



**Senate Finance: General Government and Agency Review Subcommittee  
House Bill 49: State Main Operating Budget | Interested Party Testimony  
Jason Warner, Greater Ohio Policy Center  
May 18, 2017**

Chairman Jordan, Vice Chair O'Brien and members of the Senate Finance – General Government and Agency Review Subcommittee; thank you for providing me with this opportunity to provide interested party testimony on House Bill 49, the main operating budget for FY2018-19.

My name is Jason Warner and I am the Manager of Government Affairs at the Greater Ohio Policy Center. Greater Ohio is a nonprofit nonpartisan organization that is valued for its data-driven research. Our mission is to champion revitalization in Ohio to create economically competitive communities.

With that mission in mind, I wish to share with you Greater Ohio's view on several issues that are currently pending in House Bill 49; why we support the inclusion of several proposals and why we are opposed to the inclusion of other proposals. All together, we at Greater Ohio believe that modifications as outlined below in my testimony will further the cause of making Ohio a great place to live, work and raise a family.

**Lead Paint Abatement & Lead Safe Home Registry**

House Bill 49 would create the Lead-safe Residential Rental Unit Registry, maintained by the director of the Ohio Department of Health. This voluntary, online registry will provide an opportunity for families to more easily find lead-safe homes when looking for places to live. Owners can register qualified properties which have undergone documented lead-safe maintenance practices (if the property was constructed before January 1, 1978).

According to the Centers for Disease Control and Prevention (CDC), at least 4.2 million households in the United States have children living in them that are being exposed to lead at levels that can harm their intellectual development. Children who are exposed to lead suffer a \$3,000 to almost \$8,000 loss in lifetime productivity for each 1 µg/dL incremental increase in blood-lead level, and blood-lead levels over 1 are associated with measurable reductions in IQ.

According to the Ohio Department of Health, more than 42 percent of all housing units in Ohio were built before 1950 and are likely to contain lead hazards. Ohio has approximately 3.7 million housing units containing some lead-based paint on interior and/or exterior surfaces. Each year, nearly 150,000 children from birth to 6 years of age are screened for lead poisoning. The most recent statistics available show that in 2015, more than 4,300 cases of confirmed blood lead levels of 5 µg/dL or greater, and more than 1,200 confirmed cases of blood lead levels of 10 µg/dL or greater.

The changes proposed in House Bill 49 will do much to help to reduce the risks of lead exposure to children by not only providing for the registry that Ohio families can reference when searching for properties that are not only affordable, not also safe for their families to live; but it also provides \$4.8 million in annual funding over the biennium for lead remediation and associated testing services for homes under lead hazard orders, ensuring that more properties are made safe for families, and their children.

Greater Ohio Policy Center supports policies and practices that help to revitalize neighborhoods in Ohio's cities so that they attract people and thrive economically. It is our firm belief that the adoption of this proposal will help achieve that goal. That is why Greater Ohio supports the creation of the Lead-safe Residential Rental Unit Registry and the funding of lead remediation programs over the next two years as proposed in House Bill 49.

#### **Medicaid Managed Care Organization – Sales Tax**

Recently, the federal Center for Medicare and Medicaid Services (CMS) issued a directive that Ohio cannot continue applying state and local sales taxes on the premiums of Medicaid Managed Care Organizations (MCO's). House Bill 49 provides a new service fee to be charged to make the state whole, ensuring that equivalent proceeds from the current sales tax are made up through the new fee. Unfortunately, the bill also only provides partial, temporary financial relief to counties and transit agencies to make up for the funding lost from the local sales taxes currently administered to MCO's.

Revenue lost through the elimination of the MCO sales tax will significantly impact Ohio counties and transit agencies, resulting in the likely need for significant cuts in services. Greater Ohio Policy Center shares the concerns that have been raised about this cut and the effects will have and encourages the Senate to do what can be done to help hold harmless counties and transit agencies to ensure Ohioans are not adversely impacted by reduced or eliminated services they have come to rely upon.

#### **Motor Fuel Tax / Fuel Tax Transparency**

Among the changes made by the House of Representatives during the budget process there was the inclusion of an amendment that would mandate stickers be affixed to retail service station pumps displaying the rates of federal and state taxes applicable to gasoline and diesel fuel. These stickers would be produced and distributed by the Ohio Department of Agriculture at an unknown cost to the state. Stickers would be delivered to the local sealers who are responsible for inspecting gas station pumps. All pumps would be required to have the stickers affixed within 14 months of the bills effective date. Stickers would need to be replaced if damaged or in the state of federal tax rates change.

Greater Ohio Policy Center opposes the inclusion of this provision in House Bill 49. At a time when the legislature is looking to reduce spending and cutting funding to a number of important and crucial programs across the board, GOPC does not believe that it makes sense to include a new mandate that does not have a fixed cost associated with it. Greater Ohio respectfully requests that the Senate remove this provision and allow a pending bill in the House to continue to be more thoroughly vetted as part of the legislative process.

#### **Public Transit Funding**

Another change made by the House included an 11 percent reduction in funding for both fiscal years 2018 and 2019 to the public transit line item. This line item provides funding for the Public Transit Grant Program, as well as the Elderly and Disabled Fare Assistance Program.

Between 2008 and 2013 (the last year statistics are available), Elderly and Disabled riders accounted for an average of 16.2 million trips on public transportation per year. This accounts for nearly 14 percent of all riders on public transportation over that same time period. Between 2012 and 2013, Elderly and Disabled ridership rose across the state from 15.9 million to 16.4 million rides. With the states over-60

population expected to increase by more than 4 percent between now and 2030, is now really the time to further cut a vital lifeline to this increasing population?

This line item has seen an overall reduction of more than 68 percent, a real dollar reduction of nearly \$18 million since FY2000. That is why Greater Ohio opposes the reduction of funding to the Public Transit Line Item in House Bill 49 and requests that funding be restored to the flat (\$7,309,348) level as was originally proposed in the as-introduced version of the bill.

### **Brownfield Redevelopment**

Finally, I have a request for the inclusion of an amendment, which comes with no requested funding from the General Revenue Fund.

The intent of the amendment is to provide an additional tool to help redevelop environmentally contaminated brownfield sites in Ohio. Brownfields are contaminated former industrial or commercial facilities that have been closed and/or abandoned. These properties create blight in many communities throughout the state and are often obstacles to community redevelopment plans.

The amendment would change Chapter 725 of the Ohio Revised Code governing Urban Renewal Projects. In an urban renewal project, a municipality and a developer create a development agreement to mitigate blighted area. After development begins, the property owner makes service payments in lieu of taxes, based on the increased valuation of the property. Service payments support bonds that have been issued to support redevelopment costs. The amendment makes it absolutely clear that environmental remediation is an allowable cost whether the land is publicly or privately owned, and allows the semiannual service payment amount to exceed the foregone real estate taxes on the improvements, if the parties to the development agreement agree. This latter provision would better accommodate the cleanup of very highly contaminated sites. (The difference would be made up with charges passed through to tenants or from other project revenue.)

This permissive amendment will make the urban renewal projects law easier to use for contaminated brownfield sites. Urban Renewal Projects remain voluntary agreements between cities and developers.

Greater Ohio Policy Center has long supported policies that support brownfield cleanup and redevelopment as necessary to bolstering the state's economic competitiveness. Further, redeveloping Ohio's brownfields sites have the added benefit of preserving Ohio's farmland and open space, helping to protect Ohio's leading economic generator, our agricultural economy.

Greater Ohio strongly supports the adoption of this amendment and respectfully requests your support for the inclusion of this amendment in House Bill 49.

### **Conclusion**

In conclusion, I wish to thank the members of the committee for your attention and time today as I outline our position on the above issues.

Chairman Jordan, I am happy to answer any questions you or members of the committee may have.