determine if the appropriation exceeds the state's obligation for desegregation costs. Any appropriations in excess of the state's obligation shall be transferred to appropriation item 200-406, Head Start, by the Director of Budget and Management.

(B) As part of managing state desegregation costs, any board of education of a school district subject to a federal court desegregation order that requires the district board to bus students for the purpose of racial balance shall, within one year of the effective date of Am. Sub. H.B. 215 of the 122nd General Assembly:

(1) Update its plan required under Am. Sub. H.B. 298 of the 119th General Assembly designed to satisfy the court so as to obtain release from the court's desegregation order; and

(2) Submit an updated copy of the plan to the State Board of Education.

Upon request of the district board, the State Board shall provide technical assistance to the school district board in developing a plan.

Within ninety days of the date on which the plan is submitted to the State Board of Education, the district board, or the district board and the State Board of Education jointly if both are parties to the desegregation case, shall submit the plan to the court and apply for release from the court's desegregation order.

Of the foregoing appropriation item 200-534, Desegregation Costs, Cleveland City Schools shall receive $40,000,000 in fiscal year 1998 and $38,200,000 in fiscal year 1999; Dayton City Schools shall receive at least $4,500,000 in each of fiscal year 1998 and fiscal year 1999.

Of the foregoing appropriation item 200-534, Desegregation Costs, $5,000,000 in each fiscal year shall be used by the Department of Education to support the Cincinnati Magnet School Program.

SECTION 50.13 OF AM. SUB. H.B. 215/122nd GA AS AMENDED BY AM. SUB. H.B. 650/122nd GA

Sec. 50.13. Special Education Enhancements

Of the foregoing appropriation item 200-540, Special Education Enhancements, up to ~~$42,000,000~~ $40,000,000 in fiscal year 1999 shall be used to fund ~~up to 894~~ special education and related services at MR/DD boards for eligible students under section 3317.20 Of the Revised Code. Up to $2,500,000 shall be used in fiscal year 1999 to fund up to 57 special education classroom and related services units at ~~MR/DD boards and~~ institutions.

Of the foregoing appropriation item 200-540, Special Education Enhancements, up to ~~$22,000,000 in each fiscal year~~ $3,000,000 in fiscal year 1999 shall be used for home instruction ~~and special instructional services~~ for handicapped children; ~~up to $2,000,000 may be used in each fiscal year for occupational and physical therapy contract services, including services provided by physical therapy assistants and certified occupational therapy assistants; up to $1,000,000 in fiscal year 1998 and~~ up to $1,150,000 in fiscal year 1999 shall be used for parent mentoring programs; ~~and~~ $100,000 shall be expended in ~~each~~ FISCAL year ~~of the biennium~~ 1999 for teacher training; up to $2,500,000 may be used in fiscal year 1999 for school psychology interns; and up to $18,000,000 in fiscal year 1999 shall be used for special education transition funding for collaborative efforts which shall be used under a plan prepared by the Department of Education and approved by the Controlling Board.

Of the foregoing appropriation item 200-540, Special Education Enhancements, $1,684,212 in fiscal year 1999 shall be used by the Department of Education to assist school districts in funding aides pursuant to paragraph (A)(3)(c)(i)(b) of Rule 3301-51-04 of the Administrative Code.

Of the foregoing appropriation item 200-540, Special Education Enhancements, $67,352,278 shall be distributed by the Department of Education to county boards of mental retardation and developmental disabilities, educational service centers, and school districts for preschool special education units and preschool supervisory units in accordance with section 3317.161 of the Revised Code. The department may reimburse county boards of mental retardation and developmental disabilities, educational service centers, and school districts for related services as defined in Rule 3301-01-05 of the Ohio Administrative Code, for preschool occupational and physical therapy services provided by a physical therapy assistant and certified occupational therapy assistant, and for an instructional assistant. To the greatest extent possible, the Department of Education shall allocate these units to school districts and educational service centers. The Controlling Board may approve the transfer of unallocated funds from appropriation item 200-501, Base Cost Funding, to appropriation item

200-540, Special Education Enhancements, to fully fund existing units as necessary or to fully fund additional units. The Controlling Board may approve the transfer of unallocated funds from appropriation item 200-540, Special Education Enhancements, to appropriation item 200-501, Base Cost Funding, to fully fund existing units, as necessary, or to fully fund additional units.

SECTION 50.14 OF AM. SUB. H.B. 215/122ND GA AS AMENDED BY AM. SUB. H.B. 650/122ND GA

Sec. 50.14. Vocational Education Enhancements

Of the foregoing appropriation item 200-545, Vocational Education Enhancements, up to ~~$125,000,000~~ $134,000,000 shall be used to fund up to ~~2,800~~ 3,000 vocational education units, inclusive of GRADS units, at joint vocational school districts and up to $2,300,000 shall be used to fund up to 51 vocational education units at institutions. Up to $7,500,000 in fiscal year 1999 may be used for nonvocational units necessary for graduation pursuant to section 3317.16 of the Revised Code, up to $6,500,000 in fiscal year 1999 shall be used for joint vocational school equalization pursuant to section 3317.16 of the Revised Code, up to $300,000 shall be distributed to the Toledo Technology Academy each fiscal year, up to $9,500,000 in fiscal year 1999 shall be used to fund the Jobs for Ohio Graduates (JOG) program, up to $2,205,000 in fiscal year 1999 may be used to support tech prep consortia~~, and up to $7,193,118 in fiscal year 1999 shall be used to fund the Graduation, Reality, and Dual Role Skills (GRADS) program according to that program's rules, which shall be developed by the Superintendent of Public Instruction~~. Up to ~~$3,100,000~~ $4,600,000 may be used to pay for special education classroom and related services units at joint vocational schools.

Funds for nonvocational units necessary for graduation shall be distributed according to rules adopted by the State Board of Education. If federal funds for vocational education cannot be used for local school district leadership without being matched by state funds, then an amount as determined by the Superintendent of Public Instruction shall be made available from state funds appropriated for vocational education. If any state funds are used for this purpose, federal funds in an equal amount shall be distributed for vocational education in accordance with authorization of the state plan for vocational education for Ohio as approved by the Secretary of the United States Department of Education.

The Legislative Office of Education Oversight shall study the various programs designed to serve at-risk high school students. Differences and possible overlaps of purposes, goals, objectives and strategies among such

programs as Jobs for Ohio Graduates (JOG), Graduation, Reality, and Dual Role Skills (GRADS), Occupational Work Experience (OWE), and Occupational Work Adjustment (OWA) will be identified.

Of the foregoing appropriation item 200-545, Vocational Education Enhancements, $100,000 in fiscal year 1998 shall be used for the Cuyahoga County Vocational Apprenticeship Program, which provides funding for training in the building trades of eligible residents of the City of Cleveland. The program utilizes new housing development and rehabilitation programs of four nonprofit neighborhood development corporations as the focus of the skills training apprenticeship program. The four neighborhood development corporations participating in the program are the Glenville Development Corporation, Northeastern Neighborhood Development Corporation, Bell, Burton, and Carr Development Corporation, and the Buckeye Area Development Corporation.

Of the foregoing appropriation item 200-545, Vocational Education Enhancements, $5,851,692 in fiscal year 1999 shall be used to enable students to develop career plans, to identify initial educational and career goals, and to develop a career passport which provides a clear understanding of the student's knowledge, skills, and credentials to present to future employers, universities, and other training institutes.

The amount of $5,851,692 shall be allocated to school districts pursuant to guidelines developed by the Department of Education for programs described in section 3313.607 of the Revised Code for children in the kindergarten through twelfth grades. Funds so allocated shall be used for educational materials, services, career information, curriculum development, staff development, mentorships, career exploration, and career assessment instruments as needed to develop individualized career plans and passports.

Of the foregoing appropriation item 200-545, Vocational Education Enhancements, $4,941,622 shall be used to provide an amount to each eligible school district for the replacement or updating of equipment essential for the instruction of students in job skills taught as part of a vocational program or programs approved for such instruction by the State Board of Education. School districts replacing or updating vocational education equipment may purchase or lease such equipment. The Department of Education shall review and approve all equipment requests and may allot appropriated funds to eligible school districts on the basis of the number of units of vocational education in all eligible districts making application for funds.

The State Board of Education may adopt standards of need for equipment allocation. Pursuant to the adoption of any such standards of

need by the State Board of Education, appropriated funds may be allotted to eligible districts according to such standards. Equipment funds allotted under either process shall be provided to a school district on a 40, 50, or 60 per cent of cost on the basis of a district vocational priority index rating developed by the Department of Education for all districts each year. The vocational priority index shall give preference to districts with a large percentage of disadvantaged students and shall include other socio-economic factors as determined by the State Board of Education.

Of the foregoing appropriation item 200-545, Vocational Education Enhancements, up to ~~$17,000,000~~ $24,193,118 in fiscal year 1999 shall be used for the Vocational Education Programs set-aside, ~~from~~ which ~~moneys~~ shall ~~be distributed~~ provide funds to school districts for vocational education programs in comprehensive high schools and which shall include the Graduation, Reality and Dual Role Skills (GRADS) program according to that program's rules, which shall be developed by the Superintendent of Public Instruction. In addition to any other payments made under Chapter 3317. of the Revised Code, any city, local, or exempted village school district providing an approved vocational education program may receive a supplemental vocational education payment from the set-aside for the purpose of meeting additional costs of providing vocational education. The moneys shall be distributed in accordance with rules adopted by the Superintendent of Public Instruction. The rules shall specify the vocational education related purposes for which the moneys received may be expended and may establish a system of prioritizing the distribution of moneys.

Reading Improvement

The foregoing appropriation item 200-551, Reading Improvement, shall be used by the Department of Education to fund the Reading Recovery training network, to cover the cost of release time for the teacher trainers, and to provide grants to districts to implement other reading improvement programs on a pilot basis. Funds for this appropriation item may also be used to conduct evaluations of the impact and effectiveness of Reading Recovery and other reading improvement programs.

In addition, the Department of Education shall report to the General Assembly and the Governor each fiscal year on the progress that has been made in implementing these programs, including an evaluation of the effectiveness of the programs.

Twenty per cent of the foregoing appropriation item 200-551, Reading Improvement, shall be used for the continuation of a phonics demonstration project as described in Sub. H.B. 81 of the 121st General Assembly. The Department of Education may make a portion of the funds for the

demonstration project available to additional school districts that want to participate in the program that did not receive funding under the original project authorized in Sub. H.B. 81 of the 121st General Assembly.

County MR/DD Boards-Vehicle Purchases

The foregoing appropriation item 200-552, County MR/DD Boards-Vehicle Purchases, shall be used to provide financial assistance to MR/DD boards for the purchase of vehicles as permitted in section 3317.07 of the Revised Code.

The foregoing appropriation item 200-553, County MR/DD Boards-Transportation Operating, shall be used to provide financial assistance for transportation operating costs as provided in section 3317.024 of the Revised Code.

Emergency Loan Interest Subsidy

The foregoing appropriation item 200-558, Emergency Loan Interest Subsidy, shall be used to provide a subsidy to school districts receiving emergency school loans pursuant to section 3313.484 of the Revised Code. The subsidy shall be used to pay these districts the difference between the amount of interest the district is paying on an emergency loan, and the interest that the district would have paid if the interest rate on the loan had been two per cent.

Auxiliary Services Mobile Repair

Notwithstanding section 3317.064 of the Revised Code, if the unobligated cash balance is sufficient then the Treasurer of State shall transfer $1,500,000 in fiscal year 1998 within thirty days of the effective date of this section and $1,500,000 in fiscal year 1999 by August 1, 1998, from the Auxiliary Services Personnel Unemployment Compensation Fund to the Department of Education's Auxiliary Services Mobile Repair Fund (Fund 598).

SECTION 50.24 OF AM. SUB. H.B. 215/122nd GA AS AMENDED BY AM. SUB. H.B. 650/122nd GA

Sec. 50.24. Lottery Profits

(A) There is hereby created the Lottery Profits Education Reserve Fund (Fund 018) in the State Treasury. At no time shall the amount to the credit of the fund exceed $50,000,000. Investment earnings of the Lottery Profits Education Reserve Fund shall be credited to the fund. Notwithstanding any provisions of law to the contrary, for fiscal years 1998 and 1999, there is hereby appropriated to the Department of Education, from the Lottery Profits Education Reserve Fund, an amount necessary to make loans authorized by sections 3317.0210, 3317.0211, and 3317.62 of the Revised Code. All loan repayments from loans made in fiscal years 1992, 1993,

1994, 1995, 1996, 1997, or 1998 shall be deposited into the credit of the Lottery Profits Education Reserve Fund.

(B) On or before July 15, 1998, the Director of Budget and Management shall determine the amount by which lottery profit transfers received by the Lottery Profits Education Fund for fiscal year 1998 exceed $679,417,200. The amount so determined shall be distributed in fiscal year 1999 pursuant to divisions ~~(C)~~(E) and ~~(D)~~(F) of this section.

The Director of Budget and Management shall annually certify the amounts determined pursuant to this section to the Speaker of the House of Representatives and the President of the Senate.

(C) Not later than January 16, 1998, the Department of Education, in consultation with the Director of Budget and Management, shall determine, based upon estimates, if a reallocation of funds as described in the section titled "Reallocation of Funds" of Am. Sub. H.B. 215 of the 122nd General Assembly is required.

If a reallocation of funds is required, then the Superintendent of Public Instruction shall request Controlling Board approval for a release of any balances in the Lottery Profits Education Fund available for the purpose of this division and pursuant to divisions (C)(1) and (2) of the section titled "Reallocation of Funds" of Am. Sub. H.B. 215. Any moneys so released are hereby appropriated.

(D) In fiscal year 1998, if the Department of Education does not determine that a reallocation of funds is necessary by January 16, as provided in division (C) of this section, or if there is a balance in the Lottery Profits Education Fund after the release of any amount needed to preclude a reallocation of funds as provided in division (C) of this section, the moneys in the Lottery Profits Education Fund shall be allocated as provided in this division. Any amounts so allocated are hereby appropriated.

(1) An amount equal to five per cent of the estimated lottery profits of $661,200,000 in fiscal year 1997 or the amount remaining in the fund, whichever is the lesser amount, shall be transferred to the Lottery Profits Education Reserve Fund within the limitations specified in division (A) of this section and be reserved and shall not be available for allocation or distribution during fiscal year 1998. Any amounts exceeding $50,000,000 shall be distributed pursuant to divisions (D)(2), (3), and (4) of this section.

(2) After reserving the required amount under division (D)(1) of this section, an amount equal to $25,000,000 or the unreserved amount remaining in the fund, whichever is the lesser amount, shall be transferred to the Public School Building Fund (Fund 021) to be allocated and distributed in accordance with Chapter 3318. Of the Revised Code. The School

Facilities Commission shall submit annually a report to the Governor and General Assembly on the use of these funds. The report shall include for each project, a description of the need for the project, the total cost, the state and local share of the cost, and the project repayment schedule.

(3) After the allocation under division (D)(2) of this section, an amount equal to $20,000,000 or the unreserved amount remaining in the fund, whichever is the lesser amount, shall be allocated to the School Facilities Commission to assist school districts in complying with federal regulations on asbestos abatement and removal and to assist school districts in making school buildings accessible to the handicapped.

(4) After the allocation under division (D)(3) of this section, the unreserved amount remaining in the fund shall be distributed pursuant to division (G) of this section.

(E) Not later than January 16, 1999, the Department of Education, in consultation with the Director of Budget and Management, shall determine, based upon estimates, if a reallocation of funds as described in the section titled "Reallocation of Funds" of Am. Sub. H.B. 215 of the 122nd General Assembly is required.

If a reallocation of funds is required, then the Superintendent of Public Instruction shall request Controlling Board approval for a release of any balances in the Lottery Profits Education Fund available for the purpose of this division and pursuant to divisions (C)(1) and (2) of the section titled "Reallocation of Funds" of Am. Sub. H.B. 215. Any moneys so released are hereby appropriated.

~~(D)~~(F) In fiscal year 1999, if the Department of Education does not determine that a reallocation of funds is necessary by January 16, as provided in division ~~(C)~~(E) of this section, or if there is a balance in the Lottery Profits Education Fund after the release of any amount needed to preclude a reallocation of funds as provided in division ~~(C)~~(E) of this section, the moneys in the Lottery Profits Education Fund shall be allocated as provided in this division. Any amounts so allocated are hereby appropriated.

(1) An amount equal to five per cent of the estimated lottery profits transfers of $679,417,200 in fiscal year 1998 or the amount remaining in the fund, whichever is the lesser amount, shall be transferred to the Lottery Profits Education Reserve Fund within the limitations specified in division (A) of this section and be reserved and shall not be available for allocation or distribution during fiscal year 1999. Any amounts exceeding $50,000,000 shall be distributed pursuant to divisions ~~(D)~~(F)(2), (3), and (4) of this section.

(2) After reserving the required amount under division ~~(D)~~(F)(1) of this section, an amount equal to $25,000,000 or the unreserved amount remaining in the fund, whichever is the lesser amount, shall be transferred to the School Building Fund (Fund 021) to be allocated and distributed in accordance with Chapter 3318. of the Revised Code. The School Facilities Commission shall submit annually a report to the Governor and General Assembly on the use of these funds. The report shall include for each project, a description of the need for the project, the total cost, the state and local share of the cost, and the project repayment schedule.

(3) After the allocation under division ~~(D)~~(F)(2) of this section, an amount equal to $20,000,000 or the unreserved amount remaining in the fund, whichever is the lesser amount, shall be allocated to the School Facilities Commission to assist school districts in complying with federal regulations on asbestos abatement and removal and to assist school districts in making school buildings accessible to the handicapped.

(4) After the allocation under division ~~(D)~~(F)(3) of this section, the amount remaining in the fund shall be distributed pursuant to division ~~(E)~~(G) of this section.

~~(E)~~(G) In the appropriate fiscal year, any remaining amounts after the operations required by division ~~(C)~~(D) or ~~(D)~~(F) of this section, respectively, shall be available for distribution in accordance with this division.

(1) As used in this division:

(a) "State basic aid" means the amount computed for a district under sections 3317.022, 3317.023, and 3317.025 to 3317.028 of the Revised Code, plus any amount computed for the district under section 3317.0212 of the Revised Code ~~Basic Aid Guarantee" of this act~~ or any amount computed under section 3317.16 of the Revised Code.

(b) "ADM" means:

(i) In the case of a city, local, or exempted village school district, the district's formula ADM as defined in section 3317.02 of the Revised Code, minus the portion of ADM computed under division (A)(3) of section 3317.03 of the Revised Code for students that are enrolled in a joint vocational school district;

(ii) In the case of a joint vocational school district, the sum of the number of pupils enrolled in that joint vocational school district.

(2) Ninety-seven and forty-three one-hundredths per cent of the amount made available for distribution under this division in each fiscal year shall be distributed to city, local, joint vocational, and exempted village school districts eligible to receive funds pursuant to Chapter 3317. of the Revised

ode in proportion to the percentage that the ADM of each such district is of the ADM of all such districts and shall be for the use of the public schools of the district. Two and fifty-seven one-hundredths per cent of such amount made available for distribution under this division in each fiscal year shall be distributed to nonpublic schools for the purposes of section 3317.063 of the Revised Code. Not later than the first day of March of each fiscal year, the Department of Education shall compute each school district's share for that year of the amount to be distributed under this division and shall, subject to Controlling Board approval, distribute the shares so determined.

Amounts distributed to school districts pursuant to this division shall be used solely to purchase textbooks and equipment. If funds have been appropriated by a board for any purposes permitted under this section, the amounts distributed to the district or educational service center under this division shall be used for additional expenditures for such purposes and shall not be substituted for funds previously appropriated by the board.

(3) Districts and nonpublic schools shall report to the Department of Education no later than the last day of May of each fiscal year on the usage of funds received under this division. The Department of Education shall compile district data and report on the usage of all funds distributed under this division to the Controlling Board by the last day of June of each fiscal year. If the department determines that a district used funds distributed pursuant to this division for purposes not permitted, it shall reduce the district's state basic aid payments for the ensuing fiscal year by the amount improperly used.

It is the intent of the General Assembly that moneys distributed pursuant to this section shall not be included in any spending base calculations when appropriations for the 1999-2000 biennium are being considered.

SECTION 50.43 OF AM. SUB. H.B. 215/122nd GA AS AMENDED BY AM. SUB. H.B. 650/122nd GA

Sec. 50.43. There is hereby created the Ohio Schools Technology Implementation Task Force composed of six voting members, three of whom shall be members of the Senate appointed by the President of the Senate and three of whom shall be members of the House of Representatives appointed by the Speaker of the House of Representatives. Not more than two members from each house shall be members of the same political party. From among these six voting members, the President of the Senate and the Speaker of the House of Representatives jointly shall appoint a chair of the Task Force. The Task Force shall include as ex officio nonvoting members the Superintendent of Public Instruction or the Superintendent's designee; the Directors of Budget and Management, Administrative Services, and the

Office of Information, Learning, and Technology Services or their designees; a representative designated by the head of the Ohio Education Computer Network; a representative designated by the Chairperson of the Public Utilities Commission of Ohio; and a representative appointed by the Chairperson of the Ohio Education Broadcasting Network Commission. The voting members may, by majority vote, elect to include any number of additional nonvoting members on the Task Force.

The Legislative Service Commission and the Legislative Budget Office of the Legislative Service Commission shall provide any staffing assistance requested by the Task Force.

The Task Force shall develop recommendations for a comprehensive framework for coordinating the planning and implementation of technology in Ohio schools and issue a report not later than ~~August 1, 1998~~ January 1, 1999. Upon issuing its report, the Task Force shall cease to operate.

Sec. 50.44. (A) There is hereby created the Teacher Professional Development Task Force. The purpose of the task force shall be to develop a comprehensive structure for the delivery of continuing professional development for teachers employed in the state's primary, secondary, vocational, and special educational system. On or before ~~August 1, 1998~~ January 1, 1999, the task force shall issue to the President of the Senate, the Speaker of the House of Representatives, and the State Superintendent of Public Instruction a report outlining a comprehensive structure for the delivery of continuing professional development to such school teachers. On the date of the issuance of its report, the task force is abolished.

(B) The task force shall be composed of six legislators, three appointed by the President of the Senate and three by the Speaker of the House of Representatives. No more than two of the appointed members from each house shall be members of the same political party. From among these six appointed members, the President of the Senate and the Speaker of the House of Representatives jointly shall appoint a chair of the Task Force. Ex-officio nonvoting members of the task force shall include the State Superintendent of Public Instruction, or the Superintendent's designee; the Director of Budget and Management, or the Director's designee; a member appointed by the head official of the Ohio State School Boards Association; a member appointed by the head official of the Ohio Association of Educational Service Center Superintendents; a member appointed by the head official of the Ohio Education Association; a member appointed by the head official of the Ohio Federation of Teachers; a member appointed by the head official of the Buckeye Association of School Administrators; and two members of the institutions of higher education that have teacher education

colleges, one member of which shall be from such a public institution appointed by the Chancellor of the Board of Regents and the other shall be from such a private institution appointed by the head official of the Association of Independent Colleges and Universities of Ohio. The voting members of the task force may appoint, by a majority vote, additional ex-officio nonvoting members to serve on the task force. The Legislative Service Commission and the Legislative Budget Office shall provide staff and services to the task force.

Sec. 50.52.5. Each contract entered into between a sponsor and the governing authority of a community school shall specify the following:

(A) That the school shall be established as a nonprofit corporation established under Chapter 1702. of the Revised Code;

(B) The education program of the school, including the school's mission, the characteristics of the students the school is expected to attract, the ages and grades of students, and the focus of the curriculum;

(C) Performance standards and assessments by which the success of the school will be evaluated by the sponsor, which shall include the statewide proficiency tests;

(D) The admission standards of Subsection 8 of this section;

(E) Dismissal procedures;

(F) The ways by which the school will achieve racial and ethnic balance reflective of the community it serves;

(G) Requirements and procedures for ~~program and~~ financial audits~~, including audits~~ by the Auditor of State ~~and the Department of Education~~. The contract shall require financial records of the school to be maintained in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State, and the audits shall be conducted in accordance with section 117.10 Of the Revised Code.

(H) Facilities to be used, their location, and their method of acquisition;

(I) Qualifications of teachers, including a requirement that the school's classroom teachers be certificated in accordance with sections 3319.22 to 3319.31 of the Revised Code, except that a community school may engage noncertificated persons to teach up to twelve hours per week pursuant to section 3319.301 of the Revised Code;

(J) That the school will comply with the following requirements:

(1) The school will provide learning opportunities to a minimum of twenty-five students for a minimum of nine hundred twenty hours per school year;

(2) The governing authority will purchase liability insurance, or otherwise provide for the potential liability of the school;

(3) The school will be nonsectarian in its programs, admission policies, employment practices, and all other operations, and will not be operated by a sectarian school or religious institution;

(4) The school will comply with sections 9.90, 9.91, 109.65, 121.22, 149.43, 2151.358, 2151.421, 2313.18, 3301.0710, 3301.0711, 3301.0714, 3313.33, 3313.50, 3313.643, 3313.66, 3313.661, 3313.662, 3313.67, 3313.672, 3313.673, 3313.69, 3313.71, 3313.80, 3313.96, 3319.321, 3319.39, 3321.01, 3327.10, 4111.17, and 4113.52 and Chapters 102., 117., 1347., 2744., 4112., 4123., 4141., and 4167. of the Revised Code as if it were a school district;

(5) The school will comply with sections 3313.61 and 3313.611 of the Revised Code, except that the requirement in those sections that a person must successfully complete the curriculum in any high school prior to receiving a high school diploma may be met by completing the curriculum adopted by the governing authority of the community school rather than the curriculum specified in Title XXXIII of the Revised Code or any rules of the state board of education;

(6) The school governing authority will submit an annual report of its activities and progress in meeting the goals and standards of division (C) of this subsection and its financial status to the sponsor ~~and to,~~ the parents of all students enrolled in the school, and the legislative office of education oversight. The financial statement shall be in such form as shall be prescribed by the Auditor of State.

(K) Arrangements for providing health and other benefits to employees;

(L) The length of the contract, which shall not exceed five years nor extend beyond June 30, 2003;

(M) The governing authority of the school, which shall be responsible for carrying out the provisions of the contract, and a description of the process by which the governing authority will be selected in the future;

(N) A financial plan detailing an estimated school budget for each year of the period of the contract and specifying the total estimated per pupil expenditure amount for each such year. The plan shall specify for each year the base formula amount that will be used for purposes of funding calculations under section 3314.08 of the Revised Code. This base formula amount for any year shall not exceed the formula amount defined under division (B) of section 3317.02 of the Revised Code.

(O)(1) Requirements and procedures regarding the disposition of employees, equipment, materials, supplies, and facilities of the school in the event the contract is terminated or not renewed pursuant to this section;

(2) Provisions to ensure that, if for any reason a school must close prior

to June 30, 2003, the school will be kept open for students to attend until the end of the school year in which it is determined that the school must close;

(3) Provisions establishing procedures for resolving disputes or differences of opinion between the sponsor and the governing authority of the community school.

(P) Whether or not the school is to be created by converting all or part of an existing public school and, if it is, specification of any duties or responsibilities of an employer that the board of education that operated the school before conversion is delegating to the governing authority of the community school with respect to all or any specified group of employees provided the delegation is not prohibited by a collective bargaining agreement applicable to such employees.

(Q) Any additional details concerning the management and administration of the school;

(R) If the proposed community school is a currently existing public school, alternative arrangements, approved by the board of education of the school district in which the school is located, for current public school students who choose not to attend the school and teachers who choose not to teach in the school after conversion;

(S) That the school shall be the custodian of all money received during the first full fiscal year of its operation and during subsequent years unless another custodian is designated in the contract to receive and maintain the first-year revenue.

SECTION 50.52.10 OF AM. SUB. H.B. 215/122nd GA AS AMENDED BY AM. SUB. H.B. 650/122nd GA

Sec. 50.52.10. (A) As used in this subsection:

(1) "Base formula amount" means the amount specified as such in a community school's financial plan for a school year pursuant to Subsection 5 of this section.

(2) "Cost-of-doing-business factor" has the same meaning as in section 3317.02 of the Revised Code.

(3) "IEP" means an individualized education program defined by division (E) of section 3323.01 of the Revised Code.

(4) "~~Actual~~ Average county cost" means the ~~actual~~ cost, averaged among school districts within a county, of providing special education and related services to ~~a special education student pursuant to an IEP in the school district where that student is entitled to attend school pursuant to sections 3313.64 and 3313.65 of the Revised Code~~ similarly handicapped children, as calculated in a manner acceptable to the Superintendent of Public Instruction.

(5) "Basic aid" means the amount computed for a district under divisions (A) and (C) of section 3317.022 of the Revised Code.

(6) "Guarantee funds" means any payments received by a school district pursuant to section 3317.0212 of the Revised Code.

(7) "Per pupil state funds" for a district means the figure obtained when the sum of the district's total annual basic aid payments plus guarantee funds is divided by the district's formula ADM as certified in section 3317.03 of the Revised Code.

(8) "Entitled to attend school in the district" means a student is entitled to attend school in a district pursuant to the provisions of section 3313.64 or 3313.65 of the Revised Code.

(B) The state board of education shall adopt rules requiring both of the following:

(1) The board of education of each city, exempted village, and local school district in the Lucas County area to annually report the number of students entitled to attend school in the district pursuant to section 3313.64 or 3313.65 of the Revised Code in grades one through twelve, and one-half of the kindergarten students, who are enrolled in a community school established under this ~~chapter~~ section and for each child, both of the following:

(a) The community school in which the child is enrolled. In addition, for each such child receiving special education and related services in a community school pursuant to an IEP the board shall report the ~~actual~~ average county cost for such child.

(b) If the district receives disadvantaged pupil impact aid for the child pursuant to division (B) or divisions (C) and (E) of section 3317.029 of the Revised Code, the amount received for such child.

(2) The governing authority of each community school established under this section to annually report the number of students in grades one through twelve, and one-half of the kindergarten students, enrolled in ~~kindergarten through grade twelve in~~ the school who are not receiving special education and related services pursuant to an IEP, the number of enrolled students in ~~kindergarten through grade~~ grades one through twelve and one-half of the kindergarten students who are receiving special education and related services pursuant to an IEP, the number of enrolled preschool students counted in a unit approved by the State Board of Education under section 3317.05 of the Revised Code, the community school's base formula amount, and for each student, the city, exempted village, or local school district the student is entitled to attend under section 3313.64 or 3313.65 of the Revised Code.

(C) From the payments made to a city, exempted village, or local school district under Chapter 3317. and, if necessary, sections 321.14 and 323.156 of the Revised Code, the Department of Education shall annually subtract all of the following:

(1) An amount equal to the sum of the amounts obtained when, for each community school where the district's students are enrolled, the number of the district's students reported under division (B)(2) of this subsection in grades one through twelve, and one-half of the kindergarten students, who are enrolled in ~~kindergarten through grade twelve in~~ that community school and are not receiving special education and related services pursuant to an IEP is multiplied by the base formula amount of that community school as adjusted by the school district's cost-of-doing-business factor.

(2) The sum of the ~~actual~~ average county costs for all district students reported under division (B)(2) of this subsection who are to be receiving special education and related services pursuant to an IEP in their respective community schools, less the sum of the prorated share for each such preschool handicapped student of any amounts received from state funded units or from any federal funds to provide special education and related services to students in kindergarten through grade twelve in the respective community schools. This prorated share of state unit funding or federal funds received for each such student shall be determined on the basis of all such funds received by a community school for students receiving similar services, as calculated in a manner acceptable to the Superintendent of Public Instruction.

(3) An amount equal to the sum of the amounts obtained when, for each community school where the district's students are enrolled, the number of the district's students enrolled in that community school and residing in the district in a family participating in Ohio works first under Chapter 5107. of the Revised Code is multiplied by the per pupil amount of disadvantaged pupil impact aid the school district receives that year under division (B) or divisions (C) and (E) of section 3317.029 of the Revised Code.

(D) The Department shall annually pay to a community school, or to ~~the Lucas County Educational Service Center on behalf of a start-up school for which the Service Center's Treasurer is the chief financial officer and~~ any custodian of its funds designated pursuant to subsection ~~12~~ 5 of this section, all of the following:

(1) An amount equal to the sum of the amounts obtained when, for each school district where the community school's students are entitled to attend school under section 3313.64 or 3313.65 of the Revised Code, the number of students enrolled in ~~kindergarten~~ grades one through ~~grade~~ twelve plus

one-half of the kindergarten students in the school as reported under division (B)(2) of this subsection who are not receiving special education and related services pursuant to an IEP is multiplied by the community school's base formula amount, as adjusted by that school district's cost-of-doing-business factor;

(2) For each student enrolled in the school receiving special education and related services pursuant to an IEP, an amount equal to the ~~actual~~ average county cost for such student, less a prorated share for a preschool handicapped student of any amount received from state funded units or for any student, a prorated share of any federal funds to provide special education and related services to students in the community school. This prorated share shall be determined as described under division (C)(2) of this subsection.

(3) An amount equal to the sum of the amounts obtained when, for each school district where the community school's students are entitled to attend school under section 3313.64 or 3313.65 of the Revised Code, the number of that district's students enrolled in the community school and participating in Ohio works first is multiplied by the per pupil amount of disadvantaged pupil impact aid that school district receives that year under division (B) or divisions (C) and (E) of section 3317.029 of the Revised Code.

(E) For purposes of counting students in average daily membership under section 3317.03 of the Revised Code, prior to the first day of classes each year in any community school established under this section, the parent, guardian, or custodian of each student who is enrolled or intends to enroll that year in the community school shall register the student's name and address with the superintendent of the school district in which the student is entitled to attend school. The superintendent shall include all such students in the district's average daily membership as if the students were enrolled during the first full week of October in that school year.

(F) During the first year of operation of a community school under this section, in addition to all other payments made to any school district in which a student enrolled in the community school is entitled to attend school pursuant to Chapter 3317. of the Revised Code, the Department of Education shall pay such school district for each student enrolled in the community school who is otherwise entitled to attend school in the district an amount equal to 50 per cent of the district's per pupil state funds.

(G) A community school may apply to the Department of Education for preschool handicapped or gifted unit funding the school would receive if it were a school district. Upon request of its governing authority, a community school that received unit funding as a school district-operated school before

it was converted to a community school shall retain any units awarded to it as a school district-operated school, provided the school continues to meet eligibility standards for the unit.

A community school shall be considered a school district and its governing authority shall be considered a board of education for the purpose of applying to any state or federal agency for grants that a school district may receive under federal or state law or any appropriations act of the General Assembly. The governing authority of a community school may apply to any private entity for additional funds.

(H) A board of education sponsoring a community school may utilize local funds to make enhancement grants to the school or may agree, either as part of the contract or separately, to provide any specific services to the community school at no cost to the school.

(I) A community school may not levy taxes or issue bonds secured by tax revenues.

(J) No community school shall charge tuition for the enrollment of any student.

(K) A community school may borrow money to pay any necessary and actual expenses of the school in anticipation of the receipt of any portion of the payments to be received by the school pursuant to division (D) of this subsection. The school may issue notes to evidence such borrowing to mature no later than the end of the fiscal year in which such money was borrowed. The proceeds of the notes shall be used only for the purposes for which the anticipated receipts may be lawfully expended by the school.

(L) For purposes of determining the number of students for which division (D)(3) of this subsection applies in any school year, a community school may submit to the state Department of Human Services, no later than the first day of March, a list of the students enrolled in the school. For each student on the list, the community school shall indicate the student's name, address, and date of birth and the school district where the student is entitled to attend school under section 3313.64 or 3313.65 of the Revised Code. Upon receipt of a list under this division, the Department of Human Services shall determine, for each school district where one or more students on the list are entitled to attend school under section 3313.64 or 3313.65 of the Revised Code, the number of students residing in that school district who were included in the Department's report required by section 3317.10 of the Revised Code. The Department shall make this determination on the basis of information readily available to it. Upon making this determination and no later than ninety days after submission of the list by the community school, the Department shall report to the state Department of Education the number

of students on the list who reside in each school district who were included in the Department's report made pursuant to section 3317.10 of the Revised Code. In complying with this division, the Department of Human Services shall not report to the state Department of Education any personally identifiable information on any student.

SECTION 69.03 OF AM. SUB. H.B. 215/122nd GA AS AMENDED BY AM. SUB. H.B. 650/122nd GA

Sec. 69.03. SchoolNet Plus

In fiscal year 1998, by July 10, the Director of Budget and Management shall transfer $28,000,000 cash from the General Revenue Fund to the Office of Information, Learning and Technology Services' SchoolNet Plus Fund (4Y4). In fiscal year 1998, by July 10, the Director of Budget ~~of~~ and Management shall transfer $3,664,253 from the Lottery Commission's Unclaimed Prizes Fund (Fund 872) to the Office of Information, Learning and Technology Services' SchoolNet Plus Fund (4Y4). In addition, on or before July 31, 1997, pursuant to the section titled "Transfer of Fiscal Year 1997 Ending Balances" $94,400,000 in surplus revenue shall be transferred to the SchoolNet Plus Fund (4Y4). A total of $31,664,253 shall be distributed from Fund (4Y4) appropriation item 228-698, SchoolNet Plus, to nonqualifying districts to bring their total SchoolNet Plus payment up to $350 per pupil for students in kindergarten through the fourth grade.

To complete the SchoolNet Plus program, the Director of Budget and Management shall transfer in fiscal year 1999 $30,600,000 cash from the General Revenue Fund to the office's SchoolNet Plus Fund (4Y4).

Before any city, local, or exempted village school district applies for and receives additional funds through the SchoolNet Plus program, it must certify to the Office of Information, Learning, and Technology Services that it has used any previous moneys received through the SchoolNet Plus program to purchase and install computers for children enrolled in grades kindergarten through four, and that the equipment and software are being utilized daily as of the certification date. School districts may use their SchoolNet Plus moneys for assistant technology for disabled students.

Interactive Video Distance Learning

The foregoing appropriation item 228-650, Interactive Video Distance Learning, shall be used in fiscal year 1998 to help fund interactive video distance learning projects in local, exempted village, city, and joint vocational schools. Specifically, the great bulk, if not all, of the appropriation shall be used to fund a pilot project consisting of approximately 100 sites and including school districts and/or consortia of school districts and non-school entities to test and evaluate the universal

connectivity potential of the technology known as Asynchronous Transmission Mode (ATM), various classroom technology configurations, new and creative instructional strategies and techniques, staff development strategies and programs, and various content development approaches. Participating sites in the pilot are to be selected to provide maximum geographic, socioeconomic, size and community profile diversity. The Office of Information, Learning, and Technology shall determine grant amounts in accordance with the guidelines of this section. Priority shall be given to consortiums of schools where a significant number of all the schools in a geographic area have demonstrated a desire to participate in ~~the~~ a video distance learning program ~~and where no interactive video distance learning project involving multiple school districts now exists. Efforts shall be made to ensure that consortiums funded are geographically dispersed around the state~~. However, the Office of Information, Learning, and Technology Services may exercise its own discretion in the final selection of participants.

The Office of Information, Learning, and Technology Services shall calculate a maximum grant amount for each approved school district or consortium participating in the pilot. Such maximum grant shall ~~be~~ include the amount sufficient to equip one classroom or provide one mobile unit in each high school building of the participating school districts so they are capable of both originating and receiving programming ~~and may include one additional classroom in each high school building for receiving only~~, and with the necessary ATM equipment. The maximum grant amount ~~may~~ shall also include funds for interconnecting the various sites involved in the consortium, for interconnecting with the state's video network and thus with other consortia, school districts, and content providers around the state, for planning, for content development, and for professional development. The percentage of the maximum grant amount awarded to school districts or consortia shall be greater for lower property valuation districts, and consortia of lower property valuation districts, and less for higher property valuation districts, and consortia. However, the Office of Information, Learning, and Technology Services may grant higher percentage grants to high-wealth districts if those districts demonstrate unusual efforts to involve and assist low-wealth districts. The amount awarded shall take into account the subsidy and discount available through the Federal Communication Commission's telephone universal service plan for schools, and may include ~~a~~ an additional subsidy~~, up to the maximum permissible under the Snow-Rockefeller amendment, of~~ for the monthly telephone, cable, or other connection charges incurred by school districts or by new or existing

consortia involving school districts with education-related organizations whose inclusion will enhance education for Ohio's students, for operation of the interactive distance learning programming. School districts or consortia of school districts whose per pupil valuation for the average of the preceding two years exceeds 60 per cent of the statewide median valuation per pupil shall be eligible for funds only if they commit, as part of the application process, to provide programming without charge or at minimal cost to school districts whose valuation is below the statewide median valuation per pupil.

The Office of Information, Learning, and Technology Services may also provide grants to non-school entities to develop and manage specialized content. Efforts shall be made to select these specialized content providers from different geographic areas of the state, although the Office of Information, Learning, and Technology Services may exercise its own discretion in the final selection of such entities.

Provision shall also be made from the foregoing appropriation to provide for the management and coordination of the pilot project and for evaluation of its many functions.

If an appropriation balance is available in this line item as of June 30, 1998, the Director of Budget and Management shall transfer the balance of the appropriation to fiscal year 1999."

SECTION 9. That existing Sections 50, 50.07, 50.09, 50.10, 50.12, 50.13, 50.14, 50.24, 50.43, 50.44, 50.52.5, 50.52.10, and 69.03 of Am. Sub. H.B. 215 of the 122nd General Assembly, as amended by Am. Sub. H.B. 650 of the 122nd General Assembly, are hereby repealed.

SECTION 10. That Section 18 of Am. Sub. H.B. 650 of the 122nd General Assembly be amended to read as follows:

"Sec. 18. (A) As used in this section:

(1) "FY 1998 state aid" means the total amount of state money received by a school district ~~under sections 3317.022, 3317.023, and 3317.025 to 3317.028 of the Revised Code, prior to any deductions or credits required by division (G), (I), (J), or (K) of section 3317.023, plus any amounts for which the district was eligible pursuant to divisions (K), (M), (N), and (O) of section 3317.024 and sections 3317.0212 and 3317.0213 of the Revised Code, as those divisions and sections existed~~ in fiscal year 1998 as reported on the Department of Education's form "SF-12," adjusted as follows:

(a) Minus any amounts for approved preschool handicapped units;

(b) Minus any additional amount attributable to the reappraisal guarantee of division (C) of section 3317.04 of the Revised Code;

(c) Plus the amount deducted for payments to an educational service center;

(d) Plus an estimated portion of the state money distributed in fiscal year 1998 to other school districts or educational service centers for approved units, other than preschool handicapped or gifted education units, attributable to the costs of providing services in those units to students entitled to attend school in the district;

(e) Minus an estimated portion of the state money distributed to the school district in fiscal year 1998 for approved units, other than preschool handicapped units or gifted education units, attributable to the costs of providing services in those units to students entitled to attend school in another school district;

(f) Plus any additional amount paid pursuant to the vocational education recomputation required by former Section 50.22 of Am. Sub. H.B. No. 215 of the 122nd General Assembly;

(g) Plus any additional amount paid pursuant to the special education recomputation required by former division (I) of section 3317.023 of the Revised Code;

(h) Plus any amount paid for equity aid under section 3317.0213 of the Revised Code.

(2) "FY 1999 state aid," "FY 2000 state aid," "FY 2001 state aid," and "FY 2002 state aid" mean the total amount of state money a school district is eligible to receive for the applicable fiscal year under ~~sections~~ divisions (A), (C)(1), and (D) of section 3317.022~~, 3317.023,~~ and sections 3317.025 to 3317.028, 3317.029, 3317.0212, and 3317.0213 of the Revised Code, plus any amount for which the district is eligible pursuant to division ~~(Q)~~(C) of section 3317.023, divisions (G) and (P) of section 1317.024, and division (B) of section 3317.162 of the Revised Code, and prior to any deductions or credits required by division (B), (D), (E), (F), (G), (H), ~~or~~ (I), (J), or (K) of section 3317.023 or division (J) of section 3317.029 of the Revised Code~~, as those sections are enacted and amended by this act~~.

(3) "FY 1999 actual aid," "FY 2000 actual aid," "FY 2001 actual aid," and "FY 2002 actual aid" means the amount of the state aid described in division (A)(2) of this section that was actually paid to a school district in the applicable fiscal year after the application of divisions (B) to (E) of this section.

(4) "FY 1998 ADM~~" has the meaning prescribed in section 3317.0212 of the Revised Code.~~

~~(5) "Formula amount" has the meaning~~," "formula ADM," and "three-year average formula ADM" have the meanings prescribed in section 3317.02 of the Revised Code.

(5) "All-day kindergarten" has the meaning prescribed in section 3317.029 Of the Revised Code.

(B) In fiscal year 1999, notwithstanding any provision of law to the contrary, no school district shall receive FY 1999 state aid that is ~~equal to~~ more than the greater of the following:

(1) 110 per cent of FY 1998 state aid~~. If~~;

(2) [1.06 X (FY 1998 state aid/FY 1998 ADM] X the greater of fiscal year 1999 formula ADM or three-year average formula ADM.

If a district's projected FY 1999 state aid is more than ~~110 per cent of its FY 1998 state aid~~ the greater of division (B)(1) or (2) of this section, such district shall receive only ~~110 per cent of its FY 1998 state aid~~ the greater of division (B)(1) or (2) of this section in fiscal year 1999.

(C) In fiscal year 2000, notwithstanding any provision of law to the contrary, no school district shall receive FY 2000 state aid that is ~~equal to~~ more than the greater of the following:

(1) 110 per cent of FY 1999 actual aid~~. If~~;

(2) [1.06 X (FY 1999 actual aid/fiscal year 1999 formula ADM] X the greater of fiscal year 2000 formula ADM or three-year average formula ADM.

If a district's projected FY 2000 state aid is more than ~~110 per cent of its FY 1999 actual aid~~ the greater of division (C)(1) or (2) of this section, such district shall receive only ~~110 per cent of its FY 1999 actual aid~~ the greater of division (C)(1) or (2) of this section in fiscal year 2000.

(D) In fiscal year 2001, notwithstanding any provision of law to the contrary, no school district shall receive FY 2001 state aid that is ~~equal to~~ more than the greater of the following:

(1) 110 per cent of FY 2000 actual aid~~. If~~;

(2) [1.06 X (FY 2000 actual aid/fiscal year 2000 formula ADM] X the greater of fiscal year 2001 formula ADM or three-year average formula ADM.

If a district's projected FY 2001 state aid is more than ~~110 per cent of its FY 2000 actual aid~~ the greater of division (D)(1) or (2) of this section, such district shall receive only ~~110 per cent of its FY 2000 actual aid~~ the greater of division (D)(1) or (2) of this section in fiscal year 2001.

(E) In fiscal year 2002, notwithstanding any provision of law to the contrary, no school district shall receive FY 2002 state aid that is ~~equal to~~ more than the greater of the following:

(1) 110 per cent of FY 2001 actual aid. If;

(2) [1.06 X (FY 2001 actual aid/fiscal year 2001 formula ADM] X the greater of fiscal year 2002 formula ADM or three-year average formula ADM.

If a district's projected FY 2002 state aid is more than 110 per cent of its FY 2001 actual aid the greater of division (E)(1) or (2) of this section, such district shall receive only 110 per cent of its FY 2001 actual aid the greater of division (E)(1) or (2) of this section in fiscal year 2002.

(F) Notwithstanding any provision of law to the contrary:

(1) The amount by which a school district's FY 1999 actual aid exceeds its FY 1998 state aid is hereby deemed to first consist of the disadvantaged pupil impact aid (DPIA) calculated under section 3317.029 of the Revised Code. In fiscal year 1999, each district shall spend for the purposes set forth in section 3317.029 of the Revised Code at least the lesser of the amount calculated under that section or the amount by which its FY 1999 actual aid exceeds its FY 1998 state aid.

(2) The amount by which a school district's FY 2000 actual aid exceeds its FY 1999 actual aid is hereby deemed to first consist of the DPIA calculated under section 3317.029 of the Revised Code. In fiscal year 2000, each district shall spend for the purposes set forth in section 3317.029 of the Revised Code at least the lesser of the amount calculated under that section or the amount by which its FY 2000 actual aid exceeds itsFY 1999 actual aid.

(3) The amount by which a school district's FY 2001 actual aid exceeds its FY 2000 actual aid is hereby deemed to first consist of the DPIA calculated under section 3317.029 of the Revised Code. In fiscal year 2001, each district shall spend for the purposes set forth in section 3317.029 of the Revised Code at least the lesser of the amount calculated under that section or the amount by which its FY 2001 actual aid exceeds itsFY 2000 actual aid.

(4) The amount by which a school district's FY 2002 actual aid exceeds its FY 2001 actual aid is hereby deemed to first consist of the DPIA calculated under section 3317.029 of the Revised Code. In fiscal year 2002, each district shall spend for the purposes set forth in section 3317.029 of the Revised Code at least the lesser of the amount calculated under that section or the amount by which its FY 2002 actual aid exceeds itsFY 2001 actual aid.

(G)(1) In lieu of the limitation on the amount of aid a district may receive in fiscal year 1999 provided in division (B) of this section, the district may receive an amount calculated under the following formula, if

~~such amount is greater than the amount provided in division (B) of this section:~~
~~1.06 times minus (the district's FY 1998 state aid/district'sFY 1998ADM)> times the district's FY 1999 formula ADM~~

~~(2) In lieu of the limitation on the amount of aid a district may receive in fiscal year 2000 provided in division (C) of this section, the district may receive an amount calculated under the following formula, if such amount is greater than the amount provided in division (C) of this section:~~
~~1.06 times minus (the district's FY 1999 actual aid/district'sFY 1999 formula ADM)> times the district's FY 2000 formula ADM~~

~~(3) In lieu of the limitation on the amount of aid a district may receive in fiscal year 2001 provided in division (D) of this section, the district may receive an amount calculated under the following formula, if such amount is greater than the amount provided in division (D) of this section:~~
~~1.06 times minus (the district's FY 2000 actual aid/district'sFY 2000 formula ADM)> times the district's FY 2001 formula ADM~~

~~(4) In lieu of the limitation on the amount of aid a district may receive in fiscal year 2002 provided in division (E) of this section, the district may receive an amount calculated under the following formula, if such amount is greater than the amount provided in division (E) of this section:~~
~~1.06 times minus (the district's FY 2001 actual aid/district's FY 2001 formula ADM)> times the district's FY 2002 formula ADM~~ This division and division (G) of this section apply only to districts subject to division (F) of section 3317.029 Of the Revised Code. As used in this division and division (G) of this section:

(1) "Capped district" means a district that pursuant to division (B), (C), (D), or (E) of this section will not receive the full amount of FY 1999, FY 2000, FY 2001, or FY 2002 state aid.

(2) "DPIA funds" means:

(a) In FY 1998, the amount calculated for the district pursuant to division (B) of section 3317.023 Of the Revised Code as it existed in that fiscal year;

(b) In any fiscal year after FY 1998, the total amount calculated for the district for that fiscal year pursuant to section 3317.029 Of the Revised Code.

(3) "Exempt DPIA portion" means:

(a) In the case of any district other than a capped district, an amount equal to zero;

(b) In the case of a capped district, the amount resulting from the application of the following formula:

(The district's DPIA funds for the year of the calculation minus the district's DPIA funds for FY 1998) minus (the district's actual aid for the year of the calculation minus the district's FY 98 state aid)

However, if this formula produces a negative number, the district's exempt DPIA portion is zero.

(4) "Required all-day kindergarten" for a district means the provision of all-day kindergarten to the number of students in the district's kindergarten percentage specified pursuant to division (H)(1) of section 3317.029 Of the Revised Code.

(G) Notwithstanding any provision of law to the contrary:

(1) In the case of any district, the district's DPIA funds are hereby deemed to first consist of any disadvantaged pupil impact aid calculated for the district for all-day kindergarten under division (D) of section 3317.029 Of the Revised Code, and to next consist of any disadvantaged pupil impact aid calculated for the district under divisions (C) and (E) of section 3317.029 Of the Revised Code. Each district shall expend whatever funds necessary to ensure provision of its required all-day kindergarten.

(2) In FY 1999, a district shall expend for the purposes of section 3317.029 Of the Revised Code an amount equal to at least twenty-five per cent of the resultant derived from subtracting the district's exempt DPIA portion from the amount calculated for the district under divisions (C) and (E) of section 3317.029 Of the Revised Code.

(3) In FY 2000, a district shall expend for the purposes of section 3317.029 Of the Revised Code an amount equal to at least fifty per cent of the resultant derived from subtracting the district's exempt DPIA portion from the amount calculated for the district under divisions (C) and (E) of section 3317.029 Of the Revised Code.

(4) In FY 2001, a district shall expend for the purposes of section 3317.029 Of the Revised Code an amount equal to at least seventy-five per cent of the resultant derived from subtracting the district's exempt DPIA portion from the amount calculated for the district under divisions (C) and (E) of section 3317.029 Of the Revised Code.

(5) In FY 2002 and thereafter, a district shall expend one hundred per cent of its DPIA funds for the purposes of section 3317.029 Of the Revised Code.

(6) Districts shall comply with the requirements of division (G) of section 3317.029 Of the Revised Code."

SECTION 11. That existing Section 18 of Am. Sub. H.B. 650 of the 122nd General Assembly is hereby repealed.

SECTION 12. That Section 50.06 of Am. Sub. H.B. 215 of the 122nd General Assembly, as amended by Am. Sub. H.B. 182 and Am. Sub. H.B. 650 of the 122nd General Assembly, be amended to read as follows:

SECTION 50.06 OF AM. SUB. H.B. 215/122nd GA AS AMENDED BY AM. SUB. H.B. 182/122nd GA AND AM. SUB. H.B. 650/122nd GA

"Sec. 50.06. ~~School Foundation Basic Allowance~~ Base Cost Funding

Of the foregoing appropriation item 200-501, Base Cost Funding, up to $6,000,000 in each year of the biennium shall be expended by the State Board of Education for the extended service allowance which shall be the teachers' salaries pursuant to the schedule contained in section 3317.13 of the Revised Code, plus fifteen per cent for retirement and sick leave; up to $425,000 shall be expended in each year of the biennium for court payments pursuant to section 2151.357 of the Revised Code; up to $150,000 in each year of the biennium shall be expended pursuant to section 3313.64 of the Revised Code; the Superintendent of Public Instruction shall expend in fiscal year 1998 the amount necessary for the purpose of making payments for the vocational education pupil recomputation pursuant to division (M) of section 3317.024 of the Revised Code and the provisions under the section headed "Vocational Education Pupil Recomputation" in Am. Sub. H.B. 215 of the 122nd General Assembly and the special education pupil recomputation pursuant to division (I) of section 3317.023 of the Revised Code; up to $100,000 shall be expended in each year of the biennium for supplemental payments pursuant to the section headed "Supplemental Payment" of Am. Sub. H.B. 215 of the 122nd General Assembly; an amount shall be available each year of the biennium for the cost of the reappraisal guarantee pursuant to section 3317.04 of the Revised Code; up to $9,000,000 in each year of the biennium shall be reserved for payments pursuant to sections 3317.026, 3317.027, and 3317.028 of the Revised Code except that the Controlling Board may increase the $9,000,000 amount if presented with such a request from the Department of Education. Of the foregoing appropriation line item 200-501, Base Cost Funding, up to $13,861,282 shall be used in fiscal year 1999 to provide additional state aid to school districts for students in category three special education ADM pursuant to division (C)(4) of section 3317.022 Of the Revised Code; up to $2,000,000 in each year of the biennium shall be reserved for Youth Services tuition payments pursuant to section 3317.024 of the Revised Code~~,~~; up to $1,300,000 in fiscal year 1998 and $1,300,000 in fiscal year 1999 for small district aid; for districts with an ADM of less than 100, in addition to other funds, an amount shall be paid equal to the amount above

the actual fiscal year 1996 and 1997 amounts for basic aid, including any guarantee aid the district would have received in fiscal years 1996 and 1997 had the amendments to divisions (D) and (E) of section 3317.0212 of the Revised Code, as amended in Am. Sub. H.B. 215 of the 122nd General Assembly, been in effect; up to $500,000 in each fiscal year shall be used to make payments to school districts that lose enrollment due to the implementation of the community schools program pursuant to Am. Sub. H.B. 215 of the 122nd General Assembly; $500,000 shall be transferred each year by the Director of Budget and Management to appropriation item 200-422, School Management Assistance, to help the Department of Education administer, monitor, and implement the fiscal emergency and fiscal watch provisions under Chapter 3316. of the Revised Code~~. Up~~; up to $45,330,000 in fiscal year 1998 and up to $47,795,600 in fiscal year 1999 shall be reserved to fund the state reimbursement of educational service centers pursuant to section 3317.11 of the Revised Code; and up to $1,260,000 in fiscal year 1998 shall be used by the Superintendent of Public Instruction to make incentive payments in any amounts the superintendent deems necessary to joint educational service centers established pursuant to section 3311.053 of the Revised Code. These supplemental payments may be made in fiscal year 1998 to defray the direct or indirect expenses of dissolving participating educational service centers. Each joint educational service center seeking a supplemental payment in fiscal year 1998 shall submit to the Superintendent of Public Instruction any documents and information that the Superintendent may require no later than December 31, 1997.

Notwithstanding any contrary provision of section 3313.843 or 3317.11 of the Revised Code as amended by Amended Substitute House Bill No. 650 of the 122nd ~~general assembly~~ General Assembly, students receiving special education programs or related services in fiscal year 1998 through a state-funded special education classroom unit or a state-funded special education related services unit operated by an educational service center shall receive that program or those services from that educational service center in fiscal year 1999 through a contract entered into between the educational service center and the students' school district of enrollment unless the service center and district mutually agree that it is in the best interests of students to provide the program or services in a different manner. The contract for fiscal year 1999 shall provide for payment to the service center by the students' school district of enrollment for the program or services provided by the service center. If the service center and school district fail to agree on a payment amount for the students, they shall notify

the department of education and the department shall determine the amount to be paid. If the service center and the district disagree that it is in the best interests of students to have the students receive the program or services in fiscal year 1999 from the service center, the district or service center shall notify the department of education and, prior to March 31, 1998, the department shall determine what manner of program or services in fiscal year 1999 is in the best interests of the students.

Of the foregoing appropriation item 200-501, Base Cost Funding, up to $1,000,000 in each fiscal year shall be used by the Department of Education for a pilot program to pay for educational services for youth who have been assigned by a juvenile court or other authorized agency to any of the facilities described in division (A) of the section titled "Private Treatment Facility Pilot Project."

The remaining portion of this appropriation item shall be expended for base cost funding for the public schools of city, local, and exempted village school districts pursuant to divisions (A) and (C) of section 3317.022 of the Revised Code. Any amounts which were encumbered in fiscal year 1997 by the Department of Education from appropriation item 200-501, School Foundation Basic Allowance, for any of the uses described in Section 45.05 of Am. Sub. H.B. 117 of the 121st General Assembly, but which, on the effective date of this amendment of this section, remain unexpended, may be used by the Department of Education to make payments for the purposes of sections 3317.027 and 3317.028 of the Revised Code in excess of the amounts specified in Section 45.05 of Am. Sub. H.B. 117 of the 121st General Assembly, for fiscal year 1997 obligations pursuant to sections 3317.027 and 3317.028 of the Revised Code."

SECTION 13. That existing Section 50.06 of Am. Sub. H.B. 215 of the 122nd General Assembly, as amended by Am. Sub. H.B. 182 and Am. Sub. H.B. 650 of the 122nd General Assembly, is hereby repealed.

SECTION 14. That Section 50.48 of Am. Sub. H.B. 215 of the 122nd General Assembly is hereby repealed.

SECTION 15. That Section 50.52.12 of Am. Sub. H.B. 215 of the 122nd General Assembly is hereby repealed.

SECTION 16. The enactment by this act of R.C. 3345.122 is intended to

confirm the enactment of the section by Am. Sub. H.B. 215 of the 122nd General Assembly, the biennial operating budget measure. The Statement of the Reasons for the Veto of Items in Amended Substitute House Bill 215, Item Number Three, states that the Governor disapproved the enactment of the section, R.C. 3345.182, that immediately follows R.C. 3345.122 in Am. Sub. H.B. 215. In boxing R.C. 3345.182 to indicate this disapproval, however, the Governor also boxed R.C. 3345.122. The Statement of the Reasons for the Veto of Items, Item Number Three, indicates no intention to disapprove R.C. 3345.122. And neither do the Governor's disapprovals in the enacting clauses of the title and Section 1 of Am. Sub. H.B. 215, where the Governor boxed the intention to enact R.C. 3345.182, but not the intention to enact R.C. 3345.122.

This section is subject to the referendum.

SECTION 17. Notwithstanding anything to the contrary in Chapter 3318. of the Revised Code:

(A) The Ohio School Facilities Commission may complete on-site visits pursuant to section 3318.02 of the Revised Code and may make the project determinations specified in section 3318.03 of the Revised Code for up to twelve more school districts than the number of districts for whose projects the Commission projects sufficient funds have been appropriated for the biennium ending June 30, 1999.

(B) The Ohio School Facilities Commission may conditionally approve and submit projects for such twelve school districts to the Controlling Board for approval and the Controlling Board may approve such projects, but no state funds shall be encumbered for the projects.

(C) A school district whose project is conditionally approved under division (B) of this section may accept the conditional approval and may submit the proposals required by division (A) and (B) of section 3318.05 of the Revised Code to the voters at the general election to be held November 3, 1998, in the manner required by that section and section 3318.06 of the Revised Code. However, no school district whose electors approve such proposals shall proceed to levy the tax or issue bonds authorized by the electorate until the state has encumbered funds for the project covered by the proposals and the district and the state have entered into the agreement required by section 3318.08 of the Revised Code.

(D) This section is not subject to the referendum and expires on June 30, 2000.

SECTION 18. The amendment by this act of section 718.01 and the enactment by this act of section 715.013 of the Revised Code shall be construed to effect the General Assembly's intention and understanding, prior to the decision of the Ohio Supreme Court in

Cincinnati Bell Tel. Co. v. Cincinnati

SECTION (1998), _____ Ohio St.3d _____ (No. 97-310, Decided May 13, 1998), that the levy of each of the taxes enumerated in section 715.013 of the Revised Code preempted the authority of municipal corporations to levy any tax on the same or similar subjects for the respective periods of time during which the taxes so enumerated were levied, pursuant to

Cincinnati v. Am. Tel. & Tel. Co.

SECTION (1925), 112 Ohio St. 493;

Haefner v. Youngstown

SECTION (1946), 147 Ohio St. 58; and

E. Ohio Gas Co. v. Akron

SECTION (1966), 7 Ohio St.2d 73. Therefore, to the extent authorized by the Ohio Constitution, the General Assembly hereby prohibits municipal corporations from assessing or collecting any tax levied by municipal corporations that had not been assessed prior to May 13, 1998, against subjects that are the same as or similar to those that are subject to the taxes enumerated in section 715.013 of the Revised Code. To the extent such prohibition is not authorized under the Ohio Constitution, any claim by a municipal corporation for a tax levied by a municipal corporation that had not been assessed prior to the effective date of this section against subjects that are the same as or similar to those that are subject to the taxes enumerated in section 715.013 of the Revised Code shall be asserted not later than thirty days after the effective date of this section. Nothing in this section shall be construed to abate or modify any person's liability for taxes that may be due as a result of the finding by the Ohio Supreme Court in

Cincinnati Bell Tel. Co. v. Cincinnati

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This section is subject to the referendum.

SECTION 19. Notwithstanding the provisions in section 3311.053 of the Revised Code and in

SECTION 45.32 of Am. Sub. H.B. 117 of the 121st General Assembly

t require merging educational service centers to be adjoining or adjacent, and notwithstanding the requirement in

SECTION 45.32 of Am. Sub. H.B. 117 of the 121st General Assembly that mergers required under that Section be pursuant to section 3311.053 of the Revised Code, a merger of educational service centers required by June 1, 1999, under

SECTION 45.32 of Am. Sub. H.B. 117 of the 121st General Assembly that involves nonadjacent centers may occur under this section if both of the following apply:

(A) After September 15, 1998, but before November 30, 1998, the governing boards of the merging educational service centers, by identical resolutions adopted by a majority of the members of each governing board, combine the centers into one center. The content of the resolutions shall comply with the requirements for the content of resolutions specified in division (A) of section 3311.053 of the Revised Code. A copy of each adopted resolution shall be filed with the Superintendent of Public Instruction.

(B) After the filing of the last resolution for the merger, the Superintendent of Public Instruction determines that the merger would be in the best interests of the students attending schools in the territories of the respective educational service centers.

Thirty days after the date of the Superintendent of Public Instruction's favorable determination under division (B) of this section, the new educational service center shall be created and the governing boards of the participating educational service centers shall be dissolved and the new governing board established.

SECTION 20. The credit under section 5747.37 of the Revised Code first applies for taxable year 1998.

This section is subject to the referendum.

SECTION 21. There is hereby created the Committee to Establish the Veterans' Home Network. The Committee shall consist of the following seven members: the chairperson of the House of Representatives Veterans Affairs Committee, the ranking minority member of the House of Representatives Veterans Affairs Committee, the chairperson of the Senate

State and Local Government and Veterans Affairs Committee, the ranking minority member of the Senate State and Local Government and Veterans Affairs Committee, the Director of the Veterans Integrated Service Network Number 10 of the United States Department of Veterans Affairs or the director's designee, the Director of the Governor's Office of Veterans Affairs or the director's designee, and the Superintendent of the Ohio Veterans' Home or the superintendent's designee. Each member shall hold office from the date of appointment through July 31, 1999. Vacancies on the committee shall be filled in the same manner as original appointments. The chairperson of the House of Representatives Veterans Affairs Committee shall convene the first organizational meeting of the committee created by this section, no later than thirty days after the effective date of this section. At that meeting, the chairperson of the House of Representatives Veterans Affairs Committee shall call for a vote to select a chairperson and any other officers of the committee created by this section that the committee considers appropriate.

The committee shall conduct a thorough study to assess the needs of veterans for nursing home care and domiciliary services at sites in addition to the Ohio Veterans' Home and the Robert T. Secrest Nursing Home in Sandusky. The committee shall explore the possibility of establishing a network of facilities to expand the delivery of nursing home care and domiciliary services at the sites identified by the Veterans' Care Committee created by Am. H.B. 581 of the 121st General Assembly. The committee created by this section shall develop guidelines to prioritize potential network sites according to the ability of each site to provide care and services to the greatest number of veterans with the most efficient use of funds. The committee also shall examine the possibility of providing nursing home care and domiciliary services to veterans by contract with private providers. The committee shall prepare and, on or before July 31, 1999, submit to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the President of the Board of Trustees of the Ohio Veterans' Home, a report of its findings and recommendations for establishing a network of facilities and contracting with private providers to expand the delivery of nursing home care and domiciliary services to veterans at additional sites throughout the state.

The members of the committee shall receive no compensation but may be reimbursed for travel, lodging, and meal expenses incurred in fulfilling their duties as members of the committee. Reimbursement for expenses shall be at the rates established by the Director of Budget and Management in accordance with section 126.31 of the Revised Code.

The committee shall cease to exist on August 1, 1999.

SECTION 22. In establishing a network of facilities to expand the delivery of nursing home care and domiciliary services to veterans at additional sites throughout the state as authorized by division (A) of section 5907.022 of the Revised Code as enacted by this act, the Board of Trustees of the Ohio Veterans' Home shall consider the recommendations of the Committee to Establish the Veterans' Home Network, created by this act.

This section takes effect August 1, 1999.

SECTION 23. That Section 45.32 of Am. Sub. H.B. 117 of the 121st General Assembly, as amended by Am. Sub. H.B. 215 of the 122nd General Assembly, be amended to read as follows:

"Sec. 45.32. (A) As used in this section:

(1) A "client district" of an educational service center means a city or exempted village school district that has entered into an agreement with that service center pursuant to section 3313.843 of the Revised Code.

(2) "ADM" means the combined ADM of the local school districts having territory in a service center and the ADM of each client district of such center.

(B) By June 1, 1997, in the case of any educational service centers that are serving only one local district pursuant to section 3311.051 of the Revised Code; except as otherwise provided in division (C) of this section, by June 1, 1999, in the case of any service centers with ADMs of less than 8,000 that serve fewer than six local or client school districts; and by June 1, 2000, in the case of any educational service centers with ADMs of less than 8,000 that serve six or more local or client school districts, the superintendents of such service centers shall notify the Superintendent of Public Instruction of the name of one or more adjacent educational service centers with which such service centers will merge to form joint service centers. If the Superintendent does not receive such notification from a center serving only one local district or serving an ADM of less than 8,000 by the required date, the Superintendent shall determine one or more suitable adjacent centers for such merger and shall notify the superintendents and governing boards of all centers involved of the determination. The centers named in the notification required by this section or determined by the Superintendent of Public Instruction pursuant to this section shall form a joint center pursuant to section 3311.053 of the Revised Code, which shall be effective on the first day of July immediately following notification by the service center, or by the Superintendent of

Public Instruction, whichever applies.

(C) Any educational service center created on or before July 1, 1997, under a merger of two educational service centers pursuant to Section 45.32 of Am. Sub. H.B. 117 of the 121st General Assembly, which service centers each contained only one local school district at the time of the merger shall comply with division (B) of this section by June 1, 2000."

SECTION 24. That existing Section 45.32 of Am. Sub. H.B. 117 of the 121st General Assembly, as amended by Am. Sub. H.B. 215 of the 122nd General Assembly, is hereby repealed.

SECTION 25. (A) This section applies to any educational service center created on or before July 1, 1997, under a merger of two educational service centers pursuant to Section 45.32 of Am. Sub. H.B. 117 of the 121st General Assembly, which service centers each contained only one local school district at the time of the merger.

(B) Notwithstanding section 3319.01 of the Revised Code, pursuant to an agreement between the governing board of an educational service center described by division (A) of this section and the two local boards of education:

(1) One individual may serve in a dual capacity as the superintendent of one of the local school districts and the superintendent of the service center;

(2) One individual may serve in a dual capacity as the superintendent of the other local school district and the assistant superintendent of the service center.

SECTION 26. Section 5733.04 of the Revised Code is presented in this act as a composite of the section as amended by both Am. Sub. H.B. 215 and Sub. H.B. 408 of the 122nd General Assembly, with the new language of neither of the acts shown in capital letters. This is in recognition of the principle stated in division (B) of section 1.52 of the Revised Code that such amendments are to be harmonized where not substantively irreconcilable and constitutes a legislative finding that such is the resulting version in effect prior to the effective date of this act.

SECTION 27. Section 5747.01 of the Revised Code is presented in this act as a composite of the section as amended by both Am. Sub. H.B. 215 and Sub. H.B. 408 of the 122nd General Assembly, with the new language of

neither of the acts shown in capital letters. This is in recognition of the principle stated in division (B) of section 1.52 of the Revised Code that such amendments are to be harmonized where not substantively irreconcilable and constitutes a legislative finding that such is the resulting version in effect prior to the effective date of this act.

SECTION 28. Except as otherwise specifically provided in this act, the codified and uncodified sections of law contained in this act, and the items of law of which the codified and uncodified sections of law contained in this act are composed, are not subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1d and section 1.471 of the Revised Code, the codified and uncodified sections and items of law contained in this act, except as otherwise specifically provided in this act, go into immediate effect when this act becomes law.

SECTION 29. Sections 3301.0711, 3302.03, 3313.646, 3313.841, 3313.842, 3313.975, 3313.98, 3314.02, 3314.03, 3314.06, 3314.07, 3314.08, 3314.12, 3314.13, 3317.01, 3317.013, 3317.02, 3317.021, 3317.022, 3317.023, 3317.024, 3317.029, 3317.0212, 3317.0213, 3317.0214, 3317.0215, 3317.0216, 3317.03, 3317.05, 3317.051, 3317.06, 3317.082, 3317.10, 3317.11, 3317.15, 3317.161, 3317.19, 3317.20, 3318.06, 3318.08, 3318.10, 3319.22, 3323.021, 3323.091, 3323.12, 3323.142, 5126.04, and 5126.05 of the Revised Code; Section 50.11 of Am. Sub. H.B. 215 of the 122nd General Assembly (renumbered as section 3317.162 of the Revised Code); Sections 50.43, 50.52, 50.52.2, 50.52.4, 50.52.7, 50.52.9, and 50.52.12 of Am. Sub. H.B. 215 of the 122nd General Assembly; Sections 50.43, 50.44, and 50.52.5 of Am. Sub. H.B. 215 of the 122nd General Assembly as amended by Am. Sub. H.B. 650 of the 122nd General Assembly; Section 19 of Am. Sub. H.B. 650 of the 122nd General Assembly; and Section 16 of this act, as contained in this act, and the items of law of which such sections as contained in this act are composed, are not subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1d and section 1.471 of the Revised Code, such sections and items of law are entitled to go into immediate effect when this act becomes law. However, such sections and items of law take effect on July 1, 1998, or the day this act becomes law, whichever is later.

SECTION 30. Sections 107.031, 126.14, 131.35, 131.44, 133.06, 325.19,

703.21, 715.013, 718.01, 3315.171, 3315.181, 3345.122, 3734.57, 3734.82, 4123.40, 4701.10, 4701.20, 4743.05, 4745.01, 4981.091, 5101.93, 5104.32, 5104.34, 5104.35, 5104.38, 5711.22, 5733.04, 5733.05, 5733.057, 5733.058, 5733.0611, 5733.12, 5733.40, 5733.401, 5733.402, 5733.98, 5747.01, 5747.02, 5747.08, 5747.37, 5747.401, 5747.43, 5747.452, 5747.511, 5747.98, and 5907.15 of the Revised Code, as contained in this act, and the items of law of which such sections as contained in this act are composed, are subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1c and section 1.471 of the Revised Code, such sections and items of law take effect on the ninety-first day after this act is filed with the Secretary of State. If, however, a referendum petition is filed against any such section or item of law, the section or item of law, unless rejected at the referendum, takes effect at the earliest time permitted by law.

SECTION 31. Uncodified sections of law contained in this act, and items of law contained within the uncodified sections of law contained in this act, that explicitly state they are subject to the referendum are subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1c and section 1.471 of the Revised Code, the uncodified sections and items of law that explicitly state they are subject to the referendum take effect on the ninety-first day after this act is filed with the Secretary of State. If, however, a referendum petition is filed against an uncodified section or item of law that explicitly states it is subject to the referendum, the uncodified section or item of law, unless rejected at the referendum, takes effect at the earliest time permitted by law.

This section defines the effect of an uncodified section or item of law explicitly stating that it is subject to the referendum, but this section is not itself to be considered explicitly to state that it is subject to the referendum.

SECTION 32. Section 5739.02 of the Revised Code is amended by this act and also by Am. Sub. S.B. 66 of the 122nd General Assembly (effective July 22, 1998). The amendments of Am. Sub. S.B. 66 are included in this act in lower case to confirm the intention to retain them, but are not intended to be effective until July 22, 1998.

SECTION 33. The amendments in this act to division (B)(18) of section 5739.02 of the Revised Code first apply on July 22, 1998.

SECTION 34. The amendment in this act to section 3109.401 of the Revised Code, as enacted by Am. Sub. S.B. 112 of the 122nd General Assembly, is contingent upon that act becoming law.

SECTION 35. The total amount of state funds paid under divisions (C) and (E) of section 3317.20 of the Revised Code shall not exceed $40,000,000 in fiscal year 1999, $44,000,000 in fiscal year 2000, and $48,400,000 in fiscal year 2001. If the amount calculated under those divisions in any fiscal year exceeds the limitation prescribed in this section for the fiscal year, the Department of Education shall proportionately reduce the amount to be paid for each county MR/DD board under those divisions that year.

SECTION 36. (A) There is hereby created the Special Education Implementation Review Committee, which shall be composed of three members of the House of Representatives appointed by the Speaker of the House of Representatives and three members of the Senate, appointed by the President of the Senate. No more than two members from either house shall be from the same political party. Members appointed shall be those legislators who have demonstrated knowledge about the issues related to special education funding and who have expressed an interest in the effective and efficient provision of special education and related services. The Director of Budget and Management, the Superintendent of Public Instruction, and the Director of Mental Health and Mental Retardation shall serve as ex officio nonvoting members of the Committee. The Legislative Service Commission and the Legislative Budget Office shall provide staff for the committee.

(B) The Committee shall monitor and analyze the process of implementing the new funding system for special education contained in Am. Sub. H.B. 650 and H.B. 770 of the 122nd General Assembly and shall consider recommendations to assist all participants to most effectively utilize the new system in furnishing an appropriate education and related services to all disabled students. The Committee shall consult with and discuss the implementation process and any recommendations with representatives of school districts, county MR/DD boards, educational service centers, professional service providers, and disabled students and their parents.

(C) The Committee shall make interim reports on the implementation of the new funding system and shall issue a final report by December 31, 2000. The report may contain suggested legislative proposals to enhance the system or to further increase the efficiency of service delivery to disabled students.

SECTION 37. Notwithstanding any changes in the rules adopted by the State Board of Education under Chapter 3323. of the Revised Code, school districts shall continue to comply with the requirements of the version of those rules in effect on May 1, 1998, with respect to any requirements limiting the number of students per licensed or certificated professional.

SECTION 38. Section 5907.022 of the Revised Code takes effect August 1, 1999.

SECTION 39. Any board of education that has a balance in its budget reserve fund of less than the five per cent of general fund revenues amount specified in division (K)(1) of section 5705.29 of the Revised Code and that in calendar year 1998 receives from the Bureau of Workers' Compensation a refund or other reimbursement of moneys previously paid into the Bureau shall first use such refund or other reimbursement to establish in its budget reserve fund the five per cent balance required by division (K)(1) of section 5705.29 of the Revised Code. If the board is in compliance with division (K)(1) of section 5705.29 of the Revised Code, the refund or reimbursement may be used for any lawful purpose of the board.

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Speaker _____ of the House of Representatives.

_____

President _____ of the Senate.

Passed _____, 20____

Approved _____, 20____

_____

Governor.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

_____

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the ____ day of _____, A. D. 20____.

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Secretary of State.

File No. _____ Effective Date _____