



May 23, 2017

To: Members of the Ohio Senate Finance General Government and Agency Review
Subcommittee
From: Julie Ehemann – Shelby County Commissioner
Re: Substitute HB 49 – State Biennial Budget

Chairman Jordan, Vice Chair O'Brien and members of the General Government and Agency Review Subcommittee, my name is Julie Ehemann. I am a Shelby County Commissioner and currently serve as the Second Vice President of the County Commissioners Association of Ohio (CCAO). Thank you for allowing me the opportunity to testify today on behalf of CCAO regarding some critical issues contained in Sub HB 49 which impact county government.

Agriculture is a \$107 billion dollar industry, and is the #1 industry for our State. I live in one of Ohio's leading agricultural counties and would like to begin by touching on some key agricultural and rural affairs issues for CCAO in HB 49.

FUNDING FOR OHIO STATE UNIVERSITY EXTENSION

OSU Extension is the first county/state partnership I would like to highlight. Since Extension is strictly educational and not regulatory in nature, it is well positioned to provide citizens with educational opportunities that government or private entities cannot fulfill. Counties are not mandated to fund Extension, yet all 88 counties have an Extension presence.

More than 250,000 young people across the state participate in 4-H, an outstanding educational and leadership program. These youth gain skills that prepare them to continue their education and enter the workforce, strengthening our state's economy and wellbeing.

OSU Extension has been center stage in both research and education efforts to address water quality concerns in the state. Edge of Field monitoring studies in Northwest Ohio are providing information on how nutrients are leaving our farm fields, and identifying practices to reduce and stop that nutrient loss. At the close of 2016 OSU Extension Educators had trained 12,600 farmers on the 4 R's Program. Those farmers operate over 2.3 million acres of cropland and their education will reduce input costs, minimize the impact on our environment and comply with ODA regulations.

These are just two examples of the many benefits of OSU Extension. CCAO and I support increasing the level of state support for OSU Extension provided that the additional funding helps relieve county general fund contributions. HB 49 slightly reduces funding for Extension compared to the previous biennium.



County Risk
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www.corsa.org



Counties Uniting for Affordable Health Benefits
Fax: 614-229-4588
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County Commissioners
Association of Ohio
Service Corporation

Fax: 614-221-6986
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FUNDING FOR SOIL AND WATER CONSERVATION DISTRICTS

CCAO supports a county/state one-to-one funding match, which is more important today than ever before with Ohio's water quality issues. Funds generated locally including appropriations from the County General Fund, amount to about \$14.4 million per year, yet the proposed match is only \$10.28 million, a historically low level of match at \$.71 per local dollar invested. Soil and Water Conservation Districts provide expert assistance to both agriculture and urban stakeholders. They work closely with Ohio's agriculture industry to reduce nutrient loss, by recommending, designing and supervising implementation of best management practices. Districts leverage federal funding from USDA and other entities to supplement local stakeholder dollars to meet requirements in written nutrient management plans.

Again just as the in the case of OSU Extension, SWCD's are a non-mandated service but one that Shelby County and my fellow County Commissioners support because of the valuable work that the Districts do.

FUNDING FOR OARDC, SEA GRANT & THE OHIO STATE UNIVERSITY COLLEGE OF FOOD, AGRICULTURAL AND ENVIRONMENTAL SCIENCES

CCAO and I support state funding for OARDC (the Ohio Agriculture Research and Development Center), as well as Sea Grant and the College of Food, Agricultural and Environmental Sciences at OSU.

OARDC is the research arm of the College of Food, Agricultural and Environmental Sciences of OSU and focuses on scientific disciplines critical to food security, environment, human health and pest management. OARDC partners with producers, industry, government and citizens to explore new products and approaches; enhance profitability for agricultural businesses; and to minimize the impact on the health of the environment and humans.

Ohio Sea Grant is supported by the Ohio General Assembly, and that investment leverages federal funds. Sea Grant monitors and coordinates efforts to enhance the health of Lake Erie which supports a multi-billion dollar tourism industry. Both OARDC and Sea Grant are funded at their FY 2016-17 levels in HB 49 and we hope that funding will be maintained.

In addition, there is one other issue covered by this committee that I'd like to briefly speak about.

MEDICAID MANAGED CARE ORGANIZATION (MCO) SALES TAX

The current version of the budget includes a plan to address the loss of this sales tax revenue by delivering full replacement for the state, but only providing counties and transit authorities a one-time allocation that ranges from three months to a year or more of the foregone revenue.

This proposal assumes that this one-time payment will allow counties to wean themselves off of this income, but for many counties this is not the case. Shelby County's 2017 General Fund budget is currently \$176,000 LESS than the budget passed in 2002. During the Great Recession, my county enacted numerous austerity measures, many of which remain in place today.

We currently fund just five entities that are not state mandated. These include OSU Extension, the Shelby County Soil and Water Conservation District, the Sidney-Shelby Economic Partnership, the Sidney Senior Center and Shelby Public Transit. If complete and permanent replacement is not achieved, these entities will be the first to receive cuts. This means we will cut 4-H programming to almost 1000 youth, conservation services to over 300 farming families, senior services to 950 active senior citizens, economic development services to our many manufacturers and local businesses, and transit services to 4200 riders/month of which almost 50% are elderly or disabled. An almost complete elimination of these entities would be required to fill the gap, over \$450,000 per year, created by the loss of the Medicaid MCO sales tax.

We ask that the Senate continue to move towards a new solution that offers parity for both state and local governments. Without it, counties and transit authorities will be facing a shortfall of over \$200 million per year.

I know that you must limit our time today in order to hear from everyone present, so I will close my testimony here, but I ask that you read the additional issues below when you have a moment. Again, thank you for allowing me to speak today. I would be happy to answer any questions that you may have.

Additional provisions included in HB 49:

TARGETING COMMUNITY ALTERNATIVES TO PRISON (T-CAP) PROGRAM

We appreciate the House requiring that T-CAP grant funds must be used to reimburse the county jails for their per diem cost for housing an F-5 felon who is sentenced to confinement in the county jail. However, this program would result in a major paradigm shift transferring the responsibility for felony offenders from the state to the counties, and we ask that this program remain optional rather than become mandatory on all counties beginning in July 2018.

MULTI-AGENCY RADIO COMMUNICATIONS SYSTEM (MARCS) SUBSIDY

As introduced, the bill eliminated the state subsidy currently provided to reduce MARCS subscriber fees paid by political subdivisions and regional public safety and first response agencies classified as Tier 1 subscribers from \$20 to \$10. The substitute bill restores the subsidy and we support that action.

USE TAX COLLECTIONS BY CERTAIN OUT-OF-STATE RETAILERS

Requires, beginning January 1, 2018, an out-of-state seller with annual Ohio sales in excess of \$100,000 or 200 or more Ohio transactions to collect and remit use tax, regardless of whether or not those sellers have a physical presence or a substantial nexus with Ohio. CCAO has long supported sales tax collection parity between internet and bricks and mortar sales.

SALES AND USE TAX EXEMPTIONS

The sales and use tax has long been the number one revenue source for the counties' general funds and the erosion of this base through exemptions is of serious concern to counties. Consequently the exemption provided for prescription eyewear concerns us, and we will be reviewing the other proposed exemptions in the sub-bill.

LOCAL GOVERNMENT FUND DISTRIBUTION

The House eliminated the governor's plan to re-distribute these funds and maintains the current undivided local government fund distribution to the counties. CCAO supports the House's action to remove the re-distribution.

BOARD OF REVISION HEARINGS

Provides an additional 90 days in which to decide complaints for Ohio's 10 largest counties. This will give those counties more time to hear and decide the large volume of complaints filed with them. It also provides that when calculating time the reference to days means business days.

COUNTY COMMISSION ORGANIZATIONAL MEETING

CCAO supports removing the date specific requirement for the annual organizational meeting by allowing the board to hold its organizational meeting any time prior to the second Monday in January.

COUNTY TREASURER TAX COLLECTION SETTLEMENT FEES

Revises the schedule for the fees that are deducted from taxes collected by the county treasurer to increase the revenue from these fees to help cover the treasurer's costs in processing tax collections and distributions to the political subdivisions within the county. CCAO supports this provision.