



*Synopsis of Senate Committee Amendments**

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Legislative Service Commission

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(S. Finance and Financial Institutions)

EDUCATION

Educational Choice Scholarship Pilot Program

Clarifies that the Department of Education must restore to a scholarship student's resident district a proportion of the amount previously deducted for the student if the student withdraws from the chartered nonpublic school (attended under the scholarship) and enrolls in a community school (which restored amount, under continuing law, would be deducted and paid to the community school). Current law requires restoration of a portion of the amount previously deducted only for a student who re-enrolls in the student's resident district.

Permits the Department of Education, for the purpose of administering the scholarship program, to request the data verification code of a student seeking a scholarship from the independent contractor hired by the Department to create and maintain the codes.

Requires the Department assign a data verification code for an entering kindergarten student awarded a scholarship if the student's resident district does not do so by the date set by the Department.

Indicates that chartered nonpublic schools participating in the program must comply with rules adopted by the State Board of Education necessary for the administration of the program.

School Employees Health Care Board

Changes the deadline for the Board's independent consultant's report of legislative recommendations to December 31, 2006 (instead of August 30, 2006, as under the House bill, and instead of December 31, 2005, as under current law).

* This synopsis does not address amendments that may have been adopted on the Senate floor.

Changes the deadline for the Board's written study of health care plans (to be submitted to the Governor and the General Assembly) to January 31, 2007 (instead of December 1, 2006, as under the House bill, and instead of January 15, 2006, as under current law).

Federal School Breakfast and Lunch Programs

Eliminates chartered nonpublic schools from having to participate in federal breakfast and lunch programs where at least one-fifth of its pupils are eligible under federal guidelines.

Annualized Payments When Twice-Annual Reporting of Formula ADM Begins

Specifies that, when twice-annual reporting of formula ADM begins (which is delayed until FY 2007), operating payments to school districts for the entire fiscal year will continue to be based on one annualized formula ADM figure, by combining half of a district's October count and half of the average of its October and February counts (instead of using the October count for payments in July through December and the average of the October and February counts for payments in January through June, as under current law).

Governing Boards of Merged Educational Service Centers

Eliminates the July 1, 2003, cut-off date for merging educational services centers to determine for themselves the size and method of election of the new service center's governing board.

Report by Director of Development of Payments Made to School Districts

Requires that the Director of Development "report" instead of "certify" to the Department of Education the amount of payments school districts receive from municipal corporations, townships, or counties as a result of property being exempted from taxation under tax increment financing ordinances or resolutions, enterprise zone agreements, or other economic development provisions.

School District Transitional Aid

Clarifies that transitional aid payments to a school district in FY 2006 and FY 2007 are based on the amount of state funding the district received for the previous fiscal year as determined after the final reconciliation of data by the Department of Education.

Department of Education transfer

Authorizes the Director of Budget and Management to transfer funds to GRF appropriation item 200-421, Alternative Education Programs, for administration of the

Educational Choice Scholarship Program instead of to GRF appropriation item 200-100, Personal Services.

Department of Education appropriation

Increases appropriation item 200-909, School District Property Tax Replacement-Business in Fund 047, by \$18,000,000 in FY 2006 and \$50,946,000 in FY 2007 to reimburse school districts for property tax losses due to the phase-out of the tangible personal property tax.

Permits the Director to make transfers as necessary and appropriates any additional funds the Director determines are necessary, instead of requiring the Director of Budget and Management to transfer \$10,010,000 in FY 2006 and \$70,210,000 in FY 2007 from the GRF to Fund 047.

Department of Education and Department of Mental Retardation and Developmental Disabilities Appropriations

Deletes a \$250,000 earmark in appropriation item CAP-480, Community Assistance Projects, in the Department of Mental Retardation and Developmental Disabilities and sets aside \$250,000 in FY 2006 of GRF appropriation item 200-550, Foundation Funding, in the Department of Education to be provided to the Julie Billiard School for operating expenses of the school.

Two-Year College Investment Authority

Eliminates the provisions authorizing the board of trustees of a community college district, state community college district, university branch district, or technical college district to invest district funds in the same manner as the board of trustees of a state university.

Retains authorization for the board of trustees of a community college district, state community college district, or technical college district to make the same types of investments as the board of trustees of a state university, but eliminates that authorization for the board of trustees of a university branch district.

Shawnee State University Board of Trustees Membership

Removes the requirement that at least five members of the Board of Trustees of Shawnee State University must be residents of the Shawnee State Community College district.

Board of Regents reappropriation

Reappropriates a total of \$14,697 for two additional line items under the University of Cincinnati.



TAXATION

CAT: "Qualified Distribution Center" Exemption

Limits the "Qualified Distribution Center" exemption to receipts from property ultimately situated outside Ohio. Creates a procedure whereby the Tax Commissioner annually certifies distribution centers the delivery of property to which qualifies for a commercial activity tax exemption. Conditions the issuance of a certificate on the entity operating the center having yearly costs from its suppliers of at least \$500 million. Requires applicants for a certificate to pay a \$100,000 fee for the annual certification. Delays repeal of the existing CAT foreign trade zone exemption until December 31, 2006, and delays the effective date of the "qualified distribution center" CAT exemption until January 1, 2007.

CAT: Refunds of Registration Fees

Temporarily authorizes a refund of the commercial activity tax one-time registration fee if a person paid the fee before December 1, 2005, but is not subject to the tax.

TIF-Shielded Levies

Requires that payments to taxing districts for levies shielded from tax increment financing exemptions be paid directly from the county treasury, not from the treasury of the subdivision that grants the TIF exemption.

Clarifies the description of one kind of TIF-shielded levy, for ADAMH boards, to recognize the levy is for facilities as well as services.

Adjusts Effective Date of TIF Provisions

Adjusts the effective date of the tax increment financing provisions in the bill by declaring them all immediately in effect when the bill becomes law.

Revenue Distribution Fund: Local Government Property Tax Replacement – Business (Fund 081)

Specifies that the Director of Budget and Management may transfer the necessary amounts in fiscal year 2006 and 2007 from the General Revenue Fund (GRF) to the Local Government Property Tax Replacement – Business (Fund 081) in the Revenue Distribution Funds to reimburse local taxing units under section 5751.22 of the Revised Code. Permits the Director to make temporary transfers from the GRF to ensure sufficient balances in the Local Government Property Tax Replacement – Business (Fund 081) and to replenish the GRF for such transfers.



Public Utility Property Replacement Payments: Transferred School Territory

Changes the public utility property tax replacement payment schedule for new school districts created by the transfer of territory before 2005, by extending full compensation for two additional years and reducing payments in later years.

Personal Property Tax Replacement Payment Recomputation

Allocates, with regard to the recomputation of personal property tax replacement payments for taxing districts where a uranium facility is or was located, the tax value losses among the three different classes of property proportionately on the basis of 2004 values (in recognition that the substituted 2000 values are not so classified), and eliminates the recomputation for telecommunications-related property.

Uncertified Cigarette Manufacturers

Repeals a provision in existing law that requires the Tax Commissioner to revoke a cigarette manufacturer's license to traffic in cigarettes upon the manufacturer's removal from the Attorney General's director of manufacturers who have provided current and accurate certifications that they are in compliance with the tobacco product Master Settlement Agreement.

Eliminate Sales and Use Tax Exemption for Providing Qualified Information Technology Services

Removes the proposed sales and use tax exemption for employment services that are "qualified information technology services." Also removes the proposed limit on the taxation of an employment service that added that work must be performed primarily under the direct supervision or control of another.

Technical correction for the sales tax exemption for "things transferred"

Makes a technical correction.

HEALTH

Long-Term Care Facilities' Uncompensated Capital Costs

Provides that the fiscal year 2006 and 2007 payments to be made to a nursing facility or intermediate care facility for the mentally retarded (ICF/MR) for a renovation the costs of which are not fully reflected in the facility's Medicaid reimbursement rate for June 30, 2005, are to be based on the facility's capital costs for the renovation rather than its costs of ownership for the renovation.



Requires that nursing facilities and ICFs/MR's eligibility for the payments cease no later than July 1, 2007, rather than June 30, 2007.

Requires that the payments to be made for a quarter ending before July 2006 be made no later than September 30, 2006, and the payments to be made for a quarter beginning after June 2006 be made no later than three months after the last day of the quarter for which the payments are made.

Prompt Payment under Medicaid Managed Care

Clarifies that if ODJFS obtains a waiver of federal law, or the Director of ODJFS determines that a waiver is unnecessary, the prompt payment provisions for Medicaid third party payers under Ohio law apply instead of federal prompt payment provisions.

Prohibits providers and third-party payers from contracting for payment periods longer than the time periods set in federal law.

Medicaid Copayments – Notice by Hospital of Duty to Pay

Allows a hospital to take action to collect copayments by providing, at the time services are rendered to a Medicaid recipient, notice that a copayment may be owed.

Exempts a hospital from the prohibition against waiving copayments if the hospital provides the notice and chooses not to take further action to collect the copayment.

Disposition of Assets for Less than Fair Market Value

Updates state law governing Medicaid ineligibility for disposition of assets for less than fair market value in accordance with changes to federal law made by the Deficit Reduction Act of 2005.

Medicaid Ineligibility Due to Substantial Home Equity

Updates state law governing the maximum amount that an individual's home may be worth for the individual to qualify for Medicaid in accordance with federal law enacted as part of the Deficit Reduction Act of 2005.

Emergency Services Provided in Medicaid Managed Care

Enacts a provision required by the federal Deficit Reduction Act of 2005 that establishes, with respect to emergency services provided to Medicaid managed care participants on or after January 1, 2007, payment amounts applicable to providers who are not under contract with Medicaid managed care organizations.

Requires the providers to accept, as payment in full, not more than the amounts (less any payments for medical education costs) that could have been collected if the Medicaid recipient were not enrolled in a managed care organization.

Fraud, Waste, and Abuse Prevention and Detection

Enacts a provision required by the federal Deficit Reduction Act of 2005 that requires persons and government entities that receive or make annual Medicaid payments of at least \$5 million to provide their employees, contractors, and agents with information about federal and state laws on prevention and detection of fraud, waste, and abuse.

Additional Member of Medicaid Care Management Working Group

Adds one new member to the Medicaid Care Management Working Group, to be appointed by the President of the Senate and represent Medicaid service providers who provide services not required by federal law (optional services).

Rehabilitation Services Commission and Department of Job and Family Services Appropriations

Increases GRF appropriation item 415-402, Independent Living Council, in the Rehabilitation Services Commission by \$387,720 in fiscal year 2007 and decreases GRF appropriation item 600-525, Health Care/Medicaid, in the Department of Job and Family Services by \$969,300 (\$387,720 state share; \$581,580 federal share) in fiscal year 2007.

BCMh – MEDICARE PART D COPAYMENTS

Requires the Department of Health, for fiscal year 2007 only, to pay a BCMh pharmacy provider for a copayment assessed by a BCMh participant's Medicare Part D plan on a drug that is (1) approved by the Department, (2) a "covered Part D drug" under federal law, and (3) on the formulary of the participant's plan.

Decreases GRF appropriation item 440-507, Targeted Health Care Services Over 21, by \$50,000 in fiscal year 2006 and subsequently reduces the earmark for essential



medications for the cystic fibrosis program in fiscal 2006 by the same amount; increases GRF appropriation item 440-507, Targeted Health Care Services Over 21, by \$50,000 in fiscal year 2007; and earmarks the \$50,000 increase in GRF appropriation item 440-507, to be used to provide essential medication and to pay the copayments for drugs approved by the Department of Health and covered by Medicare Part D that are dispensed to Bureau for Children with Medical Handicaps (BCMh) participants.

Free Clinics' Participation in Consolidated Purchasing Program--Exemption to Federal Law Applies to Non-Profit Institutions

Regarding the authorization for the Department of Mental Health to permit free clinics to purchase goods and services through the consolidated purchasing program the Department administers under current law to the extent the purchases fall within an exemption to the Robinson-Patman Act, a federal antitrust law, specifies that the exemption applies to non-profit institutions.

Combining Separate Boards for Mental Health and Alcohol and Drug Addiction Services

Specifies the transfer of certain powers and duties from a county's community mental health board and alcohol and drug addiction board when a board of alcohol, drug addiction, and mental health services (ADAMH board) is created from the combination of the two.

GENERAL GOVERNMENT - STATE

Revisions to the Civil Service Law

Revises the laws governing paid leave, compensation, insurance benefits and layoffs with regard to exempt employees or state employees in general as follows:

Exempts proficiency assessments in the Director of Administrative Services' records from public disclosure.

Qualifies the right of a state employ who moves from a classified position to an unclassified position to return to the classified position.

Prohibits exempt employees and/or other specified state employees from using vacation leave, sick leave, personal leave, or compensatory time until the leave or



compensatory time appears on the employee's earning statement and the compensation described in the statement is available to the employee.

Modifies other aspects of the use of sick leave provisions and the eligibility for holiday pay provisions, including rules for determining flexible-hours employees holiday pay and part-time permanent employees holiday pay.

Eliminates paid leave for attendance of court as a subpoenaed witness for a state employee subpoenaed as a result of secondary employment outside the service of the state.

Requires that direct deposit be used to pay the compensation of all state employees paid by warrant of the Director of Budget and Management, except for employees who were hired before June 5, 2002, and who are subject to a collective bargaining agreement that does not require payment by direct deposit.

Eliminates outdated E-1 and E-2 schedules of rates of salaries and wages to be paid to exempt employees for pay periods including July 1, 2002, and July 1, 2005, and creates new E-1 and E-2 schedules for their pay periods including July 1, 2006 (providing a 3% pay increase).

Allows the Director of Administrative Services to establish a paper layoff process under which employees who are to be laid-off or displaced may be required, before the date of their paper layoff, to preselect their options for displacing other employees.

Allows the Director of Administrative Services to establish a voluntary cost savings program for exempt employees.

Applies the uniformed services pay differential to permanent public employees employed by a state agency who are called into service by the Governor to aid civil authorities.

Makes changes in the law governing health care benefits offered to state employees.

Department of Administrative Services Appropriation

Adjusts GRF appropriation item 100-406, County & University Human Resources Services, from a total appropriation amount \$560,000 in FY 2006 and \$560,000 in FY 2007, to \$280,000 in FY 2006 and \$940,000 in FY 2007.



Release of Unclaimed Public Improvement Construction Funds Held in Escrow

Modifies the provision regarding the release of money deposited into an escrow account to the Department of Administrative Services (DAS) in the event a contractor has failed, within a reasonable time, to request release of the money, as follows: (1) replaces "within a reasonable time" with "within three years"; (2) if a mechanics lien has been filed against the contractor for labor performed or materials supplied in connection with the project, requires DAS also to notify the lien claimant, in addition to the contractor; and (3) requires that the contractor and, if applicable, the lien claimant respond to that notice within 60 days, rather than 30 days.

Department of Administrative Services Reference

Updates the reference from the Director of Administrative Services to the Director of the Office of Information Technology regarding the Multi-Agency Radio Communications System (MARCS) Steering Committee.

Designation of a Particular Retail Location as a "Sales Area or Territory"

Retains the general definitions of a "sales area or territory" for the Alcoholic Beverages Franchise Law and the Liquor Code, but modifies the wording of the current exception to those definitions to specify that a "sales area or territory" does not include a particular retail location in an exclusive geographic area or territory *that had been* assigned to another A or B permit holder *before April 9, 2001* (the effective date of Sub. S.B. 262 of the 123rd General Assembly, which enacted the definitions and their current exception).

Surety Bond for a D-4 Liquor Permit Issued to a Club

Eliminates the requirement of providing a surety bond of \$1,000 when obtaining or retaining a D-4 permit to sell beer and intoxicating liquor to the members of a club for consumption on club premises.

Issuance of D-5h permit for Fine Art Museums

Reduces from 5,000 to 1,500 the number of members that a nonprofit organization that owns or operates a fine arts museum must have in order to qualify for the issuance of a D-5h liquor permit (retail sale of beer or intoxicating liquor until 1 a.m. by individual glass or in containers for consumption on the premises where sold).

Sunday Sale of Intoxicating Liquor by Holders of Certain D-5j Permits

Authorizes holders of D-5j liquor permits to sell intoxicating liquor on Sunday whether or not those sales have been approved in a local option election on Sunday sales at the permit premises or in the area in which the permit premises is located, but only if the permit premises is located in a community entertainment district approved by a municipal corporation between October 1 and October 15, 2005.

Deposit of Entire ½ of 1% of All Amounts Wagered on Exotic Wagering into the State Racing Commission Operating Fund

Requires from July 1, 2006, through June 30, 2007, that the entire ½ of 1% of all moneys wagered on wagering pools other than win, place, and show that is retained by horse-racing permit holders be paid as a tax to the Tax Commissioner, who in turn must pay the amount into the State Racing Commission Operating Fund.

Sale of State Claims

Alters the provisions governing the sale of final overdue state claims to do the following: (1) require the sale to be approved by the chief officer of the agency reporting the claim in addition to the Controlling Board, (2) require the chief officer to determine that sale of a claim that includes federal funds will not result in adverse fiscal impact for the state, (3) require reimbursement to the state for its collection assistance costs, (4) reserve state criminal, civil, and administrative actions against the debtor, despite the sale, and (5) clarify that private entities who purchase certain claims are subject to state and federal confidentiality requirements governing the information that is part of the claim.

Refunds for Vegetable and Flower Seed Labelers Who Sold Certain Seeds Within Specified Time Period

Authorizes the Department of Agriculture to refund money collected under the law governing the sale of vegetable and flower seeds to vegetable and flower seed labelers who sold seeds in packages of specified sizes from January 1, 2004 through December 31, 2005, requires the Department to notify those seed labelers who may be eligible for a refund, requires a seed labeler who may be eligible for a refund to provide information that the Department requests in order to make a determination if the seed labeler is eligible for a refund, and requires the Director to use money appropriated to the existing Commercial Feed, Fertilizer, Seed, and Lime Inspection and Laboratory Fund to pay the refunds.



Background Checks on Business Entities Investing BWC Fund Assets

Requires the Administrator of the Bureau of Workers' Compensation (BWC) to advise the investment manager whether the results of criminal background checks of employees of a business entity with whom the investment manager wishes to contract for investing BWC fund assets were favorable or unfavorable instead of simply forwarding the results to the investment manager.

Ohio Transportation Task Force

Expands the duties of the Ohio Transportation Task Force to include a review of the various modes of freight transportation; the state's policies on transportation infrastructure development, funding, and investment; the benefits of public investment in transportation infrastructure; and the public safety aspects of the various modes of freight transportation.

Department of Development Earmark

Clarifies that an earmark made under Am. Sub. H.B. 66 of the 126th General Assembly from appropriation item 195-507, Travel and Tourism Grants, for the "Canton Football Hall of Fame" actually be used for the "Canton Football Hall of Fame Festival." The earmark is for \$5,000 in each of fiscal years 2006 and 2007.

GENERAL GOVERNMENT - LOCAL

Pest Control by Local Governments

Authorizes local governments to combat a pest for which a quarantined area is established instead of authorizing them to combat the pest in a quarantined area.

Requires local governments that issue general obligation securities for the combating of pests to notify the Director of Agriculture and coordinate and comply with the protocols and directives established by the Director with respect to the quarantined area or the pest for which a quarantined area is established rather than requiring local governments to comply with a compliance agreement that is entered into in accordance with rules adopted under the Nursery Stock and Plant Pests Law in the case of an area that is quarantined by the Director or the United States Department of Agriculture.

Responsibility to Pay Solid Waste Disposal Fees

Clarifies that a political subdivision must pay solid waste disposal fees to the owner or operator of a solid waste disposal or transfer facility and that the requirement to pay the fees is notwithstanding any applicable contract with the owner or operator of the facility or with a transporter of waste to the facility.



Board of Trustees of a Juvenile District Detention Facility

Allows the board of trustees of a district detention facility to adopt bylaws for the operation, maintenance, and management of the facility, notwithstanding any provision of the Revised Code to the contrary and provided that those bylaws do not supersede any provision of the Revised Code.

County General Funds Used for Emergency Management Agency

Permits county general fund money to be appropriated directly to a political subdivision that has entered into a countywide emergency management agreement, to enable the political subdivision to purchase communication devices, radios, and other equipment necessary for the operation and use of the countywide public safety communication system.

Local Government Funds

Specifies that existing law's prohibition against intra-county reallocation of county undivided local government funds during the FY 2006-2007 local government fund "freeze" does not preclude a reduction in the county government's share resulting from a permanent law provision limiting the county government's share when the total municipal population in the county surpasses certain percentage thresholds of the total county population, regardless of whether the undivided fund is allocated under the statutory formula or an alternative formula.

Wayne County Conveyance

Authorizes the conveyance of state-owned real estate in Wayne County to the Wayne County Community Improvement Corporation, and repeals an existing law allowing the transfer of the land to the Wayne County Board of Commissioners.