OHIO LEGISLATIVE SERVICE COMMISSION

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H.B. 96
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Bill Analysis

Click here for H.B. 96's Fiscal Note

Version: As Passed by the Senate

Primary Sponsor: Rep. Stewart

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CORRECTED VERSION*

SUMMARY

This analysis is arranged by state agency in alphabetical order. Items that do not directly involve an agency are located under the agency that has regulatory authority over the item, or otherwise deals with the subject matter of the item. There are chapters addressing changes to public record and open meeting topics, boards and commissions, low-income utility assistance and block grants, local government, and miscellaneous items at the end. The analysis concludes with a note on effective dates, expiration, and other administrative matters.

Within each agency and category, a summary of the items appears first (in the form of dot points) followed by a more detailed discussion.

* This version corrects the deadlines for health plan issuers to implement request from providers to change the method of payment (pages 353 and 355).

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ACCOUNTANCY BOARD

- Modifies the percentage of owners who must hold an Ohio permit or foreign certificate for a public accounting firm to register in Ohio.
- Changes references to ownership interests in a public accounting firm from "equity interest" to "equity interest or shares."

Public accounting firm ownership interests and registration

(R.C. 4701.01, 4701.04, and 4701.16)

The bill requires a public accounting firm, as a condition to register and practice public accounting in Ohio, to have more than 50% of the firm's total equity interest or shares owned by individuals who hold a permit to practice public accounting issued under Ohio law (referred to as an "Ohio permit") or a license, permit, certificate, or registration issued under laws of another state authorizing the holder to practice public accounting in that state (referred to as a "foreign certificate").

Currently, as a condition of registration, every owner of an equity interest in an Ohio public accounting firm must hold an Ohio permit or a foreign certificate or satisfy specific requirements, including meeting continuing education and ethics standards established in rules adopted by the Accountancy Board. The bill maintains the requirements for any owner of an equity interest or shares in a firm who does not have an Ohio permit or foreign certificate.

Under the bill, if a public accounting firm has a board of directors, more than 50% of the directors must hold an Ohio permit or a foreign certificate. Additionally, if the firm has an employee stock ownership plan (ESOP), more than 50% of the plan's trustees must hold an Ohio permit or a foreign certificate. Current law does not have specific requirements for a firm's board of directors or trustees of an ESOP.

- Continuing law requires a public accounting firm to satisfy all the following additional requirements to register:
- The firm must designate, and identify to the Board, an Ohio permit holder who will be responsible for registration;
- Every person in the firm who signs any attest report issued from a firm office located in Ohio must hold an Ohio permit;
- An individual who owns an interest in the firm or is employed by the firm and who holds an Ohio permit or a foreign certificate, or a qualified firm that owns an interest in the firm, must assume ultimate responsibility for any attest report issued from an Ohio office of the firm;
- The firm must provide for the transfer of an interest owned by persons who do not hold an Ohio permit or a foreign certificate to either the firm or to another person who owns an interest in the firm if a person who does not hold an Ohio permit or a foreign certificate withdraws from or ceases to be employed by the firm.

The bill also changes references to "equity interest" in the Accountancy Law to "equity interest or shares." It is unclear whether the change makes a substantive difference because the law defines "equity interest" as "any capital interest or profit interest," which appears to include shares in a corporation.[1]

[1] See Internal Revenue Service, Capital gains and losses, which is available by conducting a keyword "topic no. 409" search on the Internal Revenue Service website: irs.gov.

DEPARTMENT OF ADMINISTRATIVE SERVICES

Exempt employee salary schedules

- Increases pay for exempt state employee paid in accordance with Schedule E-1 by approximately 4.5% in FY 2026 and 3% in FY 2027, raises the maximums in the pay ranges of Schedule E-2 by similar amounts.
- Codifies modifications to exempt state employee pay scales made by the DAS Director pursuant to H.B. 2 of the 135th General Assembly.
- Repeals a prohibition against an exempt employee other than a captain or equivalent officer in the State Highway Patrol from being placed in step value 7 in range 17 of statutory pay schedule E-1.

State employee work location

- Requires each state agency, not later than October 15, 2025, to develop a plan for its state employees to report to the agency's worksite or another location designated by the agency during the time the employees are performing their duties for the agency.
- Beginning January 1, 2026, requires each state agency to require its state employees to report to the agency's worksite or another location in accordance with that plan.
- Beginning January 1, 2026, prohibits any state employee from working from the employee's place of residence unless an exception applies.
- Allows a state agency to adopt a policy allowing an appointing authority or the appointing authority's designee to approve a state employee to work from the employee's residence or other off-site location under certain circumstances.
- Makes state employee work location not an appropriate subject of collective bargaining for future collective bargaining agreements, and has the bill's provisions regarding state employee work location prevail over a conflicting provision in a future collective bargaining agreement.

DAS personnel

- Eliminates the DAS Director's authority to designate individuals in or out of the service of the state to serve as examiners or assistants under the Director's direction, while retaining the Director's authority to appoint examiners, inspectors, clerks, and other assistants as necessary to carry out the law.
- Eliminates a requirement that the DAS Director, examiners, inspectors, clerks, and assistants must receive reimbursement for necessary traveling and other expenses incurred in the actual discharge of their official duties.

DAS services

- Eliminates the ability of a state-supported college or university or a municipality to use services and facilities furnished by DAS to provide and maintain payroll services and state merit standards.
- Eliminates the DAS Director's ability to enter into an agreement with any county, municipality, or other political subdivision to furnish DAS services and facilities in the administration of a merit program or other functions related to human resources, including providing competitive examinations for positions in the classified service.
- Eliminates the DAS Director's ability to designate the municipal civil service commission of the largest city within a county as the Director's agent to carry out designated provisions of law administered by the Director within that county.
- Eliminates the ability of the DAS Director to incur necessary expenses for stationery, printing, and other supplies incident to DAS business.

State employee pay for jury service or court attendance

- Prohibits requiring a state employee to surrender compensation or reimbursement paid to the employee for serving on a jury or appearing before a court, commission, board, or other legally constituted body when compelled to do so.

Paid leave for emergency medical or firefighting service

- Increases, from 40 to 120 hours, the amount of paid leave a state employee may use each calendar year to provide emergency medical or firefighting services.
- Expands the reasons for which a state employee may use the leave to include attending a training or continuing education program that relates to providing emergency medical or firefighting services.

Procurement processes

- Expands the definition of "Buy Ohio products" in procurement law to include any product that includes semiconductors produced by a company with a significant Ohio economic presence.
- Requires that a state consortium, established by the Chancellor of Higher Education, follow rules adopted by DAS for giving preference to Buy Ohio products, when making a purchase with appropriated funds of any product that includes semiconductors.
- Eliminates the Division of State Printing within DAS, and provides that state printing contracts are subject to DAS procurement law generally.

Prohibited applications on state systems

- Expands the types of social media applications that are prohibited on state agency computers, networks, and devices.

Sharing legal documents

- Requires the Attorney General to share certain privileged and confidential documents with the Office of Risk Management.

Public safety answering points

- Requires all public safety answering points (PSAPs) that answer 9-1-1 calls for service in Ohio to be subject to the PSAP operations rules.

Next Generation 9-1-1 access fee

- Repeals the law that would, beginning October 1, 2025, lower the Next Generation 9-1-1 access fee applied to certain communication services in Ohio from 40¢ to 25¢.
- Raises the Next Generation 9-1-1 access fee from 40¢ to 60¢.
- Revises the allocation of the collected Next Generation 9-1-1 access fee amounts.

Entrepreneur in residence pilot program

- Eliminates the entrepreneur in residence pilot program.

State civil service

- Replaces the requirement that the DAS Director and the State Personnel Board of Review (SPBR) exercise former functions, powers, and duties given to the State Civil Service Commission with a requirement that the DAS Director and SPBR exercise functions, powers, and duties actually given to the Commission on or before January 1, 1959.
- Eliminates the requirement that any reference to the Commission in law or rule be considered to refer to DAS, the DAS Director, or SPBR.

Flag display on state buildings and grounds

- Prohibits a state agency or any entity that manages the grounds or buildings under the control of a state agency (except for the Ohio Statehouse and its grounds) from displaying on the grounds or building any flag except for:
  - The official state flag;
  - The U.S. flag; or
  - The POW/MIA flag.

State real property study

- Requires DAS to conduct a biennial comprehensive study of all real property owned or leased by the state or a state agency and issue a report on the property.

Exempt employee salary schedules

(R.C. 124.152; Sections 503.15 and 701.30)

The bill codifies modifications to exempt state employee pay schedules made by the DAS Director pursuant to H.B. 2 of the 135th General Assembly (enacted in 2024) and includes raises for FY 2026 and FY 2027. An exempt employee generally is an employee subject to the state job classification plan but exempt from collective bargaining.

The bill increases pay for exempt state employees paid in accordance with salary schedule E-1 by approximately 4.5% as of the pay period that includes July 1, 2025, and an additional 3% (approximate) as of the pay period that includes July 1, 2026. For exempt state employees paid in accordance with salary Schedule E-2, the bill increases the maximum pay range amount by similar amounts.

H.B. 2 allowed the DAS Director, in consultation with the OBM Director, to modify exempt state employee pay schedules to the extent necessary to achieve pay parity between exempt state employees and state employees who are paid in accordance with collective bargaining agreements entered into in accordance with Ohio's Public Employee Collective Bargaining Law[2] that were effective on or after March 1, 2024. The modification authorized by H.B. 2 applies only to the period beginning with the pay period that includes July 1, 2024, and ending with the pay period that includes June 30, 2025.[3]

The bill authorizes each state appointing authority to make expenditures from current state operating appropriations to provide for compensation increases pursuant to approved collective bargaining agreements between employee organizations and the state and pursuant to the bill for employees exempt from collective bargaining.

The bill repeals a prohibition against an exempt employee who is not a captain or equivalent officer in the State Highway Patrol from being paid at step value 7 in range 17 of Schedule E-1. Effective July 1, 2025, an exempt employee paid at step 6 of pay range 17 is eligible to move to step 7 of pay range 17, provided the employee did not advance a step within the preceding 12 months. An exempt employee paid at step 6 of pay range 17 who is ineligible under the bill to move up to step 7 of pay range 17 in the pay schedule will be eligible for advancement in accordance with continuing law.[4]

State employee work location

(R.C. 124.184, 4117.08, and 4117.10)

The bill requires each state agency, not later than October 15, 2025, to develop a plan for its state employees to report to the agency's worksite or another location designated by the agency during the time the employees are performing their duties for the agency. Beginning

[2] R.C. Chapter 4117.

[3] Section 701.10 of H.B. 2.

[4] See R.C. 124.15, not in the bill.

January 1, 2026, an agency must require its employees to report to the agency's worksite or another location in accordance with that plan.

Under the bill, "state agency" means any organized body, office, or agency established by the laws of the state for the exercise of any function of state government. "State agency" does not include the state retirement systems, a state institution of higher education, or JobsOhio. Additionally, the bill does not interfere with an administrative policy regarding employee work location adopted by the Supreme Court (the Supreme Court is a separate branch of government that is established and vested with judicial power under the Ohio Constitution).[5]

Exceptions

Beginning January 1, 2026, the bill prohibits state employees from working from their place of residence unless an exception applies. A state agency may allow an employee to work from the employee's residence as a reasonable accommodation under Title I of the federal Americans with Disabilities Act of 1990[6] (ADA) or the Ohio Civil Rights Law.[7] An agency also may adopt a policy that permits an appointing authority or the appointing authority's designee to approve an employee to work from the employee's residence or other off-site location in the following circumstances:

- During an occasional or emergent situation as required to complete a necessary or time-sensitive business function of the agency;
- Rare occasions where a health order or weather emergency requires an individual to remain at the individual's place of residence or to shelter in place;
- Occasions where the agency's worksite is or may be closed on a temporary or ongoing basis, including remodeling an existing building, natural disaster, utility outage, security threat, or other occurrence that has or will result in such a closure;
- Where the appointing authority or the appointing authority's designee determines that an employee is in a computer-related occupation that is exempt from minimum wage and overtime pay under the federal Fair Labor Standards Act,[8] or for an employee not in a computer-related occupation, primarily performs the employee's duties for the agency in the field or another location designated by the agency that is not the employee's place of residence due to the employee's job classification or position;
- Where the appointing authority or the appointing authority's designee grants an employee an accommodation for a temporary medical condition not covered under the ADA or Ohio Civil Rights Law;

[5] Ohio Constitution, Article IV.

[6] 42 United States Code (U.S.C.) 12111, *et seq.*

[7] R.C. Chapter 4112.

[8] 29 U.S.C. 213 and 29 Code of Federal Regulations (C.F.R.) 541.400.

- Where the appointing authority or the appointing authority's designee determines that an employee's place of residence is 40 or more miles from the agency's worksite;
- Where the appointing authority or the appointing authority's designee determines that the agency does not have adequate space or equipment for an employee at the agency's worksite.

Collective bargaining

The bill makes state employee work location not an appropriate subject for collective bargaining for public employee collective bargaining agreements entered into on or after the provision's effective date. Additionally, the bill's provisions regarding state employee work location prevail over a conflicting provision in a collective bargaining agreement entered into on or after the provision's effective date.

DAS personnel

(R.C. 124.07)

The bill eliminates the DAS Director's authority to designate individuals in or out of the service of the state to serve as examiners or assistants under the Director's direction, while retaining the Director's authority to appoint examiners, inspectors, clerks, and other assistants as necessary to carry out the law. Per the Office of Budget and Management, DAS does not currently employ examiners or assistants. Thus, this provision appears to have no substantive effect.

The bill also eliminates the following current law provisions related to DAS personnel:

- A requirement that an examiner or assistant be paid compensation for each day in the discharge of duties as an examiner or assistant;
- A provision specifying that rendering services in connection with an examination without extra compensation is part of an examiner's or assistant's official duties;
- A requirement that the DAS Director, examiners, inspectors, clerks, and assistants must receive reimbursement for necessary traveling and other expenses incurred in the actual discharge of their official duties.

Under continuing law, if an examiner or assistant is included in the state job classification plan, they would be paid in accordance with the appropriate salary schedule.[9]

DAS services

(R.C. 124.07)

The bill eliminates the ability of a state-supported college or university or a municipality to use services and facilities furnished by DAS to provide and maintain payroll services and state merit standards. The bill also eliminates the DAS Director's ability to do the following:

[9] R.C. 124.14, not in the bill.

- Enter into an agreement with any county, municipality, or other political subdivision to furnish DAS services and facilities in the administration of a merit program or other functions related to human resources, including providing competitive examinations for positions in the classified service;
- Designate the municipal civil service commission of the largest city within a county as the DAS Director's agent to carry out designated provisions of law administered by the DAS Director within that county; and
- Incur necessary expenses for stationery, printing, and other supplies incident to DAS business.

State employee pay for jury service or court attendance

(R.C. 124.135)

The bill prohibits requiring a state employee to surrender compensation or reimbursement paid to the employee for either of the following:

- Serving on a jury;
- Appearing before a court, commission, board, or other legally constituted body when compelled to appear by the court, commission, board, or other body.

Under continuing law, a state employee is entitled to paid leave when summoned for jury duty or subpoenaed to appear before a court, commission, board, or other legally constituted body authorized by law to compel the attendance of witnesses. Paid leave is not available, however, when the state employee is a party to the action or proceeding or is subpoenaed in relation to secondary employment outside the employee's service of the state.

Currently, a state employee who serves on a jury or attends a court hearing based on a subpoena during normal working hours must remit any compensation or reimbursement above $15 a day to the Treasurer of State.[10]

Paid leave for emergency medical or firefighting service

(R.C. 124.1310)

The bill increases, from 40 to 120 hours, the amount of paid leave a state employee may use each calendar year to provide emergency medical or firefighting services. It also expands the reasons for which a state employee may use the paid leave to include attending a training or continuing education program that relates to providing emergency medical or firefighting services. Continuing law requires an appointing authority to pay an employee who uses the leave at the employee's regular pay rate.

[10] O.A.C. 123:1-34-03.

Procurement law and semiconductors

(R.C. 125.01 and 3333.04)

The bill expands the definition of "Buy Ohio products" in procurement law to include any product that includes semiconductors produced by a company with a significant Ohio economic presence. Under continuing law, significant Ohio economic presence means businesses that: pay required taxes to Ohio or a border state, are registered and licensed to do business in Ohio or as required by a border state, and have ten or more employees based in Ohio or the border state, or 75% or more of their employees based in Ohio or the border state. A border state means any state that is contiguous to Ohio and that does not impose a restriction greater than Ohio imposes on persons located in Ohio selling goods or services to agencies of that state.[11]

The bill requires that a state consortium, established by the Chancellor of Higher Education, follow rules adopted by DAS for giving preference to "Buy Ohio products," when making a purchase with appropriated funds of any product that includes semiconductors. Otherwise, under continuing law, a consortium must follow the rules of the college or university that serves as its fiscal agent.

Prohibited applications on state systems

(R.C. 125.183)

The bill expands the types of social media applications ("covered applications") that are prohibited from being downloaded or used on state agency computers, networks, and devices. Specifically, it adds any application owned or controlled by an entity identified as a foreign adversary as defined in federal regulations to the prohibition. Federal regulations define foreign adversary as any foreign government or foreign nongovernment person determined by the Secretary of Commerce to have engaged in a long-term pattern or serious instances of conduct significantly adverse to the national security of the U.S. or security and safety of U.S. persons.[12]

Current law prohibits all of the following "covered applications" from use on state agency computers, networks, and devices:

- The TikTok application, or any successor application or service developed or provided by ByteDance;
- WeChat application and service, or any successor application or service developed or provided by Tencent Holdings; or
- Any application or service owned by an entity located in China, including QQ International (QQi), Qzone, Weibo, Xiao, HongShu, Zhihu, Meituan, Toutiao, Alipay, Xiami Music, Tiantian Music, DingTalk Ding, Douban, RenRen, Youku/Tudou, Little Red Book, and Zhihu.

Under continuing law, the State Chief Information Officer must do all of the following:

[11] Ohio Administrative Code (O.A.C.) 123:5-1-01.

[12] 15 C.F.R. 791.2.

- Require state agencies to remove any covered application from all equipment the state agency owns or leases;
- Prohibit the downloading, installation, or use of a covered application by the state agency or any officer, employee, or contractor;
- Prohibit the downloading, installation, or use of a covered application using an internet connection provided by the state agency;
- Require state agencies to take measures to prevent the downloading, installation, or use of a covered application.

A qualified person is permitted to download, install, or use a covered application for law enforcement or security purposes as long as the person takes appropriate measures to mitigate the security risks involved.

Sharing legal documents

(R.C. 9.821)

The bill requires the Attorney General's Office to share with DAS's Office of Risk Management communications and documents made for the purpose of seeking or providing legal advice or counsel in connection with litigation, liability claims, contract disputes, risk management issues, and other matters involving the programs of the Office of Risk Management. The bill establishes that all communications and documents that are shared between the Office of Risk Management, a state agency, and the Attorney General's Office are privileged and confidential.

Public safety answering points

(R.C. 128.021)

The bill requires all public safety answering points (PSAPs) that answer 9-1-1 calls for service in Ohio to be subject to the PSAP operations rules. Current law states that PSAPs that take 9-1-1 calls for service from wireless services are subject to such rules. By repealing "from wireless service" the bill appears to require that all PSAPs must conform to the operations rules. The bill does not, however, change the provisions of continuing law that require PSAPs not originally required to be compliant, to comply with the standards by October 3, 2025.

Next Generation 9-1-1 access fee

(R.C. 128.41 and 128.54; R.C. 128.412, repealed)

The bill does both of the following regarding the Next Generation 9-1-1 access fee applied to communication services in Ohio:

- Repeals the law that would, beginning October 1, 2025, lower the fee from 40¢ to 25¢.
- Raises the fee from 40¢ to 60¢.

Under current law, "communication service" means any wireless service, multiline telephone system, and voice over internet protocol system to which the service or system is

registered to the subscriber's address within Ohio or the subscriber's primary place of using the service or system is in Ohio, and it can initiate a direct connection to 9-1-1.

Existing law allocates the amounts collected from the fee into four funds. The bill revises this allocation as follows: (1) increasing the allocation to the 9-1-1 Government Assistance Fund from 72% to 81.33%; (2) reducing the allocations to the 9-1-1 Administrative Fund from 1% to .67%, to the 9-1-1 Program Fund from 2% to 1.33%, and to the Next Generation 9-1-1 Fund from 25% to 16.67%.

The 9-1-1 Government Assistance Fund is disbursed to county treasurers for disbursement in accordance with the county's allocation formula set forth in its 9-1-1 final plan. The 9-1-1 Administrative Fund and the 9-1-1 Program Fund are used by the Tax Commissioner or the Statewide 9-1-1 Steering Committee, respectively, to defray costs incurred for carrying out the 9-1-1 Emergency Telephone Number System law. The Next Generation 9-1-1 Fund is administered by DAS and used exclusively to pay costs of installing, maintaining, and operating the call routing and core services statewide Next Generation 9-1-1 System.[13]

Entrepreneur in residence pilot program

(R.C. 125.65, repealed; R.C. 102.02 (conforming))

The bill eliminates the entrepreneur in residence pilot program, which was established in DAS's LeanOhio office. The program's mission is to provide for better outreach by state government to small businesses, to strengthen coordination and interaction between state government and small businesses, and to make state government programs and functions simpler, easier to access, more efficient, and more responsive to the needs of small businesses.

State printing

(R.C. 125.041, 125.31, 125.42, and 125.58; Repeal of R.C. 125.36, 125.38, 125.43, 125.49, 125.51, 125.56, and 125.76)

The bill eliminates the Division of State Printing within DAS, and specifically eliminates the statutory assignment of functions, powers, and duties to the Division. Under continuing law, DAS generally has supervision over all public printing. The bill recodifies a current law that appears to exempt, from DAS oversight, printing contracts that require special security paper, of a unique nature, if compliance with certain DAS requirements will result in acquiring a disproportionately inferior product or a price that exceeds by more than 5% the lowest price submitted on a non-Ohio bid.

The bill eliminates the following current law provisions, which apply specifically to state contracts for printing services. Under the bill such contracts would instead be subject to DAS procurement law generally:

[13] R.C. 128.07 and 128.55, not in the bill.

- A provision that allows DAS, after determining that any or all bids or proposals are not in the interest of the state, to purchase the various printing goods and services required at the lowest price available in the open market.
- A provision allowing DAS to require that a bid or proposal for a term contract for printing goods and services, including a final printed product, be accompanied by a bond, in a sum specified in the invitation to bid.
- A requirement that the printing of all publications approved by DAS must be ordered through it.
- A requirement that each bid or proposal for state printing specify the price at which the offeror will undertake to provide the finished product as specified in the invitation to bid or request for proposals, including the necessary binding covered by such bid or proposal.
- A requirement that, after examining each bid for printing services, DAS award the contract within 30 days.
- A provision that provides that generally all printing and binding for the state is subject to the provisions specific to printing services so far as practicable.

State civil service

(R.C. 124.02)

The bill replaces the requirement that the DAS Director and the State Personnel Board of Review (SPBR) exercise former functions, powers, and duties given to the State Civil Service Commission with a requirement that the DAS Director and SPBR exercise functions, powers, and duties actually given to the Commission on or before January 1, 1959. It also eliminates the requirement that any reference to the Commission in law or rule be considered to refer to DAS, the DAS Director, or SPBR.

Flag display on state buildings and grounds

(R.C. 123.30)

The bill prohibits a state agency or any entity that manages the grounds or buildings under the control of a state agency from displaying on the grounds or building any flag except for:

1. The official state flag;

2. The U.S. flag; or

3. The POW/MIA flag.

However, this prohibition does not apply to the Ohio Statehouse or the grounds of the Ohio Statehouse.

State real property study

(R.C. 123.14)

The bill requires DAS to conduct a comprehensive study and issue a report on all real property owned or leased by the state or a state agency every two years. The report must include

information on the nature of each property, the property's value, cost of maintenance, current and potential usage, square footage, and whether the property is owned, rented, or leased.

The bill defines the term "state agency" to encompass every "body, office, or agency established by the laws of the state for the exercise of any function of state government," including JobsOhio, excluding courts, judicial agencies, state-assisted institutions of higher education, and local agencies.

DEPARTMENT OF AGING

Provider certification

- Expands a provider agreement as one that a services provider may enter into, or renew, with either the Department of Aging or a PASSPORT administrative agency.
- Revises one of the disciplinary actions that the Department of Aging may take against a certified provider, by specifying that the action requires submission to the Department of both a plan of correction **and** evidence of compliance with requirements the Department has identified, instead of either.
- Specifically includes a direct care provider in the law permitting the Department not to hold a hearing when taking disciplinary action against a provider's certification, when a provider's principal owner or manager has pled guilty to a disqualifying offense.
- Authorizes the Department to send notices regarding disciplinary actions by electronic mail.

Community-based long-term care services providers – criminal records checks

- Excludes ambulette drivers, attorneys, persons acting at the direction of attorneys, and certain participant-directed providers from the law governing criminal records checks and database reviews for persons applying for, or employed in, direct-care positions with community-based long-term care services providers under Department-administered programs.
- Eliminates a consumer meeting certain conditions from the law's "responsible party" definition.
- Excludes ambulette drivers, attorneys, and persons acting at the direction of attorneys from the requirement that the Department take certain actions based on criminal records check and database review results when issuing or awarding community-based long-term care services certificates, contracts, or grants to self-employed providers.

Electronic visit verification

- Exempts providers utilizing electronic visit verification systems from the law requiring each provider under contract with the Department of Aging, Developmental Disabilities, Health, or Job and Family Services to provide home care services to home care dependent adults to have a system in place that monitors the delivery of those services.
- Eliminates the law requiring the departments, by September 27, 2005, to study and submit a report addressing how self-employed providers may be required to adopt a monitoring system.

PASSPORT program – training and supervision of home health and personal care aides

- Eliminates the law prohibiting the Department from requiring a PASSPORT program home health aide to complete more hours of pre-service training or annual in-service training than is required by federal law.
- Instead, extends that prohibition to PASSPORT program personal care aides, by prohibiting the Department from requiring such an aide to complete more pre-service and annual in-service training hours than federal law requires.
- Eliminates references to home health aides from the law limiting the supervision of PASSPORT program home health aides and personal care aides to registered nurses (RNs) and licensed practical nurses (LPNs) under the direction of RNs.
- Specifies that LPNs may supervise PASSPORT program personal care aides under the direction of the following additional practitioners: chiropractors, dentists, optometrists, physicians, physician assistants, and podiatrists.

BELTSS license fee increases

- Increases fees paid to the Board of Executives of Long-Term Services and Supports (BELTSS) for nursing home administrator license applications, initial licenses, renewals, and reinstatements and for health service executive license renewals.
- Establishes the fee for a temporary license, available beginning on January 1, 2025.
- Changes the term "administrator in training" to "administrator resident."

Provider certification

(R.C. 173.391)

The bill makes the following changes to the law governing the Department of Aging's certification of service providers under programs administered by the Department, including the PASSPORT program.

First, it describes a provider agreement as one that a provider of services may enter into, or renew, with either of the following parties: the Department, or a PASSPORT administrative agency operating in the region of Ohio where the provider is certified. Current law authorizes a provider to enter or renew an agreement with only a PASSPORT administrative agency (referred to in rules as the Department's designee).

Second, the bill revises one of the disciplinary actions that the Department may take against a certified provider, by specifying that the action requires submission of both of the following to the Department: (1) a plan of correction and (2) evidence of compliance with requirements identified by the Department. Under current law, either a plan *or* evidence of compliance must be submitted.

Third, it specifically includes a direct care provider in the law permitting the Department not to hold a hearing when it denies, suspends, or revokes a provider certification for the following reason: that a provider's principal owner or manager has entered a guilty plea for, been convicted of, or has been found eligible for intervention in lieu of conviction for a disqualifying offense.

Fourth, the bill authorizes the Department to send notices regarding (1) disciplinary actions or (2) refusals to certify providers by electronic mail. At present, such notices may be sent only by regular mail.

Community-based long-term care services providers – criminal records checks

(R.C. 173.38 and 173.381)

The bill makes several changes to the law governing criminal records checks and database reviews for persons applying for, or employed in, direct-care positions with community-based long-term care services providers whose services are provided under programs administered by the Department. Under current law, a responsible party is prohibited from employing an applicant or continuing to employ an employee in a direct-care position if the applicant or employee is included in certain criminal and other databases or has been convicted of, pleaded guilty to, or been found eligible for intervention in lieu of conviction for a disqualifying offense.

First, the bill provides that a direct-care position does not include an ambulette driver employed by a licensed organization. Second, it provides that a direct-care position does not include an attorney licensed to practice in Ohio or a person who is not licensed to practice law in Ohio, but, at the direction of such an attorney, assists the attorney in the provision of legal services. Accordingly, neither a database review nor a criminal records check is required for such ambulette drivers, attorneys, and assistants of attorneys. Third, the bill exempts a participant-directed provider from the criminal records check and database review requirements, but only if the Director of Aging has conducted a database review of the provider in the same manner that other database reviews are conducted.

Relatedly, the bill eliminates a consumer meeting certain conditions from the law's responsible party definition. As such, that consumer is not required by the bill to conduct database reviews or criminal records checks for direct-care positions.

Separately, with respect to the law related to self-employed providers and the Department's issuance or awarding of community-based long-term care services certificates, contracts, or grants to such providers, the bill specifically excludes an ambulette driver, attorney, and person acting at the direction of an attorney from the law requiring the Department to take certain actions against a provider if the provider is included in certain criminal and other monitoring databases or is found by a criminal records check to have been convicted of, pleaded guilty to, or been found eligible for intervention in lieu of conviction for a disqualifying offense.

Electronic visit verification

(R.C. 121.36)

The bill makes the following changes to the law requiring a provider under contract with the Department of Aging, Developmental Disabilities, Health, or Job and Family Services for the provision of home care services to home care dependent adults to have a system in place that effectively monitors service delivery by provider employees.

First, it exempts providers utilizing an electronic visit verification system from having to implement a monitoring system. At present, only self-employed providers with no other employees are exempt from the requirement to have a system in place to monitor service delivery.

Second, the bill eliminates the law requiring the departments to study and submit a report, not later than September 27, 2005, addressing how self-employed providers may be made subject to the requirement to adopt an effective monitoring system for service delivery.

PASSPORT program – training and supervision of home health and personal care aides

(R.C. 173.525)

The bill eliminates the law prohibiting the Department from requiring a PASSPORT program home health aide to complete more hours of pre-service training or annual in-service training than is required by federal law. However, it extends that prohibition to PASSPORT program personal care aides, by barring the Department from requiring such an aide to complete more pre-service and annual in-service training hours than federal law requires.

The bill also revises the law limiting the supervision of PASSPORT program home health aides and personal care aides to registered nurses (RNs) or licensed practical nurses (LPNs) under the direction of RNs as follows:

1. Removes the law's references to home health aides; and

2. Specifies that LPNs may supervise under the direction of the following additional practitioners: chiropractors, dentists, optometrists, physicians, physician assistants, and podiatrists.

BELTSS license fee increases

(R.C. 4751.20, 4751.24, and 4752.25)

The bill increases the fees paid to the Board of Executives of Long-Term Services and Supports (BELTSS) as follows:

- Nursing home administrator license application, from $100 to $250;
- Nursing home administrator resident application, from $50 to $250;
- Nursing home administrator initial license, from $250 to $800;
- Nursing home administrator biennial license renewal, from $600 to $800;

- Nursing home administrator license reinstatement, from $300 to $800;
- Health services executive annual license renewal, from $50 to $100.

The bill establishes a fee of $350 for issuance of a temporary license to act as a nursing home administrator. The temporary license, valid for 180 days, became available on January 1, 2025, and, under continuing law, can be issued to an individual who meets the requirements for a nursing home administrator but has not yet passed the licensing examination.

The bill also changes the term "administrator in training" to "administrator resident."

DEPARTMENT OF AGRICULTURE

Hemp Cultivation and Processing Program

- Grants authority to the Ohio Department of Agriculture (ODA) Director to transfer jurisdiction to implement the hemp cultivation licensure program in Ohio to the U.S. Department of Agriculture, but retains the requirement that ODA implement a hemp processing licensure program.

Auctioneer client trust accounts

- Allows a licensed auctioneer to deposit money into a client trust account, and retain that money in the account, to pay expenses related to bank charges necessary to maintain the account.

Pork Marketing Program

- Establishes a Pork Marketing Program to promote the sale and use of pork products, but states that the program cannot operate unless the National Pork Checkoff Program created under federal law is no longer in operation.
- Generally applies the same procedures, requirements, and other provisions that exist for the Grain and Soybean Marketing Programs to the Pork Marketing Program, except establishes specific procedures for the election of the membership of the Pork Marketing Program Operating Committee.
- Establishes an assessment of the lesser of the following to fund the program:
  - 0.25% of the market value of the porcine animal, pork, or pork product sold or imported; or
  - An amount established by the operating committee at the committee's initial meeting through an initial order.
- Allows the operating committee to increase the rate of assessment after the initial order by up to 0.1% per year, but specifies that assessments cannot be collected if assessments are levied under the National Pork Checkoff Program.
- As with other agricultural commodities in current law, prohibits a person from knowingly failing or refusing to withhold or remit an assessment levied on pork or products.
- Excludes pork from the law governing other agricultural commodities.

Commercial Feed Law

- Revises the commercial feed registration for manufacturers and distributors, including doing the following:
  - Clarifying that the registration must be made on an annual, rather than semiannual, basis;

- Requiring a manufacturer or distributor to pay a $50 registration fee and file the registration annually by February 1; and
- Removing the minimum $25 commercial feed inspection fee, which is generally calculated at a rate of 25¢ per ton and, instead, exempting the first 200 tons of commercial feed sold in a calendar year from the fee.

Fertilizer license fee

- Increases the annual license fee to manufacture or distribute fertilizer from $5 to $50 and increases the late license renewal fee from $10 to $25.

Commercial seed labeler permit

- Increases the annual commercial seed labeler permit fee from $10 to $50 and changes the expiration date of the permit from December 31 to January 31 of each year.
- Regarding the annual seed fee paid by a commercial seed labeler permit holder that is based on the amount of seed sold by the permit holder, eliminates the minimum fee of $5, and instead waives the fee if the permit holder owes less than $50 for the seed fee.

Bakery registration fee

- Reduces the annual registration fee for larger capacity bakeries and increases the annual bakery registration fee for smaller capacity bakeries.

Soda water syrup or extract and soft drink syrup manufacturer

- Eliminates the registration requirement for soda water syrup or extract manufacturers or soft drink syrup manufacturers that are not otherwise licensed as soft drink bottlers.

Cold storage locker license fee

- Increases the annual license fee for cold storage lockers from $50 to $200.

Nurseryperson inspection fee

- Increases the base annual inspection fee for a nurseryperson who produces, sells, or distributes woody nursery stock in Ohio or ships such stock outside Ohio from $100 to $200.
- Increases the additional per-acre inspection fee for growing woody nursery stock as follows:
  - In intensive production areas from $11 per acre, or fraction of an acre, to $15 per acre, or fraction of an acre;
  - In nonintensive production areas from $7 per acre, or fraction of an acre, to $10 per acre, or fraction of an acre.

Annual liming material tonnage report

- Eliminates the annual tonnage report, and the accompanying inspection fee, that a liming material licensee must file with ODA for the number of net tons of liming material sold or distributed to nonlicensees in Ohio.

Certificate of free sale

- Allows the ODA Director to authorize any ODA division or program to issue to any entity a certificate of free sale, which is a document that certifies to states and countries receiving a listed product that the product is freely marketed without restriction in the U.S.
- Authorizes the ODA Director to charge a $50 fee for issuance of a certificate of free sale.

Ohio Grape Industries Committee

- Revises the makeup of the Ohio Grape Industries Committee by removing the Chief of the Division of Markets in ODA and adding two Ohio residents appointed by the ODA Director.

Commercial dog breeding and pet store funds

- Renames the High-Volume Breeder Kennel Control License Fund the Commercial Dog Breeding Fund.
- Abolishes the Pet Store License Fund and requires all pet store license fees and civil penalties assessed against pet stores to be credited to the Commercial Dog Breeding Fund.

Livestock dealers – fees and penalties

- Alters the fees charged by ODA to livestock dealers and brokers.
- Eliminates the first degree misdemeanor criminal penalties for violation of any prohibition of the law governing livestock dealers and brokers, except for the violation of a weigher improperly weighing or accepting bribes, and instead allows the ODA Director to assess a civil penalty.

Animal and Consumer Protection Fund

- Eliminates the Livestock Care Standards Fund and Dangerous and Restricted Animal Fund and redirects the money credited to those funds to the existing Animal and Consumer Protection Fund.
- Redirects money collected from livestock dealer and broker fees and fines imposed for violating the law governing livestock dealers from the Animal and Consumer Protection and Laboratory Fund to the Animal and Consumer Protection Fund.
- Requires the Animal and Consumer Protection Fund to be used to administer the laws governing dangerous wild animals and restricted snakes, livestock dealers, and captive cervid.

Food Safety Fund

- Requires money received from federal contracts or cooperative agreements for the performance of ODA's prescribed duties related to food safety inspections to be deposited into the Food Safety Fund, rather than into a general federal grant fund in which all federal grants to ODA are deposited under current law.

ODA laboratory services information not a public record

- Generally excludes information, reports, and other records used in any ODA laboratory to perform a laboratory service from public records laws.
- Requires any details that would identify a particular person or entity that submitted a specimen to any ODA laboratory to be treated as confidential unless the ODA Director shares the information with a government agency for use in the discharge of the agency's official public duties or an institution of higher education.
- Allows the ODA Director to prepare and publish statistical information without disclosing details that would identify a particular person or business client.

Hemp Cultivation and Processing Program

(R.C. 928.02, 928.03, and 928.04)

Current law requires the ODA Director to establish a program to monitor and regulate hemp cultivation and processing in Ohio. "Hemp" means the plant Cannabis sativa L. and any part of that plant, including the seeds of the plant and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of up to 0.3% on a dry weight basis.

The bill grants authorizes to the ODA Director to transfer jurisdiction to implement Ohio's hemp cultivation licensure program to the U.S. Department of Agriculture. However, it retains the requirement that ODA implement a hemp processing licensure program.

Auctioneer client trust accounts

(R.C. 4707.024)

Current law requires a licensed auctioneer to maintain a client trust or escrow account, which the auctioneer uses to pay a client for the auctioneer's sale of the client's personal property. It allows a licensee to pay expenses, including commission and advertisement fees, that are specifically delineated in the auction contract with money from the trust or escrow account. Finally, it prohibits money in the account from being commingled with the licensee's personal or business money.

The bill states that notwithstanding the above provisions, a licensee may deposit money into a trust or escrow account, and retain that money in the account, to pay expenses related to bank charges necessary to maintain the account. A licensee must not utilize any of the owner's or consignee's money to pay such expenses.

Pork Marketing Program

(R.C. 924.01, 924.212, and 924.30)

The bill establishes the Pork Marketing Program to promote the sale of pork and pork products. However, it prohibits the program from operating unless the National Pork Checkoff Program[14] created under federal law is no longer in operation. Except for establishing specific procedures for the election of the membership of a Pork Marketing Program Operating Committee (see below), the bill generally applies the same procedures, requirements, and other provisions that exist for the Grain and Soybean Marketing Programs to the new Pork Marketing Program.

Election of Operating Committee

Within 120 days of the National Pork Checkoff Program ceasing operation, the Ohio Pork Council, or its successor, must do both of the following:

1. Accept nominees to serve on a Pork Marketing Program Operating Committee. In accepting nominations and placing names on the ballot, the Ohio Pork Council, or its successor, must follow the procedures established in rules.

2. Hold an election to determine the membership of the Operating Committee. In the election, eligible producers may cast votes in person or mail ballots to polling places designated by the ODA Director. The Ohio Pork Council, or its successor, must establish a three-day period during which eligible producers may vote in person during normal business hours at the designated polling places. The Director or another appropriate person must send a ballot by ordinary first-class mail to an eligible producer who requests a ballot. An eligible producer must make a request by calling a toll-free telephone number designated by the Director, by contacting one of the designated polling places, or by any additional method that the Director may provide. A ballot returned by mail is not valid if it is postmarked later than the third day of the election period established by the Ohio Pork Council or its successor.

For the purposes of an election of members of the Operating Committee, the Director must ensure publication of a ballot request form at least 30 days before the beginning of the election period in at least two appropriate periodicals designated by the Director. The Director must make the form available for reproduction to any interested group or association.

As part of the Pork Marketing Program, the bill states that the Operating Committee consists of the following 12 members:

1. The ODA Director, who is an ex-officio, nonvoting member, or the Director's designee;

2. The executive vice-president of the Ohio Pork Council or its successor;

3. Four members appointed by the Director who are pork producers. When making those appointments, the Director must give consideration to Ohio pork producers who are representatives on the National Pork Board.

[14] Porkcheckoff.org.

4. Six members elected by eligible pork producers in accordance with the election procedures that apply to the Grain Marketing Program's Operating Committee, except that the elections must occur by district, with one member elected from each of the six districts in Ohio. The districts are as follows:

a. District 1: Allen, Defiance, Fulton, Henry, Paulding, Putnam, Van Wert, and Williams counties;

b. District 2: Crawford, Erie, Hancock, Huron, Lucas, Marion, Ottawa, Richland, Sandusky, Seneca, Wood, and Wyandot counties;

c. District 3: Auglaize, Mercer, Hardin, Logan, and Shelby counties;

d. District 4: Ashland, Ashtabula, Carroll, Columbiana, Coshocton, Cuyahoga, Delaware, Geauga, Harrison, Holmes, Jefferson, Knox, Lake, Licking, Lorain, Mahoning, Medina, Morrow, Portage, Stark, Summit, Tuscarawas, Trumbull, Union, and Wayne counties;

e. District 5: Butler, Darke, Hamilton, Miami, Montgomery, and Preble counties; and

f. District 6: Adams, Athens, Belmont, Brown, Champaign, Clark, Clermont, Clinton, Fairfield, Fayette, Franklin, Gallia, Greene, Guernsey, Highland, Hocking, Jackson, Lawrence, Madison, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Ross, Scioto, Vinton, Warren, and Washington counties.

Except for the Director or the Director's designee, all 12 members of the Operating Committee are voting members.

Following the election of the initial members of the Operating Committee, all future elections for the Pork Marketing Program must occur in accordance with the Pork Marketing Program's by-laws drafted and adopted by the Operating Committee. The by-laws must be adopted by the Operating Committee within one year after the creation of the Pork Marketing Program.

With regard to levying assessments to fund the Pork Marketing Program, the bill requires the assessment on pork to be lesser of the following:

1. 0.25% of the market value of the porcine animal, pork, or pork product sold or imported; or

2. An amount established by the Operating Committee at the initial meeting of the Operating Committee through an initial order. The Operating Committee may increase the rate of an assessment after the initial order by up to 0.10% per year.

As with other agricultural commodities in current law, the bill prohibits a person from knowingly failing or refusing to withhold or remit an assessment levied on pork or products. A violator is guilty of a fourth degree misdemeanor. Finally, the bill excludes pork from the law governing other agricultural commodities.

Commercial Feed Law changes

(R.C. 923.42, 923.43, and 923.51)

Current law requires a person that manufactures commercial animal feed or customer-formula animal feed to register with the ODA Director. Generally, the first distributor of a commercial feed must pay a semiannual inspection fee based on the number of net tons distributed during the previous six months that a distributor files in a statement.

The bill makes the following changes regarding commercial feed registration:

1. Clarifies that the registration is annual, not semiannual;

2. Requires a manufacturer or distributor to pay a $50 registration fee by February 1 each year, and states that registration expires on January 31 of the following year;

3. Retains the requirement that the registration form is prescribed by the ODA Director, but eliminates the specific information that must be on the form; and

4. Declares that a commercial feed manufacturer includes an exempt buyer.

In addition, the bill changes the required submission of the commercial feed inspection fee and accompanying annual statement by the first distributor in Ohio from semiannual to annual submission. It also removes the minimum $25 commercial feed inspection fee, which is generally calculated at a rate of 25¢ per ton and, instead, exempts from the fee the first 200 tons of commercial feed sold in a calendar year. Finally, it states that the penalty for late payment of an inspection fee is 10% of the amount due or $50, whichever is greater, rather than a 10% penalty, with a minimum penalty of $50 as under current law.

Fertilizer license fee

(R.C. 905.32)

The bill makes the following changes to the annual license fee to manufacture or distribute fertilizer:

1. Increases the fee from $5 to $50; and

2. Increases the late renewal fee from $10 to $25.

Current law requires a fertilizer manufacturer or distributor to pay the fee for each fixed (permanent) location at which fertilizer is manufactured in Ohio, each mobile unit used to manufacture fertilizer in Ohio, and each location in and out of the state from which fertilizer is distributed into Ohio.

Commercial seed labeler permit

(R.C. 907.13 and 907.14)

Current law requires a person that labels agricultural, vegetable, and flower seed that is intended for sale in Ohio to be issued a seed labeler permit by the ODA Director. The bill revises the law as follows:

1. It increases the annual commercial seed labeler permit fee from $10 to $50;

2. It changes the permit's annual expiration date from December 31 to January 31;

3. It eliminates one of the semiannual reports required to be filed with the ODA Director by a commercial seed labeler permit holder on the amount of seed the person sells in Ohio, thus requiring one annual report rather than two semiannual reports; and

4. Regarding the annual seed fee paid by a commercial seed labeler permit holder that is based on the amount of seed sold by the permit holder, it eliminates the minimum fee of $5, and instead specifies that if the permit holder owes less than $50 for the seed fee, the permit holder is not required to pay the fee.

Bakery registration fee

(R.C. 911.02)

The bill makes the following changes to the annual bakery registration fees:

1. Increases the fee for bakeries with a capacity to produce 1,000 or fewer pounds of bakery product per hour from $30 to $200;

2. Increases the fee for bakeries with a capacity to produce between 1,000 pounds and approximately 6,667 pounds of bakery product per hour from $30 per 1,000 pounds, or part thereof, per hour capacity to $200; and

3. Reduces the annual bakery registration fee for bakeries with a capacity to produce approximately 6,668 pounds per hour or more of bakery product from $30 per 1,000 pounds, or part thereof, per hour capacity to $200.

Continuing law requires a person that owns or operates a bakery to annually register with the ODA Director. This registration generally includes an out-of-state bakery that sells bakery products in Ohio.

Soda water syrup or extract and soft drink syrup manufacturer

(R.C. 913.23)

The bill eliminates the registration requirement for soda water syrup or extract manufacturers or soft drink syrup manufacturers. Current law requires a person that sells or has in their possession any soda water syrup or extract or soft drink syrup for use in making or dispensing soda water or other soft drinks to annually register with the ODA Director. This requirement excludes manufacturers that are otherwise licensed as soft drink bottlers. The person must include a $100 fee and specified information with the registration, including the trade name or brand of soda water or soft drink.

Cold storage locker license fee

(R.C. 915.16)

The bill increases the annual license fee for cold storage lockers from $50 to $200. Current law requires any person operating a frozen food manufacturing facility, chill room, sharp freezing room and facilities, or sharp freezing cabinet to apply for a license. This requirement excludes a person operating a cold-storage warehouse licensed by ODA.

Nurseryperson inspection fee

(R.C. 927.53)

Current law requires a nurseryperson (a person that owns, leases, or manages a plant nursery) who produces, sells, offers for sale, or distributes woody nursery stock in Ohio or ships woody nursery stock outside Ohio to pay the ODA Director an annual inspection fee. The bill does the following regarding that inspection fee:

1. Increases the base annual inspection fee from $100 to $200;

2. Increases the additional per-acre inspection fee for growing woody nursery stock in intensive production areas (greenhouses, liner or lath beds, and containers) from $11 per acre, or fraction of an acre, to $15 per acre, or fraction of an acre; and

3. Increases the additional per-acre inspection fee for growing woody nursery stock in nonintensive production areas (fields) from $7 per acre, or fraction of an acre, to $10 per acre, or fraction of an acre.

Annual liming material tonnage report

(R.C. 905.56, repealed and 905.57)

The bill eliminates the annual tonnage report, and the accompanying inspection fee, that a liming material licensee must file with ODA for the number of net tons of liming material sold or distributed to nonlicensees in Ohio. Accordingly, it also eliminates the confidentiality of the information in the report.

Current law requires a person that manufactures, sells, or distributes liming material in Ohio to obtain an annual license from ODA. Liming material is used by farmers to neutralize soil acidity and provide crops with calcium and magnesium. A licensee must file with ODA an annual tonnage report that includes the number of net tons of liming material sold or distributed to a nonlicensee in Ohio. The licensee must file the report by February 9 each year.

Certificate of free sale

(R.C. 901.43)

The bill allows the ODA Director to authorize any ODA division or program to issue a certificate of free sale to any entity. A "certificate of free sale" is a document issued by the Director that certifies to states and countries receiving a listed product that the product being exported is freely marketed without restriction in the U.S.

The Director must adopt and enforce rules to provide for the issuance of the certificates of free sale. The Director may charge a $50 fee for issuance of a certificate. All money collected related to issuing certificates of free sale must be credited to the appropriate ODA program fund.

Ohio Grape Industries Committee

(R.C. 924.51; Section 709.10)

The bill makes the following changes to the existing Ohio Grape Industries Committee:

1. Removes the Chief of ODA's Division of Markets; and

2. Adds two additional members who are residents and appointed by the ODA Director. The initial term for the one new member is one year and the term for the other new member is two years.

Generally, the Committee promotes Ohio's grape industry, including marketing and advertising Ohio grape products.

Commercial dog breeding and pet store funds

(R.C. 956.18 and 956.181, repealed; conforming changes to R.C. 956.07, 956.10, 956.13, 956.16, 956.21, 956.22, and 956.23)

The bill renames the existing High-Volume Breeder Kennel Control License Fund the Commercial Dog Breeding Fund. It also abolishes the Pet Store License Fund and requires all pet store license fees and civil penalties to be credited to the Commercial Dog Breeding Fund. Accordingly, all money collected from fees and civil penalties under the law governing high-volume dog breeders and pet stores are credited to the Commercial Dog Breeding Fund and must be used to administer those laws.

Continuing law establishes requirements and procedures for high-volume dog breeders and pet stores. These requirements include separate licensure and separate standards of care for dogs in the care of a breeder or pet store. The ODA Director has enforcement authority over high-volume dog breeders and pet stores, including inspection and assessment of civil penalties.

Livestock dealers

(R.C. 943.04, 943.26, 943.27, and 943.99, conforming change in R.C. 901.43)

Fees

The bill alters the fees charged by ODA to livestock dealers and brokers as follows:

Livestock dealer and broker fee changes			
Type of fee	**Current fee**	**New fee under H.B. 96**	**Amount of change**
Annual dealer and broker license renewal – less than 1,000 head transactions the previous year	$50	Flat $250 regardless of livestock transactions	$200 increase
Annual dealer and broker license renewal – between 1,001 and 10,000 head transactions the previous year	$125	Flat $250 regardless of livestock transactions	$125 increase
Annual dealer and broker license renewal – more than	$250	Flat $250 regardless of livestock transactions	No change

Livestock dealer and broker fee changes			
Type of fee	**Current fee**	**New fee under H.B. 96**	**Amount of change**
10,000 head transactions the previous year			
Small dealer annual license fee	$25	$50	$25 increase
Late fee for small dealer annual license renewal	$25	$100	$75 increase
Employee of a small dealer, dealer, or broker – annual license fee	$20	$30	$10 increase
Licensed weigher annual license fee	$10	$30	$20 increase

The bill directs the livestock dealer and broker fees to the Animal and Consumer Protection Fund instead of the Animal and Consumer Protection Laboratory Fund as in current law (see below).

Civil penalties

The bill eliminates the first degree misdemeanor criminal penalties for violation of any prohibition of the law governing livestock dealers and brokers, except for improperly weighing or accepting bribes by a livestock weigher. Instead, it allows the ODA Director to assess a civil penalty for the violation as follows:

1. Up to $500 for a first violation within the five years;

2. Up to $2,500 for a second violation within the previous five years; and

3. Up to $10,000 for a third or subsequent violation within the previous five years.

Accordingly, the bill directs the proceeds of civil penalties to the Animal and Consumer Protection Fund.

Animal and Consumer Protection Fund

(R.C. 901.43, 904.02, 904.04, 935.06, 935.07, 935.09, 935.10, 935.16. 935.17, 935.20, 935.24, 943.04, 943.16, 943.23, and 943.26)

The bill eliminates the Livestock Care Standards Fund and Dangerous and Restricted Animal Fund and redirects the money credited to those funds to the existing Animal and Consumer Protection Fund. It also redirects money collected from livestock dealer and broker fees and fines imposed for violating the law governing livestock dealers from the Animal and Consumer Protection and Laboratory Fund to the Animal and Consumer Protection Fund. Finally, it adds that the Animal and Consumer Protection Fund must be used to administer the laws

governing dangerous wild animals and restricted snakes, and garbage fed swine. Currently this fund is soley used to regulate captive deer and chronic wasting disease.

Food Safety Fund

(R.C. 915.24)

The bill requires money received from federal contracts or cooperative agreements for the performance of ODA's prescribed duties related to food safety inspections to be deposited into the Food Safety Fund (Fund 4P70). Under current law, these grants are deposited into a general federal grant fund in which all federal grants to ODA are deposited.

ODA laboratory services information not a public record

(R.C. 901.43)

The bill specifically excludes information, reports, and other records furnished, procured, or used in any ODA laboratory to perform a laboratory service from being subjected to public records laws. Additionally, any details that would identify a particular person, business, or premises that submitted a specimen to any ODA laboratory must be treated as confidential and cannot be disclosed unless the ODA Director elects to share the information with one of the following:

1. A local, state, or federal agency for use in the discharge of the agency's official public duties; or

2. An institution of higher education.

The bill also allows the ODA Director to enter into an agreement with one of those governmental entities or institution of higher education that requires the shared information to be kept confidential.

Under the bill, the Director may prepare and publish statistical information without disclosing details that would identify a particular person or business client.

AIR QUALITY DEVELOPMENT AUTHORITY

- Eliminates any property or portion thereof that is part of, or related to the siting of, the inactive FutureGen project of the U.S. Department of Energy from the definition of "air quality facility" under the OAQDA Law.
- Adds any property, device, or equipment comprising a facility generating green energy, as defined in the competitive retail electric service law, to the definition of "air quality facility."

OAQDA definitions

(R.C. 3706.01)

The bill eliminates any property or portion thereof that is part of, or related to the siting of, the inactive FutureGen project of the U.S. Department of Energy from the definition of "air quality facility" under the OAQDA Law.

It adds any property, device, or equipment comprising a facility generating green energy to the definition of "air quality facility." The bill defines "green energy" to have the same meaning as in the existing competitive retail electric service law. It is defined in that law as any energy generated by using an energy resource that does one or more of the following: (1) releases reduced air pollutants, thereby reducing cumulative air emissions and (2) is more sustainable and reliable relative to some fossil fuels. "Green energy" includes energy generated by using natural gas as a resource and nuclear reaction.[15]

Under current law, air quality facilities, which are eligible for funding from OAQDA, are facilities designed to control air pollution and thermal pollution.

[15] R.C. 4928.01(A)(41), not in the bill. The definition of "green energy" was amended by H.B. 308 of the 135th General Assembly in 2024.

ATTORNEY GENERAL

Peace officer refresher training

- Prevents the expiration of peace officer certification due to a lapse in employment and specifies the training required upon reinstatement after a lapse.

Findings for recovery

- Specifies one additional consideration for resolved versus unresolved findings of recovery.

Notice for debts payable to the state

- Requires the officer, employee, or agent responsible for administering the law under which an amount is due to the state to serve notice to the debtor or debtor's statutory agent before certifying the amount due to the Attorney General.
- Requires the officer, employee, or agent to serve the notice not sooner than 45 days, nor later than 60 days, after payment is due.
- Specifies the methods to be used to satisfy the requirement to serve notice to the debtor or debtor's statutory agent.
- Allows the debtor or statutory agent to satisfy the debt within 30 days of receipt of the notice to prevent the debt from being certified to the Attorney General.
- Requires the Attorney General to include a copy of the notice that was sent and proof of service of the notice if filing a lien.
- Specifies that failing to comply with the specific time requirement for serving notice does not deem the amount payable uncollectible, discharged, relieved, or otherwise satisfied or nonpayable.

State law enforcement and training reimbursement

- Prohibits a state agency from receiving statutory reimbursement for continuing professional training provided to a peace officer or trooper appointed by the state agency.

Peace officer refresher training

(R.C. 109.73 and 109.77)

The bill prevents a certificate awarded by the Executive Director of the Peace Officer Training Commission attesting to a person's satisfactory completion of an approved peace officer basic training program from expiring because of a lapse in employment as a peace officer. Instead, a certificated peace officer who has not been employed as a peace officer for at least one year must complete refresher training of the following durations, prior to reappointment as a peace officer:

- If the period of lapse was at least one year, but less than four years, up to 40 hours.

- If the period of lapse was four years or longer, 80 hours.

Under continuing law, a certificate awarded by the Executive Director attesting to a person's satisfactory completion of an approved peace officer basic training program is required for appointment as a peace officer or law enforcement officer.

Findings for recovery

(R.C. 9.24)

Continuing law prohibits state agencies and political subdivisions from contracting with a person against whom a finding of recovery by the state is unresolved. The bill specifies a debt is resolved if it has been discharged in bankruptcy or is no longer owed based on a final nonappealable court order.

Notice for debts payable to the state

(R.C. 131.02 and 131.026)

The bill requires the officer, employee, or agent responsible for administering the law under which an amount is due to the state to serve notice to the debtor or debtor's statutory agent before certifying the amount due to the Attorney General. The officer, employee, or agent must serve the notice not sooner than 45 days, and not later than 60 days, after payment is due. The notice must include the following information:

- The name of the debtor or statutory agent;
- The nature and amount of the indebtedness;
- If the debt arises from a tax levied, the following information:
  - The assessment case number;
  - The tax pursuant to which the assessment is made;
  - The reason for the liability, including, if applicable, that a penalty or interest is due;
  - An explanation of how and when interest will be added to the amount assessed;
  - That the Attorney General and Tax Commissioner, acting together, have the authority, but are not required, to compromise the claim and accept payment over a reasonable time, if such actions are in the best interest of the state.

Notice may be served in any of the following manners:

- The email address of the debtor's or debtor's statutory agent's last known address;
- Facsimile transmission at the debtor's or debtor's statutory agent's facsimile number appearing in the official records;

- Traceable delivery service[16] at the debtor's or debtor's statutory agent's last known address;
- Personal service at the debtor's or debtor's statutory agent's last known address.

Additionally, the bill specifies the date for which service is complete for each method of service:

- For service by email, the date the receipt of the document is relayed electronically by a direct reply from the debtor or debtor's statutory agent to the officer, employee, or agent or to the Attorney General, or through electronic tracking software demonstrating that the recipient accessed the document;
- For facsimile transmission, the date indicated on the facsimile transmissible confirmation page;
- For traceable delivery service, the date of delivery indicated on the notice of completed delivery provided by the U.S. postal service or domestic commercial delivery service;
- For personal service, the date indicated on a document confirming physical delivery signed by the debtor, the debtor's statutory agent, an adult located at the debtor's or debtor's statutory agent's last known address, or the delivery person.

The bill allows the debtor or statutory agent to satisfy the debt within 30 days of receipt of the notice. If the debt is satisfied within those 30 days, the officer, employee, or agent cannot certify the amount to the Attorney General. If the debt is not satisfied within those 30 days, the officer, employee, or agent must certify the amount to the Attorney General. The Attorney General must collect the amount due in accordance with the current law process, which may include filing a lien. The Attorney General can only file a lien if the Attorney General includes a copy of the notice that was sent and a proof of service of the notice when filing the lien.

The bill specifies that requirement to provide notice under the bill does not prevent or limit the Attorney General, or appropriate taxing authority, from taking any action under current law to collect the debt payable to the state. Additionally, failure to comply with the specific time requirement for serving notice does not deem the amount payable uncollectible, discharged, relieved, or otherwise satisfied or nonpayable.

State law enforcement and training reimbursement

(R.C. 109.803)

The bill prohibits a state agency from receiving the statutory reimbursement for continuing professional training provided to a peace officer or trooper appointed by the state agency. Continuing law requires every appointing authority to require each of its appointed peace officers and troopers to complete 24 hours of continuing professional training each

[16] The bill defines "traceable delivery service" as a delivery service provided by the U.S. postal service or a domestic commercial delivery service allowing the sender to track a sent item's progress and providing notice of a completed delivery to the sender.

calendar year, and requires between 24 and 40 hours of continuing professional training to be reimbursed.

AUDITOR OF STATE

- Requires the Auditor of State (AOS) to conduct a performance audit of PUCO by May 1, 2027.
- Eliminates AOS's responsibility to pay for audit costs related to audits of medical assistance programs or individual medical assistance recipients.
- Repeals a provision recently enacted via the Transportation Budget scheduled to take effect in October that would have allowed AOS to access the records of ODOT during an audit.
- Removes AOS from a variety of processes.
- Specifies that certain fiscal officers need only keep records of completed initial or continuing education courses.
- Changes AOS's duty to audit certain safeguards implemented by state institutions of higher education.

PUCO performance audit

(Section 701.90)

The bill requires Auditor of State (AOS) to conduct a performance audit of PUCO by May 1, 2027. The audit must include a review of the Ohio Power Siting Board.

Audit costs for medical assistance programs and recipients

(R.C. 5160.23, repealed)

The bill repeals AOS's responsibility to pay cost related to audits of a medical assistance recipient. Continuing law allows AOS to audit a medical assistance recipient upon request of the Medicaid Director and allows AOS to examine the records related to medical assistance programs. Currently, AOS is responsible for the related costs. Under continuing law, generally a state agency is responsible for the costs of its audits and audits of private entities that receive money from the agency.[17]

ODOT audits

(Sections 125.20 to 125.24; repeal of the amendment to R.C. 117.12 and enactment of R.C. 117.56 made by H.B. 54 of the 136th General Assembly; repeal of Section 820.50 of H.B. 54 of the 136th General Assembly)

The bill repeals law recently enacted via the Transportation Budget (H.B. 54) that would have allowed AOS to access the records of ODOT during an audit. The provision would have taken

[17] R.C. 117.13, not in the bill.

effect in October. For more information about the provision, please see the LSC Final Analysis(PDF) for H.B. 54 (136th), page 11, "**Audit access**" (PDF), available at legislature.ohio.gov.

Remove AOS from various processes

(R.C. 9.35, 117.11, 117.38, 117.44, 149.10, 149.30, 169.13, 306.43, 308.13, 317.20, 319.04, 321.03, 323.611, 501.09, 501.11, 507.12, 703.34, 733.81, 735.05, 749.31, 1533.13, 3313.27, 3314.08, 3315.18, 3315.181, 3317.035, 3318.051, 3318.48, 3326.51, 3328.16, 3375.39, 3375.92, 3381.11, 3709.15, 3717.071, 5117.12, 5310.06, 5705.12, 5705.121, 5705.28, 5705.29, 5705.30, 5705.38, 5923.30, and 6101.55; R.C. 117.113, 117.251, 117.441, 117.51, 501.03, 3314.50, 4115.31, 4115.32, 4115.33, 4115.34, 4115.35, and 4115.36, repealed)

The bill makes various changes to laws related to AOS, as follows:

Continuing law allows public officials to contract for electronic data processing or computer services. Instead of requiring the parties to give "satisfactory assurance" to AOS that affected records will be subject to audit as under current law, the bill simply makes those books and records subject to audit.

The bill repeals law requiring AOS to audit each science, technology, engineering, and mathematics (STEM) school every fiscal year. STEM schools are public schools and are subject to audit by AOS as are all public offices under continuing law.[18]

The bill repeals law requiring AOS to make a notation on an audit report for a county treasurer's office if the treasurer invested at least 10% of the county's money in eligible institutions.

The bill requires the annual financial report filed by public offices under continuing law to include budgetary comparison information as required by the applicable reporting framework or as prescribed by AOS.

The bill removes the requirement for AOS to operate a fiduciary training program annually for members and employees of state boards and commissions. Currently AOS must conduct the program and attendance is optional.

The bill transfers custodian responsibility for Ohio's public land records from AOS to the Ohio History Connection. This includes original field notes and plats of the U.S. government land surveys.[19]

Continuing law requires executive agencies to submit copies of internally produced or independently produced audit reports to AOS. The bill specifically indicates those reports must be pre-approved by AOS as required generally under continuing law.[20]

[18] See also R.C. 3326.211 and 3326.07, not in the bill.

[19] See the Official Ohio Lands Book (PDF), published by AOS and available at ohioauditor.gov/publications.

[20] See also R.C. 117.43, not in the bill.

The bill changes an erroneous reference in the Unclaimed Funds Law from AOS to the Office of Budget and Management, which is responsible for paying unclaimed funds held by the state to the owner.

Continuing law requires county auditors, township fiscal officers, and municipal fiscal officers to complete continuing education courses. The bill adds a requirement for these officials to retain documentation that the courses have been completed, and requires AOS to audit for compliance with the continuing education requirements. For the county auditors, the bill requires the County Auditors Association of Ohio, rather than AOS as under current law, to issue notices to county auditors who have not completed the required coursework. The bill also requires township and municipal fiscal officers' continuing education to include knowledge about bulletins or other information published by AOS and any other subject deemed appropriate by AOS.

The bill removes AOS from the process of verifying the completion of initial and continuing education programs required for township fiscal officers, city auditors, city treasurers, village fiscal officers, village clerk-treasurers, village clerks, and charter municipal officers who have duties like those of a city or village officer of the type listed here, including the duty to issue certificates of completion and "failure to complete" notices to such officers who complete or fail to complete education programs, respectively.

The bill specifies that city auditors, city treasurers, village fiscal officers, village clerk-treasurers, village clerks, and charter municipal officers who have duties like those of a city or village officer of the type listed here need only retain documentation of initial or continuing education courses completed. Existing law requires such officers to retain documentation of such courses regardless of whether the courses are completed.

The bill removes AOS from the process for a county to have sectional indexes made. Currently, the work must be done to the acceptance of AOS upon allowance by the board of county commissioners.

The bill transfers, from AOS to the Department of Administrative Services, the responsibility to issue deeds for property that was originally appropriated by Congress for the support of schools and ministerial purposes. Under continuing law, a lessee can purchase the property if the lessee has leased the property for 99 years and that lease is renewable forever, or if the lessee has renewed a lease for at least a 99-year term; the lessee is given a deed in fee simple to the property. Alternatively, a school district might sell such property for a variety of other reasons. Currently, ASO must prepare a deed for these purchases. The bill transfers this responsibility to the Department of Administrative Services.

The bill removes the requirement that AOS prescribe the form/manner of records that clerks, fiscal officers, and other agents must keep related to certain wildlife/hunting/fishing permits and licenses.

The bill requires the Department of Education and Workforce (DEW), instead of AOS as under current law, to require the fiscal officer of a community school or college-preparatory boarding school to execute a bond.

Continuing law requires a community school to annually report to DEW and AOS about students who live in a children's residential center. The bill removes AOS as a recipient of the report.

The bill removes the requirement for a community school's governing authority to file a bond or submit a written guarantee of payment for audit costs.

Continuing law requires each school district to have a Capital and Maintenance Fund for acquiring, replacing, enhancing, maintaining, or repairing permanent improvements. The bill removes AOS's authority to alter the formula used to calculate the amount a school district must deposit into the fund. The bill also removes AOS'S authority to designate alternative sources of revenue a school district can deposit into the fund.

The bill requires a school district, rather than AOS, to notify DEW when the school district transfers the required deposit for certain projects.

The bill removes AOS from the process of adopting DEW policies to reduce certain amounts payable to community schools that provide computer hardware and software to students.

The bill eliminates the requirement that AOS and the DEW Director jointly establish a method for auditing community schools that provide computer hardware and software to students, as well as the requirement that AOS, the DEW Director, and the Governor jointly make recommendations to the General Assembly for legislative changes to assure fiscal and academic accountability for such schools.

When funds due to the Ohio Facilities Construction Commission (FCC) have not been returned within 60 days by a school district, the bill requires FCC to certify the amount to the Attorney General for collection. Currently, AOS issues a finding for recovery against the school district.

The bill eliminates a provision requiring AOS to audit school districts serving as STEM school sponsoring districts for compliance with certain financing requirements in the course of an annual or biennial audit of the district.

The bill removes AOS (or a representative) as an alternate person responsible for counting all remaining money, bonds, and other securities of a library's or board of education's fiscal officer. Under continuing law, this can be counted by the board of library trustees or board of education, as applicable, or a committee of the board.

Continuing law allows AOS to conduct annual audits of school districts' enrollment information "by a number of school districts determined by the [Auditor] and selected at random." The bill removes this limiting language, thereby allowing AOS full discretion in selecting which school districts to audit.

Ohio's Tax Levy Law requires political subdivisions to obtain approval of AOS before creating a new fund; AOS must consult the Tax Commissioner before approving a fund. The bill makes two changes. First, it removes the requirement for AOS to consult the Tax Commissioner. Second, an exemption exists under continuing law for a board of health of a city or general health

district to establish a Home Health Services Fund; the bill simply relocates this exemption to another provision containing numerous exemptions.

The bill removes the authority of the Director of Agriculture and Director of Health to ask AOS to audit retail food establishment license fees or food service operation license fees charged by a local board of health. Continuing law allows a Director to request an audit of the board if the Director feels it would be in the public interest.

The bill removes the requirement for the Director of Development to consult with AOS when preparing reports about the impact of the prohibition against discontinuing heating services on the number of uncollectible and past due residential accounts. The Director still is required to consult with energy companies, energy dealers, the Department of Aging, and the Commission on Hispanic-Latino Affairs.

The bill removes AOS and the Secretary of State from the process for investing money received by the courts for the assurance fund. Currently, the Treasurer of State must invest the funds with the advice and approval of AOS and the Secretary of State.

The bill removes AOS from the process of filing an action against an officer of the organized militia who cannot properly account for property/money in the officer's possession. Currently, either the Adjutant General or AOS can initiate such an action.

The bill requires the judges that preside over conservancy districts, instead of AOS as under current law, to consider approvals for modifying the form of the annual levy portion of a conservancy district's assessment record.

The bill removes outdated provisions from the Revised Code related to the now-abolished State Committee for the Purchase of Products and Services by Persons with Severe Disabilities. New provisions were enacted to govern the procurement of products and services provided by persons with work-limiting disabilities from qualified nonprofit agencies.[21]

The bill removes forms prescribed by AOS from the process of filing an estimate of contemplated revenue and expenditures for the ensuing fiscal year by the head of a department, board, commission, or district authority entitled to participate in an appropriation or revenue of a subdivision, and from school district appropriation measures.

The bill eliminates the requirement that a tax budget and school library district budget include certain information prescribed by AOS.

Audit state institutions of higher education safeguards

(R.C. 3345.591)

The bill amends law recently enacted via S.B. 1 of the 136th General Assembly, which will take effect on June 27, 2025. Under continuing law, state institutions of higher education must implement safeguards to protect the institution's intellectual property, state security, and national security. Existing law requires AOS to audit these safeguards pursuant to AOS's

[21] R.C. 125.60 to 125.6012, not in the bill.

continuing duty to conduct performance audits of state agencies. The bill changes AOS's duty to audit the safeguards to be pursuant to AOS's continuing duty to audit public offices, reducing the number of mandatory audits.[22]

[22] R.C. 117.46, not in the bill; R.C. 117.11.

DEPARTMENT OF BEHAVIORAL HEALTH

Renaming the Department and Director

- Changes the name of the Department of Mental Health and Addiction Services to the Department of Behavioral Health (DBH).
- Changes the name of the Director of Mental Health and Addiction Services to the Director of Behavioral Health.

Grounds for disciplinary action

- Consolidates the reasons for which DBH may impose disciplinary actions against facilities and service providers by allowing the actions to be taken on the same grounds at any time, either when an initial license or certification is sought or after it has been received.

Notice of adverse actions taken by other regulators

- Extends the duty to report adverse actions to DBH by also requiring reports to be made of adverse actions taken against a subsidiary of an applicant or specified associates.
- Specifies that "adverse action," in the context of which regulatory actions must be reported to DBH, does not include disciplinary actions taken by DBH itself.
- Permits DBH to impose sanctions based on adverse actions not only when it receives a required notice, but also when it otherwise becomes aware of an adverse action, as long as the action was taken in the preceding three-year period.

Subsidiaries of opioid treatment programs

- Requires a subsidiary of an opioid treatment program provider or a subsidiary of the provider's owner or sponsor to have been in good standing to operate an opioid treatment program in all other locations during the three-year period preceding application for licensure.

Certified community behavioral health clinics

- Permits DBH to establish a process and standards for the state certification of federally certified community behavioral health clinics (CCBHCs) if there is sufficient state and federal funding available.
- Requires DBH to determine, in the absence of sufficient funding to certify CCBHCs, how an integrated care approach for the provision of substance use disorder (SUD) and mental health treatment could be implemented through pilot projects or other initiatives.

Statewide mobile crisis system

- Requires DBH to coordinate with other government entities to assist with the development and implementation of a statewide system of mobile crisis services, if there is sufficient state and federal funding available.

- Requires DBH to determine, in the absence of sufficient funding for a statewide system of mobile crisis services, how pilot programs or other initiatives for mobile crisis services could be implemented.

Behavioral health block grants

- Permits DBH to use GRF for block grants that provide flexibility for ADAMHS boards to provide harm reduction, prevention, SUD treatment, mental health treatment, recovery supports, and crisis services.
- Requires the DBH Director to establish block grant distribution methodologies, allowable uses of block grants, and a uniform reporting structure regarding the expenditures, uses, and outcomes of the block grants.

Community innovations

- Requires the DBH Director to identify programs, projects, or systems where targeted financial investments may decrease demand for DBH services and improve outcomes for Ohioans with mental illnesses or addictions.

Patient billing in state-operated psychiatric hospitals

- Permits DBH to calculate the amount it bills for care in a DBH-operated hospital according to the hospital's ancillary per diem rate, if DBH determines that the ancillary per diem rate applies instead of the hospital's per diem charge.
- Requires, if a patient has health benefits that cover less than the calculated charge, that the patient (or the patient's estate or liable relatives) pay the lesser of: (1) the balance that remains or (2) the amount that applies after DBH takes into consideration the patient's eligibility for existing discounts and other payment reductions.

Behavioral Health Drug Reimbursement Program

- Changes the funding model used by the Behavioral Health Drug Reimbursement Program from one that is solely reimbursement to one of financial assistance.

VOIP service immunity

- Exempts, except for willful or wanton misconduct, voice over internet protocol (VOIP) service providers from liability in a civil action for damages resulting from their acts or omissions in connection with the 9-8-8 Hotline.

DBH Trust Fund

- Eliminates authorization to transfer unexpended, unencumbered balances of DBH's GRF appropriations to the DBH Trust Fund.

High-THC cannabis impact research study

- Requires DBH to collaborate with the Department of Commerce and a public university, public safety agency, or research consortium to assess cannabis regulation and the health risks and benefits of cannabis use.

- Requires DBH to submit a report to the Governor and General Assembly by June 30, 2026, and June 30, 2027, and to publish the report on its website.

Residential facilities directory

- Requires DBH to publish on its website a directory of all residential facilities it licenses.

Renaming the Department and Director

(R.C. 121.02 and 5119.011; conforming changes in numerous R.C. sections)

The bill changes the name of the Department of Mental Health and Addiction Services to the Department of Behavioral Health (DBH). In turn, the Director of Mental Health and Addiction Services is renamed the Director of Behavioral Health.

Whenever the Department or Director of Mental Health and Addiction Services is referred to or designated in any statute, rule, contract, grant, or other document, the bill requires that the reference or designation be construed as the Department or Director of Behavioral Health, respectively.

This analysis will use the proposed new names, and their corresponding acronyms, when referencing the Department or Director. This applies to discussions of both current law and provisions of the bill.

Grounds for disciplinary action

(R.C. 5119.33, 5119.34, 5119.36, and 5119.99)

Current law permits DBH to issue a license to operate a hospital for the treatment of persons with mental illness or a residential facility, or to issue a certificate for certifiable services and supports, if the applicant can demonstrate the availability of adequate staff and equipment and DBH has not been notified or is not otherwise aware of relevant adverse action taken against the applicant or certain associates of the applicant. Instead, the bill consolidates this requirement with other existing disciplinary provisions to allow DBH to deny, refuse to renew, or revoke a license for the aforementioned reasons.

Notice of adverse actions taken by other regulators

(R.C. 5119.33, 5119.334, 5119.34, 5119.343, 5119.36, and 5119.367)

When submitting an application for initial or renewed hospital licensure, residential facility licensure, or certifiable services and supports certification, an applicant is currently required to notify DBH of any adverse action taken against a specified entity or associate of the applicant within the preceding three years. For hospital licensure this includes the hospital and any owner, sponsor, medical director, administrator, or principal of the hospital. For residential facility licensure this includes the residential facility and any owner, operator, or manager of the facility. For certifiable services and supports certification, this includes the applicant and any owner or principal of the applicant.

The bill extends this requirement to also include the reporting of adverse action taken within three years against any subsidiary of a hospital, owner, or sponsor; residential facility, owner, or operator; or applicant or owner for hospitals, residential facilities, and certifiable services and supports respectively. The bill also specifies that adverse action taken by DBH is not included in the reporting requirement, as DBH would already have a record of the action.

Current law permits DBH to refuse to issue a license or certification if adverse action was taken during the three-year period immediately preceding the date of application. The bill expands the potential to act on adverse action by allowing DBH to refuse to issue, refuse to renew, or revoke a license for adverse action taken during the three-year period immediately preceding the date of notification or date of becoming aware of the adverse action.

Subsidiaries of opioid treatment programs

(R.C. 5119.37)

Current law requires a provider seeking a license to operate an opioid treatment program and any owner, sponsor, medical director, administrator, or principal of the provider to have been in good standing to operate an opioid treatment program in all other program locations during the three-year period preceding the date of application. The bill additionally requires a subsidiary of the provider or a subsidiary of the provider's owner or sponsor to have been in good standing to operate an opioid treatment program for that time period.

Certified community behavioral health clinics

(R.C. 5119.211; Section 337.200)

The bill permits DBH to establish a process and standards for the state certification of federally certified community behavioral health clinics (CCBHCs). CCBHCs are designed to ensure access to coordinated comprehensive behavioral health care. CCBHCs provide 24/7 crisis services, comprehensive behavioral health services that help people avoid seeking support across multiple providers, and care coordination that helps people navigate behavioral health care, physical health care, and social services.

If DBH begins certifying CCBHCs, the Department may coordinate with local, state, and federal government entities for the development and establishment of the clinics. The DBH Director may adopt rules as necessary for the certification of CCBHCs.

DBH may certify CCBHCs only if there is adequate state and federal funding available. If funding is insufficient for the certification of CCBHCs, DBH must determine whether and to what extent pilot projects or other initiatives could be implemented to support an integrated care approach for the provision of substance use disorder (SUD) and mental health treatment.

Statewide mobile crisis system

(Section 337.190)

The bill requires DBH to work with local, state, and federal government entities to develop and implement a statewide system of mobile crisis services for adults and children. The development of this statewide system is contingent on the availability of state and federal

funding. If there is not sufficient funding for a full system, DBH must determine how pilot projects or other initiatives for the provision of mobile crisis services could be implemented.

Behavioral health block grants

(Section 337.20)

The bill permits DBH to use GRF for the creation of block grants for boards of alcohol, drug addiction, and mental health services (ADAMHS boards). The block grants are intended to provide flexibility for ADAMHS boards to disburse funds to behavioral health providers to provide harm reduction, prevention, SUD treatment, mental health treatment, recovery supports, and crisis services in local communities. There are six separate block grants that may be created, and the Director of DBH is responsible for establishing allowable uses for each type of block grant. The six types of block grants and suggested allowable uses are presented in the table below.

Behavioral health block grants		
Block grant	**Purpose**	**Suggested allowable uses**
Prevention State Block Grant	Provision of evidence-based or evidence-informed early intervention, suicide prevention, and other prevention services.	▪ Prevention across the lifespan; ▪ Suicide prevention across the lifespan; ▪ Early intervention; ▪ Cross-system collaboration to address prevention needs in the community.
Crisis Services State Block Grant	Provision of crisis services and supports.	▪ Substance use and mental health crisis stabilization centers; ▪ Crisis stabilization and crisis prevention services and supports; ▪ Cross-systems collaborative efforts to address crisis services needs in the community.
Mental Health State Block Grant	Provision of mental health services and recovery supports.	▪ Mental health services, including the treatment of indigent mentally ill persons subject to court order in hospitals or inpatient units. In selecting providers, the bill prohibits ADAMHS boards from refusing to contract with any local hospital or inpatient unit that is willing to accept the board's contract terms; ▪ Cross-system collaborative efforts to serve adults with serious mental illnesses who are involved in multiple human services or criminal justice systems;

Behavioral health block grants		
Block grant	**Purpose**	**Suggested allowable uses**
		▪ Other initiatives designed to address mental health needs.
Substance Use Disorder State Block Grant	Provision of alcohol and drug addiction services and recovery supports.	▪ Initiatives concerning alcohol and drug addiction services; ▪ Substance use stabilization centers; ▪ Cross-system collaborative efforts to address SUD needs in the community.
Recovery Supports State Block Grant	Provision of recovery supports.	▪ Subsidized support to meet the psychotropic and SUD treatment medication needs of indigent citizens in the community to reduce unnecessary hospitalization due to lack of medication; ▪ Peer support; ▪ Operational expenses and minor facility improvements for class two and class three residential facilities and recovery housing residences; ▪ Community integration supports; ▪ Cross-system collaborative efforts to address recovery support needs in the community.
Criminal Justice State Block Grant	Provision of services and supports to incarcerated individuals and individuals being discharged from prisons and jails.	▪ Medication-assisted treatment (MAT) and treatment involving drugs used in withdrawal management or detoxification; ▪ Community reintegration supports; ▪ SUD treatment and mental health treatment, including the provision of such treatment as an alternative to incarceration, as well as recovery supports; ▪ Forensic monitoring and tracking of individuals on condition release; ▪ Forensic and crisis response training; ▪ Projects that assist courts and law enforcement in identifying and developing appropriate alternative services to

Behavioral health block grants		
Block grant	**Purpose**	**Suggested allowable uses**
		incarceration for nonviolent offenders with mental illnesses; ▪ Services to incarcerated individuals with SUD, severe mental illness, or both, including screening and clinically appropriate treatment; ▪ Linkages to, and the provision of, SUD treatment, mental health treatment, recovery supports, and specialized re-entry services for incarcerated individuals leaving prisons and jails; ▪ Support of specialized dockets, including the expansion of existing MAT drug court programs, the creation of new MAT drug court programs, and assistance with the administrative expenses of participating courts, community addiction services providers, and community mental health services providers; ▪ Cross-system collaborative efforts to address the needs of individuals involved in the criminal justice system.

The DBH Director is responsible for creating methodologies to guide the distribution of block grant funds to ADAMHS boards. The Director must consider population indicators, poverty rates, health workforce shortage statistics, relevant emerging behavioral health trends, and the amount of FY 2025 awards made to each ADAMHS board for related programs.

The Director must also create a uniform reporting structure to track the expenditures, uses, and outcomes of the block grants and how the expenditures, uses, and outcomes are tied to the ADAMHS boards' community plans. Certain data points must be collected, including data regarding expenditures, types of services provided and number of individuals served, provider determination and monitoring activities, and performance indicators and outcomes. The data must be made available in accordance with Ohio data governance best practices and federal and state security standards.

Community innovations

(Section 337.100)

The bill requires the DBH Director to evaluate programs, projects, or systems operated at least partly outside of the Department where a targeted financial investment is expected to

decrease demand for DBH or other state resources or measurably improve outcomes for Ohioans with mental illnesses or addictions. The Director is responsible for selecting private not-for-profit entities to receive funds. Each recipient must enter into an agreement with DBH identifying allowable expenditures of funds, other commitment of funds or other resources, expected state savings or improved outcomes and the proposed mechanisms for such savings or outcomes, and required reporting regarding expenditures and outcomes.

Additional funds are appropriated to support workforce development initiatives, provide behavioral health access and opportunities, support peer-run organizations, and coordinate care across the behavioral health continuum.

Patient billing in state-operated psychiatric hospitals

Calculation of base charge

(R.C. 5121.33; conforming changes in R.C. 5121.30, 5121.32, 5121.34, and 5121.41)

Regarding the methodology that DBH follows in determining how much a patient, patient's estate, and liable relative must be charged for each day of care and treatment received in a DBH-operated hospital for mental illnesses, the bill makes the following modifications:

- Allows the amount to be calculated by multiplying the number of days of admission by whichever of the following DBH determines applies: the hospital's per diem charge or its ancillary per diem rate. (Current law requires DBH to use only the per diem charge when making the calculation. DBH must determine both types of rates, but the ancillary rate is currently used only when calculating the discounted charges for care provided beyond 30 days to patients with incomes between 175% and 400% of the federal poverty level.)
- Removes the requirement to add any unpaid amounts to the charges calculated for each billing cycle. (The collection of delinquent payments is accounted for in a separate provision of current law.[23])

Coordination with health benefits

(R.C. 5121.43)

Regarding a patient in a DBH-operated hospital who has a health insurance policy or contract with coverage of hospital-based mental health services, the bill maintains the duty of the patient to assign to DBH all payments that may be received for care and treatment in the hospital. Current law, however, does not expressly address what occurs if the payments received through health benefits do not cover the full amount that DBH calculates as the hospital's base charge, as described above.

Under the bill, if the amount received through health benefits is less than DBH's calculated base charge, the patient (or the patient's estate or liable relatives) must pay the lesser of the following:

[23] See R.C. 5121.45, not in the bill.

- The amount of the base charge that remains after subtracting the amount received through health benefits;
- The amount of the base charge that applies after DBH takes into consideration any of the discounts and other payment reductions that may be offered under existing law to a patient, according to a financial assessment of the patient's assets and annual income.

The bill eliminates a corresponding provision under which a patient with health benefits is ineligible for DBH's discounts and other payment reductions while the patient's insurance policy or other contract is in force.

Behavioral Health Drug Reimbursement Program

(R.C. 5119.19)

DBH operates the Behavioral Health Drug Reimbursement Program, which provides state funds to counties for the cost of certain drugs provided to inmates of county jails, including psychotropic drugs, drugs used in medication-assisted treatment, and drugs used in withdrawal management or detoxification. The bill changes the program's funding model, which is currently limited to a system of reimbursement. The bill, instead, authorizes a model of financial assistance, where allocations of state funds may be provided either before or after the cost of the drugs is incurred.

VOIP service immunity

(R.C. 5119.85)

The bill explicitly exempts, except for willful or wanton misconduct, voice over internet protocol (VOIP) service providers and other affiliated persons from liability in a civil action for damages resulting from their acts or omissions in connection with the 9-8-8 Hotline.

Under current law, except for willful or wanton misconduct, a telephone company and any other installer, maintainer, or provider, through the sale or otherwise, of customer premises equipment, or service used for or with the 9-8-8 Hotline, and their respective officers, directors, employees, agents, suppliers, corporate parents, and affiliates are not liable in damages in a civil action for injuries, death, or loss to persons or property incurred by any person resulting from the covered entities' or affiliated persons' participation in, or acts or omissions connected with participating in or developing, maintaining, or operating the 9-8-8 Hotline.

"Telephone company" is defined in current law as a company engaged in the business of providing local exchange telephone service by making available or furnishing access and a dial tone to persons within a local calling area for use in originating and receiving voice grade communications over a switched network operated by the provider of the service within the area and gaining access to other telecommunication services. Unless otherwise specified in the relevant law, "telephone company" includes a wireline service provider (provides to Ohio end users basic local exchange service by interconnected wires or cables), wireless service provider

(provides service through wireless, two-way communication, such as for example, a cell phone), and any entity that is a covered 9-1-1 service provider under federal rule.[24]

DBH trust fund

(R.C. 5119.46)

The bill eliminates authorization for the transfer of unexpended, unencumbered balances of DBH's GRF appropriations to the DBH Trust Fund. The fund will continue to receive all funds received from the sale or lease of lands and facilities by DBH. The bill permits money in the fund to be used only as appropriated by the General Assembly or approved by the Controlling Board.

High-THC cannabis impact research study

(Section 751.90)

The bill requires DBH to collaborate with the Department of Commerce and a public university, public safety agency, or research consortium selected by DBH to conduct a study regarding cannabis use. The study must assess the potential health risks and benefits of cannabis and hemp-derived product use, review relevant state-level program evaluations from other states, and review peer-reviewed research. The study must consider all of the following:

- Physical, behavioral, cognitive, and neurodevelopmental effects of chronic or early use of high-potency THC cannabis products, particularly among individuals under the age of 25;
- Cannabis-induced psychosis and schizophrenia;
- Cannabis hyperemesis syndrome;
- The relationship between cannabis use and depression, anxiety, suicidal ideation, completed suicides, and cannabis use disorder;
- The relationship between cannabis use and cognitive and neurodevelopmental impairments such as decline in memory and executive functioning;
- Disproportionate impacts of cannabis use on vulnerable populations, including youth, pregnant women, unborn children, and individuals with a history of trauma or mental illness;
- The relationship between cannabis use and IQ loss; and
- Recommended guidelines for potency and usage.

DBH is required to compile a report that includes (1) a comparative analysis of THC regulations, potency limits, and health outcomes from other states' cannabis programs, (2) a synthesis of peer-reviewed research and reputable state program data, and (3) recommendations for cannabis regulation, prevention education, public education campaigns, and outreach efforts for stakeholders such as the General Assembly, state agencies, employers, educators, and the general public. If necessary, the Department may seek the input

[24] R.C. 128.01(F), (G), (J), (K), and (W), not in the bill.

of ODH, RecoveryOhio, BWC, DPS, the Attorney General, the State Medical Board of Ohio, the Ohio High-Intensity Drug Trafficking Area, prevention consultants certified by CDP, and children's hospitals.

DBH must submit an initial report to the Governor and the General Assembly by June 30, 2026. A final report must be submitted by June 30, 2027. The bill appropriates $300,000 in each fiscal year to be used for the study.

Residential facilities directory

(R.C. 5119.345)

The bill requires DBH to publish a directory of all residential facilities it licenses. The directory must be published on DBH's website and include each facility's name, full address, services offered, and categorization as a Class 1, Class 2, or Class 3 facility. The categories vary based on the population served, number of individuals residing in the facilities, and services provided.

OFFICE OF BUDGET AND MANAGEMENT

State appropriation limitations

- Modifies, starting July 1, 2027, how the state appropriation limitations (SAL) are calculated by requiring the inclusion of certain non-GRF appropriations in the SAL calculation.
- Eliminates the SAL alternative growth factor related to population growth and inflation.
- Eliminates the General Assembly's authority to exceed the SAL in response to an emergency proclamation by the Governor.
- Requires the Governor to itemize all non-GRF appropriation line items that are subject to the SAL as part of the Governor's biennial budget submissions.

Impact of federal grant suspension

- States that if the federal government reduces or suspends any federal program that provides funding for a corresponding state program, that state program may be reduced or suspended.

OBM support services

- Requires OBM to perform routine support services for the New African Immigrants Commission.
- Authorizes OBM to perform routine support services for any board or commission upon request.

Targeted Addiction Assistance Fund

- Creates the Targeted Addiction Assistance Fund to receive all funding awarded to the state to address the effects of the opioid crisis.
- Specifies that, beginning January 15, 2027, any money received under the settlement agreement in *State of Ohio v. McKesson Corp.* must be certified by the Attorney General and sent to OBM for deposit in the fund.
- Requires the OBM Director to notify the Speaker of the House, Senate President, and the chairpersons of the House and Senate Finance Committees when money is deposited into the fund.

Fund interest to GRF

- Redirects the interest of designated funds to the GRF.

Non-GRF cash transfers; notification to Controlling Board

- Permits OBM to transfer up to $150 million cash from non-GRF funds, but requires the OBM Director to notify the Controlling Board regarding those transfers within 30 days.

Centralized reporting system for state grants

- Requires the OBM Director to establish and administer a centralized reporting system for state grant recipient financial status reports.

Computer data center tax exemption application

- Removes the OBM Director as one of the persons who receives, forwarded by the tax credit authority, copies of an application for a complete or partial tax exemption from a taxpayer who proposes a capital improvement project for an eligible computer data center.

Automated Title Processing Board

- Removes the OBM Director as a nonvoting member of the Automated Title Processing Board.

State appropriation limitations

(R.C. 107.032, 107.033, 107.034, repealed, 107.035, 131.56, 131.57, and 131.58; Section 701.60)

SAL calculation

The bill changes how the state appropriation limitations (SAL) are calculated starting in FY 2028 (starting July 1, 2027). Under continuing law, the Governor must include the SAL as part of the executive budget proposal at the beginning of each new General Assembly. The bill also explicitly directs the Governor to take the bill's changes into account when calculating the SAL for FY 2028. Generally, the SAL limits the growth of GRF spending to a designated percentage each biennium. For more background on the SAL, please see LSC's Guidebook for Ohio Legislators, Chapter 8 (PDF), available on LSC's website at lsc.ohio.gov.

Non-GRF appropriations to be included in SAL calculation

The bill includes in the meaning of "aggregate GRF appropriations" any appropriations made indirectly from any non-GRF fund that is supported by cash transfers from the GRF. For example, if a program is funded by a non-GRF fund, but that fund's money originates with GRF cash transfers, the program's appropriations must be included as "aggregate GRF appropriations" despite being appropriated from a non-GRF fund. This will likely result in more appropriations being classified as aggregate GRF appropriations and thus subject to the SAL.

Under continuing law, an appropriation that originates in the GRF will continue to be included in the SAL calculation even if that appropriation is subsequently moved to a non-GRF account. The bill further states that any tax revenue credited to the GRF during FYs 2026 and 2027 is a GRF tax source funding GRF appropriations for the succeeding fiscal year even if the tax revenue is later credited to a non-GRF account. As a hypothetical, this means that if the commercial activity tax (CAT), which is credited to the GRF in FY 2026, is credited to a non-GRF account starting in FY 2028, those non-GRF appropriations paid for by the CAT revenue would still be included in the calculation of the SAL, even though they were funded at that time from a

non-GRF account. This change will ensure that all appropriations supported by GRF tax revenue during FYs 2026 and 2027 will be included permanently in the SAL calculation.

SAL growth factor

The bill revises the growth factor for calculating the SAL. It retains the SAL growth factor at 3.5%, but eliminates the alternative growth factor based on inflation and population growth. Under current law, the SAL is calculated using the greater of the following figures:

- The previous year's SAL (or aggregate GRF appropriations for the previous fiscal year, in certain years) multiplied by 3.5% (standard growth factor);
- The sum of the rate of inflation plus the rate of population change (alternative growth factor).

As a result of the bill's change, the SAL must be calculated using the 3.5% standard growth factor only.

Elimination of SAL exception for emergency proclamation

Also taking effect in FY 2028, the bill eliminates an exception permitting the General Assembly to exceed the SAL if the excess appropriations are made in response to a Governor's emergency proclamation and the appropriations are used for that emergency. The bill retains the current exception permitting the General Assembly to exceed the SAL by passing a bill by a $^{2}/_{3}$ majority of the members of each house that identifies the purpose of the excess appropriation and whether the appropriation must be included in future SAL calculations.

List of non-GRF appropriation items subject to SAL

Finally, the bill requires the Governor to identify in the executive budget proposal all non-GRF appropriation line items (ALIs) that are subject to the SAL for the current fiscal year. If the Governor decides to continue funding any of those non-GRF line items, the Governor must, to the greatest extent possible, propose funding for those non-GRF line items from the GRF for each respective fiscal year of the biennium covered by that budget. Also, as part of the proposal, the Governor must include a table listing any remaining non-GRF ALIs that are subject to the SAL for the current fiscal year and for each respective fiscal year of the biennium covered by that budget.

Impact of federal grant suspension

(R.C. 126.10)

The bill states that, notwithstanding any provision of law to the contrary, if the federal government reduces or suspends any federal program that provides federal funds for any corresponding state program, that state program may be reduced or suspended. The bill does not specify who makes the determination to reduce or suspend the program. That reduction or suspension includes any contract, agreement, memorandum of understanding, or any other covenant entered into by the state that is dependent on federal funding.

The bill defines a state program as any program, initiative, or service administered or overseen by an agency, which includes any board, department, division, commission, bureau,

society, council, or public institution of higher education, but does not include the General Assembly, the Controlling Board, the Adjutant General, or any court.

OBM support services

(R.C. 126.42)

The bill requires the Office of Budget and Management (OBM) to provide routine support services for the New African Immigrants Commission, in addition to the 16 other boards that currently must receive these services. Also, the bill authorizes OBM to perform routine support services for any board or commission upon request. Current law provides discretionary authority for OBM to perform the services for any professional or occupational licensing board or commission.

Under continuing law, routine support services include tasks such as preparing and processing payroll, maintaining ledgers of accounts and balances, and routine human resources and personnel services.

Targeted Addiction Assistance Fund

(R.C. 126.67)

The Targeted Addiction Assistance Fund is created in the state treasury, to consist of all money awarded to the state by court order that is intended to address the effects of the opioid crisis. The bill specifies that, beginning January 15, 2027, any money received under the settlement agreement in *State of Ohio v. McKesson Corp.*, Case No. CVH20180055 (C.P. Madison Co., settlement agreement of October 7, 2021) must be certified by the Attorney General and sent to OBM for deposit in the fund. The OBM Director must notify the Speaker of the House, Senate President, and the chairpersons of the House and Senate Finance Committees when money is deposited into the fund.

Fund interest to GRF

(R.C. 105.41, 122.14, 122.6510, 122.6511, 122.6512, 126.24, 126.60, 126.62, 131.43, 2108.34, 3701.841, 3770.06, 5168.25, and 5753.031; Sections 265.370 and 503.140)

The bill redirects interest earnings from the following funds to the GRF:

- Budget Stabilization Fund;
- Lottery Profits Education Reserve Fund;
- Roadwork Development Fund;
- Brownfields Revolving Loan Fund;
- Brownfield Remediation Fund;
- Building Demolition and Site Revitalization Fund;
- OAKS Support Organization Fund;
- H2Ohio Fund;

- All Ohio Future Fund;
- Facilities Establishment Fund;
- Second Chance Trust Fund;
- Tobacco Use Prevention Fund;
- Lottery Profits Education Fund;
- State Liquor Regulatory Fund;
- Hospital Assessment Fund; and
- Sports Gaming Profits Education Fund.

Additionally, the bill requires OBM to direct the investment earnings of the following funds to the GRF by July 15, 2025:

- Capitol Square Improvement Fund;
- Health Care/Medicaid Support and Recoveries Fund; and
- Ohio Workforce Incumbent Job Training Fund.

Non-GRF cash transfers; notification to Controlling Board

(Section 509.10)

The bill permits the OBM Director to transfer up to $150 million cash from non-GRF funds that are not constitutionally restricted to the GRF. The OBM Director must report any transfer to the Controlling Board within 30 days.

Centralized reporting system for state grants

(R.C. 126.17)

The bill requires the OBM Director to establish and administer a centralized reporting system to receive financial status reports submitted by state grant recipients. The system must be operational not later than one year after the bill's effective date. The Director must adopt rules, under the Administrative Procedure Act, to set forth the information to be included in the financial status reports, the frequency at which reports must be submitted, and guidelines for determining direct and indirect costs. The information required is intended to assist the state in oversight of public funds, and in evaluation of the effectiveness of grant programs.

The financial status reports must include all the following:

- An accounting of the expenditure of grant funds by a state grant recipient, which must separately identify any amount expended by vendor and items purchased to directly benefit the public, and the amount of indirect costs;
- A project progress report;
- Confirmation that the state grant recipient is in compliance with any applicable laws or regulations.

The centralized reporting system must enable a state agency to report, to the Director, information regarding a state grant.

A state agency that issues a grant must inform a state grant recipient of these requirements, and must provide the name and contact information of each recipient, the amount of the grant, and other project-identifying information to the Director.

Definitions

The bill includes the following definitions that apply to the bill's centralized reporting system provisions:

"Direct cost" means a cost that can be identified specifically with a particular final cost objective or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

"Indirect cost" means a cost that is not readily identified with a particular project, function or activity, but is necessary for the general operation of the organization, and a cost not directly identified with a single, final cost objective, but identified with two or more final cost objectives or an intermediate cost objective.

"State grant" means funding provided by a state agency to a state grant recipient for which the agency does not require repayment.

"State grant recipient" means an entity that receives a state grant, whether for profit or nonprofit, a corporation, association, partnership, limited liability company, sole proprietorship, or other business entity. "State grant recipient" does not include an individual who receives state assistance that is not related to the individual's business.

Computer data center tax exemption application

(R.C. 122.175)

The bill removes the OBM Director as one of the persons who receives, forwarded by the tax credit authority, copies of an application for a complete or partial tax exemption from a taxpayer who proposes a capital improvement project for an eligible computer data center. Under continuing law, the Tax Commissioner and Director of Development receive copies of the application and review the application to determine the economic impact that the proposed eligible computer data center would have on Ohio and any affected political subdivisions. The Tax Commissioner and Director submit a summary of their determinations to the tax credit authority. Upon review of the determinations, the tax credit authority may enter into an agreement with the applicant and any other taxpayer that operates a computer data center business at the project site for a complete or partial tax exemption on the taxes imposed on computer data center equipment used or to be used at an eligible data center.

BUREAU OF WORKERS COMPENSATION

- Makes political subdivision personnel who are rendering intrastate mutual assistance or aid under an agreement with another subdivision or the Ohio Intrastate Mutual Aid Compact employees of the Ohio Emergency Management Agency for purposes of workers' compensation coverage.

Personnel providing intrastate mutual assistance or aid

(R.C. 5502.29 and 5502.41)

For purposes of the Workers' Compensation Law,[25] the bill makes political subdivision personnel rendering intrastate mutual assistance or aid outside their respective political subdivisions employees of the Ohio Emergency Management Agency (OEMA), established within DPS, if such assistance or aid is rendered under either of the following:

- A mutual assistance or aid agreement with another political subdivision; or
- The Ohio Intrastate Mutual Aid Compact.

Under continuing law, political subdivision personnel who suffer injury or death while rendering mutual assistance or aid in a different political subdivision pursuant to an agreement with the recipient subdivision or under the state compact are eligible for workers' compensation to the same extent as while serving in the political subdivisions in which the personnel ordinarily work.

Under current law, however, such personnel remain employees or agents of their respective political subdivisions for all purposes, including workers' compensation coverage. Under the bill, they remain employees of their political subdivisions for all other employment-related benefits, but compensation or benefits paid under the Workers' Compensation Law are charged to OEMA's workers' compensation policy.

[25] R.C. Chapters 4121, 4123, 4127, and 4131.

CHEMICAL DEPENDENCY PROFESSIONALS BOARD

Terminology change

- Replaces the term "chemical dependency" with "substance use disorder."

Applications

- Requires applicants for licensure, certification, or endorsement from the Board to submit an application in the manner the Board prescribes.

Discipline

- Permits the Chemical Dependency Professionals Board to discipline an individual credentialed by the Board for an inability to practice due to mental illness or physical illness.
- Permits the Board to discipline an individual credentialed by the Board for conviction in another jurisdiction of either a felony or misdemeanors committed in the course of practice.

Internships, practicums, and work experience

- Permits the Board to require internships or practicums as a condition of licensure, certification, or endorsement, instead of preceptorships as specified by current law.

Alternative pathways to licensure

- Eliminates pathways to licensure that require the professional to hold formerly accepted credentials on December 23, 2002.
- Eliminates a pathway to licensure as a chemical dependency counselor II that requires a professional to have held a certificate as a chemical dependency counselor assistant since 2008 and meet other requirements.
- Eliminates a pathway for licensure as an independent chemical dependency counselor-clinical supervisor for applicants who held a license on March 22, 2013, under which an applicant is not required to pay a fee or comply with other licensure requirements.

Codes of ethics

- Requires the codes of ethics adopted by the Board to prohibit engaging in multiple relationships with clients.
- Expands specific requirements for the development of codes of ethics to apply to all professionals credentialed by the Board.

Board membership

- Eliminates requirements that (1) not more than half of the Board be of the same gender and (2) at least two voting members be of African, Native American, Hispanic, or Asian descent.

Chemical dependency counselor I license

- Eliminates obsolete references to the chemical dependency counselor I license, for which initial licensure was eliminated in 2002 and renewals ceased in 2008.

Eliminated requirements

- Eliminates a requirement that each license or certificate include the Board's address and telephone number.
- Eliminates a requirement that a holder of a license, certificate, or endorsement issued by the Board prominently post that license, certificate, or endorsement at the holder's place of employment.

Terminology change

(R.C. 4758.01; conforming changes in R.C. 4757.41, 4758.02, 4758.03, 4758.10, 4758.13, 4758.20, 4758.22, 4758.221, 4758.23, 4758.30, 4758.31, 4758.36, 4758.39, 4758.40, 4758.41, 4758.42, 4758.43, 4758.52, 4758.54, 4758.55, 4758.56, 4758.57, and 4758.59)

The bill replaces the term "chemical dependency" with "substance use disorder" throughout R.C. Chapter 4758 although the terminology used in referring to chemical dependency/substance use disorder is modified, the bill retains the name of all chemical dependency counselors and the Chemical Dependency Professionals (CDP) Board.

Applications

(R.C. 4758.35)

Applicants for licensure, certification, or endorsement by the CDP Board must currently submit a written application to the Board. The bill removes the requirement that the application be written, instead requiring it to be submitted in a manner the Board prescribes.

Discipline

(R.C. 4758.20 and 4758.30)

Current law permits the Board to discipline an individual credentialed by the Board if that individual is unable to practice due to a physical or mental condition. The bill instead specifies that the Board may impose discipline if an individual is unable to practice by reason of mental illness or physical illness, including physical deterioration that adversely affects cognitive, motor, or perceptive skills.

The Board may currently discipline a professional for conviction in Ohio or any other state of a crime that is either a felony in Ohio or a misdemeanor that is committed in the course of practice. The bill extends this to include conviction in any other jurisdiction.

Internships, practicums, and work experience

(R.C. 4758.20)

Current law permits the CDP Board to require preceptorships as a condition of licensure, certification, or endorsement. The bill instead permits the Board to require internships and practicums.

Alternative pathways to licensure

(R.C. 4758.241, repealed, 4758.40, 4758.41, 4758.42, 4758.43, 4758.44, and 4758.45)

Current law permits licensure as an independent chemical dependency counselor, chemical dependency counselor III, chemical dependency counselor II, prevention consultant, or prevention specialist, or certification as a chemical dependency counselor assistant, if the professional held a license or certification on December 23, 2002. To qualify for licensure through this pathway, independent chemical dependency counselors and chemical dependency counselors III must also hold a Board-approved degree and complete at least 40 hours of training on the current Diagnostic and Statistical Manual of Mental Disorders. The bill removes this pathway to licensure for all of the aforementioned professionals credentialed by the CDP Board.

The bill also removes a pathway to licensure as a chemical dependency counselor II for professionals who have continuously held a chemical dependency counselor assistant certificate and practiced under supervision since December 31, 2008, provided a written recommendation from a supervisor, received Board-approved training, and passed a chemical dependency counselor II license exam.

Finally, the bill removes an alternative pathway for licensure as an independent chemical dependency counselor-clinical supervisor. Currently, an applicant who held an independent chemical dependency counselor license on March 22, 2013, may receive an independent chemical dependency counselor-clinical supervisor license without paying a license fee or meeting additional requirements for that license.

Codes of ethics

(R.C. 4758.23)

The CDP Board is currently required to establish codes of ethical practice and professional conduct for the professionals it licenses, certifies, and endorses. Current law requires the codes for chemical dependency counselors to define unprofessional conduct, including engaging in a dual relationship with a client, former client, consumer, or former consumer. The bill expands the requirements regarding unprofessional conduct to all professionals credentialed by the Board, and instead of prohibiting engaging in a dual relationship, the codes must prohibit engaging in multiple relationships with a person being served.

Board membership

(R.C. 4758.10)

Current law specifies that no more than half of the voting members of the CDP Board may be of the same gender or members of the same political party. At least two voting members are

required to be of African, Native American, Hispanic, or Asian descent. The bill removes the gender and racial Board composition requirements but retains the requirement that no more than half of the voting members may be from the same political party.

Chemical dependency counselor I license

(R.C. 4758.02, 4758.24, and 4758.27)

The chemical dependency counselor I license was eliminated in 2002. People who were licensed as a chemical dependency counselor I in 2002 were permitted to keep practicing under that license for a limited time, but renewals ceased in 2008. The bill eliminates remaining references to theses licenses from statute.

Eliminated requirements

(R.C. 4758.18, repealed and 4758.50, repealed)

The bill eliminates a requirement that the CDP Board include the Board's address and telephone number on each license or certificate it issues. It also eliminates a requirement that a holder of a license, certificate, or endorsement issued by the Board prominently post that license, certificate, or endorsement at the holder's place of employment.

DEPARTMENT OF CHILDREN AND YOUTH

I. Child Care

Publicly funded child care (PFCC)

Eligibility

- Maintains the maximum amount of family income for initial PFCC eligibility at 145% of the federal poverty line, and for special needs child care, at 150%, until June 30, 2027.
- Repeals provisions that allow an applicant to receive PFCC while a county department of job and family services (CDJFS) determines the applicant's eligibility.

Eligibility period for homeless child care

- Expands to 12 months (from a maximum of 90 days) the period for which a family is eligible for homeless child care.

Provider payment

Prospective payment

- Requires payment to PFCC providers to be made prospectively, by changing references from "reimbursement" to "payment" in the PFCC laws.

Payment rates

- Increases PFCC provider payments from the rate the provider customarily charges for providing child care to the payment rate established by the Department of Children and Youth (DCY) in rules for PFCC providers that customarily charge below the payment rate.

Payments based on enrollment not attendance

- Beginning not later than July 1, 2026, requires DCY to calculate publicly funded child care payments based on a child's enrollment with a child care provider, rather than on the child's attendance as under current law.

Child care prices

- Authorizes DCY to contract with a third-party entity to analyze child care prices in even-numbered years.

In-home aide continuous certification

- Removes the requirement that an in-home aide be recertified every two years.

Child Care Choice Voucher Program

- Requires DCY to establish the Child Care Choice Voucher Program to provide vouchers to eligible families to assist them with child care costs.

Early Childhood Education Grant Program

- Codifies the Early Childhood Education Grant Program and establishes it in the DCY, with the aim of supporting and investing in Ohio's early learning and development programs.
- Establishes eligibility conditions for participation, including that an early learning and development program (1) satisfy quality standards specified by the DCY Director, and (2) provide early learning and development services to one or more preschool-aged children with family incomes not exceeding 200% of the federal poverty line.
- Generally requires funds appropriated to the program to be distributed to grant recipients, and prohibits more than 2% to be used for program support and technical assistance.
- Requires the DCY Director to adopt rules to administer the program, including rules addressing (1) eligibility conditions and other requirements, (2) standards, procedures, and requirements for applying for and distributing funds to grant recipients, and (3) methods by which DCY may recover any erroneous payments.

Child Care Provider Recruitment and Mentorship Grant Program

- Establishes the Child Care Recruitment and Mentorship Grant Program to help increase the number of licensed child care providers in Ohio.

Transfer preschool reporting to DCY

- Requires DCY alone, instead of with the Department of Education and Workforce, to provide consultation and technical assistance and in-service training to, and annually inspect and report on, each preschool and school child program operated by specified entities.

Ohio professional registry

- Requires the DCY Director to contract with a third party to develop a registry information system to provide training and professional development opportunities to early learning and development program employees.

II. Child Welfare

Summary suspension of the certificate of an institution or association

- Allows DCY to suspend the certificate of an institution or association (defined generally under existing law as an entity or individual, such as a foster caregiver, receiving or caring for children for two or more consecutive weeks) without a prior hearing for specified reasons primarily related to the actual or risk of harm to a child under the care and supervision of the institution or association.

Requirements for group homes

- Requires the DCY Director to adopt rules in accordance with the Administrative Procedure Act to establish requirements regarding the following for group homes for children:
  - The use of the Ohio Professional Registry for completing background checks and criminal records checks for individuals overseeing or working within a group home;
  - Training on behavioral intervention;
  - Supervision of children, including staff-to-children ratios.
- Prohibits a group home operator from displacing a child to meet the ratio requirements.
- Allows the DCY Director to revoke or suspend the certificate of a group home that violates these requirements.

Prevention services

- Changes the beneficiary of prevention services from the child to the family in existing law provisions regarding referrals by a PCSA and the disclosure to a prevention services provider of confidential information discovered during an investigation.
- Specifies that if a family is determined to benefit from prevention services, the PCSA *ma*y make a referral to a provider, *if available* (instead of requiring referral).

Request for proposals to establish rate cards

- Allows DCY to issue a request for proposals to establish statewide rate cards for placement and care of children eligible for foster care maintenance payments.
- Requires, if a request for proposals is issued, DCY to review and accept the reasonable costs to cover specified requirements for each child eligible for foster care maintenance payments.
- Allows, instead of requires as in current law, DCY to establish (1) a form for agencies or entities that provide placement services to children to report costs reimbursable under Title IV-E and Medicaid and (2) procedures to monitor the cost reports.

Benefits to children under the custody of a Title IV-E agency

- Requires a Title IV-E agency that receives care and placement of a child to determine if the child is eligible for or receives certain benefits, including payments from the Social Security Administration and survivor benefits from the U.S. Department of Veterans Affairs and the state retirement systems.
- Prohibits a Title IV-E agency from using those benefits to pay for or reimburse the agency, county, or state for any cost of the child's care.

Foster care adoption waiting period removal

- Removes the six-month waiting period from the current law requirement that a foster child reside in a foster caregiver's home for *at least six months* before a foster caregiver

(1) may submit an application to adopt the child and (2) is exempt from adoption home study requirements.

Ohio Adoption Grant Program changes

- Requires that grants be made to eligible applicants only to the extent state funds are available for this purpose.
- Requires the adoptive parent to be an Ohio resident at the time the adoption was finalized to be eligible for a grant.
- Specifies that a person who produces or submits false or misleading documentation or information to DCY for the purpose of receiving a grant is guilty of the crime of falsification, a first degree misdemeanor.
- Maintains confidentiality of records that are confidential under continuing federal or state law when they are provided to DCY as part of a grant application.

Diagnostic ultrasound machine grant program

- Requires the DCY Director to purchase 3D diagnostic ultrasound machines and provide them through a grant program to certain Ohio entities that do not (1) charge for ultrasound services provided to pregnant women or (2) promote abortion, perform abortion-related medical procedures, or make referrals for abortions.

Responsible Fatherhood Initiative

- Requires DCY, through the Ohio Commission on Fatherhood, to contract with a nonprofit organization for the development and implementation of the Responsible Fatherhood Initiative and award grants to nonprofit organizations to provide support to fathers and materials and community engagement on fatherhood.
- Requires the Ohio Commission on Fatherhood to include in its annual report a performance evaluation of the grant recipients.
- Designates the month of June as "Responsible Fatherhood Month."

Multi-system youth

- Requires JFS, DCY, DBH, DYS, ODM, and the Department of Developmental Disabilities to collaborate to identify and take appropriate action to meet the needs of multi-system youth more effectively and jointly submit a report to the General Assembly on serving those youth.

Removal of Kinship Support Program state hearing rights

- Removes the option for a state hearing after a denial or termination of Kinship Support Program payments.

Ohio Children's Trust Fund

Child abuse and child neglect regional prevention councils

- Eliminates law dividing the state into eight child abuse and child neglect prevention regions and listing the counties encompassing each region and instead requires the Ohio Children's Trust Fund (OCTF) Board, in consultation with DCY, to determine the number of regions and the counties within each region.
- Reduces the term of each member of a child abuse and child neglect regional prevention council appointed by the OCTF Board from three years to two years.
- Allows a council member selected as chairperson of a council to be reappointed to a second term by the original appointing authority.
- Clarifies that the reappointment of a chairperson by a board of county commissioners is not considered to be an appointment under an existing law provision that allows a board of county commissioners to appoint up to two members to a council.
- Permits (instead of requires) the OCTF Board to select a regional prevention coordinator to oversee each child abuse and child neglect regional prevention council.
- Requires OCTF staff to serve as regional prevention coordinator for any region without a coordinator that has been selected by the Board.

Start-up costs for children's advocacy centers

- Allows an entity seeking to establish a children's advocacy center to request a one-time payment of up to $5,000 from the OCTF Board to be used towards start-up costs.

III. Councils

County family and children first councils

- Removes the prohibition that an individual whose family receives or has received services from an agency represented on a county family and children first council cannot serve on the county council if the individual is employed by an agency represented on the council, but requires such an individual to complete a conflict of interest disclosure form and abstain from votes that involve the individual's employer.
- Permits (rather than requires) the number of county council members representing families to equal 20% of a council's membership.
- Authorizes district level administrative designees to serve on a county council instead of the superintendent of the school district with the largest number of pupils in the county and another superintendent representing other districts.
- Permits (rather than requires) the administrative agent of a county council to send notice to specified persons when a member has been absent from a specified number of meetings.

Advisory councils consolidation

- Requires the Governor to create and appoint members to the Children and Youth Advisory Council, replacing the Early Childhood Advisory Council, the Ohio Home Visiting Consortium, the Early Intervention Services Advisory Council, and the Child Care Advisory Council.
- States that the purpose of the Council is to advise the Governor regarding prenatal and child-serving systems and to serve as the state advisory council on early childhood education and care and the state interagency coordinating council required by federal law.
- Requires the Council to create topic-specific advisory groups addressing at least the following: early childhood education and care, children services, maternal and infant vitality, early childhood mental health services and supports, and early intervention services.

IV. DCY duties

Autism services contracts

- Requires DCY – when applicable – to contract with an entity to administer programs and coordinate services for infants, preschool and school-age children, and adults with autism and low incidence disabilities.
- Eliminates the existing law requirement that the DEW Director give primary consideration to the Ohio Center for Autism and Low Incidence as the contracting entity when DEW contracts with an entity to administer and coordinate such programs and services.

Biennial summit on home visiting

- Repeals law requiring DCY to facilitate, and allocate funds for, a biennial summit on home visiting.

DCY transfers, recodification, and conforming changes

- Makes conforming changes and technical corrections to reflect the transfer of various duties and responsibilities to DCY in H.B. 133 of the 135th General Assembly.
- Removes obsolete language.
- Relocates and recodifies numerous Revised Code sections that relate to the duties and responsibilities of DCY to the DCY chapter of the Revised Code (Chapter 5180) and makes conforming changes as a result.
- Transfers or adds responsibility regarding certain programs to DCY.

I. Child Care

Publicly funded child care (PFCC)

Eligibility

(R.C. 5104.32, 5104.34, and 5104.38; Section 423.230)

First, the bill extends until June 30, 2027, the law governing income eligibility for PFCC, which is set to expire June 30, 2025. Under both current law and the bill, the maximum amount of income that a family may have for initial eligibility must not exceed 145% of the federal poverty line, while for special needs child care, the maximum amount must not exceed 150% of the federal poverty line.

The bill further specifies that the maximum amount of income for continued eligibility must not exceed 300% of the federal poverty line. Under continuing law unchanged by the bill, JFS must adopt rules specifying the maximum amount of income a family may have for initial and continued eligibility, with the maximum amount not to exceed 300% of the federal poverty line.

Second, the bill repeals law that allows an applicant to receive PFCC while a county department of job and family services (CDJFS) determines the applicant's eligibility. Existing law allows an applicant to do this once in a 12-month period. Included in this repeal are the following provisions:

- A requirement for a PFCC contract to specify that if the county department determines that an applicant is eligible for PFCC, a child care provider must be paid for all child care provided between the date the CDJFS receives the individual's completed application and the date the individual's eligibility is determined;
- If the county department determines that an applicant is not eligible for PFCC, a requirement for a provider to be paid for providing PFCC for up to five days after the determination, if the CDJFS received a completed application with all required documentation;
- The ability for a program to appeal a denial of payment from a CDJFS;
- A requirement for DCY to adopt rules to establish procedures for an applicant to receive PFCC while the county department determines eligibility and for a provider to appeal a denial of payment.

Eligibility period for homeless child care

(R.C. 5104.41)

The bill expands the period for which a family is eligible for homeless child care to 12 months. Under current law a family otherwise ineligible for publicly funded child care is eligible for homeless child care for the lesser of the following: not more than ninety (90) days or the period of time they reside in an emergency shelter for homeless families or in which the county department determines they are homeless. This extension aligns Ohio law with the

federal Child Care and Development Block Grant Act requirements that eligible families receive 12 months of child care assistance before eligibility is redetermined.[26]

Provider payments

Prospective payment

(R.C. 5104.30, 5104.32, 5104.34, and 5104.38)

The bill makes changes regarding PFCC payment, consistent with a recently adopted federal rule that took effect in April 2024.[27] First, the bill requires payments to PFCC providers to be made prospectively by changing references from "reimbursement" to "payment" in the PFCC laws.

Payment rates

(R.C. 5104.32 and 5104.38)

Additionally, the bill repeals law requiring a contract for PFCC to specify that the provider agrees to be paid for rendering services at the lower of: (1) the rate that the provider customarily charges for child care or (2) the reimbursement rate of payment established by DCY rules. The bill requires the contract to specify that the provider agrees to be paid for rendering services at the rate established by DCY rules. The result of this change is that a provider that customarily charges less than the payment rate established by DCY rules will receive the DCY rate for providing PFCC rather than the lower rate the provider customarily charges.

Payments based on enrollment not attendance

(R.C. 5104.30, 5104.32 (primary), 5104.36, and 5104.38)

The bill requires DCY, beginning July 1, 2026, to calculate publicly funded child care payments based on a child's enrollment with a participating child care provider. Under current law, payments are instead based on a child's attendance. The bill also makes corresponding changes in the law governing publicly funded child care in order to reflect this change in payment calculations.

Child care prices

(R.C. 5104.30 and 5104.302 (primary))

While maintaining the current law requirement that the DCY Director establish by rule in each odd-numbered year payment rates for PFCC providers, the bill authorizes the Director to contract with a third-party entity to analyze child care price information for the subsequent even-numbered year.

[26] 42 U.S.C. 9858c(c)(2)(N)(i)(I) and 45 C.F.R. §98.21(a).

[27] 45 C.F.R. Part 98. Ohio has been granted a temporary waiver of this requirement.

In-home aide continuous certification

(R.C. 5104.12)

The bill removes the requirement for in-home aides to renew certification every two years. Continuous licensure is already available to other child care provider types. An in-home aide is a person who (1) is certified by a county director of job and family services to provide publicly funded child care in a child's own home and (2) does not reside with the child.

Child Care Choice Voucher Program

(Section 423.190)

The bill requires DCY to establish the Child Care Choice Voucher Program. DCY launched the Child Care Choice Voucher Program administratively in April 2024. Subject to available funds, the program is to provide support, in the form of vouchers, to eligible families to assist them with child care costs.

To be eligible to participate, a family must meet all of the following conditions:

1. The caretaker parent is 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 child care;

2. The family does not meet the income conditions for initial eligibility under the publicly funded child care program administered by the Department, but the maximum amount of the family's income does not exceed 200% of the federal poverty line; and

3. The family meets any other condition established by the Department.

In providing vouchers, the program must utilize, not later than November 1, 2026, the payment rates established for DCY's publicly funded child care program, except that the payment rates must not be enhanced payment rates available for participating in DCY's Step Up to Quality Program.

The bill also prohibits the voucher program from requiring a type A family child care home or licensed type B family child care home that participates in the voucher program to be rated through Step Up to Quality.

Early Childhood Education Grant Program

(R.C. 5104.01, 5104.29, 5104.38, and 5104.60 (primary))

The bill codifies the Early Childhood Education Grant Program and establishes it in DCY, with the aim of supporting and investing in Ohio's early learning and development programs. For purposes of the bill, an early learning and development program includes a licensed child care center, licensed family child care home, and licensed preschool. Subject to available funds, grants are to be awarded to programs meeting the bill's eligibility conditions and in amounts that correspond to the number of eligible children served by the programs.

Eligibility

To be eligible for a grant, an early learning and development program must demonstrate all of the following:

- That the program is rated through the Step Up to Quality Program at the ratings tier specified by the DCY Director in rules;
- That the program provides early learning and development services to one or more preschool-aged children, defined to mean children aged three or older but not yet enrolled, or eligible to enroll, in kindergarten;
- That the program meets any other eligibility condition specified by the Director in rules.

In addition to establishing eligibility conditions for early learning and development program eligibility, the bill also sets them for the preschool children receiving services from those programs. If a slot is available, a preschool child is eligible to participate in the grant program if the child's family income does not exceed 200% of the federal poverty line. Alternatively, a child is eligible – regardless of family income – if an individualized education program (IEP) has been developed for the child, the child is placed in foster or kinship care, or the child is homeless.

A preschool child also must be a U.S. citizen or qualified alien and meet any other eligibility condition set by the Director in rules.

Distribution of funds

The bill generally requires funds appropriated to the program to be distributed to grant recipients, and prohibits more than 2% to be used for program support and technical assistance.

Rulemaking

The Director is required to adopt rules to administer the program, including rules addressing:

- Eligibility conditions and other requirements for early learning and development programs, including the Step Up to Quality ratings tier, and for preschool children;
- Standards, procedures, and requirements for applying for and distributing funds to grant recipients;
- Methods by which DCY may recover any erroneous payments.

Child Care Provider Recruitment and Mentorship Grant Program

(Section 751.30)

The bill establishes the Child Care Provider Recruitment and Mentorship Grant Program, under which DCY is to award grants to eligible organizations to increase Ohio's supply of licensed child care providers, including at least 120 new family child care homes, and to assist recruited providers in establishing and operating child care businesses and adopting business practices that best serve the needs of Ohio's families. DCY must operate the program until July 1, 2027.

Over the course of the grant period, each grant recipient must identify and recruit those interested in operating family child care homes (especially in areas with limited access to such homes); partner with prospective child care providers to assist them in developing and implementing child care business models; assist them in obtaining a license; and mentor licensed providers in operating, maintaining, and expanding child care businesses. To be eligible for a program grant, an applicant must demonstrate that it is able to do all of the following:

1. In collaboration with DCY and relevant stakeholders, plan, staff, and hold events, either in-person or virtually, to identify and recruit prospective child care providers;

2. Develop informational materials to assist licensed child care providers with marketing, advertising, and outreach;

3. Establish a software platform, with a customizable dashboard, that may be accessed by licensed child care providers to assist them with tasks such as marketing their businesses, enrolling children, communicating with families, billing for services, and reporting expenses;

4. Offer and provide coaching and training to child care staff employed by licensed child care providers, which may include in-person, group training sessions, on-site coaching visits, community forums, and other events;

5. Perform any other activity DCY considers relevant.

DCY must review each application it receives and determine whether the applicant is eligible. If so, subject to available funds, DCY must award a grant to the recipient, which expires at the close of FY 2027. As a condition of continued funding, each grantee must submit periodic reports to DCY describing its progress in partnering with, assisting, and mentoring prospective and licensed child care providers, in particular the number and content of trainings offered by the recipient, the types of software or website platforms the recipient makes available to child care providers, and any other information the Department considers necessary.

Transfer preschool reporting to DCY

(R.C. 3301.57)

The bill transfers existing oversight obligations for preschool and school child programs from the joint responsibility of DCY and the Department of Education and Workforce to DCY alone. Transferred oversight obligations include:

1. Providing consultation and technical assistance to school districts, county boards of developmental disabilities, community schools, authorized private before and after school care programs, and eligible nonpublic schools operating preschool programs or school child programs;

2. Providing in-service training to staff members and nonteaching employees of those entities;

3. Inspecting each preschool program or licensed school child program at least once per year; and

4. Filing an annual report on inspections with the Governor, Senate President and Minority Leader, and Speaker and Minority Leader of the House by January 1 each year.

Ohio professional registry

(R.C. 5104.60)

The bill requires the DCY Director to contract with a third-party entity to develop a registry information system to provide – on an ongoing basis – training and professional development opportunities to employees of early learning and development programs that are funded under the federal Child Care and Development Block Grant. The registry information system is to be known as the Ohio Professional Registry.

The bill also requires that the registry information system comply with requirements set forth in the federal Child Care and Development Block Grant Act[28] and regulations adopted under it.

II. Child Welfare

Summary suspension of the certificate of an institution or association

(R.C. 5103.039)

The bill allows DCY to suspend the certificate of an institution or association, including a foster caregiver, without a prior hearing under certain circumstances. Existing law generally defines an institution or association as a public or private entity or a nonrelative individual (including the operator of a foster home) receiving or caring for children for two or more consecutive weeks.[29]

The bill specifies the following as circumstances for suspension:

- A child dies or suffers a serious injury while placed or residing with the institution or association, including a foster home.
- A public children services agency (PCSA) receives a report of abuse or neglect, and the person alleged to have inflicted the abuse or neglect and is the subject of the report is any of the following:
  - A principal of the institution or association;
  - An employee or volunteer of the institution or association who has not immediately been placed on administrative leave or released from employment;
  - For a foster home, any person who resides in the home.
- One of the following individuals is charged by an indictment, information, or complaint with an offense relating to the death, injury, abuse, or neglect of a child:
  - A principal of the institution or association;

[28] 42 U.S.C. 9857 to 9858r.

[29] R.C. 5103.02(A)(1).

- An employee or volunteer of the institution or association who has not immediately been placed on administrative leave or released from employment.

- DCY, the recommending agency, a PCSA, or a CDJFS determines that a principal, employee, or volunteer of the institution or association, including a foster caregiver, or a resident of the foster home, created a serious risk to the health or safety of a child placed therein that resulted in or could have resulted in a child's death or injury.

- DCY determines that the owner of the institution or association or foster caregiver does not meet: (a) the criminal records check requirements for a person employed or appointed to be responsible for a child's care in out-of-home care, (b) the background check requirements for subcontractors, interns, or volunteers at an institution or association, or (c) the criminal records check requirements for a person to be appointed or employed in a residential facility.

The bill defines a principal as any of the following:

- The institution or association's administrator or director;

- The institution or association's owners or partners;

- Members of the institution's or association's governing body;

- A foster caregiver.

If DCY suspends a license without a prior hearing, it must comply with existing law notice requirements, and a principal of an institution or association, including a foster caregiver, may request an adjudicatory hearing. Notice and hearing must be conducted pursuant to the Administrative Procedure Act (R.C. Chapter 119). If a hearing is requested and DCY does not issue its final adjudication order within 120 days after the suspension, the suspension is void on the 121st day, unless the hearing is continued on agreement by the parties or for good cause.

A summary suspension remains in effect until any of the following occurs:

- The PCSA completes its investigation of the report of abuse and neglect and determines that all of the allegations are unsubstantiated.

- All criminal charges are disposed of through dismissal or a finding of not guilty.

- DCY issues a final order terminating the suspension in accordance with the Administrative Procedure Act.

The bill prohibits an institution or association from accepting the placement of children while a summary suspension remains in effect. Upon issuing the order of suspension, DCY must place a hold on the certificate or indicate that the certificate is suspended in the Statewide Automated Child Welfare Information System.

The bill allows the DCY Director to adopt rules in accordance with the Administrative Procedure Act to establish standards and procedures for the summary suspension of certificates. The bill also specifies that these provisions do not limit DCY's authority to revoke a certificate under existing law adjudication procedures.

Requirements for group homes

(R.C. 5103.0520; Section 751.100)

The bill establishes requirements for group homes for children. Under existing law, a group home for children includes any public or private facility that is operated by a private child placing agency, private noncustodial agency, or PCSA that has been certified for operation by DCY and meets all of the following criteria:

- Gives, for compensation, a maximum of ten children (including children of the operator or any staff who reside in the facility) nonsecure care and supervision 24 hours a day by individuals who are unrelated to, or not appointed guardians of, any of the children;
- Is not certified as a foster home;
- Receives or cares for children for two or more consecutive weeks.[30]

The bill requires the DCY Director to adopt rules in accordance with the Administrative Procedure Act to establish requirements regarding the following for group homes:

- The use of the Ohio Professional Registry, as operated by the Ohio Child Care Resource and Referral Association or its successor organization or entity, to complete background checks or criminal records checks required under existing law for individuals overseeing or working at a group home;
- Training on behavioral intervention, including the use of de-escalation, for all new and existing individuals working at a group home;
- The supervision of children, including a ratio of at least one staff person for every five children or, if the home accepts placement of fewer than five children, one staff person for every four children.

The group home operator must comply with the above ratio requirements as a requirement for certification. The law carves out an exception – the operator cannot displace a child who is placed in the group home as of the bill's effective date in order to comply with the ratio requirements; however, the operator cannot accept the placement of additional children until the group home has complied with the ratio requirements.

The bill allows the DCY Director to suspend or revoke the certificate of a group home in accordance with existing procedures under the Administrative Procedure Act (R.C. Chapter 119) for any violation of these provisions.

Prevention services

(R.C. 2151.421, 2151.423, and 5153.16)

The bill changes the intended beneficiary of prevention services and allows, instead of requires, a PCSA to make a prevention services referral. Under existing law, when a PCSA makes

[30] R.C. 5103.05(A)(6), not in the bill.

a report and determines after an investigation that a child is a candidate for prevention services, the PCSA must refer the report for assessment and services to an agency providing prevention services. This act fulfills a PCSA responsibility to make efforts to prevent neglect or abuse, enhance a child's welfare, and preserve the family unit intact. Existing law also allows a PCSA to disclose confidential information discovered during an investigation to any federal, state, or local government entity that needs the information to carry out its responsibilities to protect children from abuse or neglect. These governmental entities include any appropriate military authority or an agency providing prevention services to a child.

First, the bill specifies that prevention services are provided to the *family*, instead of just the child. The bill changes this specification in the law regarding referrals and the disclosure of confidential information to a prevention services provider.

Second, the bill allows, but no longer requires, PCSAs to make referrals for prevention services if a family is determined to benefit from those services. The bill also adds as a qualifier that a PCSA may make referrals if appropriate prevention services are available from a local provider or other reasonable source. Because of this change, the bill also clarifies that an existing PCSA duty to enter into a contract with an agency providing prevention services applies only when referring a family for prevention services.

Request for proposals to establish rate cards

(R.C. 5101.141 (5180.42) and 5101.145 (5180.422))

The bill allows DCY to issue a request for proposals to establish statewide rate cards for placement and care of children eligible for foster care maintenance payments. If a request for proposals is issued, DCY must review and accept the reasonable cost of covering the following under continuing law: (1) a child's food, clothing, shelter, daily supervision, school supplies, personal incidentals, and reasonable travel to a child's home for visitation, (2) liability insurance with respect to the child and services provided under any federal Title IV-E demonstration project, and (3) with respect to a child in a child-care institution, such as a group home, administration and operating costs.

Additionally, the bill allows (rather than requires as in current law) DCY to establish (1) a single form for the agencies or entities that provide placement services to children to report costs reimbursable under Title IV-E and Medicaid, and (2) procedures to monitor the cost reports submitted by the agencies or entities.

Benefits to children under the custody of a Title IV-E agency

(R.C. 5103.09)

The bill requires a Title IV-E agency that receives care and placement of a child to determine if the child is eligible for or receives payments or survivor benefits administered by any of the following:

- The U.S. Social Security Administration;
- The U.S. Department of Veterans Affairs;

- The Ohio Public Employee Retirement System;
- The Ohio Police and Fire Pension Fund;
- The State Teachers Retirement System of Ohio;
- The School Employees Retirement System of Ohio;
- The Ohio Highway Patrol Retirement System.

If the child is eligible for or receiving those benefits, the agency is prohibited from using the child's benefits to pay for or reimburse the agency, county, or state for any cost of the child's care. The bill allows DCY to adopt rules in accordance with R.C. 111.15 rulemaking provisions to implement these requirements, including the establishment of any new procedures that are necessary to assist a Title IV-E agency with compliance.

The bill adopts the existing law definition of a "Title IV-E agency," which is a public children services agency or a public entity with which JFS or DCY have a Title IV-E subgrant agreement in effect.[31]

Foster care adoption waiting period removal

(R.C. 3107.012 and 3107.031)

The bill removes the six-month waiting period from the current law requirement that a foster child must reside in a foster caregiver's home for at least six months before the foster caregiver (1) may submit an adoption application for the foster child, and (2) is exempt from home study requirements for the purpose of ascertaining whether a person seeking to adopt a minor is suitable to adopt.

Ohio Adoption Grant Program changes

(R.C. 2921.13, 5101.191 (5180.451), 5101.192 (5180.452), 5101.193 (5180.453), and 5101.194 (5180.454))

Continuing law requires that the DCY Director must provide *one, but not both* (changed to *either* by the bill), of the following one-time payments for an adopted child to the child's adoptive parent if specified requirements are satisfied regarding the child:

1. $10,000;

2. $15,000, if the parent was a foster caregiver for the child prior to adoption.

The bill specifies that the grant must be provided to all eligible applicants to the extent state funds are available for this purpose.

The bill adds the requirement that, to receive a grant, the adoptive parent must have been an Ohio resident at the time the adoption was finalized. Under continuing law, to be eligible to receive a grant, all of the following must be satisfied:

[31] R.C. 5101.132, renumbered to 5180.402 in the bill.

1. The adoptive parent cannot have previously received a grant from the program for the same child;

2. The adoptive parent cannot claim a formerly available adoption tax credit for the adopted child;

3. The adoptive parent must apply for the grant within one year after the adoption is finalized;

4. The adoption cannot be a stepparent adoption; and

5. The adoption must have been finalized on or after January 1, 2023.

The bill prohibits any person from knowingly producing or submitting any false or misleading documentation or information to DCY in an effort to qualify for or obtain a grant. Whoever violates the prohibition is guilty of falsification, a first degree misdemeanor.

Continuing law allows the DCY Director to require one or both of the following, as necessary to administer the Grant Program: (1) the submission of court or other documents necessary to prove the adoption, (2) any department, agency, or division of the state to provide any document related to the adoption. The bill makes the following changes to those requirements:

1. Clarifies that any court or legal documents necessary to prove an adoption must be *certified copies*.

2. Adds that any court, in addition to any department, agency, or state division may be required to provide any document related to the adoption.

Additionally, the bill states that any document provided to DCY as part of a grant application remains confidential if it was confidential under any state or federal law before being provided.

Diagnostic ultrasound machine grant program

(Section 423.106)

The bill requires the DCY Director to create a grant program to provide eligible entities to receive diagnostic ultrasound machines. The Director must establish the grant application and administration process. To be eligible to receive a diagnostic ultrasound machine, an entity must meet all of the following requirements:

- Be a private, not-for-profit entity;
- Have as its primary purpose the promotion of childbirth, rather than abortion, through counseling and other services, including parenting and adoption support;
- Provide services to pregnant women and parents or other relatives caring for children 12 months of age or under, including clothing, counseling, diapers, food, furniture, health care, parenting classes, postpartum recovery, shelter, and any other supportive services, programs, or related outreach;
- Not charge a fee for any services rendered;

- Not be involved in or associated with any abortion activities, including providing abortion counseling or referrals to abortion clinics, performing abortion-related medical procedures, or engaging in pro-abortion advertising;
- Not discriminate in its provision of services on the bases of race, religion, color, age, marital status, national origin, disability, or gender;
- Be physically located in Ohio;
- Not be a hospital, federally qualified health center, or ambulatory surgical facility.

Under the bill, the Director must use $2.5 million each fiscal year to competitively bid for the purchase of new 3D diagnostic ultrasound machines.

Responsible Fatherhood Initiative

(R.C. 5.62, 5101.342 (5180.702), 5180.705, 5180.706, and 5180.707)

The bill requires DCY, through the Ohio Commission on Fatherhood, to contract for the development and implementation of the Responsible Fatherhood Initiative (RFI). The RFI must provide an opportunity for every father in Ohio to obtain information and inspiration that will motivate and enable him to enhance his abilities as a father, recognizing that some fathers have greater challenges than others and would benefit from greater support.

The RFI must include the following:

- A statewide media campaign that increases the awareness of the importance of fathers being involved in their children's lives. The media campaign may include print, television, digital, and social media elements and appearances by and involvement from public figures and influencers.
- Resources and information for fathers and father figures to increase engagement and involvement in their children's lives.

DCY must contract for the development and implementation of the Initiative with a nonprofit organization, designated as the RFI manager, that has both of the following:

- A history of focusing on responsible fatherhood, including providing online resources to fathers, and engaging fathers, father figures, and children through community-based and school-based events to encourage responsible fatherhood;
- The organizational capacity to manage a statewide initiative and successfully carry out the bill's requirements.

The RFI manager must collaborate with other relevant government agencies and private organizations to develop and implement the Initiative. Those agencies and organizations must collaborate with the RFI manager. The RFI manager is solely responsible for developing, collaborating, and managing the RFI media campaign and the resources, content, and information for fathers.

DCY, through the Commission, must award grants to eligible nonprofit organizations to address the needs of fathers. DCY must award the following types of grants:

- Grants that comprehensively address the needs of fathers, such as assisting them in finding employment, managing child support obligations, transitioning from a period of incarceration, accessing health care, understanding child development, and enhancing parenting skills. Services provided must be tailored to the needs of the father being served. Case management services must be provided by the grant recipient, either directly or by subcontract, to the fathers who are served by the Commission grants. If the father receiving case management services through a grant has a child receiving services from a PCSA because the child is the subject of an abuse, neglect, or dependency proceeding, the case management services may be coordinated.
- Grants that provide evidence-based parenting education specifically for fathers. The grants cannot require case management services.

DCY is required to prioritize applicants for a grant based on the following:

- Need in a geographic area and the population to be served by the grant as indicated by the following: unemployment rates; incarceration rates; housing instability; the number of single-parent households; the number of public benefit recipients; graduation rates; and levels of academic achievement.
- Whether an applicant has a primary mission of, or a history of a significant focus on and effective work towards, addressing the needs of men in their role as fathers.
- Applicant current and historical involvement in the community being served.
- Applicant commitment and capability to employ competent staff who can effectively engage with the fathers being served, including individuals who share similar backgrounds as the fathers being served.
- The number of individuals the applicant plans to serve through the grant and the projected costs for the program.
- Applicant organizational capacity to effectively meet the requirements of the grant and to deliver the programs proposed by the applicant. DCY may offer technical assistance to applicants and grant recipients that have lower organizational capacity if they have, or their leadership has, significant experience serving fathers.

Grants are to be awarded for no more than three years. Subsequent funding is contingent on compliance with grant requirements and adequate performance. Grant recipients must submit reports to DCY in a format and at intervals, which must be at least annually, as prescribed by DCY. The RFI manager is eligible to receive RFI grants.

Organizations that receive grants must address the unique needs of the fathers of children who are served by the organization. The organization must do all of the following:

- Conduct an initial assessment of its engagement with those fathers and its provision of and referral to father-oriented services;
- Create an action plan to address any gaps identified through the assessment and implement the action plan;

- Engage with the Commission to build relationships with fathers, help identify their needs, assist them in accessing services, and communicate with the organization about the challenges faced by these fathers and how to appropriately meet their unique needs.

The Commission must annually review how all recipient organizations are meeting the fathers' needs, including how the organizations are helping fathers (1) establish positive, stable relationships with their children and (2) receive needed services. The organizations must provide any relevant information to the Commission on how they are meeting the father's needs.

Continuing law requires the Commission to prepare an annual report. Under the bill, the annual report must include information on how recipient organizations are meeting fathers' needs and evaluations of recipient organization performances.

The bill designates the month of June as "Responsible Fatherhood Month" to recognize the importance of fathers in their children's lives, how fathers contribute to their children's safety and stability, and the direct link between positive father involvement and child well-being. DCY, local governments, and other agencies are encouraged to sponsor events to promote awareness of responsible fatherhood engagement and the contributions fathers make in the lives of their children.

Multi-system youth

(R.C. 5101.01)

Under the bill, JFS, DCY, DBH, DYS, ODM, and the Department of Developmental Disabilities must collaborate to identify and take appropriate action with available resources to more effectively meet the needs of multi-system youth. Within one year, the departments must jointly submit to the General Assembly a report with policy recommendations and the following information:

- Data on the number of multi-system youth;
- Data on the number of multi-system youth who are placed in licensed care;
- Information on how the departments track multi-system youth;
- A summary of actions taken by the departments to better serve multi-system youth.

The bill defines the following terms:

- "Multi-system youth" are children and adolescents who are receiving services from two or more of the following systems: child protective services, behavioral health services, developmental disabilities services, juvenile court, and Medicaid.
- "Licensed care" means detention facilities, shelter facilities, certified children's crisis care facilities, certified foster homes, prospective adoptive placements, organizations, certified organizations, group home providers, group homes, institutions, state institutions, residential facilities, or residential care facilities.

Removal of Kinship Support Program state hearing rights

(R.C. 5101.1411 (5180.428))

The bill removes the option for a state hearing when DCY denies or terminates payments under the Kinship Support Program. Existing law, unchanged by the bill, generally requires that an individual who appeals a decision or order of an agency administering a family services program under federal or state law be granted a state hearing at the individual's request.[32] The bill, therefore, removes an individual's ability to appeal a determination regarding the Kinship Support Program. Other programs under this section that are still subject to a state hearing are foster care assistance, kinship guardianship assistance, and adoption assistance payments.

Ohio Children's Trust Fund

(R.C. 3109.171, 3109.172, 3109.173, and 3109.178; Section 731.10)

Child abuse and child neglect regional prevention councils

The bill makes changes regarding child abuse and child neglect regional prevention councils, including the elimination of existing child abuse and child neglect prevention regions, changes to council member terms and appointments, and changes to the selection of a regional coordinator to a council. Under existing law, one of the duties of the Ohio Children's Trust Fund (OCTF) Board is to establish a strategic plan for child abuse and child neglect prevention. In developing and carrying out the plan, the Board must implement child abuse and neglect prevention programs.[33] The law establishes child abuse and child neglect prevention regions to administer this programming. Each region must have a child abuse and child neglect regional prevention council. The OCTF Board and boards of county commissioners must appoint county prevention specialists as members to each council. These specialists include professionals who work in child welfare, health care, and other relevant areas that provide services to children.

The bill eliminates law establishing eight child abuse and child neglect prevention regions and the counties encompassing each region. It instead requires the OCTF Board, in consultation with DCY, to determine the number of regions and the counties within each region. Each county in the state must be included in a region.

The bill reduces the term of a member of a child abuse and child neglect regional prevention council appointed by the OCTF Board from three years to two years. Under existing law, each board of county commissioners within a region may appoint up to two county prevention specialists representing the county, and the Board may appoint additional members at the Board's discretion. The bill maintains the two-year terms for council members appointed by a board of county commissioners. The bill also clarifies that, notwithstanding this reduction in term for Board-appointed members, a member serving on the council on the effective date of the bill may complete the member's term of office.

[32] R.C. 5101.35.

[33] R.C. 3109.17, not in the bill.

The bill clarifies that a council member selected as chairperson of a council is eligible to be reappointed by the original appointing authority, and that the reappointment of a chairperson by a board of county commissioners is not considered to be one of the two appointments that a board of commissioners is allotted. Under existing law, a chairperson must be selected by the council's regional prevention coordinator from among the county prevention specialists serving on the council.

Finally, the bill allows, rather than requires, the OCTF Board to select a regional prevention coordinator for a child abuse and child neglect regional prevention council through a competitive selection process. Under existing law, each regional prevention council must be under the direction of a regional prevention coordinator. The bill requires OCTF staff to serve as coordinator for any region for which the Board has not selected a regional coordinator through a competitive selection process.

Start-up costs for children's advocacy centers

The bill allows an entity to request a one-time payment of up to $5,000 from the OCTF Board for start-up costs to establish and operate a children's advocacy center that will serve at least one county. Existing law allows a child abuse and child neglect regional prevention council to request this money for each county within the council's region. In authorizing the entity seeking to establish the center to request the money instead of a regional prevention council, the bill also eliminates a requirement that a children's advocacy center must serve each county in the council's region or two or more contiguous counties within the region.

III. Councils

County family and children first councils

(R.C. 121.37)

The bill makes several changes to the membership requirements for county family and children first councils, the purpose of which is to streamline and coordinate existing government services for families seeking assistance for their children. It removes the prohibition that an individual whose family receives or has received services from an agency represented on a county council cannot serve on the council if the individual is employed by an agency represented on the council. However, if such an individual is employed by an agency represented on the council, the individual must complete a conflict of interest disclosure form and abstain from any vote that involves the individual's employer. County councils are allowed, rather than being required as in current law, to have 20% of their membership be members representing families, where possible. Finally, district-level administrative designees with decision making authority can be included as county council members. The designees are alternatives to the continuing law requirement that membership include (1) the superintendent of the school district with the largest number of pupils residing in the county, as determined by the Department of Education and Workforce, and (2) a school superintendent representing all other school districts with territory in the county, as designated by the superintendents of those districts.

The bill also allows, rather than requires as in current law, a county council's administrative agent to send notice of a member's absence to the board of county commissioners

and other persons or entities specified in continuing law if the member has been absent from either three consecutive meetings of the county council or a subcommittee or from ¼ of the meetings in a calendar year, whichever is less.

Advisory council consolidation

(R.C. 5104.39, 5104.50 (5180.04), 5180.21, and R.C. 5180.22; repealed R.C. 5104.08, 5180.23, and 5180.34)

The bill requires the Governor to create the Children and Youth Advisory Council. The Council is responsible for advising the Governor on the availability, accessibility, affordability, and quality of services provided through the prenatal and child-serving systems. This includes fostering a continuum of care that promotes family-centered programs and services that acknowledge and support the social, emotional, cognitive, intellectual, and physical development of children and the vital role of families in ensuring the well-being and success of children.

The Council also fulfills two federal obligations. It serves as the state advisory council on early childhood education and care required for participation in Head Start, which promotes school readiness for young children from income-eligible families.[34] It also serves as the state interagency coordinating council for early intervention services, which provide services to infants and toddlers with disabilities or developmental delays.[35]

The Governor is responsible for appointing up to 25 members to the Council, including representatives from DCY, the Department of Medicaid, the Department of Job and Family Services (JFS), the Department of Behavioral Health, the Department of Education and Workforce (DEW), the Department of Health (ODH), the Department of Developmental Disabilities, and the Department of Youth Services (DYS). The Governor also must appoint at least one representative from each of the following stakeholder groups, selected from multi-sized municipal corporations and geographically diverse areas of the state, including rural, urban, and suburban areas: maternal and infant vitality, early intervention, home visiting, early childhood education, child care centers and family child care homes providing publicly funded child care, school child programs, preschool programs, and children's services. As a whole, membership of the Council must reasonably represent the population of the state. The Governor must appoint a chairperson, and the DCY Director will serve as co-chair.

The Council must create topic-specific advisory groups addressing a continuum of services, including (1) early childhood education and care, (2) children services, (3) maternal and infant vitality, (4) early childhood mental health services and supports, and (5) early intervention services. Each representative of a stakeholder group must be appointed to at least one topic-specific advisory group. A representative of DCY may not serve as the chairperson for any topic-specific advisory group. The Governor may appoint additional members as necessary to the early childhood education and care advisory group and the early intervention services advisory group to satisfy federal requirements.

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[34] 42 U.S.C. 9837b(b)(1).

[35] 20 U.S.C. 1441.

The bill eliminates four existing councils whose functions are largely absorbed by the Children and Youth Advisory Council. The four eliminated councils are:

1. The Child Care Advisory Council, which provides advice and assistance regarding the administration and development of child care;

2. The Ohio Home Visiting Consortium, which ensures that home visiting services provided in Ohio are delivered through evidence-based or innovative, promising home visiting models;

3. The Early Intervention Services Advisory Council, which serves as the state interagency coordinating council for early intervention services; and

4. The Early Childhood Advisory Council, which serves as the state advisory council on early childhood education and care and promotes family-centered programs and services.

IV. DCY duties

Autism services contracts

(R.C. 3323.32)

The bill requires DCY – when applicable – to contract with an entity to administer programs and coordinate services for infants, preschool and school-age children, and adults with autism and low incidence disabilities. The bill does not describe the circumstances that trigger this duty. This requirement mirrors existing law requiring DEW to contract with an entity to administer such programs and coordinate such services, though without using the phrase "when applicable."

The bill also eliminates the current law requirement that the DEW Director give primary consideration to the Ohio Center for Autism and Low Incidence when DEW contracts for those programs and services.

Biennial summit on home visiting

(R.C. 5180.24, repealed)

The bill repeals the requirement that DCY, beginning in FY 2026, facilitate, and allocate funds for, a biennial summit on home visiting services. The summit is intended to convene people and government entities involved with the delivery of home visiting services in Ohio and share the latest research on home visiting, discuss strategies regarding evidence-based home visiting models and tobacco use reduction, and present challenges and successes encountered by home visiting programs.

DCY transfers, conforming changes, and recodification

(R.C. chapters 5101 and 5180; conforming changes in numerous other R.C. sections)

The bill makes numerous changes regarding the duties and responsibilities of DCY. Most of the changes are conforming, corrective, or technical. However, the bill also transfers or adds new responsibilities regarding specific programs to DCY.

The bill makes conforming changes and technical corrections to reflect the transfer of various responsibilities to DCY in H.B. 33 of the 135th General Assembly, the FY 2024-FY 2025 main operating budget. In 2023, H.B. 33 established DCY to serve as the state's primary children's services agency. The bill adds references to DCY in sections of law where H.B. 33 transferred various duties, programs, and functions to the agency.

The bill also removes obsolete language related to deadlines to fulfill various duties that have already passed.

Finally, the bill relocates and recodifies numerous Revised Code sections that relate to the duties and responsibilities of DCY to Chapter 5180, the DCY chapter of the Revised Code. The following table outlines the recodification and includes a brief description of each section as well as sections in which cross-references to existing law sections were updated.

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
5180.26	5101.76	Procurement of epinephrine autoinjectors for camps	3728.01, 4729.01, 4729.541, 4730.433, 4723.483, 4731.96
5180.261	5101.77	Procurement of inhalers for camps	4729.541
5180.262	5101.78	Procurement of glucagon for camps	4723.4811, 4729.01, 4729.541, 4730.437, 4731.92
5180.27	3738.01	Pregnancy-Associated Mortality Review Board (PAMR)	121.22, 149.43, 3738.09 (5180.278)
5180.271	3738.02	PAMR: review while criminal investigation is pending	3738.01 (5180.27)
5180.272	3738.03	PAMR: members, quorum, meetings	
5180.273	3738.04	PAMR: reduction of pregnancy-associated deaths	
5180.274	3738.05	PAMR: production of documents; family member participation	
5180.275	3738.06	PAMR: confidentiality	3738.09 (5180.278)

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
5180.276	3738.07	PAMR: immunity from civil liability	
5180.277	3738.08	PAMR: reports	149.43, 3738.06 (5180.275), 3738.09 (5180.278)
5180.278	3738.09	PAMR: rulemaking	3738.01 (5180.27), 3738.03 (5180.272), 3738.04 (5180.273)
5180.40	5101.13	Statewide Automated Child Welfare Information System (SACWIS): establishment	149.38, 1347.08, 2151.421, 3107.033, 3107.034, 5101.131 (5180.401), 5101.132 (5180.402), 5101.133 (5180.403), 5101.134 (5180.404), 5101.135 (5180.405), 5101.899, 5103.18
5180.401	5101.131	SACWIS: confidentiality	
5180.402	5101.132	SACWIS: access	5101.131 (5180.401) 5101.133 (5180.403), 5101.134 (5101.404), 5103.18
5180.403	5101.133	SACWIS: use and disclosure	5101.134 (5180.404), 5101.99
5180.404	5101.134	SACWIS: rulemaking	5101.133 (5180.403)
5180.405	5101.135	SACWIS: notation of shaken baby syndrome	5180.14
5180.406	5101.136	SACWIS: request for search	
5180.407	5101.137	SACWIS: expungement	
5180.41	5101.14	Payments to counties for children services	
5180.411	5101.144	Children services fund	5101.14 (5180.41), 5101.141 (5180.42), 5705.14
5180.42	5101.141	Administering federal payments for foster care and adoption assistance	2151.45, 2151.451, 5101.141 (5180.42), 5101.145 (5180.422), 5101.146 (5180.423), 5101.1410 (5180.427), 5101.1413 (5180.4210), 5101.1416

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
			(5180.4213), 5101.1417 (5180.4214), 5101.35, 5101.89, 5103.32, 5153.122, 5153.16, 5153.163
5180.421	5101.142	Conducting a demonstration project expanding Title IV-E eligibility	5101.141 (5180.42)
5180.422	5101.145	Rules on financial requirements for agencies that provide Title IV-E placement services	
5180.423	5101.146	Penalties for noncompliance with fiscal accountability procedures	5101.1410 (5180.427)
5180.424	5101.147	Notification of noncompliance with fiscal accountability procedures	
5180.425	5101.148	No unnecessary removal of children due to sanction	
5180.426	5101.149	No personal loans from children services fund	
5180.427	5101.1410	Certifying a claim to the Attorney General	
5180.428	5101.1411	Federal payments for foster care and adoption assistance for emancipated young adults (EYA) and adopted young adults (AYA)	2151.451, 2151.452, 2151.453, 5101.141 (5180.42), 5101.1412 (5180.429), 5101.1413 (5180.4210), 5101.1414 (5180.4211), 5101.1415 (5180.4212), 5101.1417 (5180.4214), 5101.802 (5180.52)
5180.429	5101.1412	Voluntary participation agreement for EYA care and placement	5101.1414 (5180.4211)
5180.4210	5101.1413	Payment of nonfederal share	5101.1414 (5180.4211)

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
5180.4211	5101.1414	Rulemaking EYAs	5103.30
5180.4212	5101.1415	Applicability of EYA/AYA provisions	
5180.4213	5101.1416	Kinship Guardianship Assistance (KGA): establishment	5101.141 (5180.42), 5101.1417 (5180.4214), 5153.163
5180.4214	5101.1417	Rules to carry out federal foster care, adoption, and KGA	5101.141 (5180.42)
5180.43	5101.1418	Post adoption special services subsidy payments	
5180.44	5101.15	Schedule of reimbursement for child welfare workers	
5180.45	5101.19	Adoption grant program (AGP): definitions	5101.19 (5180.45), 5101.191 (5180.451)
5180.451	5101.191	AGP: creation	5101.192 (5180.452), 5101.193 (5180.453), 5747.01
5180.452	5101.192	AGP: eligibility	5101.191 (5180.451)
5180.453	5101.193	AGP: rules	5101.193 (5180.453), 5101.194 (5180.454)
5180.454	5101.194	AGP: public records	5101.19 (5180.45), 5101.191 (5180.451)
5180.50	5101.85	Kinship caregiver definition	124.1312, 2151.316, 2151.416, 2151.4115, 2151.424, 3107.01, 3310.033, 3317.022, 5101.802 (5180.52), 5101.88 (5180.53), 5103.02, 5103.0329
5180.51	5101.851	Statewide Kinship Care Navigator Program (KCNP)	5101.85 (5180.50), 5101.853 (5180.511)
5180.511	5101.853	KCNP: establishment of regions	5101.854 (5180.512)
5180.512	5101.854	KCNP: content	

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
5180.513	5101.855	KCNP: rulemaking	
5180.514	5101.856	KCNP: funding	5101.85 (5180.50)
5180.52	5101.802	Kinship Permanency Incentive Program	5101.80, 5153.16
5180.53	5101.88	Kinship Support Program (KSP): definitions	
5180.531	5101.881	KSP: creation	3119.01, 5101.88 (5180.53)
5180.532	5101.884	KSP: eligibility	5101.885 (5180.533), 5101.887 (5180.535)
5180.533	5101.885	KSP: payment amount	
5180.534	5101.886	KSP: payment time limited	5101.887 (5180.535)
5180.535	5101.887	KSP: ceasing payment	
5180.536	5101.8811	KSP: rulemaking	5101.88 (5180.53)
5180.56	5101.8812	Inalienability of kinship benefits	
5180.57	5101.889	Foster care maintenance for kinship caregiver certified as foster home	
5180.70	5101.34	Ohio Commission on Fatherhood (OCF): creation	5101.805 (5180.704)
5180.701	5101.341	OCF: members and funding	5101.342 (5180.702)
5180.702	5101.342	OCF: state summits on fatherhood	
5180.703	5101.343	OCF: exemption from sunset review	
5180.704	5101.805	OCF: recommendations to DCY	5101.342 (5180.702), 5101.80, 5101.801

DCY recodification			
New R.C. section	**Current R.C. section**	**Description**	**R.C. sections with cross-reference updates**
5180.71	5101.804	Ohio Parenting and Pregnancy Program	5101.80, 5101.801
5180.72	3701.65	"Choose Life" fund	4503.91
5180.73	5180.40	Communication re parenting education programs	
5180.99	3738.06(C) 5101.99(B)	Criminal penalties	

Transfer of additional responsibilities to DCY

(R.C. 3107.062, 3701.045, 5101.33, 5101.892, 5101.899, 5103.021, 5123.191, 5139.05, 5139.08, 5139.34, 3738.01 (5180.27), 3701.045, 3701.65 (5180.72); conforming changes in numerous other R.C. sections)

The bill transfers or adds additional responsibilities related to various programs and entities to DCY. This includes oversight or responsibility regarding the following:

- Oversight of the Pregnancy-Associated Mortality Review Board (established in ODH under existing law);
- Oversight of the "Chose life" fund (controlled by ODH under existing law);
- Oversight of the Putative Father Registry (established by JFS under existing law);
- Oversight of child fatality review boards, with ODH (replaces Children's Trust Fund Board, which currently oversees the boards with ODH under existing law);
- Oversight of scholars residential centers (overseen by JFS under existing law);
- Administration of electronic benefit transfers (adds DCY; existing law grants responsibilities to JFS only);
- Access to DCY records by the Youth and Family Ombudsmen Office (adds DCY; existing law grants access to JFS records only);
- Coordination with DYS regarding placement and oversight of children under DYS commitment;
- Providing technical assistance to a court-appointed receiver of a Department of Developmental Disabilities-licensed residential facility.

The bill also adds the DCY Director to a list of recipients of an annual report that the Youth and Family Ombudsmen Office is required to issue.

DEPARTMENT OF COMMERCE

Division of Unclaimed Funds

- Transfers ownership of unclaimed funds to the state if the funds are not claimed by the owner or another person that has a right to payment within ten years after the date the funds are first reported to the Department of Commerce (COM).
- Requires the COM Director, two times each year, to remit unclaimed funds and interest that escheat to the state to the Ohio Cultural and Sports Facility Performance Grant Fund (OCSFPGF).
- Specifies that all property rights, legal title to, and ownership of unclaimed funds and interest vest solely in the state on the date the funds escheat.
- Provides for a ten-year grace period, ending January 1, 2036, during which former owners of unclaimed funds may file a claim and seek repayment after the funds escheat.
- Requires the COM Director to pay claims filed during the grace period from the Unclaimed Funds Trust Fund (UFTF) and not to seek reimbursement from the OCSFPGF or any other source.
- Requires private holders of unclaimed funds to return the funds to the COM Director when the funds escheat to the state.
- Requires the COM Director to develop guidelines and procedures for repayment of unclaimed funds and interest that are invested in nonliquid assets and to ensure that the balance of the UFTF is sufficient to meet the state's repayment obligations.

Division of Financial Institutions

Financial Literacy Education Fund (FLEF)

- Removes the statutory requirement that 5% of all charges, penalties, and forfeitures paid to the Superintendent of Financial Institutions by check-cashing lenders, small loan licensees, mortgage brokers, loan officers, and certain other entities be transferred to the Financial Literacy Education Fund (FLEF).
- Requires the OBM Director to transfer $150,000 from the Consumer Finance Fund (CFF) to the FLEF in each of the next two fiscal years.
- Removes the requirement that at least half of FLEF programs be offered at public community colleges and state institutions.
- Removes the requirement that FLEF programs be directed to adults.

State Fire Marshal (SFM)

Online consumer fireworks sales

- Permits licensed fireworks manufacturers and wholesalers to conduct online sales of 1.4G fireworks ("consumer fireworks"), subject to certain procedural requirements.

- Requires online sales to be linked to a specific manufacturer or wholesaler that will deliver the consumer fireworks in the manufacturer's or wholesaler's retail showroom or via curbside delivery in a designated pick-up zone.
- Allows a manufacturer or wholesaler to construct a tent or other temporary structure in the designated pick-up zone provided the structure is approved by the State Fire Marshal (SFM) and compliant with the State Building Code, the State Fire Code, and local zoning requirements.
- Requires manufacturers and wholesalers that conduct online sales of consumer fireworks to implement reasonable traffic control measures for curbside deliveries.
- Prohibits a manufacturer or wholesaler from delivering consumer fireworks by mail order or other process outside the licensed premises, displaying fireworks for sale outside the retail showroom, or permitting members of the public to access areas of the licensed premises other than the retail showroom and the designated pick-up zone.
- Allows a manufacturer or wholesaler to submit alternative delivery systems for consumer grade fireworks to the SFM for approval.
- Permits the SFM to adopt rules as necessary to implement and enforce the provisions.

Fire suppression systems in agricultural structures

- Excludes covered patios from the calculation of the fire area of an agricultural structure for the purposes of determining the necessity of a fire suppression system.
- Requires a building or zoning official to provide written notification to an affected party that the Fire Code still applies to a building or structure that is exempt from the rules of the Board of Building Standards.

Division of Real Estate and Professional Licensing

Real estate salesperson and broker applications

- Requires an applicant for a license as a real estate salesperson or broker to include the address of the applicant's current residence on the application.
- Requires an applicant for a real estate broker license that is not an individual, to include on the application the address of the current residence of each of the applicant's members or officers.
- Exempts the addresses from the Public Records Law.

Written agency agreements

- Stipulates when a real estate broker or salesperson must enter into an agency agreement with a seller, purchaser, or tenant.
- Replaces the term "marketing" with "advertising" in continuing law provisions concerning agency agreements.
- Defines "nonexclusive agency agreement" for the purposes of real estate transactions.

Burial permit fee

- Increases the burial permit fee from $3 to $10.
- Requires $6 of each burial permit fee to be allocated to the Cemetery Grant Program.
- Increases the maximum grant amount from $2,500 to $5,000.
- Codifies a rule that allows operators of five or more cemeteries to apply a grant annually and all other operators to apply every other year.

Division of Securities

Ohio Investor Recovery Fund (OIRF)

- Removes the annual $2.5 million cap on cash transfers from the Division of Securities Fund (DSF) to the Ohio Investor Recovery Fund (OIRF).

Security dealer exemption

- Specifies that a bank holding company or a savings and loan holding company are exempt from obtaining a dealer license when the holding company or its subsidiary is the issuer of the securities and meets other exemption requirements under continuing law.

Division of Industrial Compliance

Specialty contractor license application

- Removes the requirement that a specialty contractor license application be verified by the applicant's oath (notarized).

Elevator mechanics

- Eliminates the requirement that a licensed elevator mechanic seeking a temporary continuing education waiver due to a temporary disability sign the waiver application under penalty of perjury.
- Eliminates the requirement that a physician's statements regarding the licensee's temporary disability be certified.

Board of Building Standards (BBS)

Residential building code enforcement

- Separates the state's Residential Building Code into two distinct categories of enforcement: (1) the erection and construction of new buildings, and (2) the repair and alteration of existing buildings.
- Authorizes local building departments that are certified to enforce the Residential Building Code for new buildings to also seek certification to enforce the Residential Building Code for existing buildings.
- Clarifies that local building departments and personnel are required to obtain certification from BBS for each category of the Residential Building Code they elect to enforce.

- Maintains that the 1% fee paid by certain local building departments to BBS in connection with residential buildings applies to enforcement of both categories of the Residential Building Code.

Division of Liquor Control

Spirituous liquor sales

- Clarifies that the Division has authority to sell spirituous liquor from A-3a liquor permit premises (micro-distilleries) because, under current law, those permit holders sell spirituous liquor that the permit holder manufactures under contract with the Division.

D-5j liquor permit criteria

- Revises one of the conditions under which the D-5j liquor permit may be issued in a community entertainment district by eliminating the stipulation that the municipal corporation in which the permitted premises will be located in the district was incorporated as a village prior to 1880.

Liquor permit fee changes

- Stipulates that the fee for the D-7 liquor permit (restaurants and bars located in a resort area), which is issued for six months, is $2,814, rather than $469 per month; thus the fee is the same over the six-month period.
- Changes the current $60 per day F-4 liquor permit fee (for wine festivals one to three days long) to a flat $180 fee.
- Changes the current $60 per day F-11 liquor permit fee (for craft beer festivals one to three days long) to a flat $180 fee.
- Transfers deposits of H liquor permit fees derived from permit holders whose permit premises are located outside Ohio from the existing Undivided Liquor Permit Fund to the existing State Liquor Regulatory Fund.
- Increases from $100 to $250 the fee for the renewal of an S-2 liquor permit (large winery), thus making the amount of the renewal fee equal to the $250 fee for an initial S-2 liquor permit.

Financial products involving motor vehicles

- Exempts "excess wear and use waivers," i.e., contracts that nullify fees that might otherwise be owed at the end of a motor vehicle lease agreement for driving too many miles or damaging the vehicle, from state insurance laws.
- Prohibits conditioning terms of a motor vehicle lease on the consumer's payment for an excess wear and use waiver.
- Expands the existing insurance law exemption for motor vehicle "debt cancellation or debt suspension products" to include products that provide a financial benefit for the purchase of a new vehicle.

- Limits the current requirement that debt cancellation or debt suspension products be listed as a specific good when invoiced to the consumer to "optional" products that are not a condition of the sale.
- Exempts optional debt cancellation or debt suspension products from state law limitations on interest and finance charges.
- Expands the types of agreements that qualify as "ancillary product protection contracts" and, thus, are exempted from state insurance laws to include certain contracts that protect against lease-end charges, vehicle value protection agreements, and contracts involving under-speed vehicles.
- Requires providers of "vehicle value protection agreements," i.e., agreements that provide a benefit to the purchaser when a vehicle is lost, stolen, damaged, obsolete, or diminished in value, to allow a 30-day period for the contract holder to cancel the agreement so long as no benefits have been paid.
- Establishes procedures and requirements for contract providers that seek to cancel a vehicle value protection agreement.

Division of Unclaimed Funds

(R.C. 169.08)

Background

The Unclaimed Funds Law (1) specifies the types of funds that are "unclaimed," (2) requires holders of such funds to report them to the Director of Commerce (COM Director), give notice to the owners or beneficiaries, and pay a portion of the funds to the COM Director, and (3) requires the COM Director to annually publish notice of the funds in the appropriate county. Under current law, unclaimed funds that are paid to the COM Director do not become the property of the state but are held in the Unclaimed Funds Trust Fund until claimed by the owner.

Unclaimed funds paid to the COM Director must be deposited with a financial organization in income-bearing accounts or with the Treasurer of State to the credit of the Mortgage Insurance Fund, Housing Development Fund, or Minority Business Bonding Fund.

Escheatment

Under the bill, beginning January 1, 2026, unclaimed funds that are not claimed by an owner or another person with a valid right or interest within ten years are deemed abandoned and escheat to the state. "Escheatment" means that all property rights, legal title to, and ownership of unclaimed funds and interest vest solely in the state. The ten-year escheatment period begins when the unclaimed funds are reported to the COM Director by the holder, as required by continuing law.

The bill requires the COM Director to remit escheated unclaimed funds to the Ohio Cultural and Sports Facility Performance Grant Fund (OCSFPGF), created by the bill, two times

each year, on the first days of January and July, beginning in 2026. The first $600 million of the escheated unclaimed funds are designated to pay the costs of the Cleveland Browns stadium project in Brook Park (see "**Facilities Construction Commission**"). The COM Director must notify the OBM Director of all funds and interest remitted.

Grace period

Generally, once unclaimed funds escheat to the state, the owner is not permitted to seek repayment. However, the bill establishes a ten-year grace period during which the former owner or other person claiming a property interest in escheated unclaimed funds may file a claim and seek payment. Once the person provides sufficient proof of the validity of the claim, the COM Director must pay the claim less any expenses and costs incurred by the state in securing full title and ownership of the unclaimed funds. The grace period ends on January 1, 2036.

If a payment is made for escheated unclaimed funds during the grace period, no action can be maintained by any other claimant against the state for or on account of the payment of the claim. The bill requires the COM Director to pay these claims from the Unclaimed Funds Trust Fund (UFTF) and not seek reimbursement from the OCSFPGF or deduct the amount of such claims from future remissions to that Fund. The bill specifies that any claim filed for escheated unclaimed funds after the grace period is void.

Holder-invested funds

Under continuing law, the holder of unclaimed funds may enter into an agreement with the COM Director whereby the holder keeps and invests the unclaimed funds until such time as the funds are claimed. The bill specifies that unclaimed funds and interest invested by the holder under such an agreement must be returned to the state when the funds are deemed abandoned and escheat.

Guidelines

The bill requires the COM Director to develop guidelines and procedures to implement the escheatment provisions including procedures addressing (1) repayment of unclaimed funds and interest that are invested in nonliquid assets, and (2) ensuring that the balance of the UFTF is sufficient to meet the state's financial obligations under the Unclaimed Funds Law.

Division of Financial Institutions

Financial Literacy Education Fund

(R.C. 121.085 and 1321.21; Sections 243.10 and 243.30)

The bill removes the requirement that the OBM Director transfer 5% of the charges, penalties, and forfeitures paid to the Superintendent of Financial Institutions by check-cashing lenders, small loan licensees, mortgage brokers, loan officers, and certain other entities regulated by the Superintendent, from the Consumer Finance Fund (CFF) to the Financial Literacy Education Fund (FLEF). The CFF remains the only source of revenue for the FLEF. The bill requires the OBM Director to transfer up to $150,000 from the CFF to the FLEF in each of the next two fiscal years. Under continuing law, the remaining money in the CFF is used to defray the costs of regulating the above-mentioned entities.

The bill removes the requirement that the COM Director adopt a rule requiring that at least half of the FLEF programs be offered at public community colleges and state institutions. It also removes the requirement that the programs be directed to adults.

State Fire Marshal (SFM)

Online consumer fireworks sales

(R.C. 3743.48; conforming changes in R.C. 3743.04, 3743.06, 3743.17, 3743.19, 3743.25, 3743.60, 3743.61, 3743.63, and 3743.65)

Background

Under current law, fireworks manufacturers and wholesalers are restricted to selling 1.4G fireworks ("consumer fireworks") through in-person transactions within a retail showroom on a licensed premises. In effect, this prohibits licensed manufacturers or wholesalers from engaging in online sales and prohibits the delivery of purchased consumer fireworks outside of a licensed indoor retail showroom.[36] However, in recent years, the State Fire Marshal (SFM) has issued variances allowing for online sales and curbside delivery to ease congestion in showrooms.[37]

Online sales of consumer fireworks

The bill permits licensed fireworks manufacturers and wholesalers to conduct online sales of consumer fireworks through a website or other digital platform. However, this only applies to consumer fireworks sold at retail, and not to 1.3G display fireworks or to wholesale sales. Each online sale must be associated with a single licensed manufacturer or wholesaler identified by its license identification number and the address of the licensed premises. Following an online sale, the manufacturer or wholesaler must transfer possession of the fireworks to the consumer within the retail showroom or through curbside delivery as described below (see "**Curbside pickup of consumer fireworks**").

Under the bill, a licensed manufacturer or wholesaler that engages in online fireworks sales is required to do all of the following:

- Comply with all applicable state and local laws, including the state building code, state fire code, and zoning requirements;
- Implement reasonable traffic control measures for curbside deliveries;
- Maintain all regular fireworks sales records, including any records necessary to demonstrate compliance with the bill;
- Make those records available upon request of the SFM or any law enforcement officer, fire code official, or building code official with jurisdiction.

[36] R.C. 3743.01(D)(2), not in the bill.

[37] 2020 Ohio State Fire Marshall Variance No. V17ed.- 051, 2024 Ohio State Fire Marshall Variance No. V17ed.- 021.

The bill does not require any fireworks manufacturer or wholesaler to conduct online sales of consumer fireworks, nor does it reduce, waive, or otherwise eliminate any licensure, insurance, workers compensation, or safety requirements prescribed by continuing law. Furthermore, the bill clarifies that consumer fireworks sold online are subject to the same 4% consumer-grade fireworks fee that applies to in-person sales.

Curbside pickup of consumer fireworks

The bill also allows manufacturers and wholesalers to transfer possession of consumer fireworks through curbside delivery. If a manufacturer or wholesaler chooses to conduct curbside delivery, it must comply with all of the following:

- The delivery is made only to the verified purchaser of the fireworks;
- The delivery occurs on the licensed premises associated with sale;
- The delivery occurs in a designated customer pick-up zone which may be accessible by motor vehicles;
- The purchaser is provided a safety pamphlet at the point of delivery, as required by continuing law;
- The purchaser is offered safety glasses for a nominal fee at the point of delivery, as required by continuing law.

Before transferring possession of the fireworks, a manufacturer or wholesaler must verify all of the following:

- The number and types of items included in the order;
- That the purchaser is at least 18 years old;
- That the purchaser's name is the same name associated with the credit or debit card with which the order was placed;
- That the purchaser attests to understanding and agrees to comply with all applicable federal, state, and local laws regarding consumer fireworks storage and use;
- That the purchaser signs all forms required by continuing law;
- That the purchaser pays the 4% consumer-grade fireworks fee.

Under the bill, a manufacturer or wholesaler may construct a tent or other temporary structure on a licensed premises from which to conduct curbside deliveries. This tent or temporary structure must be approved by the SFM and in compliance with all state and local laws, including the state building code, the state fire code, and any applicable zoning requirements.

Prohibitions

The bill prohibits a fireworks manufacturer or wholesaler from doing any of the following:

- Delivering fireworks via mail order, parcel service, or any other delivery process that occurs outside of the licensed premises;

- Selling or offering for sale fireworks or other items outside of the licensed retail showroom, except as expressly authorized by the bill;
- Displaying fireworks for sale outside of a retail showroom;
- Permitting any member of the public to access any areas on the licensed premises other than the retail showroom and the designated area for curbside delivery.

Alternative purchase and delivery systems

Under the bill, a manufacturer or wholesaler may sell and transfer possession of consumer fireworks through standard retail showroom sales or through a hybrid purchase and delivery system, which may include one or more of the following:

- Standard retail showroom sales;
- Online selection of, or payment for, consumer fireworks and in-store showroom delivery of those products;
- Online selection of, or payment for, consumer fireworks and curbside delivery of those products;
- Retail showroom-based product selection and payment, and curbside delivery of those products;
- Other similar purchase and delivery systems approved in writing by the SFM in accordance with the bill.

As described above, manufacturers and wholesalers may submit alternative purchase and delivery proposals to the SFM for consideration and approval. The SFM must review each proposal and, if a proposal meets the requirements of the bill, may choose to approve the proposal.

Rulemaking authority

The bill authorizes the SFM to adopt rules and standards as necessary to implement and enforce the online sale and curbside delivery provisions. All selection, ordering, payment, and delivery must be carried out in accordance with all other procedures and requirements of Ohio fireworks laws and all rules adopted by the SFM, except to the extent that those procedures, requirements, and rules directly conflict with the bill.

Fire suppression systems in agricultural structures

(R.C. 3737.83)

Under current law, certain buildings or structures which are incident to the use for agricultural purposes of the land are exempt from the Ohio Building Code if the buildings or structures are not used for the business of retail trade. A building or structure is not considered used in the business of retail trade if 50% or more of the gross income received from sales of products in the building or structure by the owner or operator is from sales of products produced or raised in a normal crop year on farms owned or operated by the seller. "Agricultural purposes" include agriculture, farming, dairying, pasturage, apiculture, algaculture meaning the farming of

algae, horticulture, floriculture, viticulture, ornamental horticulture, olericulture, pomiculture, and animal and poultry husbandry.

The bill requires that, for the purposes of determining whether an automatic sprinkler system or other fire suppression system is needed, the calculation of the fire area does not include a covered patio and its area if all the following apply:

- The building or structure would be classified as an assembly occupancy.
- The covered patio is completely open to the atmosphere without enclosing walls on at least three sides all year with accessible means of egress on each side.
- The occupant load of the covered patio does not exceed 100 occupants.
- The floor area of the covered patio is at the level of exit discharge.
- If the patio is constructed on or after the effective date of this amendment, the horizontal assembly or roof and columns are constructed of materials that are noncombustible, limited-combustible, or fire-retardant treated wood.

Buildings and structures that are exempt from the Building Code are not automatically exempt from the Fire Code. If a building or zoning official determines that a building or structure is exempt from the Building Code, the official must notify in writing the affected party that the Fire Code still applies to such a location.

Division of Real Estate and Professional Licensing

Real estate salesperson and broker applications

(R.C. 4735.06 and 4735.09)

Continuing law requires that real estate salespersons and brokers obtain a license from the Superintendent of the Division of Real Estate and Professional Licensing within COM. The bill requires the applicant for a real estate salesperson or broker license to include on the application the address of the applicant's current residence. In the case of a real estate broker, which can be an individual or a business, the bill requires that if the applicant is not an individual, the application must include the address of the current residence of each of the applicant's members or officers. The bill specifies that the address information is not subject to Ohio's Public Records Law.[38]

Written agency agreements

(R.C. 4735.01, 4735.55, 4735.56, and 4735.80)

Background

Under continuing law, licensed brokers and salespersons are required to enter into written agency agreements prior to engaging in activities on behalf of a purchaser or seller in residential real estate transactions. If the broker or salesperson is working on behalf of a seller,

[38] R.C. 4735.06(A)(3) and (4) and 4735.09(A).

they must enter into the agreement prior to marketing or showing the seller's residential real property. If the broker or salesperson is working on behalf of a purchaser, they must enter into the agreement prior to making an offer to purchase residential real property on behalf of the purchaser or prior to making an offer to lease a residential premises on behalf of the purchaser for a term exceeding 18 months.

Similarly, under current law a broker or salesperson working as part of a brokerage must provide a seller with their brokerage policy on agency prior to marketing or showing the seller's real estate.

Replace "marketing" with "advertising"

The bill replaces the term "marketing" with the term "advertising" in each of these provisions. Marketing is not defined in the law that regulates real estate salespersons and brokers. Advertisement is defined under Ohio Administrative Code rules as any manner, method, or activity by which a licensed real estate broker or salesperson makes known to the general public properties for sale or lease or any services for which a real estate license is required. The term does not include forms of private communication between a licensee and a client, customer, or prospective client.[39]

Add references to "tenants"

The bill also makes a technical change related to agency agreements for leases exceeding 18 months. Current law uses the term "purchaser" to mean either a buyer or a tenant in a real estate transaction. The bill adds the term "tenant" wherever the context requires.

Nonexclusive agency agreements

Continuing law requires that the written agency agreement, in part, include a statement of whether the agency relationship between the licensee and client is exclusive or nonexclusive. Current law defines "exclusive agency agreement" but does not address the meaning of "nonexclusive agency agreement." The bill defines "nonexclusive agency agreement" as an agency agreement between a purchaser, tenant, or seller and a broker that meets the requirements under Ohio law for written agency agreements and does both of the following:

- Grants the broker the nonexclusive right to represent the purchaser, tenant, or seller in the purchase, sale, or lease of property;
- Provides the broker will be compensated in accordance with the terms specified in the nonexclusive agency agreement, and the purchaser, tenant, or seller may obtain services from other brokers or brokerage firms, subject to the terms of the nonexclusive agency agreement.

[39] O.A.C. 1301:5-102(H).

Burial permit fee

(R.C. 3705.17 and 4767.10)

The bill increases the burial permit fee from $3 to $10. Under continuing law, when obtaining a burial permit, a funeral director or other person must pay a fee to the local registrar or sub-registrar. The local registrar or sub-registrar that issues the burial permit retains 50¢. The remainder is paid to the Cemetery Registration Fund.

Under current law, the first $1 paid to the Cemetery Registration Fund is used to award grants to defray the cost of exceptional cemetery maintenance and training cemetery personnel. The other $1.50 is used to maintain operations of the Division of Real Estate and Professional Licensing and the Cemetery Dispute Resolution Association. The bill increases the amount that must be used to fund grants to $6, leaving $3.50 for the operational costs of the Division and Association.

Under current law, operators of five or more registered cemeteries may apply for one grant up to $2,500 each year. Other operators may apply for one such grant every other year.[40] The bill increases the maximum grant amount to $5,000 and codifies the current practices of the Division concerning annual and biennial grant eligibility.

Division of Securities

Ohio Investor Recovery Fund

(R.C. 1707.47)

The bill removes the $2.5 million annual cap on transfers from the Division of Securities to the Ohio Investor Recovery Fund (OIRF). Under continuing law, the OIRF provides restitution to individuals, businesses, and organizations domiciled in Ohio that are victims of securities fraud. The maximum OIRF award is limited to the lesser of $25,000 or 25% of the monetary injury suffered by the victim according to a final administrative order issued by the Division. To receive a restitution assistance award, a claimant must submit an application to the Division within 180 days after the date of the final order.

Security dealer exemption

(R.C. 1707.01 and 1707.14)

Under continuing law, a "securities dealer," i.e., a person that engages in the business of buying and selling securities for their own account and not for a client, is required to obtain a license from the Division of Securities within COM. Banks are exempt from the definition and, therefore, are not required to obtain a license. Continuing law also provides for other exemptions, one of which expanded by the bill.

[40] O.A.C. 1301:13-7-01.

Under continuing law, when a person is an issuer selling securities the person or the person's subsidiary issued, the person is not required to obtain the license if the securities include any of the following:

- Commercial paper and promissory notes when they are not offered directly or indirectly for sale to the public.
- Any security, except notes, bonds, debentures, or other evidences of indebtedness or of promises or agreements to pay money, issued by a person, corporation, or association organized not for profit, if no part of the net earnings of such issuer inures to the benefit of any shareholder or member of such issuer or of any individual, and if the total commission, remuneration, expense, or discount in connection with the sale of such securities does not exceed 2% of the total sale price thereof plus $500.
- Issuance of securities in reorganizations.

The bill expands this exemption to apply to both bank holding companies and savings and loan holding companies. Therefore, under the bill, if a bank holding company or a savings and loan holding company meets one of the three exemptions above, a dealer license is not required.

Division of Industrial Compliance

Specialty contractor license application

(R.C. 4740.06)

The bill removes the requirement that a specialty contractor license application be verified by the applicant's oath. Under current law, the application must be notarized. A specialty contractor license is one of the following types of commercial contractor: heating, ventilating, and air conditioning (HVAC) contractor; refrigeration contractor; electrical contractor; plumbing contractor; or hydronics contractor.

Elevator mechanics

(R.C. 4785.041; Section 125.10)

Under continuing law, a licensed elevator mechanic who is unable to complete the continuing education required to renew a license due to a temporary disability may apply to place the license on inactive status. The bill eliminates the requirements:

- That the licensee sign the application under penalty of perjury; and
- That the accompanying physician statement attesting to the temporary disability be certified.

To reactivate the license, the licensee must submit another physician statement attesting that the temporary disability has ended. The bill eliminates the requirement that the physician statement be certified.

Board of Building Standards (BBS)

Divide Residential Building Code

(R.C. 3781.10 and 3781.102)

Ohio has two building codes: one for *nonresidential buildings* (a building that is not a residential building or a manufactured or mobile home), and one for *residential buildings* (a one-family, two-family, or three-family dwelling house, and any accessory structure incidental to that dwelling house, but not an industrialized unit or a manufactured or mobile home).[41] The codes are adopted pursuant to the Building Standards Law.[42] Under current law, changed in part by the bill, the Residential Building Code provides uniform requirements for residential buildings in any area with a certified local building department.

The bill divides enforcement of the Residential Building Code into two distinct categories:

1. The erection and construction of new residential buildings;

2. The repair and alteration of existing residential buildings.

Under the bill, a local building department and its personnel may seek certification to enforce only the Residential Building Code for new buildings, or to enforce the Residential Building Code for both new buildings and existing buildings. These are separate certifications through BBS. Under continuing law, local building departments collect a 1% fee from building owners on behalf of BBS when the local building department accepts and approves plans and conducts inspections. The bill maintains that 1% fee and applies it to both new and existing residential building enforcement.

Division of Liquor Control

Spirituous liquor sales

(R.C. 4301.19)

Current law allows the Division of Liquor Control to be the sole distributor and retail seller of spirituous liquor in Ohio. It distributes spirituous liquor through warehouses across Ohio and sells spirituous liquor at retail via agency stores. The bill clarifies that the Division also has authority to sell spirituous liquor from A-3a liquor permit premises (micro-distilleries, see below) because, under current law, those permit holders sell spirituous liquor that the permit holder manufactures under contract with the Division.

D-5j liquor permit criteria

(R.C. 4303.181)

The bill revises one of the conditions under which the D-5j liquor permit may be issued by eliminating the stipulation that the municipal corporation in which the permitted premises will be located in the district was incorporated as a village prior to 1880. A D-5j liquor permit may

[41] R.C. 3781.06, not in the bill.

[42] R.C. Chapters 3781 and 3791.

only be issued in a community entertainment district. Generally, a community entertainment district is an area that includes or will include a variety of entertainment activities such as sporting, social, cultural, and arts establishments.

Liquor permit fees

D-7 liquor permit fee

(R.C. 4303.183)

Current law establishes the D-7 liquor permit fee (resort areas, see below) at $469 per month for six months (length of the resort season). The bill stipulates that the fee is $2,814 for the six months. There is no change in the fee since $469 x 6 months = $2,814.

F-4 liquor permit fee

(R.C. 4303.204)

The bill changes the fee for an F-4 liquor permit (Ohio wine festival, see below), which is issued for one to three days depending on the length of the festival, from $60 per day to a flat $180. Thus:

1. If the festival is one day, the bill increases the fee from $60 to the flat $180.

2. If the festival is two days, it increases the fee from $120 to the flat $180.

3. If the festival is three days, it retains the $180 fee.

F-11 liquor permit fee

(R.C. 4303.2011)

The bill makes similar changes to the F-11 liquor permit (Ohio craft beer festival, see below, which is issued for one to three days) as it does for the F-4 permit described above. It replaces the $60 per-day fee with a flat fee of $180.

Under continuing law, the three-day limitation does not apply to an exposition at the Ohio State Fairgrounds.

H liquor permit fee

(R.C. 4301.12 and 4301.30)

The bill transfers deposits of H liquor permit fees derived from permit holders whose permit premises are located outside Ohio from the existing Undivided Liquor Permit Fund to the existing State Liquor Regulatory Fund. Under current law, the Undivided Liquor Permit Fund is used for the following:

1. To fund alcohol treatment programs;

2. To fund local governments in which liquor permit premises are located; and

3. To be credited to the existing State Liquor Regulatory Fund, which is used to fund the Division of Liquor Control's operating expenses.

Under current law, the State Liquor Regulatory Fund consists of liquor permit fees from B-2a, S-1, and S-2 permits paid by B-2a, S-1, and S-2 permit holders that do not also hold A-1 or A-1c permits or A-2 or A-2f permits (see below).

S-2 liquor permit renewal fee

(R.C. 4303.233)

The bill increases from $100 to $250 the fee for the renewal of an S-2 liquor permit (large winery, see below), thus making the amount of the renewal fee equal to the $250 fee for an initial S-2 liquor permit.

Background

Below is a list of permits referenced above, along with a description of the authorized activity under the permit.

Types of liquor permits	
Class of liquor permit	**Authorized activity**
A-1	Large brewery may sell its beer for on- or off-premises consumption.
A-1-A	Brewery, winery, or distillery may sell beer and any intoxicating liquor by glass or from a container; a brewery may sell beer for off-premises consumption.
A-1c	Craft brewery may sell its beer for on- or off-premises consumption.
A-2	Winery may sell wine to personal consumers for on- or off-premises consumption and to wholesalers.
A-2f	Farm winery (same authorized activity as a winery, but winery grows grapes and other agricultural products).
A-3a	Micro-distillery (less than 100,000 gallons a year) may sell to personal consumers a specified amount of spirituous liquor.
A-4	Mixed beverage manufacturer may sell mixed beverages to wholesale and retail permit holders.
B-2a	Wine manufacturer may sell to retail liquor permit holders only wine it manufactures and for which a territory designation has not been filed with the state.

Types of liquor permits	
Class of liquor permit	**Authorized activity**
D-7	A restaurant or bar located in a resort area may sell beer or intoxicating liquor for on-premises consumption.
F-4	An Ohio wine festival organizer may give away 2 oz. samples of Ohio wine or sell individual glasses of wine for on-premises consumption and A-2 permit holder may sell bottles for off-premises consumption.
F-11	An Ohio craft beer festival organizer may sell 4 oz. samples or up to 16 oz. containers of craft beer for on-premises consumption.
H	Transporter or deliverer may transport or deliver beer and intoxicating liquor (not required for manufacturers or distributors).
S-1	Small brewery or small winery may sell their beer or wine directly to a personal consumer.
S-2	Large winery may sell their wine to a personal consumer either directly or through a fulfillment warehouse.

Financial products involving motor vehicles

(R.C. 1310.251, 1317.05, and 3905.426)

Overview

Continuing law exempts certain maintenance, value protection, and repair products offered in connection with the sale or lease of a motor vehicle from state insurance laws. The bill expands the types of products that qualify for that exemption. It also modifies some of the requirements associated with those products, including requirements involving invoicing, cancellation, and surety.

Excess wear and use waivers

The bill creates a new class of motor vehicle products, referred to as "excess wear and use waivers," that are exempt from state insurance laws. A vehicle lease agreement typically stipulates how many miles the person leasing the vehicle may drive the vehicle each year for the duration of the lease. For example, it is common for leases to allow up to 10,000 or 12,000 miles per year. At the end of the lease, a fee is paid for each mile driven beyond the allotted amount. Excess wear and use waivers effectively nullify those fees.

Under the bill, an "excess wear and use waiver" is defined as any contractual agreement that is part of, or a separate addendum to, a lease agreement for use of a motor vehicle, under which the lessor (the entity providing the vehicle) agrees, with or without a separate charge, to do one or both of the following:

- Cancel or waive all or part of amounts that may become due under a lease agreement as a result of excess wear and use of a motor vehicle;
- Cancel or waive amounts due for excess mileage.

The bill specifies that the terms of a lease are not to be conditioned upon the consumer's payment for any excess wear and use waiver. Excess wear and use waivers may be discounted or given at no extra charge in connection with the purchase of other noncredit related goods or services.

Debt cancellation or debt suspension products

A "debt cancellation or debt suspension product" is an agreement, exempt from state insurance laws, that cancels any debt associated with a motor vehicle that is destroyed or stolen. Under continuing law, the term includes a guaranteed asset protection waiver, guaranteed auto protection waiver, or any other similarly named agreement. The bill adds that a debt cancellation or debt suspension product may also provide a benefit that waives an amount, or provides a borrower with a credit, towards the purchase of a replacement motor vehicle. Such a benefit may be included with or without a separate charge.

Current law requires the charges associated with debt cancellation or debt suspension products to be listed as a specific good. In other words, the charge cannot be lumped in with the total purchase price for the vehicle. Under the bill, this requirement applies only to "optional" debt cancelation or debt suspension products. Consequently, it appears that when a retail seller conditions the sale of a motor vehicle on the consumer's purchase of a debt cancellation or debt suspension product, that product need not be itemized, and may be lumped into the total purchase price.

Furthermore, the bill specifies that optional debt cancellation or debt suspension products are not to be considered a finance charge or interest. Under continuing law, a finance charge is an amount paid or contracted to a retail seller for the privilege of paying the principal balance of the transaction in installments over time. Ohio law caps the amount that a retail seller may collect as a finance charge or interest. The bill seemingly exempts optional debt cancellation or debt suspension products from those limits. In addition, finance charges are subject to certain disclosure requirements under the federal "Truth in Lending Act" (TILA). It is not clear what, if any, affect the bill would have on the application of TILA to debt cancellation or debt suspension products.[43]

[43] R.C. 1317.01, 1317.06, and 1343.01, not in the bill; 15 U.S.C. 1601, *et. seq*.

Protection against lease-end charges

The bill expands the services that qualify as motor vehicle ancillary product protection contracts to include, in conjunction with a leased vehicle, both of the following:

- The repair, replacement, or maintenance of property, or indemnification for repair, replacement, or maintenance, due to excess wear and use, damage for items such as tires, paint cracks or chips, missing interior or exterior parts, or excess mileage that results in a lease-end charge; and
- Any other charge for damage that is deemed as excess wear and use by a lessor under a motor vehicle lease.

The bill specifies that such services do not qualify as a motor vehicle ancillary product protection contract if the charge exceeds the purchase price of the vehicle at the end of the lease term. It appears that an excess wear and use waiver, described above, would qualify as an ancillary product protection contract in at least some cases.

Vehicle value protection agreements

The bill also specifies that a motor vehicle ancillary product protection contract includes a vehicle value protection agreement.

Characteristics

When a motor vehicle is damaged, lost, stolen, or otherwise depreciates in value, these agreements provide a benefit towards either the reduction of some or all of the contract holder's current finance agreement deficiency balance (such as an amount still owed on a vehicle loan or lease agreement), or towards the purchase or lease of a replacement motor vehicle or motor vehicle services. Under the bill, "vehicle value protection agreement" includes trade-in-credit agreements, diminished value agreements, depreciation benefit agreements, or other similar agreements. "Vehicle value protection agreement" does not include a debt suspension or debt cancellation product. "Finance agreement" is defined as a loan or retail installment contract secured by a motor vehicle or a lease.

Cancellation by contract holder

The bill specifies that a vehicle value protection agreement may be canceled by the contract holder within 30 days of the effective date of the agreement. If the agreement is cancelled, the contract holder is entitled to a full refund of the purchase price, so long as no benefits have been paid under the agreement.

For those vehicle value protection agreements that allow the contract holder to cancel the agreement *more* than 30 days after the effective date of the agreement, the agreement must state the conditions under which it may be canceled, including the procedures for requesting any refund of the purchase price paid by the contract holder and the methodology for calculating any refund of the purchase price.

Any refund provided in response to a cancellation initiated by the contract holder is required to be paid to the seller or assignee of a retail installment contract or lease agreement unless otherwise agreed to by the contract holder and the seller or assignee.

Cancellation by contract provider

If a vehicle value protection agreement is cancelled by the contract provider, the provider is required to mail a written notice to the contract holder at the holder's last known address at least five days prior to cancellation. Prior notice is not required if the reason for cancellation is nonpayment of the provider fee, a material misrepresentation by the contract holder to the contract provider or administrator, or a substantial breach of duties by the contract holder relating to the covered product or the use of the covered product. Such a notice must state the effective date of the cancellation and the reason for the cancellation.

If a vehicle value protection agreement is canceled by the contract provider for a reason other than nonpayment of the provider fee, the provider is required to refund to the contract holder 100% of the "unearned" provider fee paid by the contract holder, if any. The bill does not specify how or when all, or a portion of, the fee is earned by the contract provider. If coverage under the vehicle value protection agreement continues after a claim, then the bill specifies that all paid claims may be deducted from any required refund. A reasonable administrative fee of up to $75 may be charged by the contract provider and deducted from any refund due to cancellation.

Under-speed vehicles

The bill amends the definition of "motor vehicle" to include an under-speed vehicle, which is a three- or four-wheeled vehicle that can go less than 20 miles per hour and has a weight of less than 3,000 pounds. In effect, this change exempts ancillary product protection contracts involving under-speed vehicles from insurance laws

CONSUMERS' COUNSEL

- Exempts a wireless service provider or reseller, to the extent either of them are providing wireless service, from being included in the definition of a public utility subject to the assessment for purposes of funding the Office of the Consumers' Counsel (OCC).

Exemption from OCC assessment

(R.C. 4911.18)

The bill exempts a wireless service provider or reseller, to the extent either of them are providing wireless service, from being subject to the assessment for purposes of funding the Office of the Consumers' Counsel (OCC) by amending the definition of "public utility" for assessment purposes to exclude such providers or sellers. Under existing law, a company engaged in the business of transmitting telephonic messages to, from, through, or in Ohio is a public utility subject to the assessment. Continuing law requires, for the sole purpose of maintaining and administering OCC and exercising its powers under the OCC law, an amount equal to the appropriation to OCC in each fiscal year to be apportioned among and assessed against each public utility in Ohio.

Under continuing law, a "wireless service provider" means any of the following that provides wireless service to one or more end users in Ohio: (1) a facilities-based provider, (2) a mobile virtual network operator, or (3) a mobile other licensed operator. A "reseller" means a nonfacilities-based provider of wireless service that provides wireless service under its own name to one or more end users in this state using the network of a wireless service provider. "Wireless service" means federally licensed commercial mobile service and commercial mobile radio, both defined in federal law, and includes service provided by any wireless, two-way communications device, including a radio-telephone communications line used in cellular telephone service or personal communications service, a network radio access line, or any functional or competitive equivalent of such a radio-telephone communications or network radio access line.[44]

[44] R.C. 128.01, 4905.03(A), and 4911.01, not in the bill.

CONTROLLING BOARD

- Modifies the limit on the Controlling Board's authority to approve unanticipated or additional expenditures.
- Starting January 1, 2026, requires the Controlling Board President to publish the Board's meeting agenda ten days before each meeting instead of seven days.
- Removes the OBM Director's authority to release money appropriated for special capital projects.

Expenditure of excess revenue

(R.C. 131.35)

The bill modifies the limit on the Controlling Board's authority to approve the expenditure of unanticipated or additional funds. Under current law, these funds (both federal and nonfederal) received for a specific or related item or purpose may be approved for expenditure by the Board. However, the Board is prohibited from approving an amount greater than one-half of one percent of the GRF appropriations for that fiscal year. For example, in FY 2026, that amount would be roughly $220 million. The bill reduces the limit on the amount the Board may approve to a flat dollar amount of $100 million per fiscal year for a specific or related purpose or item.

Controlling Board agenda

(R.C. 127.13; Section 820.80)

Beginning January 1, 2026, the bill requires the Controlling Board President to provide the Board's meeting agenda and any supporting documentation ten days before each meeting instead of seven days to the Board members and to the Legislative Service Commission.

Release of money for specific capital projects

(R.C. 126.14)

The bill eliminates the OBM Director's authority to approve the release of money appropriated for specific capital projects, and instead subjects the release of specific project money to Controlling Board approval. Accordingly, it also eliminates current law provisions that do all of the following:

1. Require the OBM Director to determine which appropriations are for general projects and which are for specific projects within 60 days after the effective date of any act appropriating money for capital projects;

2. Following this determination, require the OBM Director to submit to the Controlling Board a list that includes a brief description of and the estimated expenditures for each specific project; and

3. Allow the OBM Director to create new appropriation items and make transfers of appropriations for specific higher education projects for basic renovations in certain circumstances.

OHIO DEAF AND BLIND EDUCATION SERVICES

- Permits a student enrolled in the State School for the Blind or State School for the Deaf to qualify for a high school diploma by completing the curriculum of any high school in lieu of completing the student's individualized education program (IEP).
- Requires investment earnings on money in the educational program expense funds of the State School for the Deaf and the State School for the Blind be credited to the funds.

High school diploma requirements

(R.C. 3325.08)

To qualify for a high school diploma under continuing law, a student enrolled in the State School for the Deaf or Blind must complete the student's individualized education program (IEP) and complete the other high school graduation requirements established for public school students.

Under the bill, in lieu of completing an IEP to qualify for a diploma, a student may complete the curriculum of any high school.

Expense funds investment earnings

(R.C. 3325.16 and 3325.17)

The bill requires that all investment earnings on money in the State Schools for the Deaf and Blind educational program expenses funds to be credited to the respective fund.

STATE BOARD OF DEPOSIT

Public depositories

- Specifies that a financial institution must have a banking office in Ohio to serve as a public depository.

Financial transaction devices (FTDs)

Definitions

- Redefines "financial transaction device" (FTD) and specifies that the term applies to devices for making payments or transfers of funds denominated in U.S. dollars.
- Defines "processor" as an entity conducting the settlement of an electronic payment or transfer of funds denominated in U.S. dollars.
- Expands "state entity" to include an officer under the authority of a state elected official, and to include entities that deposit funds into an account in the custody of the Treasurer of State (TOS).
- Defines "administrative agent of the board of deposit" to mean the TOS.
- Changes the defined term "state expenses" to "revenue" and expands it to include charges, tolls, court-ordered restitution, judgments, and other amounts owed to the state.

Resolution

- Requires, instead of permits, the State Board of Deposit (BDP) to adopt a resolution authorizing the collection, receipt, and acceptance by the state of revenue, gifts, donations, or bequests made by a FTD.
- Specifies that BDP's resolution applies to FTD services related to bank accounts comprising the state treasury and those in the custody of TOS that are not part of the state treasury.
- Eliminates BDP's duty to send a copy of the resolution to each state elected official and state entity authorized to accept payments for state expenses by FTD.
- Eliminates the provision authorizing a state entity under the authority of a state elected official to decline to accept payments by FTD.
- Eliminates the requirement that each state elected official or state entity provide written notice to BDP's administrative agent of the official's or entity's intent to implement BDP's resolution.

Administrative agent

- Removes the requirement that BDP's administrative agent request proposals from at least three financial institutions, issuers of FTDs, or processors of FTDs.

- Requires BDP's administrative agent to request proposals for acceptance, processing, and settlement services pursuant to BDP's resolution.
- Requires BDP's administrative agent to publish electronic public notices regarding requests for proposals on the agent's website instead of a state agency website.
- Increases from ten to 15 days the minimum amount of time, after the initial publication of an administrative agent's request for proposals, after which the request for proposals will be available.
- Requires that the administrative agent's request for proposals detail the services subject to the request.
- Eliminates the requirement that the administrative agent send via email the request for proposals to financial institutions, issuers, or processors interested in receiving the request.
- Eliminates the requirement that the administrative agent's notice require that a financial institution, issuer, or processor submit written notice of its interest in the request for proposals.
- Eliminates BDP's duty to review all submitted proposals.
- Permits BDP to authorize an administrative agent to contract, on BDP's behalf, with processors submitting proposals, and permits the agent to enter into one or more contracts for payment, collection, acceptance, processing, receipt, and settlement services for state entities and state elected officials.
- Requires BDP's administrative agent to provide notice to a processor when the processor's proposal is rejected.
- Gives TOS authority to contract as necessary to fulfill its obligations as BDP's administrative agent.

Surcharges and convenience fees

- Allows state elected officials and state entities to establish a surcharge or convenience fee on a person making payment by FTD.
- Eliminates the prohibition on surcharge or convenience fees that are not authorized by contract.
- Eliminates the requirement that every state entity accepting payment by FTD post a notice in the entity's office when a surcharge or convenience fee is imposed.
- Eliminates the requirement that a notice of a surcharge or convenience fee contain a clear statement that the surcharge or convenience fee is nonrefundable.
- Eliminates the provision stating that surcharge or convenience fees are nonrefundable.
- Changes the types of deficient payment a person is liable for under the provision and specifies that the person is liable to a state elected official or state entity.

Limitation of liability

- Excludes state entities from personal liability immunity and extends personal liability immunity to state elected officials and employees of a state entity or state elected official.

Public depositories

(R.C. 135.03)

Under Ohio's Uniform Depository Act[45] only eligible financial institutions may hold public deposits. Eligible financial institutions, such as banks, savings associations, savings and loan associations, and savings banks may apply to the State Board of Deposit (BDP) to serve as a depository of public funds. If selected by BDP, the financial institution is authorized to hold the public funds for a designated period of time.

Current law requires public depositories to be "located in" Ohio. The bill instead specifies that a public depository must have a banking office located in Ohio. Under continuing law, "banking office" means an office or other place established by a bank at which the bank receives money or its equivalent from the public for deposit and conducts a general banking business. "Banking office" does not include any of the following:

- Any location at which a bank receives, but does not accept, cash or other items for subsequent deposit, such as by mail or armored car service or at a lock box or night depository;
- Any structure located within 500 yards of an approved banking office of a bank and operated as an extension of the services of the banking office;
- Any automated teller machine (ATM), remote service unit, or other money transmission device owned, leased, or operated by a bank;
- Any facility located within the geographical limits of a military installation at which a bank only accepts deposits and cashes checks;
- Any location at which a bank takes and processes applications for loans and may disburse loan proceeds, but does not accept deposits;
- Any location at which a bank is engaged solely in providing administrative support services for its own operations or for other depository institutions.[46]

[45] R.C. Chapter 135.

[46] R.C. 135.03 and 1101.01, not in the bill.

Financial transaction devices (FTDs)

(R.C. 113.40)

Definitions

The bill changes the definition of "financial transaction device" (FTD) to exclude references to certain automated clearinghouse network entries and specifies that the term applies to devices for making payments or transfers of funds denominated in U.S. dollars.

The bill changes the defined term "state expenses" to "revenue" and expands the definition to include charges, tolls, court-ordered restitution, judgments, and other amounts owed to the state.

The bill adds a definition for "processor" as "an entity conducting the settlement of an electronic payment or transfer of funds, which shall be denominated in United States dollars."

The bill adds "administrative agent of the board of deposit" to mean the Treasurer of State (TOS).

The bill expands the definition of "state entity" to include an officer under the authority of a state elected official, and entities that deposit funds into an account in the custody of the TOS.

Resolution

The bill requires, rather than permits, BDP to adopt a resolution authorizing the collection, receipt, and acceptance by the state of revenue, gifts, donations, or bequests made by FTD, and eliminates the following content which is required to be included in the resolution under current law:

- A designation of state elected officials and state entities authorized to accept payments by FTD;
- A list of state expenses that may be paid by the use of a FTD;
- Specific identification of FTDs that a state elected official or state entity may authorize as acceptable means of payment;
- The amount authorized as a surcharge or convenience fee for persons using a FTD;
- A specific requirement for the payment of a penalty if a payment made by means of a FTD is returned or dishonored.

The bill specifies that the resolution applies to FTD services related to all bank accounts comprising the state treasury, as well as those in the custody of TOS that are not part of the state treasury. The bill eliminates BDP's duty to transmit a copy of the resolution to each state elected official and state entity authorized to accept payments for state expenses by FTD, as well as the requirement that state elected officials and state entities provide a written notice of intent to adopt the resolution to BDP's administrative agent.

Under existing law, if a state entity under the authority of a state elected official is directly responsible for collecting state expenses, and the state elected official determines not to accept

payments by FTD, the entity is not required to accept payments by FTD. The bill eliminates this provision, removing a state elected official's discretion to reject payments by FTD by a state entity under the official's authority.

Administrative agent

Under continuing law, TOS serves as BDP's administrative agent to solicit proposals. The bill specifies that the proposals solicited must be for FTD services. Under existing law, the administrative agent must request proposals from at least three financial institutions, issuers of financial transaction devices, or processors of FTDs. The bill eliminates that requirement and adds language specifying that the request for proposals be "for acceptance, processing, and settlement services."

Under the bill, the administrative agent must publish an electronic notice regarding requests for proposals on the agent's website instead of on a state agency website as required under existing law. The bill increases, from ten to 15 days, the minimum amount of time after the initial publication of the request for proposals after which the request for proposals will be available. It also eliminates the administrative agent's duty to email the request for proposals to financial institutions, issuers, or processors and requires the request to detail the services subject to the request.

Under existing law, BDP itself, after reviewing all submitted proposals and considering its administrative agent's recommendation, may choose to contract with processors and must provide notice to a processor when the processor's proposal is rejected. The bill transfers the authority to contract to the administrative agent, as well as the duty to notify a processor of a rejected proposal. The bill eliminates BDP's duty to review all submitted proposals.

The bill grants the TOS authority to enter into contracts necessary to fulfill its obligations as administrative agent for BDP.

Surcharges and convenience fees

The bill transfers the authority to establish surcharge and convenience fees on a person making payment by FTD from BDP to state elected officials and state entities. The bill expands the state's ability to impose surcharge and convenience fees on persons making payment by FTD by eliminating the requirement that the authority to impose such fees be provided for under contract.

Under continuing law, when a surcharge or convenience fee is imposed, state entities must notify each person making payment about the surcharge or fee. The bill eliminates the requirement that every state entity accepting payment by FTD post a notice in the entity's office when a surcharge or convenience fee is imposed. The bill eliminates existing language stating that surcharge and convenience fees are not refundable and eliminates the requirement that each notice contain a statement that the surcharge or fee is nonrefundable.

The bill requires a person who remits to the state by FTD revenue that is reversed or less than the amount owed to be liable to the state elected official or state entity for the total amount of state revenue and certain reimbursable costs incurred by the official or entity in collecting the reversed payment. Under existing law, a person who makes payment by FTD that is returned or

dishonored is liable to the state for expenses and certain reimbursable costs incurred by the state in collecting the returned or dishonored payment.

Limitation of liability

Existing law provides personal liability immunity to state entities and employees for the final collection of FTD payments. The bill eliminates this immunity for state entities and extends it to state elected officials. The bill adds language specifying that the employees covered under this immunity are those employed by "a state entity or state elected official."

DEPARTMENT OF DEVELOPMENT

Residential economic development district (REDD) grants

- Creates a grant program for counties, townships, and municipal corporations located within 20 miles of a major economic development project.
- Allows a county, township, or municipal corporation to apply for a grant independently, or in collaboration with a housing developer, port authority, council of government, regional planning commission, or other subdivision.
- Specifies the purposes for which grant funds must be used.
- Requires applicants to adopt pro-housing policies and approve a major workforce housing project consisting of at least 100 units.
- Requires the DEV Director to evaluate and score applications based on metrics outlined by the bill, including by giving preference to applicants that adopt more pro-housing policies in terms of both number and impact.
- Requires the DEV Director to adopt rules to implement and administer the program and to finalize and publish initial application procedures and scoring metrics no later than December 31, 2025.

Residential development revolving loan program

- Creates the Residential Development Revolving Loan Program (RDRLP).
- Specifies that loans made by the program are only available to local governments that have a population of 75,000 or less and that issued fewer new construction permits for single-family homes than the average number of such permits issued in counties in Ohio.
- Specifies that borrowed funds are only for projects involving the development, repair, or upgrade of water, sewer, road, electric, or gas infrastructure necessary to service dwellings meeting certain statutory requirements.
- Limits the loan amount to the lesser of 50% of the cost of the infrastructure developments, repairs, or upgrades or $30,000 per single-family residential dwelling to be served by that infrastructure.
- Requires political subdivisions receiving loans under the program to waive certain building, zoning, and planning requirements for the residential development project served by the project.
- Prohibits DEV from using more than $500,000 annually of the money deposited to the Residential Development Revolving Loan Fund for administrative expenses.
- Exempts RDRLP projects from the Prevailing Wage Law.

- Requires political subdivisions receiving loans to exempt improvements constructed from loan proceeds from property taxes, collect payments in lieu of taxes, and use those payments to pay off the loan.
- Appropriates $90 million to the RDRLP in FY 2026, and allows for any unused funds to be carried over into FY 2027.

Brownfield Remediation Program

- Alters the parameters for the types of projects that are eligible for funding under the Brownfield Remediation Program and the procedures for issuing grants under the program.

State private activity bond ceiling and fund

- Grants the Department of Development (DEV) authority to allocate Ohio's volume ceiling on state private activity bonds established under federal income tax law.

Tourism attractions and professional sports facilities funding

Roadwork Development Fund

- Expands the purposes of the existing Roadwork Development Fund to include funding the following:
  - Construction, reconstruction, maintenance, or repair of public roads that provide or improve access to professional sports facilities;
  - Associated improvements necessary for access to tourism attractions and professional sports facilities; and
  - Improvements associated with the retail and residential components that are a part of a tourism attraction or professional sports facility.

Facilities Establishment Fund

- Expands the purposes of the existing Facilities Establishment Fund to include funding persons that are engaged in developing tourism attractions and professional sports facilities.

DEV funds

- Eliminates the Mortgage Insurance Fund and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- Eliminates the Mortgage Guarantee Fund.
- Eliminates the DEV Director's Purchase Fund.
- Eliminates sinking fund requirements for certain funds received by the DEV Director.

Affirmative action programs in public contracting

- Eliminates a requirement for all contractors from whom the state or a political subdivision makes purchases to have a written affirmative action program for the employment and utilization of economically disadvantaged persons.
- Eliminates a prohibition against DEV disbursing capital money appropriated for any project unless the project provides for an affirmative action program for the employment and utilization of persons who are disadvantaged due to their culture, race, ethnicity, or other similar reasons.
- Repeals a requirement that a person receive a certificate of compliance with affirmative action programs before bidding on a public improvement construction contract or a transportation construction contract awarded by the Director of Transportation.
- Prohibits most public authorities, for subcontracts of construction managers at risk, integrated project contractors, and design-build firms, from eliminating a bidder as unqualified on the basis that the bidder has not complied with an affirmative action program, or a diversity, equity, and inclusion program.

Welcome Home Ohio (WHO) Program

- Decreases the minimum square footage for homes that receive Welcome Home Ohio (WHO) grants or tax credits from 1,000 to 800 square feet.
- Allows WHO funds to be used to acquire or rehabilitate manufactured homes but not mobile homes.
- Allows WHO funds to be used to acquire or rehabilitate residential units in a mixed-use development but requires the funds to be used for the residential units, common areas used by the occupants of the residential units, or improvements that serve the residential units.
- Increases the amount of the WHO tax credit from one-third of the construction and rehabilitation costs to 90% of such costs.
- Requires applicants for WHO tax credits to provide buyers with an interest free loan and to hold the note and mortgage until maturity for any home that is the subject of an application.
- Extends the WHO tax credit through the end of FY 2027 and allows up to $20 million in tax credits to be awarded in the biennium.
- Allows DEV to award WHO grants to certain qualified nonprofit developers that are incorporated in Ohio for the purpose of improving the physical, economic, or social environment by addressing critical problems like housing.
- Increases, from $30,000 to $100,000, the maximum amount of a WHO grant to rehabilitate or construct a home.

- Applies the same $100,000 cap to WHO grants for the acquisition of a home, which are not limited by current law.
- Increases the income eligibility threshold for buyers of WHO-funded homes from 80% to 120% of the median income of the county in which the home is located.
- Increases the amount for which WHO-funded homes may be sold from $180,000 to $220,000.
- Reduces from five years to three years the amount of time the buyer of a WHO-funded home must agree to occupy the home as a primary residence and not rent it to anyone else.
- Reduces from 20 years to 15 years the amount of time the buyer of a WHO grant-funded home must agree to not sell the home to anyone whose income exceeds the WHO eligibility thresholds.
- Changes the yearly reduction in penalties for a buyer's failure to keep a home for which a tax credit was awarded as a primary residence for three years (reduced from five in the bill) or to not sell the home to anyone with a nonqualifying income for 20 years from $1/5$ of the initial penalty amount per year requirements are met to $1/20$.
- Transfers liability for the penalty imposed for a buyer's failure to maintain residence in a home for which a tax credit was awarded or sale to a nonqualified person from the home's purchaser to the developer.
- Specifies that the deed restriction concerning subsequent sales of a WHO grant-funded home is a covenant running with the land and is enforceable against subsequent buyers.
- For WHO Program tax credit homes, replaces the deed restriction with a requirement that the developer have an executed restrictive covenant for each home it applies for a tax credit on encompassing the applicable requirements, to be recorded on a credit award.
- Allows DEV to waive penalties for failure to follow restrictions imposed in connection with a WHO Program tax credit for hardship or if the purchaser sells the home back to the eligible developer.
- Allows an eligible developer that has received a WHO Program tax credit to repurchase the home and resell it to another qualified buyer if certain requirements are met.
- Transfer responsibility to verify to DEV a purchaser's continued residence in a home that was the basis of a WHO Program tax credit from the purchaser to the developer.
- Allows a grant or tax credit recipient to include in the deed restriction a right of first refusal to repurchase the property in order to ensure that subsequent buyers meet the income eligibility requirements.
- Allows up to $2,000 of each WHO grant to be used to fund the financial literacy counseling that grant recipients are required, under continuing law, to provide to purchasers of the property.

- Reduces the minimum duration of the counseling from one year to six months, and, for tax credits, requires it to be completed before an application is submitted.
- Requires the counseling to include basic home maintenance and financial literacy components, and to be conducted by a person who is licensed, certified, or authorized to provide such counseling services.
- Requires a grant recipient to reinvest any profits derived from the sale of a WHO-funded home in the land bank's land reutilization program or the developer's housing program.

Residential economic development district (REDD) grants

(R.C. 122.636)

Overview

The bill creates a grant program for counties, townships, and municipal corporations that are fully or partially located within a residential economic development district (REDD). A REDD consists of all parcels within a 20-mile radius of a "major economic development project," defined in the bill as a project that is reasonably expected to improve the economic well-being of the surrounding area and that either consists of at least $700 million in private investment or is expected to create at least 700 new permanent jobs. The bill specifies that the grant program is intended to encourage major workforce housing projects in areas of the state that otherwise would not attract such development and to increase home ownership among Ohioans.

Application

The bill requires DEV to implement and administer the grant program. A subdivision applying for a REDD grant must include documentation or other evidence that proves that the subdivision has, or has imminent plans to, adopt and implement pro-housing development policies and approve a "major workforce housing project" consisting of at least 100 units. A subdivision may apply for a grant in collaboration with another subdivision or with a housing developer, port authority, council of government, or regional planning commission.

Pro-housing development policies

The bill provides the following nonexhaustive list of pro-housing development policies:

- Having a process in place to increase the rate at which permits for housing developments are reviewed;
- Having a pre-approval process in place for an expedited review of permits for a diverse range of housing developers;
- Subsidizing or decreasing costs related to water or sewer connections and extensions for major workforce housing projects;
- Acquiring and readying sites that are ready to be financed and built upon by developers;
- Reducing or eliminating impact, inspection, and plan review fees for housing developers;

- Adopting a zoning plan that includes promoting higher density, small lot size, and minimum setback requirements;
- Developing a comprehensive plan that promotes diverse residential development options;
- Having no or minimal parking requirements for developments that include residential units;
- Conducting a traffic study, improving water or sewer infrastructure, improving roads, or permitting both rigid and flexible pavement types;
- Developing partnerships to expand the provision of sewer and water services to new areas;
- Promoting the use of nontraditional building structures such as modular or manufactured homes.

Review

The bill requires DEV to review applications and award grants on a rolling basis, giving preference to applicants that adopt more pro-housing development policies, in terms of both quantity and impact. The bill requires the DEV Director to evaluate applications and determine the amount of each grant award based on scoring metrics that include the following:

- Density, with more points awarded to projects that have more units per acre, starting at two units per acre;
- Lot size, with more points awarded to projects that have smaller lot sizes, starting with an average of 7,500 square feet;
- Side yard setbacks, with more points awarded to projects that have smaller setback requirements, starting with six feet;
- Open space requirements, with more points awarded to projects that have lesser open space requirements, starting with 25% of gross acreage;
- Inspection, plan, impact, or water and sewer tap fee reductions, with more points awarded for lower or no fees;
- Use of water pipe type, with more points awarded for allowing polyvinyl chloride as opposed to ductile iron;
- Use of rigid and flexible pavement types, with more points awarded for allowing both;
- Traffic studies and thoroughfare plans, with more points awarded for applicants that seek to use funds for those purposes and have demonstrated success in completing such studies or plans for a major workforce housing project;
- Sanitary sewer or water extensions, with more points awarded for applicants that seek to use funds for those purposes as related to the major workforce housing project.

The bill requires the DEV Director to adopt rules addressing application procedures, scoring metrics, grant distribution, and state model zoning plans that include density, lot size, and setback preferences. The rules must be finalized and published to DEV's website no later than December 31, 2025.

Award

A REDD grant must be used to provide capital for housing development through grants or loans, acquire and ready sites for development, provide financial assistance for housing-related infrastructure projects, address additional service or public safety needs due to increases in population, or for other purposes deemed appropriate by the DEV Director. If, at the time the grant application is submitted, the subdivision has not yet adopted the pro-housing policies or approved the major workforce housing project described in the application, DEV must confirm that the subdivision follows through with those plans before disbursing grant funds.

Residential Development Revolving Loan Program

(R.C. 122.98, 122.981, 176.05, 4115.04, and 5709.89; Sections 259.10, 259.30, and 512.10)

The bill creates the Residential Development Revolving Loan Program (RDRLP), with the stated intent of increasing the availability of single-family homes in rural areas.

Eligible borrowers

An eligible borrower for RDRLP loan is a county, or a township or municipal corporation that is fully or partially located in a county, that has a population not exceeding 75,000, and that authorized less than the average number of building permits for privately owned housing units as compared to other Ohio counties.

Use of proceeds

The bill requires eligible borrowers to use the proceeds of an RDRLP loan exclusively to develop, repair, or upgrade water, sewer, transportation, electric, or gas infrastructure needed for the construction of single-family, residential dwellings that are part of a residential development project. An eligible borrower is prohibited from using any portion of the proceeds for routine infrastructure maintenance or for developments, repairs, or upgrades that exceed the projected requirements of the residential development project.

Residential development project

The bill also includes requirements for the residential development project served by the infrastructure developments, repairs, or upgrades. DEV is prohibited from approving a loan application unless the eligible borrower demonstrates that the project meets all of the following:

- Is fully located in a county that meets the population and building permit criteria described above;
- Has a net density of at least four single-family, residential dwellings per acre;
- Is zoned exclusively for single-family, residential use;

- Does not currently, and will not upon its completion, include low-income housing that receives a federal low-income housing tax credit.

Loan amount

The amount of an RDRLP loan must not exceed the lesser of either of the following:

- 50% of the total cost of the infrastructure developments, repairs, or upgrades;
- $30,000 per single-family, residential dwelling included in the residential development project served by the developments, repairs, or upgrades.

Application requirements

The bill requires an eligible borrower to include all of the following in the loan application:

- A description of the infrastructure developments, repairs, or upgrades to be funded by the loan and an estimate of the total cost to complete those developments, repairs, or upgrades;
- The loan amount requested by the eligible borrower;
- Documentation sufficient to prove that the eligible borrower, residential development project, and the infrastructure developments, repairs, or upgrades meet the requirements prescribed by the bill;
- Certification that the eligible borrower agrees to comply with all provisions of the bill.

Administration

The bill requires DEV to administer the RDRLP and to begin accepting applications for loans no later than January 1, 2026. DEV must accept applications and make loans on a rolling basis whenever funding is available. The bill authorizes DEV to establish a schedule of fees and charges to be paid by applicants and loan recipients as necessary to offset the cost of administering the RDRLP.

Conditions for borrowers

- The bill requires eligible borrowers, as a condition of accepting an RDRLP loan, to exempt the residential development project served by the infrastructure developments, repairs, or upgrades, from any building or road standards that are more stringent than those prescribed by state law. Furthermore, the eligible borrower must exempt the development project from any ordinances, resolutions, rules, or restrictions concerning minimum square footage for residential dwellings, off-street parking, or the existence, size, or placement of a garage.

Within 45 days after receiving an RDRLP loan, the eligible borrower must complete any required traffic reviews or studies for the residential development. In addition, the borrower must provide a quarterly report to the DEV Director on the status of the work funded by the loan and repay the principal and interest of the loan in accordance with terms specified by DEV.

Scoring metrics

The bill requires DEV to develop and utilize scoring metrics in prioritizing applications, determining whether to approve low-interest loans, and determining the amount of such loans. The metrics must meet all of the following requirements:

- Give higher priority to projects in locations with greater housing need and lack of private housing investment;
- Consider the potential economic impact of the project and the regional distributive balance of the loans;
- Not consider whether the project is located in an economically distressed area, including by weighting preference based on the poverty rate in the jurisdiction or census tract in which the project is located.

Prevailing Wage Law

The bill exempts from both the residential and commercial prevailing wage laws a project to develop, repair, or upgrade infrastructure needed for the construction of single-family, residential dwellings in rural Ohio areas using funds provided under the RDRLP. These laws require a public authority, as defined in the laws, to ensure that workers on a public improvement project using public funds are paid the "prevailing rate of wages" as determined under each law. The commercial prevailing wage law applies if the project's estimated cost exceeds threshold amounts and the residential prevailing wage law applies to public housing projects.

Payments in lieu of taxes

The bill requires an eligible borrower to exempt improvements constructed from loan proceeds from property tax. Property owners would then make payments in lieu of taxes to the eligible borrower equal to the forgone taxes. The eligible borrower would then be required to use those payments to pay off the RDRLP loan. The payments and exemption end after the loan is paid off.

RDRLP Fund

The bill creates the Residential Development Revolving Loan Fund for the purpose of funding the program. The fund is to consist of appropriations made by the General Assembly, moneys received as repayment for loans under the program, fees collected under the program, and any other money transferred to the fund. All investment earnings of the fund are to be credited to the fund. DEV is required to use money in the fund exclusively to make low-interest loans under the program and to offset the expenditures incurred by DEV in administering the program. The aggregate amount of money used to offset the Department's expenditures in any fiscal year must not exceed $500,000. DEV is required to credit all principal, interest, and fees paid under the program by eligible borrowers to the fund.

The bill appropriates $90 million to the fund in FY 2026. Any unexpended balance of the appropriation may be carried over into FY 2027.

Brownfield Remediation Program

(R.C. 122.6511)

Background

Current law establishes the Brownfield Remediation Program, under which the Director of Development awards grants for remediation and priority investment area eligible projects at brownfields. Under current law, a brownfield is an abandoned, idled, or under-used industrial, commercial, or institutional property where expansion or redevelopment is complicated by known or potential releases of hazardous substances or petroleum. Remediation involves an action to contain, remove, or dispose of hazardous substances or petroleum at a brownfield. Remediation includes the acquisition of a brownfield, demolition performed at a brownfield, and the installation or upgrade of the minimum amount of infrastructure that is necessary to make a brownfield operational for economic development activity. A priority investment area eligible project is a project necessary or conducive for generating, transporting, storing, or transmitting electricity at the site of a brownfield or former coal mine. In determining eligibility for a priority investment area eligible project, the Director must prioritize areas of Ohio negatively impacted by the decline of the coal industry.

Under the program, a lead entity for a county must submit grant applications to the Director for projects in that county. A lead entity includes local government entities such as a county, municipal corporation, or local land bank and organizations for profit. For each fiscal year, money appropriated for the program is first reserved for each of Ohio's 88 counties, with each county receiving $1 million. Any additional money appropriated that is not reserved (or any money not used by a county) is available for grants to projects located anywhere in Ohio. Grants from those funds must be awarded to qualifying projects on a first-come, first-serve basis.

Alterations to the program

The bill alters the program by doing all of the following:

1. For purposes of distributing money appropriated for grants that are reserved for each county under the program for FY 2026, allowing a lead entity to use that money for any brownfield remediation purpose;

2. For purposes of distributing money appropriated for grants under the program, other than for FY 2026, doing all of the following:

a. Eliminating the requirement that money not reserved for each county under continuing law be available for grants located anywhere in the state on a first-come, first-served basis;

b. Instead, requiring the following:

i. Any funds appropriated and that are not reserved for a county (or that are not utilized by a county) to be awarded on a case-by-case basis, to be utilized in different regions of Ohio as overseen by the Director, and to be evaluated by the Director in terms of the economic merit of the project to the county, surrounding counties, and state; and

ii. All funds appropriated to be used for planned economic development projects.

3. Defining "planned economic development project" to mean a project, which may include a priority investment area eligible project, to be developed at a brownfield where an organization for profit demonstrates site control, a plan for the development of the brownfield, and documented support for the planned economic development project of the municipal corporation or township in which the brownfield is located;

4. Altering the definition of "remediation" to include demolition and infrastructure development costs associated with a planned economic development project when a lead entity is an organization for profit, the organization for profit did not cause the environmental contamination at the brownfield, and the planned economic development project at the brownfield exists at the time of submission of the application for a grant;

5. Defining "demolition and infrastructure development costs" as demolition costs and costs associated with constructing, upgrading, or extending infrastructure necessary to make a brownfield operational for a planned economic development project, including any other investment in the brownfield; and

6. Defining "site control" as holding fee simple title or a leasehold interest in a brownfield or being in contract to acquire a brownfield.

State private activity bond ceiling and fund

(R.C. 122.97)

The bill grants DEV the authority to allocate Ohio's volume ceiling on the aggregate amount of state private activity bonds issued as provided under federal law. Private activity bonds are issued by or on behalf of a state or local government for the purpose of providing special financial benefits for qualified projects. If the bonds meet specific criteria the interest earned may be tax-exempt. Federal law establishes the ceiling applicable for each state and grants states authority to allocate the ceiling among issuing authorities in the state.[47]

Tourism attractions and professional sports facilities funding

Roadwork Development Fund

(R.C. 122.14)

The bill expands the purposes of the existing Roadwork Development Fund (RDF) to include both of the following:

- Funding construction, reconstruction, maintenance, or repair of public roads that provide or improve access to professional sports facilities; and
- Funding associated improvements that are necessary for access to tourism attractions and professional sports facilities.

The bill then authorizes tourism attractions and professional sports facilities to use the money received from DEV from the RDF to make improvements that are associated with the

[47] 26 U.S.C. 141 and 146(d) and (e).

retail and residential components within their surrounding development. The RDF consists of investment earnings of the Security Deposit Fund and revenue transferred from the Highway Operating Fund. Each of these sources is limited in how its money can be used by Article XII, Section 5a of the Ohio Constitution, thus the RDF has the same limitation.

That limitation, in relevant part, states that the money derived from fees and taxes (including motor fuel taxes) associated with motor vehicle registration, operation, or use must be used only for the costs for construction, reconstruction, maintenance, and repair of public highways and bridges and the costs associated with administration and enforcement of traffic laws. The RDF's current purposes meet that constitutional limitation, and the expansion of the fund to include similar activities on public roads and associated improvements for professional sports facilities appears to be consistent with that limitation.

However, if challenged, a court might examine whether the constitutional limitations on the RDF permit the bill's authorization for tourism attractions and professional sports facilities to use RDF money towards retail and residential components within their development, without any specification that it only be for public roads.

Facilities Establishment Fund

(R.C. 166.01, 166.02, 166.12, and 166.17)

The bill expands the purposes of the existing Facilities Establishment Fund (FEF). Under current law, the FEF finances loans to persons engaged in "industry, commerce, distribution, or research" to encourage such persons to acquire, construct, reconstruct, rehabilitate, renovate, enlarge, improve, equip, furnish, or otherwise develop various eligible projects. The eligible projects relate to innovation, research, and development in various capacities.

The bill adds persons engaged in the development of tourism attractions or professional sports facilities as entities eligible for loans from the FEF and through the Department of Development programs financed through that fund. Additionally, it adds the development of tourism attractions or professional sports facilities as types of eligible projects to receive the funding, regardless of what entity is sponsoring their development.

DEV funds

(R.C. 122.451, 122.55, 122.56, 122.561, and 122.57, repealed; and R.C. 122.41, 122.42, 122.47, 122.49, 122.53, 122.571, 122.59, 165.04, 166.03, 166.08, 169.01, and 169.05 (conforming changes))

The bill eliminates the following funds:

- The Mortgage Insurance Fund, and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- The Mortgage Guarantee Fund, used for a variety of guaranty programs.
- The DEV Director's Purchase Fund, used for purchasing or improving certain properties.

The bill also eliminates sinking fund requirements for certain funds received by the DEV Director: payments of principal of and interest on the loans made by the Director, all rentals received under leases made by the Director, and all proceeds of the sale or other disposition of property held by the Director.

Affirmative action programs in public contracting

(R.C. 9.47, repealed; R.C. 125.11, 153.502, and 153.59; conforming changes in R.C. 153.08 and 5525.03)

The bill eliminates the following provisions related to affirmative action programs in public contracting:

- A requirement for all contractors from whom the state or a political subdivision makes purchases to have a written affirmative action program for the employment and utilization of economically disadvantaged persons.
- A prohibition against DEV disbursing capital money appropriated for any project unless the project provides for an affirmative action program for the employment and utilization of persons who are disadvantaged due to their culture, race, ethnicity, or other similar reasons.
- A requirement that a person receive a certificate of compliance with affirmative action programs before bidding on a public improvement construction contract or a transportation construction contract awarded by the Director of Transportation.

Subject to the exceptions listed below, with respect to subcontracts of construction managers at risk, integrated project contractors, and design-build firms, the bill prohibits a public authority from eliminating a bidder as unqualified on the basis that the bidder has not complied with an affirmative action program or a diversity, equity, and inclusion program. The prohibition does not apply to either of the following:

- County policies to assist minority business enterprises in competitively bid contracts;
- Any set-aside programs for minority business enterprises or EDGE business enterprises.

Under continuing law, a "minority business enterprise" means a business that is owned and controlled by U.S. citizens who reside in Ohio and are members of one of the following economically disadvantaged groups: Blacks or African Americans, American Indians, Hispanics or Latinos, and Asians.[48] An "EDGE business enterprise" is a business certified by the DEV Director as being owned by one or more individuals who are economically and socially disadvantaged based on wealth, business size, and other characteristics, including color, ethnicity, gender, disability, or some other disadvantage not common to other small business owners.[49]

[48] R.C. 122.71, not in the bill.

[49] R.C. 122.922, not in the bill.

Welcome Home Ohio (WHO) Program

(R.C. 122.631, 122.632, and 122.633)

The Welcome Home Ohio (WHO) Program allows DEV to award grants and tax credits for the purchase, construction, or rehabilitation of qualifying residential property. The bill makes numerous changes to the WHO Program, including by increasing the tax credit amount, extending grant eligibility to certain nonprofit developers, adjusting the standards for types of properties that may be purchased and rehabilitated, and changing conditions for ownership of a WHO-funded home.

Qualifying residential property

Under current law, "qualifying residential property" is defined as a single-family residence with at least 1,000 square feet of habitable space. The term includes a single unit in a multi-unit property as long as the property has no more than ten total units. The definition explicitly excludes a "manufactured home," which is a building unit or assembly of closed construction that is fabricated in an off-site facility and constructed in conformance with certain specified federal construction and safety standards.[50]

The bill reduces the minimum square footage of qualifying residential property from 1,000 square feet to 800 square feet. It also allows WHO funds to be used to acquire, construct, or rehabilitate residential units in mixed-use developments and manufactured homes. However, the bill prohibits the use of WHO funds on a "mobile home," which is a building unit or assembly of closed construction that is fabricated in an off-site facility, is more than 35 body feet in length or, when erected on site, is 320 or more square feet, is built on a permanent chassis, is transportable in one or more sections, and does not qualify as a manufactured home.[51]

If grant funds are awarded to construct or rehabilitate a mixed-use building, the bill generally requires those funds to be used in areas of the building that are designated for residential use. However, the funds may be used in common areas so long as they are used by the occupants of the residential units and for improvements that serve both the residential units and other portions of the project. The bill requires the DEV Director to adopt rules to determine the value of qualifying residential property that is the basis of a WHO Program grant application and located in a mixed-use building compared to the total value of the building.

Tax credit

The WHO Program allows DEV to award nonrefundable tax credits against the income tax and financial institutions tax (FIT) to land banks and eligible developers for the rehabilitation or construction of qualifying residential property. An "eligible developer" is one of several enumerated nonprofit entities, provided a primary activity of the entity is the development and preservation of affordable housing or a community improvement corporation or community urban redevelopment corporation.

[50] R.C. 3781.06, not in the bill.

[51] R.C. 4501.01, not in the bill.

Under current law, the tax credit equals $90,000 per qualifying residential property or one-third of the cost of construction or rehabilitation, whichever is less. The bill increases the amount of the credit from one-third of construction or rehabilitation costs to 90% of such costs. The bill retains the $90,000 cap for each residential property. Current law allows DEV to issue up to $25 million in tax credits in both FY 2024 and FY 2025 and then sunsets the credit. The bill extends the credit through the end of FY 2027, and allows $20 million in tax credits to be issued over the course of the biennium.

Qualified nonprofit developers

Current law limits eligibility for WHO grants to "electing subdivisions" and "county land reutilization corporations," which are collectively referred to in this analysis as "land banks." A land bank is a political subdivision or a special-purpose nonprofit entity designated by a county that acquires foreclosed properties and either sells them or dedicates them to public use.

The bill also allows certain nonprofit corporations, referred to as "qualified nonprofit developers," to receive WHO grants. As a baseline for eligibility, a qualified nonprofit developer must be incorporated in Ohio and engaged in community development activities primarily within an identified geographic area of operation in Ohio. Furthermore, the primary purpose of a qualified nonprofit developer must be to improve the physical, economic, or social environment by addressing critical problems in its geographic area of operation, including housing.

Maximum grant amount

Under continuing law, the amount of a WHO grant to acquire, construct, or rehabilitate qualifying residential property is determined by DEV based on the amount of available funding. Current law caps the amount of the construction or rehabilitation grant at $30,000 per qualifying residential property. The bill increases the cap to $100,000 per qualifying residential property. Furthermore, it applies the same $100,000 cap to the acquisition grants, which are not capped by current law.

Continuing law allows a land bank, and the bill allows a qualified nonprofit developer, to receive both an acquisition grant and a construction or rehabilitation grant for the same qualifying residential property. Therefore, under the bill, DEV may approve up to $200,000 in grants for the same qualifying residential property.

Price and income thresholds

Under current law, WHO-funded homes must be sold for $180,000 or less. The buyer must be an individual, or individuals, with annual income that is no more than 80% of the median income for the county where the home is located. The bill increases the maximum sale price to $220,000 and the maximum income for buyers to 120% of the median income of the county where the home is located.

Agreement to occupy the home

Continuing law requires buyers of WHO-funded homes to agree to maintain ownership of the home as a primary residence and not rent the home to anyone else. Currently that agreement is for five years. If the buyer violates that agreement, they are required to pay a penalty of $90,000 (the maximum grant or tax credit amount) reduced by $18,000 (1/5 of that amount) for

each year the buyer occupied the home as a primary residence. The bill reduces the term of the agreement from five years to three years. Furthermore, for the grant program, it specifies that the penalty is the amount of the grant attributable to the home, which might be less than the maximum grant amount, reduced by $^1/_3$ for each year the buyer occupied the home as a primary residence. In essence, for the grant program, the bill accelerates the rate at which the penalty decreases commensurate with the reduction in time that the agreement applies.

The bill changes the penalty reduction for WHO Program tax credits to a $^1/_{20}$ reduction for each year the purchaser occupied the home consistent with the program's requirements. It also transfers responsibility for the penalty from the home purchaser, as under current law, to the eligible developer. With, again, respect to WHO Program tax credits only, the bill allows DEV to waive penalties if requirements are not met due to homeowner hardship. It also allows penalties to be avoided if the eligible developer reacquires a home and sells it to another qualified buyer, provided several conditions are met, and transfers responsibility for residence verification from the purchaser to the developer.

Note and mortgage

For the WHO Program tax credit only, the bill adds a requirement that the eligible developer provide interest free financing for any home for which a tax credit is sought. It also requires the developer to hold the note and mortgage until maturity.

Deed restriction and restrictive covenant

Current law requires a land bank or developer, when conveying a WHO-funded home to a buyer, to include a deed restriction that prohibits subsequent sales to a person who does not meet the income eligibility requirements. Currently, the deed restriction lasts for 20 years following the initial sale of the home. The DEV Director has authority and standing to sue and enforce the deed restriction.

For WHO Program grants, the bill reduces the time that the deed restriction applies from 20 years to 15 years. Furthermore, it allows the land bank or developer to include a right of first refusal in the deed restriction to repurchase the home for the purpose of ensuring that it is ultimately sold to a buyer who meets the income eligibility requirement. The bill specifies that the deed restriction is a covenant running with the land and is fully binding upon subsequent buyers of the home until it expires.

For WHO Program tax credits, the bill requires applicants to have an executed restrictive covenant for each home that is the subject of a tax credit application in lieu of this deed restriction. The covenant must be conditional and recorded only upon the award of a tax credit for the property. It is to have a 20-year restriction and prohibit the sale of the property to anyone but the eligible developer or a buyer with a qualifying income. DEV must be named as a third-party beneficiary of the covenant.

The covenant is not specifically authorized to contain a right of first refusal, but the bill allows tax credit applicants to convey property that is the subject of an application to include any terms not in conflict with WHO Program requirements. They may be contained in a purchase agreement, mortgage documents, or a deed and may include a right of first refusal.

Financial literacy counseling

Under continuing law, land banks and developers that receive a WHO grant or tax credit must agree to provide financial literacy counseling to each buyer of a home that is purchased, rehabilitated, or constructed using WHO funds. Buyers of WHO-funded homes must agree to participate in the financial literacy counseling.

The bill allows up to $2,000 in grant or tax credit funds to be used to pay for the financial literacy counseling. It requires the counseling to be comprised of a home ownership course with a curriculum that includes basic home maintenance and financial literacy. The course must be offered by a "qualifying counseling provider," that is licensed, certified, or authorized to provide such counseling as one of its primary functions including, specifically, housing counselors certified by the federal Department of Housing and Urban Development (HUD). The bill reduces the minimum duration of the counseling from one year to six months, and, for WHO Program tax credits, requires that the counseling be completed by homebuyers before an application for a credit is submitted.

Reinvestment of profits

The bill requires the recipient of a WHO grant to use all profits derived from the sale of the WHO-funded home for the land bank's land reutilization program or the developer's housing program.

DEPARTMENT OF DEVELOPMENTAL DISABILITIES

Supported living

Guardianship and supported living

- Prohibits the guardian of an individual with developmental disabilities, or a supported living certificate holder owned or operated by the guardian, from providing supported living to that individual unless related by blood, adoption, or marriage.

Proof of residency for applicant for employment or supported living certificate

- Regarding the requirement that an applicant for employment with the Department or a county board or an applicant for a supported living certificate provide the Department with proof of residency, eliminates the requirement that the applicant's statement regarding residency be notarized.

Termination of supported living certificate

- Requires, rather than permits, the Director of Developmental Disabilities to terminate a supported living certificate if the certificate holder does not bill the Department for supported living services for 24 consecutive months.
- Specifies that the Department's action to terminate a supported living certificate is accomplished by sending a notice to the certificate holder by certified mail explaining its action.

Health-related activities

Developmental disabilities personnel – medication administration and other health-related activities

- Specifically authorizes developmental disabilities personnel to administer prescribed epinephrine intranasally to treat anaphylaxis, without nursing delegation and without a medication administration certificate.
- Authorizes developmental disabilities personnel, with nursing delegation, to administer to recipients of early intervention, preschool, and school-age services prescribed medications for the treatment of metabolic glycemic disorders through subcutaneous injections.
- Replaces statutory references to **vagal nerve stimulators** with references to **vagus nerve stimulators**.
- Requires developmental disabilities personnel to successfully complete training as a condition of administering topical over-the-counter medications as permitted under continuing law.

Family member authority to administer medications and perform health-related activities

- Authorizes certain family members of an individual with a developmental disability to administer medications to, and perform health-related tasks for, the individual without holding a medication administration certificate and without nursing delegation.

In-home care workers and health care tasks

- Establishes an additional condition on the authority of a family member to authorize an unlicensed in-home care worker to perform health care tasks for an individual with a developmental disability –that the family member is not acting as a paid provider for the individual.
- Eliminates the requirements that the unlicensed in-home worker provide care through employment or another arrangement with the family member and is not otherwise employed to provide services to individuals with developmental disabilities.
- Requires an unlicensed in-home worker to accept the written document in which the family member authorizes the worker to perform health-related tasks before the worker may perform them.
- Requires a county board of developmental disabilities to authorize appropriately credentialed providers to perform health care tasks for an individual with a developmental disability, rather than an in-home worker, when it determines that the individual's family member acted inappropriately.

Service and support administrator training requirements

- Requires a superintendent of a county board of developmental disabilities to ensure that a service and support administrator and service and support administration supervisor successfully completes a web-based training program established by the Department within 30 days of being hired.
- Additionally requires a superintendent to ensure that an applicant seeking to renew a service and support administrator or service and support administration supervisor certification has successfully completed the training program, before renewing the certification.

Intermediate care facilities for individuals with intellectual disabilities (ICFs/IID)

- For FY 2026, specifies that the professional workforce development payment component of an ICF/IID's per Medicaid day payment rate equals 10.405% of an ICF/IID's desk-reviewed, actual, allowable, per Medicaid day direct care costs from the applicable cost report year.

County share of nonfederal Medicaid expenditures

- Requires the Director to establish a methodology to estimate in FY 2026 and FY 2027 the quarterly amount each county board of developmental disabilities is to pay of the nonfederal share of its Medicaid expenditures.

Withholding of funds owed to the Department

- Permits the Director to withhold funds owed to a county board by the Department if the county board failed to pay any amount owed to the Department by a due date established by the Department.

Innovative pilot projects

- Permits the Director to authorize, in FY 2026 and FY 2027, innovative pilot projects that are likely to assist in promoting the objectives of state law governing the Department and county boards.

Medicaid rates for homemaker/personal care services

- For 12 months, requires the Medicaid rate for each 15 minutes of routine homemaker/personal care services provided to a qualifying enrollee in the Individual Options Medicaid waiver program be 52¢ higher than the rate for services to an enrollee who is not a qualifying enrollee.

Community developmental disabilities trust fund

- Abolishes the community developmental disabilities trust fund.

System Efficiency and Sustainability Plan

- Requires four members of the General Assembly, in collaboration with specified stakeholders, to develop a System Efficiency and Sustainability Plan for Ohio's developmental disability service system.
- Requires the Department to submit the plan to JMOC and the General Assembly by June 30, 2026, after which the committee ceases to exist.

Supported living

Guardianship and supported living

(R.C. 5123.16 and 5123.1613)

The bill prohibits a guardian of an individual with a developmental disability from providing supported living to that individual either as an independent contractor or as an employee or contractor of a supported living certificate holder unless the guardian and the individual have a relationship by blood, adoption, or marriage. Supported living includes services provided to a person with a developmental disability that increase the person's quality of life such as providing support to live in the person's chosen residence, encouraging community participation, and promoting the person's rights and autonomy.

The bill also applies that prohibition to a supported living certificate holder owned or operated by the guardian, unless the guardian is related by blood, adoption, or marriage.

Proof of residency for applicant for employment or supported living certificate

(R.C. 5123.081 and 5123.169)

The bill eliminates a requirement that an applicant for employment with the Department or a county board of developmental disabilities provide the Department or county board with a notarized statement asserting that the applicant has been a resident of Ohio for the five-year period immediately preceding the date on which a criminal records check is requested, and instead requires only that an applicant provide such a statement to the Department or county board. The bill eliminates an identical requirement for applicants seeking a supported living certificate issued by the Department.

Termination of supported living certificate

(R.C. 5123.168)

The bill requires, rather than permits, the Director of Developmental Disabilities to terminate a supported living certificate if the certificate holder does not bill the Department for supported living services for 24 consecutive months. Under current law, the Director is permitted to issue an adjudication order under the Administrative Procedure Act to terminate a supported living certificate if the provider fails to bill the Department for 12 consecutive months. Additionally, the bill specifies that to terminate a supported living certificate, the Director must send a notice to the certificate holder by certified mail explaining why the certificate is terminated, instead by issuing an adjudication order as under current law.

Health-related activities

Developmental disabilities personnel – medication administration and other health-related activities

(R.C. 5123.42)

The bill makes several changes to the law governing the administration of medications and the performance of health-related activities by developmental disabilities personnel, defined by current law as employees and contract workers who provide specialized services to individuals with disabilities.

The bill specifically authorizes developmental disabilities personnel to administer prescribed epinephrine intranasally for the treatment of anaphylaxis. Personnel may do so without both of the following: (1) nursing delegation and (2) a medication administration certificate issued by the Department. The bill maintains existing law authorizing personnel to administer epinephrine by autoinjector, also without nursing delegation and a certificate. Nursing delegation is when a registered nurse or licensed practical nurse acting at the direction of a registered nurse transfers the performance of a particular nursing activity or task to another person who is not otherwise authorized to perform the activity or task.

The bill further permits developmental disabilities personnel, with nursing delegation, to administer to recipients of early intervention, preschool, and school-age services prescribed medications for the treatment of metabolic glycemic disorders through subcutaneous injections.

The bill replaces statutory references to **vagal nerve stimulators** with references to **vagus nerve stimulators**. It also requires developmental disabilities personnel to successfully complete training courses as well as training specific to the individuals to whom the medication will be administered as a condition of administering topical over-the-counter medications as permitted under continuing law.

Family member authority to administer medications and perform health-related activities

(R.C. 5123.41 and 5121.423 (primary))

The bill specifically authorizes a family member of an individual with a developmental disability to administer medications to, and perform health-related tasks for, the individual. In exercising this authority, the family member is not required to hold a medication administration certificate issued by the Department and may administer the medications without nursing delegation. Note that current law defines family law member to mean a parent, sibling, spouse, son, daughter, grandparent, aunt, uncle, cousin, or guardian of an individual with a developmental disability, if the individual lives with the family member and depends on the family member's supports.

In-home care workers and health care tasks

(R.C. 5123.41 and 5123.47 (primary))

The bill revises the law governing the authority of a family member of an individual with a developmental disability to permit an unlicensed in-home worker to perform health care tasks for the individual. First, it establishes an additional condition on a family member's authority: that the family member is not acting as a paid provider for the individual. It also eliminates the existing law condition that the worker provide care through employment or another arrangement with the family member and is not otherwise employed to provide services to individuals with developmental disabilities.

The bill requires an unlicensed in-home worker to accept the written document in which the family member authorizes the worker to perform health-related tasks before the worker may perform those tasks.

The bill further requires a county board of developmental disabilities to authorize appropriately licensed or certified providers to perform health care tasks for an individual with developmental disabilities, rather than an in-home worker, when the county board determines that the individual's family member, when authorizing the in-home worker's care, acted in a manner inappropriate for the individual's health and safety.

The bill also makes changes to current law definitions pertaining to these provisions. First, it specifies than an **unlicensed in-home care worker** is self-employed and does not employ, either directly or through contract, another person to provide in-home care. In the **health care task** definition, it removes its reference to a task delegated by a health care professional and

eliminates references to the specific tasks, other than medication administration, that are included in the definition.

Service and support administrator training requirements

(R.C. 5126.222)

The bill requires a superintendent of a county board of developmental disabilities to ensure that a conditional status service and support administrator, a service and support administrator, or a service and support administration supervisor employed by or under contract with the county board complete a web-based training program established by the Department not later than 30 days after being hired. The training program must include all of the following topics:

- Empowering individuals serviced through the development of person-centered individual service plans;
- Coordinating services;
- Enhancing team effectiveness;
- Understanding Medicaid;
- An overview of intermediate care facilities for individuals with intellectual disabilities;
- An overview of Medicaid home and community-based services waivers administered by the Department and county boards, including self-directed services, budget authority, and employer authority;
- Targeted case management; and
- Employment navigation.

Additionally, the bill requires a superintendent to ensure than an applicant seeking to renew a service and support administrator certification or service and support administration supervisor certification has successfully completed the training described above before the certification is renewed.

ICF/IID professional workforce development payment

(R.C. 5124.15; Section 261.140)

In 2023, H.B. 33 of the 135th General Assembly established a professional workforce development payment to be included in the Medicaid day payment rate that is provided to each intermediate care facility for individuals with intellectual disabilities (ICF/IID). For FY 2026, the bill specifies that the professional workforce development payment component of the ICF/IID per Medicaid day payment rate is 10.405% (decreased from 13.55% in FY 2024 and 20.81% in FY 2025) of the ICF/IID's desk-reviewed, actual, allowable, per Medicaid day direct care costs from the applicable cost report year.

County share of nonfederal Medicaid expenditures

(Section 261.100)

The bill requires the director to establish a methodology to estimate in FY 2026 and FY 2027 the quarterly amount each county board of developmental disabilities is to pay of the nonfederal share of the Medicaid expenditures for which the board is responsible. With certain exceptions, continuing law requires the board to pay this share for waiver services provided to an eligible individual. Each quarter, the Director must submit to the board written notice of the amount for which the board is responsible. The notice must specify when the payment is due.

Withholding of funds owed to the Department

(Section 261.110)

If a county board fails to fully pay any amount owed to the Department by a due date established by the Department, the bill permits the Director to withhold the amount that the county board failed to pay from any amounts due to the county board from the Department.

Innovative pilot projects

(Section 261.120)

For FY 2026 and FY 2027, the bill permits the Director to authorize the continuation or implementation of innovative pilot projects that are likely to assist in promoting the objectives of state law governing the Department and county boards. Under the bill, a pilot project may be implemented in a manner inconsistent with the laws or rules governing the Department and county boards; however, the Director cannot authorize a pilot project to be implemented in a manner that would cause Ohio to be out of compliance with any requirements for a program funded in whole or in part with federal funds. Before authorizing a pilot project, the Director must consult with entities interested in the issue of developmental disabilities, including the Ohio Provider Resource Association, the Ohio Association of County Boards of Developmental Disabilities, the Ohio Health Care Association/Ohio Centers for Intellectual Disabilities, the Values and Faith Alliance, and ARC of Ohio.

Medicaid rates for homemaker/personal care services

(Section 261.130)

The bill requires that the total Medicaid payment rate for each 15 minutes of routine homemaker/personal care services provided to a qualifying enrollee of the Individual Options Medicaid waiver program be 52¢ higher than the rate for services provided to an enrollee who is not a qualifying enrollee. The higher rate is to be paid only for the first 12 months, consecutive or otherwise, that the services are provided beginning July 1, 2025, and ending July 1, 2027. An Individual Options enrollee is a qualified enrollee if all of the following apply:

- The enrollee resided in a developmental center, converted ICF/IID,[52] or public hospital immediately before enrolling in the Individual Options waiver.
- The enrollee did not receive before July 1, 2011, routine homemaker/personal care services from the Medicaid provider that is to receive the higher Medicaid rate.
- The Director has determined that the enrollee's special circumstances (including diagnosis, services needed, or length of stay) warrant paying the higher Medicaid rate.

Community developmental disabilities trust fund

(R.C. 5123.352, repealed)

The bill abolishes the community developmental disabilities trust fund. Under current law, moneys in the fund are used to assist persons with developmental disabilities to remain in the community and avoid institutionalization.[53]

System Efficiency and Sustainability Plan

(Section 751.130)

The bill expresses the intent of Ohio and the General Assembly to create a sustainable developmental disabilities service system grounded in quality, efficiency, and accountability that ensures access to high-quality supports for individuals with developmental disabilities now and in the future.

To this end, the bill establishes a Legislative Committee on the Sustainability of the Developmental Disabilities Service System. The Committee is required to develop a System Efficiency and Sustainability Plan to guide the modernization and long-term viability of Ohio's developmental disabilities service system. The plan must do the following:

- Evaluate the current system structure, financing mechanisms, and service delivery models to identify reforms that improve efficiency, equity, and alignment with statewide goals;
- Assess the adequacy, composition, and distribution of the provider network, including analysis of provider capacity, provider type, service deserts, and unmet needs across populations and regions;
- Examine the continuum of care to determine whether the current system supports the full range of needs, including access to specialized services and supports for individuals with complex medical, behavioral, or forensic profiles;
- Review case management and coordination practices and explore the feasibility of alterative payment structures, such as Per Member Per Month or value-based, that reward quality, outcomes, and system stewardship;

[52] A converted ICF/IID is an ICF/IID, or former ICF/IID, that converted some or all of its beds to providing services under the Individual Options waiver.

[53] See R.C. 5123.0418, not in the bill.

- Identify and recommend strategies to reduce fragmentation and streamline funding, with the goal of improving coordination and reducing administrative burden;
- Analyze the impact of unfunded mandates, compliance costs, and regulatory complexity on providers and the sustainability of service delivery;
- Develop a rate methodology that reflects the actual costs of service provision, including costs associated with compliance, training, quality expectations, and the unique needs of specific populations;
- Promote innovation and cost-effective practices, including the use of technology such as telehealth, remote supports, and electronic health records, to enhance outcomes and reduce reliance on high-cost services;
- Develop statewide quality and system performance measures that promote person-centered outcomes, accountability, and continuous improvement.

The Committee consists of four members of the General Assembly: two members of the House, one each appointed by the Speaker and the House Minority Leader, and two members of the Senate, one each appointed by the Senate President and the Senate Minority Leader. These members must collaborate with the following stakeholders to develop the System Efficiency and Sustainability Plan:

- The Department of Medicaid;
- The Department of Youth Services;
- The Department of Health;
- County boards of developmental disabilities;
- The Ohio Provider Resource Association;
- The Ohio Health Care Association;
- The Ohio Association of County Boards of Developmental Disabilities;
- Individuals with developmental disabilities;
- Family members of individuals with developmental disabilities;
- Independent providers of services to individuals with developmental disabilities;
- Agency providers of services to individuals with developmental disabilities;
- Advocacy and self-advocacy organizations;
- Any other stakeholders identified by the Department of Developmental Disabilities.

The Committee must submit the final report to the General Assembly and the Joint Medicaid Oversight Committee by June 30, 2026. After the report is submitted, the committee is dissolved.

STATE BOARD OF EDUCATION

State Board of Education funding

- Abolishes the State Board of Education Licensure Fund.
- Requires the operating expenses of the State Board to be primarily paid from, and the license, certificate, and permit fees it receives to be deposited in, the Occupational Licensing and Regulatory Fund.
- Requires the State Board to establish license, certificate, and permit fee amounts that are sufficient, along with any appropriation made by the General Assembly, to cover all its operating expenses, rather than just the cost of administering its licensure system as under current law.

School board members nominated by primary election

- Requires candidates for the office of member of the State Board, member of a school district board of education, and member of the governing board of an educational service center to be nominated by primary election or, in the case of an independent candidate, by nominating petition.
- Requires candidates for those offices to appear on the general election ballot with a political party designation along with other partisan offices.
- Requires those offices to be treated as partisan offices under the Election Law for all other purposes, such as filling vacancies on the ballot.

Ohio Teacher Residency Program

- Eliminates the Resident Educator Summative Assessment (RESA) as a measure of appropriate progression through the Ohio Teacher Residency Program.
- Permits the use of teacher evaluations conducted in accordance with continuing law as a measure of appropriate progression under the program.

Alternative resident educator license

- Permanently permits an individual to receive an alternative resident educator license in any subject area without limitation by the State Board of Education.

School district territory transfers

- Requires the State Board to generally approve a proposed transfer of territory from a school district that has received an overall performance rating of less than two stars on its state report card for two or more consecutive school years.

Ohio Professional Licensing System

- Requires the State Board to consult with the Department of Administrative Services about utilizing the Ohio Professional Licensing System.

State Board of Education funding

(R.C. 3319.51 and 4743.05; conforming in R.C. 3301.071, 3301.074, 3319.088, 3319.29, and 3319.311)

The bill abolishes the State Board of Education Licensure Fund. Instead, it requires the State Board's operating expense to be primarily paid from, and the license, certificate, and permit fees it receives to be deposited into, the Occupational Licensing and Regulatory Fund.

In addition, the bill requires the State Board to establish license, certificate, and permit fee amounts that, along with any appropriations made by the General Assembly, will be sufficient to cover its annual estimated operating expenses, including operating its licensure system and performing any other duty prescribed by law. Under current law, the State Board only must establish fee amounts sufficient to cover the cost of operating the licensure system.

The Occupational Licensing and Regulatory Fund serves as an operating fund for various state occupational licensing and regulatory boards that are primarily supported by license fees, fines, penalties, and other assessments.

School board members nominated by primary election

(R.C. 3311.053, 3501.01, 3505.03, 3505.04, 3513.04, 3513.05, 3513.052, 3513.19, 3513.254, 3513.255, 3513.256, and 3513.259, repealed; Section 735.10)

The bill requires candidates for the office of member of the State Board of Education, member of a school district board of education, and member of the governing board of an educational service center (ESC) to be nominated by primary election and to appear on the general election ballot with a political party designation. Currently, those candidates are nominated by petition and appear on the nonpartisan ballot with no party designation. The bill's changes first apply with the next primary election held at least 120 days after the bill takes effect, which is May 5, 2026.

Nomination

Under the bill, a person who wishes to be an elected member of the State Board of Education or a member of a school district board or ESC governing board may appear on the ballot at the general election by one of the following methods, the same as currently applies to candidates for other partisan offices:

- Filing a declaration of candidacy and petition at least 90 days before the primary election and winning the primary;
- Filing an independent candidate nominating petition by the day before the primary election;
- Being appointed by a party central committee to fill a vacancy on the ballot after a previous candidate dies, withdraws, or is disqualified.

On the general election ballot, candidates who are nominated by a political party appear with the name of the party below the candidate's name, while independent candidates may choose between "nonparty candidate," "other-party candidate," or no designation. Continuing

law also allows any candidate to file a declaration of intent to be a write-in candidate at a primary or general election, which requires a write-in space to appear on the ballot but does not include the write-in candidate's name or party designation.

In general, a candidate for member of the State Board or a school district board or ESC governing board currently must file a nominating petition at least 90 days before the general election. The person then appears on the general election ballot with no party designation. Existing law also allows a school district board or ESC governing board instead to adopt a resolution ordering that candidates for the board be nominated by nonpartisan primary election and that the top vote-getters advance to the nonpartisan ballot at the general election. The bill eliminates both of these systems for nominating and electing candidates for the affected offices.

Candidate petition requirements

As a result of the bill's changes to the nomination procedures, the bill also changes the number of petition signatures each candidate must gather in order to appear on the ballot and the deadline by which the candidate must submit the petition to the election officials. The following table summarizes these changes.

Office sought	Currently	Under the bill
State Board of Education	Signatures: 100 electors Deadline: 90 days before the general election	<u>Primary candidate</u> Signatures: 50 electors of the party Deadline: 90 days before the primary election <u>Independent candidate</u> Signatures: A number of electors equal to 1% of the vote for Governor in the district at the most recent election for that office Deadline: The day before the primary election
ESC governing board	Signatures: 50 electors Deadline: 90 days before the general election	<u>Primary candidate</u> Signatures: 50 electors of the party Deadline: 90 days before the primary election <u>Independent candidate</u> Signatures: ▪ If fewer than 5,000 electors in the district voted for Governor at the most recent election for that office, the lesser of the following:

Office sought	Currently	Under the bill
		▫ 25 electors; ▫ A number of electors equal to 5% of that vote. ▪ If 5,000 or more electors in the district voted for Governor at the most recent election for that office, a number of electors equal to 1% of that vote. Deadline: The day before the primary election
City school district board of education	Signatures, based on district population as determined based on the last federal census: ▪ Population of less than 20,000: 25 electors ▪ Population between 20,000 and 49,999: 75 electors ▪ Population between 50,000 and 99,999: 150 electors ▪ Population of 100,000 or more: 300 electors Deadline: 90 days before the general election	<u>Primary candidate</u> Signatures, based on district population as determined based on the last federal census: ▪ Population of less than 20,000: 25 electors of the party ▪ Population of 20,000 or more: 50 electors of the party Deadline: 90 days before the primary election <u>Independent candidate</u> Signatures: ▪ If fewer than 5,000 electors in the district voted for Governor at the most recent election for that office, the lesser of the following: ▫ 25 electors; ▫ A number of electors equal to 5% of that vote. ▪ If 5,000 or more electors in the district voted for Governor at the most recent election for that office, a number of electors equal to 1% of that vote. Deadline: The day before the primary election
Local or exempted village school	Signatures: 25 electors	<u>Primary candidate</u> Signatures: 25 electors

Office sought	Currently	Under the bill
district board of education	Deadline: 90 days before the general election	Deadline: 90 days before the primary election Independent candidate Signatures: ▪ If fewer than 5,000 electors in the district voted for Governor at the most recent election for that office, the lesser of the following: ▫ 25 electors; ▫ A number of electors equal to 5% of that vote. ▪ If 5,000 or more electors in the district voted for Governor at the most recent election for that office, a number of electors equal to 1% of that vote. Deadline: The day before the primary election

Ballot order

Under the bill, candidates for the State Board, a school district board, or an ESC governing board must appear on the office type ballot along with other partisan candidates, instead of on the nonpartisan ballot. Offices must appear on the ballots in the following order:

Official Office Type Ballot
▪ Governor and Lieutenant Governor
▪ Attorney General
▪ Auditor of State
▪ Secretary of State
▪ Treasurer of State
▪ Chief Justice of the Supreme Court
▪ Justice of the Supreme Court
▪ U.S. Senator
▪ U.S. Representative

Official Office Type Ballot
▪ State Senator
▪ State Representative
▪ Court of Appeals Judge
▪ Member of the State Board of Education
▪ Member of a school district board or ESC governing board
▪ County Commissioner
▪ County Auditor
▪ County Prosecutor
▪ Clerk of the Court of Common Pleas
▪ Sheriff
▪ County Recorder
▪ County Treasurer
▪ County Engineer
▪ County Coroner

Official Nonpartisan Ballot
~~Member of the State Board of Education~~
Common Pleas Judge
Municipal offices
Township offices
~~Member of a school district board or ESC governing board~~

Filling vacancies

Ballot vacancy at primary election

If the sole candidate for a party's nomination to a seat on the State Board, a district school board, or an ESC governing board dies prior to the tenth day before a primary election, the bill allows that person to be replaced on the ballot, similar to any other partisan candidate under continuing law. That is, if a candidate was running unopposed for a party's nomination, and the candidate dies before the primary, the appropriate party controlling committee may appoint a new candidate to seek the party's nomination. Additionally, if that deceased candidate also

would not have faced a major party opponent at the general election because no one sought the other party's nomination, and that other party now wishes to field a candidate against the replacement, that party may appoint a candidate to appear on the party's primary ballot for that office.

Currently, in jurisdictions that use a nonpartisan primary to nominate candidates for those offices, if a candidate dies before the primary, there is no mechanism to replace the person on the ballot.

Ballot vacancy at general election

The bill also changes the procedure for filling a ballot vacancy if a candidate for the State Board of Education or a district school board or ESC governing board dies, withdraws, or is disqualified before the general election. Under the bill, such a vacancy is to be filled in the same manner as for other partisan candidate vacancies: the appropriate party central committee selects a new candidate.

Under continuing law, if the former candidate was nominated by petition as an independent or nonpartisan candidate, a committee of five people designated in the nominating petition selects a new candidate. This procedure no longer applies to candidates for the affected offices under the bill.

Other procedures related to candidate party affiliation

Application of the Sore Loser Law

Because the bill changes the offices of member of the State Board of Education, a district school board, or an ESC governing board to partisan offices, the bill prohibits a person who was a primary candidate for any partisan office from becoming a candidate for one of those newly partisan offices at the following general election by any means other than winning the primary. This restriction applies to other partisan offices under continuing law and is designed to prevent an unsuccessful primary candidate from circumventing the party's primary and still running for a partisan office at the following general election.

For example, if a candidate for the State Board lost a party primary, withdrew, or was disqualified, the person then would be prohibited from running for any partisan office at the general election as a write-in candidate or by filling a ballot vacancy. And, if a candidate for a partisan office was unsuccessful in winning the primary, the person could not then run for State Board at the general election as a write-in candidate or by filling a ballot vacancy.

Election observers

The bill generally eliminates the ability of a candidate for the State Board, a school district board, or an ESC governing board to have the candidate's own observer present at the official canvass of the election returns (the final, official count of the election results). Continuing law allows an independent or nonpartisan candidate to do so, but individual party nominees are not permitted to appoint their own observers at that stage. Instead, the party's county executive committee may have an observer.

Under continuing law, unchanged by the bill, any political party and any group of five or more candidates (partisan or nonpartisan) may appoint an observer to be present at each voting location during in-person voting.[54]

Ohio Teacher Residency Program

(R.C. 3319.223; conforming changes in R.C. 3319.111)

The bill eliminates the Resident Educator Summative Assessment (RESA) as a measure of appropriate progression through the Ohio Teacher Residency Program. Instead, the bill expressly permits the use of evaluations under a teacher evaluation system established in accordance with continuing law as a measure of appropriate progression under the program.

The bill also makes conforming changes related to the removal of the RESA, including eliminating: (1) the option for a school district board of education to forego an evaluation of a teacher participating in the program for the year in which the teacher takes at least half the RESA for the first time, (2) the requirement for the Superintendent of Public Instruction to provide participants and mentors access to sample videos of classroom lessons submitted for the RESA, and (3) the requirement for the state Superintendent to provide participants who do not pass the RESA an opportunity to meet with an approved online instructional coach to review the participant's RESA results and discuss improvement strategies and professional development.

Alternative resident educator license

(R.C. 3319.263)

H.B. 583 of the 134th General Assembly, effective September 23, 2022, temporarily prohibited the State Board, from July 1, 2023, until July 1, 2028, from limiting the subject areas for which an individual may receive an alternative resident educator license. The bill makes that prohibition permanent and, in effect, permits an individual to receive an alternative resident educator license in any subject area.

School district territory transfers

(R.C. 3311.242)

The bill requires the State Board to approve a proposed school district territory transfer under continuing law if (1) the territory is being transferred to an adjacent school district, (2) the district from which the territory is being transferred has received an overall performance rating of less than two stars on the state report card for two or more consecutive school years, and (3) no party opposing the proposed transfer has presented to the State Board clear and convincing evidence that any information used to facilitate the transfer is incorrect or inaccurate.

[54] R.C. 3505.21 and 3505.32, not in the bill.

Ohio Professional Licensing System

(Section 207.40)

The bill requires the State Board, either on July 1, 2025, or as soon as possible thereafter, to consult with the Department of Administrative Services on utilizing the Ohio Professional Licensing System. As part of the consultation, the State Board must consider opportunities to reduce the number of license and certification types.

The Ohio Professional Licensing System (often called eLicense Ohio) is an online management system for professional and occupational licenses operated by the Department of Administrative Services. According to the eLicense Ohio website, the Department currently provides services to 23 state licensure boards, including providing a secure platform for online applications, license management, online payment, address management, and notices. The State Board of Education is not listed as one of those participating state licensure boards.

For more information, see Support on the eLicense Ohio website, which is also available at: elicense.ohio.gov.

DEPARTMENT OF EDUCATION AND WORKFORCE

I. School finance

Funding for FY 2026 and FY 2027

- Extends, with changes, the operation of the school financing system established in H.B. 110 of the 134th General Assembly and the payment of temporary transitional aid and the formula transition supplement.
- Requires the Department to pay an enrollment growth supplement in each of FYs 2026 and 2027 to each city, local, or exempted village school district that experienced a specified percentage of growth in enrolled ADM between specified fiscal years.
- Requires the Department to pay a per-pupil performance supplement to each city, local, and exempted village school district that received a specified performance rating on the state report card issued for the 2023-2024 school year.
- Requires the Department to adjust the economically disadvantaged average daily membership (ADM) used to calculate disadvantaged pupil impact aid (DPIA) for FY 2026 and FY 2027 for each school district, community school, and STEM school so that the ADM is weighted to be partially based on both:
  - The economically disadvantaged ADM reported in the district or school in FY 2025; and
  - The ADM of students certified as categorically eligible for a free meal under federal law in the fiscal year for which DPIA is calculated.

DPIA plan partners

- Qualifies a community mental health prevention provider as one of the entities with which a school district, community school, or STEM school may develop its plan for using its DPIA.

Career-technical education associated services funds

- Modifies the purposes for which school districts may use career-technical education associated services funds.

Career awareness and exploration funds

- Permits the lead district of a career-technical planning district to use career awareness and exploration funds to provide mentorship opportunities through which students may learn about careers and workforce skills.
- Requires the lead district of each career-technical planning district receiving career awareness and exploration funds to report on the use of those funds to the Department.

Quality Community and Independent STEM School Support Programs

- Codifies the Quality Community School Support Program and the Quality Independent STEM School Support Program, both of which annually pay qualifying community and STEM schools up to $3,000 for each economically disadvantaged student and up to $2,250 for each student who is not economically disadvantaged.

Facilities funding for community and STEM schools

- Codifies the per-student facilities payment for community schools or STEM schools.

Community school and STEM school special education threshold cost funds

- Establishes a separate threshold special education cost pool for community schools and STEM schools.
- Requires the Department, for the purposes of the new pool, to withhold an amount equal to 5% of each community school's and STEM school's special education funding, subject to any funding limitations enacted by the General Assembly to the computation of that funding.

Auxiliary services funding

- Permits a chartered nonpublic school to use auxiliary services funds to provide diagnostic and therapeutic mental health services and to hire retired Ohio peace officers as security officers.

Payment for districts with decreases in utility TPP value

- Requires the Department to make a payment, for FYs 2026 and 2027, to each city, local, exempted village, or joint vocational school district that has at least one power plant within its territory and that experiences a 10% or greater decrease in the taxable value of utility tangible personal property (TPP) and an overall negative change in TPP subject to taxation.

II. State scholarships

Autism and Jon Peterson Special Needs scholarships

- Increases the maximum amount of an Autism Scholarship and a JPSN Scholarship from $32,445 to $34,000.
- Increases the categorical amounts for a JPSN Scholarship.
- Qualifies for a scholarship a child who is enrolled in a chartered or nonchartered nonpublic school, is home educated, or is older than compulsory school age and younger than 22 and is still eligible to receive transition services under the child's IEP.
- Permits multiple alternative public providers or registered private providers to be contracted to provide services to implement an IEP or education plan.

- Specifies that intervention services, educational services, academic services, tutoring services, aide services, and other related special education services may be provided virtually.
- Prohibits a qualified special education child who participates in JROTC maintained by the child's resident school district from being considered enrolled in that district for determining eligibility for an Autism or JPSN scholarship
- Clearly states that a child is eligible under the Autism Scholarship if that child is at least 3 years of age and younger than 22.
- Expands eligibility for the JPSN Scholarship to three- and four-year-olds.
- Requires the Department to maintain a list of Autism and JPSN scholarship registered private providers and their locations on its publicly accessible website.

III. Career-technical education and workforce development

Waivers for middle school career-technical education

- Requires all school districts to provide career-technical education to 7th and 8th graders on and after July 1, 2026, by eliminating waivers from that obligation.

Approval deadlines for career-technical programs

- Eliminates the application and approval deadlines for new career-technical education programs.

Career-Technical Assurance Guides (CTAG)

- Adds CTAG-aligned courses to the types of programs that may be considered an "advanced standing program" at school districts, other public schools, and chartered nonpublic schools.
- Requires each district and school that has students enrolled in CTAG-aligned career-technical courses to implement a policy for grading and calculating class standings for those courses in a manner that is equivalent to the district or school's policy for its other advanced standing programs.

Industry-recognized credentials

- Eliminates the requirement for the Director of Education and Workforce's industry-recognized credentials and licenses committee to establish a point value system for credentials to help determine whether a student qualifies for a high school diploma.
- Requires the Director's committee to instead establish criteria under which a student may use industry-recognized credentials to help qualify for a high school diploma.

Graduation and career plans

- Requires public and chartered nonpublic high school student graduation plans to also identify post-graduation career goals and to align the student's high school experience with these goals.
- Permits plans to be developed jointly by a student and a representative of an organization that has partnered with the school to provide career planning and advising supports.
- Requires a public school to ensure a graduation and career plan for a student aligns to the student's success plan.

IV. Assessments, instruction, and tutoring

Diagnostic assessment

- Requires the Department to, by June 30, 2026, adopt a diagnostic assessment for reading for each of grades K-3 and approve a list of up to five diagnostic assessments aligned with the academic standards for each of grades K-3 for both reading and math.
- Requires the diagnostic assessment for reading to be designed to measure student comprehension of foundational reading skills aligned to the science of reading.
- Requires public schools to administer the diagnostic assessments to their students by September 30 of each year, beginning with the 2026-2027 school year.

Kindergarten readiness assessment

- Requires public schools to administer the kindergarten readiness assessment (KRA) to each kindergarten student between the first day of July of the school year in which the student enrolls in kindergarten and the 20th day of instruction of that school year.
- Requires public schools to utilize and score the KRA in accordance with rules established by the Department of Children and Youth.
- Eliminates KRA data on the state report cards.

State assessments as public records

- Eliminates the requirement that 40% of state assessment questions be made a public record and instead requires the Department to determine which questions, if any, are to be public record.

College-Level Examination Program (CLEP)

- Adds the College-Level Examination Program (CLEP) to the list of programs that may be considered an advanced standing program at public and chartered nonpublic schools.
- Adds passing scores on the CLEP examinations as a demonstration of post-secondary readiness on the state report card.
- Adds a passing score on the CLEP examinations as a qualification for the college-ready, citizenship, science, and technology diploma seals.

Core curriculum and evidence-based reading programs

- Narrows the requirement for a public school to use core curriculum and instructional materials from the Department's approved list by applying it only to curricula and materials for students in grades pre-K-5.
- Expressly requires a public school to use evidence-based reading intervention programs from the Department's approved list for students in grades pre-K-12.

Advanced math learning opportunities

- Requires school districts to provide advanced math learning opportunities to students who achieve an advanced level of skill on either a math achievement assessment or an end-of-course exam.
- Exempts school districts from providing advanced math learning opportunities if the district does not offer any advanced math learning opportunities in the grade level in which the student is enrolled for the next school year.
- Requires districts to notify the parent or guardian of a student who qualifies for advanced math learning opportunities and permits a parent or guardian to opt out their student from those opportunities.

Reporting of math curriculum and materials

- Requires each public school to report its math core curriculum and instructional materials for grades pre-K through 12 through EMIS.

Provision of high-dosage tutoring

- Permits a public school to incorporate high-dosage tutoring into a student's regular instruction time for each student on reading improvement and monitoring plans.
- Requires a locally approved high-dosage tutoring program to align with best practices identified by the Department.

High-quality tutoring program list

- Requires the Department's request for qualifications for high-quality tutoring programs to include a request for program efficacy data or other evidence of program effectiveness for participating students.
- Requires the Department to remove from the high-quality tutoring program list any program that is not aligned to the science of reading or uses a three-cueing approach.
- Requires the Department to, at least every three years, update and provide an opportunity for entities to submit their qualifications for consideration to be included on the list posted to the Department's website.

Academic intervention services and improvement plans

- Requires school districts, community schools, STEM schools, and college-preparatory boarding schools to provide evidence-based academic intervention services, free of cost, to students who demonstrate a limited level of skill in state assessments in math or English language arts.
- Beginning with the 2025-2026 school year, and each school year thereafter, requires the Department of Education and Workforce to randomly select 5% of districts and schools for a review of their academic intervention services.
- Beginning with the 2025-2026 school year, requires districts and schools to develop a mathematics improvement and monitoring plan for each student who qualifies for math intervention services.
- Beginning with the 2025-2026 school year, requires each district or school to develop a mathematics achievement improvement plan if 51% or less of the district or school's students who took the third grade math achievement assessment attained at least a proficient score on the assessment.

Math curricula, instructional materials, and intervention

- Requires the Department to review core math curricula and establish a list of high-quality math core curriculum and instructional materials and a list of evidence-based math intervention programs for districts and schools to use in providing math intervention services.
- Permits districts and schools to use the information established by the Department or to select different high-quality core curriculum and instructional materials.

Instruction on harmful effects of substance use

- Requires each public school and permits each chartered nonpublic school to annually provide instruction to students in grades K-12 on the harmful effects of short-term or chronic substance use.
- Requires a school district's instruction in the harmful effects of and legal restrictions against the use of drugs of abuse to include instruction regarding marijuana, opioids, and opiates.
- Requires school districts to include bullying and hazing in its health education curriculum.
- Requires the Department of Education and Workforce to collaborate with the Department of Mental Health and Addiction Services and OneOhio Recovery Foundation to review available resources and develop a list of evidence-based curricula, materials, programs, and instructional strategies related to the required health curriculum and substance use instruction.
- Requires the Department of Education and Workforce to conduct a survey on public school compliance with the required health curriculum and substance use instruction.

V. Educators

Use of seniority in teacher assignments

- Prohibits the use of seniority or continuing contract status as the primary factor when assigning teachers and instead requires assignment on the basis of the best interests of students.
- Specifies that the provisions pertaining to teacher assignment prevail over conflicting provisions of collective bargaining agreements entered into after the bill's effective date.

Science of Reading professional development

- Requires the Department to maintain an introductory Science of Reading training course and develop a competency-based training course that updates and reinforces educators' knowledge in the Science of Reading.
- Requires each teacher, administrator, or speech-language pathologist employed by a public school to complete the Department's Science of Reading training by a specified date dependent upon when the individual was hired, and every five years thereafter.

Educator in-service training

- Requires each public school to develop its own youth suicide awareness and prevention in-service educator training curriculum instead of adopting or adapting curriculum developed by the Department.
- Eliminates the express authorization for a public school to have child sexual abuse in-service training for educators provided by law enforcement officers or prosecutors and instead requires a school to develop its own curriculum in consultation with public or private agencies.

Computer science educator licensure

- Makes permanent an exception set to expire after the 2024-2025 school year that permits a licensed teacher who completes specified professional development to teach computer science without otherwise being licensed in that subject area.

Cap on school district administrative expenses

- Prohibits any school district from expending more than 15% of its annual operating budget on administrative salaries and benefits and other costs associated with the district's administrative offices.

VI. Community schools

High-performing community school definition

- Revises the definition of "high-performing community school" in the law regarding the right of first refusal to purchase school district property and the involuntary disposition of school district property.

Dropout prevention and recovery community schools

- Redefines a dropout prevention and recovery community school and requires each community school that primarily serves students enrolled in a dropout prevention and recovery program to comply with that definition by July 1, 2027.
- Requires the Department to assign any separate community school created in compliance with the new definition its own internal retrieval number.

Community school opening assurances

- Reduces from ten to five the number of days prior to opening for its first year of operation or first year of operation from a new building that a community school sponsor must provide prescribed assurances to the Department.

Multiple facilities

- Permits any community school to be located in multiple facilities in more than one school district under the same contract.

Contracts and comprehensive plans

- Eliminates the requirement that each community school submit a comprehensive plan to its sponsor and instead requires the plan's provisions be included in the contract between the school's sponsor and governing authority.

Classical schools

- Permits a classical school to generally administer state assessments in a paper format.

Community school FTE reporting

- Extends through the 2025-2026 school year the option of certain community schools to report their student enrollment on a full-time equivalent basis based partially on credits earned.

VII. School policies

Absence intervention, truancy, and chronic absenteeism

- Modifies the process school districts, brick-and-mortar community schools, and STEM schools must follow when addressing student absences.
- Aligns the definition of "chronic absenteeism" with federal law.
- Permits grade level promotion of certain truant students enrolled in community schools.
- Eliminates the timeline under which a school district attendance officer must file a complaint and instead bases the filing solely on whether a student is making satisfactory progress in improving attendance.

Student cellphone use

- Requires each public school to adopt a policy generally prohibiting the use of cellphones by students during instructional hours.

Artificial intelligence policies

- Requires the Department to adopt a model policy by December 31, 2025, on the use of artificial intelligence in schools.
- Requires public schools to adopt a policy by July 1, 2026, on the use of artificial intelligence.
- Permits the Department to collect data from districts and schools on their use of artificial intelligence.

Religious instruction released time policy

- Requires a school district to permit students to attend a released time course in religious instruction for at least 33 periods per school year.
- Requires school districts to permit students to bring external educational and program materials from a released time course into school.

Interdistrict open enrollment policies

- Exempts a student whose parent is an active duty member of the U.S. armed forces stationed in this state from any school district interdistrict open enrollment policy application deadline.
- Eliminates a provision that permits a district to adopt a resolution that objects to its native students open enrolling into another district if the student's home district is receiving Impact Aid under a repealed federal law and at least 10% of its students are included in that aid calculation.

VIII. Transportation

Community school transportation consortium

- Permits the governing authorities of two or more community schools to enter into an agreement to establish a consortium to provide or arrange transportation to and from school for students enrolling in participating schools.
- Requires a consortium to act on behalf of participating schools regarding student transportation and to comply with any law regarding student transportation in the same manner as a community school.
- Permits a consortium to enter into an agreement to accept responsibility to transport students with school districts or unilaterally accept responsibility for the transportation as if it were a community school.
- Requires a consortium to designate a participating school as its fiscal agent.

- Requires the Department to calculate and make payments to a consortium as if it were a community school using combined data submitted by the consortium's fiscal agent.

Multifunction school activity buses

- Authorizes school districts, charter nonpublic schools, and community schools to use a multifunction school activity bus to transport students between school and other school-related functions or activities.
- Prohibits a multifunction school activity bus from being used for student transportation between school and home or a designated bus stop.
- Requires a driver of a multifunction school activity bus to meet all the same standards of a regular school bus driver.
- Authorizes the purchase of a multifunction school activity bus in the same manner as other school buses.

Student transportation workgroup

- Requires the Director of Education and Workforce to establish a workgroup on student transportation to monitor and review the student transportation system during the 2025-2026 school year and develop recommendations for changes that better meet transportation needs.
- Requires the workgroup to conduct a study of and develop recommendations regarding the feasibility of a school district to transport students enrolled in a community school or nonpublic school on days that the community school or nonpublic school is open for operation with students in attendance, but the school district is not.
- Requires the workgroup to submit a report on its findings to the Governor and General Assembly by June 30, 2026, and disband following the report's submission.

Pupil Transportation Pilot Program

- Extends the operation of the Montgomery County Pupil Transportation Pilot Program to the 2025-2026 school year.

Community school transportation pilot program

- Requires the Department to establish and implement a community school transportation pilot program for the 2025-2026 and 2026-2027 school years to assist community schools to provide transportation services to their students.

Bus purchasing grants

- Eliminates the bus purchasing grant program that requires the Department to distribute bus purchasing grants to school districts for FYs 2022 and 2023.

IX. Other

Disposition of school district property

- Adds chartered nonpublic schools located in a district and educational service centers that have territory in a school district to the list of entities that qualify for a right of first refusal to purchase real property that a school district is seeking to sell.
- Requires a school district, prior to demolishing a building worth more than $10,000, to generally offer that building to qualifying schools located in the district under the right of first refusal law.
- Requires a school district board to accept the highest bid at a public auction of property it plans to sell or demolish.
- Modifies the definition of "unused school facility" for purposes of the law regarding the involuntary sale of unused school district real property.
- Requires the Department to annually publish a list of unused school facilities in each district based on information reported by districts.
- Requires that an unused school facility be sold by lottery for a price that is not lower than the facility's appraised value as an educational facility if more than one qualifying entity indicates its intent to purchase it.
- Adds chartered nonpublic schools to the schools that a district must offer its unused school facilities and requires districts to prioritize the sale of unused school facilities to them in the same manner as is required for high-performing community schools.
- Establishes exemptions from the involuntary disposition law for school buildings that meet certain criteria.

State report card – Early Literacy component

- Revises the performance measure regarding the percentage of students promoted to the fourth grade under the Third Grade Reading Guarantee so that it is based on students who attain a promotion score on the third grade English Language Arts assessment or an alternative assessment, rather than any student who attains a promotion score or otherwise qualifies for an exemption from retention.

Educational Regional Service System

Initiatives

- Requires the Educational Regional Service System (ERSS) to support state and regional workforce development initiatives in addition to supporting education initiatives.

Service providers

- Expands ERSS service providers to include career-technical planning districts, county boards of developmental disabilities, Ohio college tech prep regional centers, and community colleges.

Services for STEM schools

- Requires ERSS to provide services to STEM schools.
- Permits STEM schools to enter service agreements with information technology centers.

Regions

- Eliminates the 16 statutorily established ERSS regions and instead requires the Department to establish up to 16 regions within 180 days of the bill's effective date.
- Requires the Department to notify affected regions of subsequent changes at least 90 days before the fiscal year in which those changes will take effect.

Regional advisory councils

- Eliminates ERSS regional advisory councils and subcommittees.

Fiscal agents and performance contracts

- Permits career-technical planning districts, county boards of developmental disabilities, Ohio college tech prep regional centers, and community colleges to be the fiscal agent for an ERSS region.
- Changes the criteria the Department must consider in selecting an ERSS fiscal agent by requiring an entity to provide an assurance it will limit aggregate fees for administering a performance contract to 5% of the contract's value, rather than a demonstrated intent to limit those fees to 7% as under current law.
- Permits the Department to select an entity located in another ERSS region to be a fiscal agent for a region where no entity responded to or met the requirements in the Department's request for proposals.
- Decreases the threshold to require Controlling Board approval for aggregate personnel and program costs to be charged by an ERSS fiscal agent or its subcontractors from 4% to 3% of the value of a performance contract.
- Eliminates the requirement that, when entering into performance contracts with a fiscal agent and allocating state funds for ERSS, the Department consider the services that will be provided in a region from the Department's system of intensive, ongoing support for the improvement of school districts and school buildings.

School district waiver of qualified immunity

- Eliminates a school district's qualified immunity when the district board or one of its members knowingly instructs the district superintendent to violate the law.

Demand side educator employment data

- Requires the Department of Education and Workforce annually to collect public school employment, and vacancy data and to aggregate and report that data on its public website.

Competency-based adult education programs

- Eliminates the Adult Diploma Program and 22+ Adult High School Diploma Program effective July 1, 2026, but permits an individual enrolled in either of them to complete that program by June 30, 2027.
- Permits an eligible school district, community school, community college, state community college, technical college, university branch campus, or Ohio technical center ("provider") to establish a competency-based educational program for eligible individuals to earn a high school diploma beginning July 1, 2026.
- Qualifies individuals who are at least 18 years old, have officially withdrawn from school, and who have not received a high school diploma or certificate of high school equivalence to participate in a competency-based educational program.
- Permits a provider to generally enroll an eligible individual in a program for three school years and request extension from the Department for an individual due to a hardship that necessitates additional time to meet the diploma requirements.
- Requires a provider to contact individuals who receive a diploma under a program to collect data on the individual's career and educational outcomes and report that data to the Department.
- Requires the Department to award a high school diploma to enrolled individuals who demonstrate competency through specified activities or earn specified course credits.
- Requires the Department to pay each provider up to $7,500 per school year for each enrolled individual based on the extent of the individual's successful completion of the program's diploma requirements.

Aim Higher Pilot Program

- Establishes the Aim Higher Pilot Program to provide additional funding to JVSDs that operate a dropout prevention and recovery (DOPR) program in FY 2026.
- Requires the Department to pay to each participating JVSD the following for each newly enrolled student in FY 2026 and FY 2027: $500 for each credit earned and $2,500 for each completed industry-recognized credential, or group of credentials, that meet the criteria to help the student qualify for a high school diploma.
- Requires the Department to pay a one-time grant of $250,000 to each participating JVSD with a DOPR program in its first three years of operation and that requests it.

Ohio Code-Scholar Program

- Replaces the five-year Ohio Code-Scholar Pilot Program with a permanent program that outlines permissible uses of the program's appropriation, requires an annual report, and designates Southern State Community College as the lead entity to expand the program.

Payment of tuition for students in residential treatment facilities

- Assigns responsibility for payment of tuition for a child that is parentally placed in a residential treatment facility in consultation with and upon recommendation of the OhioRISE Program to the school district in which the child's parent resides.
- Exempts a school district from the responsibility to pay tuition for a child who has been awarded a state scholarship.

School district operational revenue and expenditure report

- Requires each school district to submit appropriations, revenue, and fund balance assumptions contained in the board's budget for a fiscal year, in addition to projections of expenditures, revenues, and fund balances for the three succeeding fiscal years, rather than for five years, as under current law.
- Requires the Department and the Auditor of State to jointly adopt rules governing the submission of current budget information and three-year projections.
- Requires the Department and the Auditor of State to label projections regarding property tax allocation as state reimbursement for property tax credits.
- Adds current budget information to provisions of law where three-year forecasts are used or required.
- Requires the Auditor of State or the Department to examine the current budget information and projections to determine whether a district has the potential to incur a deficit during the first two years of the three-year period, rather than the first three years of the five-year period as under current law.

Contracts for school district construction projects

- Extends the school district contract bidding process for planned construction projects that exceed the competitive bidding threshold amount from work on any "school building" to work on any "building or other property."

Participation in interscholastic athletics at a different school

- Eliminates the eligibility of students enrolled in a public or nonpublic school who are victims of certain qualifying offenses to participate in interscholastic athletics at a different school.
- Permits a school district superintendent to allow a student enrolled in another school district the opportunity to participate in ice hockey as an interscholastic athletic activity at a school operated by the superintendent's district under certain circumstances.

Online learning schools

- Permits school districts to employ teachers and nonteaching employees, or to contract with a nonprofit or for-profit entity, to operate an online learning school.

Public entities and preschool children with disabilities

- Requires certain public entities that serve preschool children with disabilities to adhere to the Step Up to Quality Program and exempts certain school districts from that requirement.

Aspire Program transfer

- Transfers the Aspire Program's administration from the Department of Higher Education (ODHE) to the Department of Education and Workforce (DEW) by July 1, 2026.
- Includes the standard transfer language and addresses the transfer of ODHE employees whose primary duties include administering the program and staff resources used to administer it to DEW.
- Authorizes the OBM Director to make budget and accounting changes to implement the program's transfer.

I. School finance

Funding for FY 2026 and FY 2027

(R.C. 3314.08, 3317.011, 3317.012, 3317.014, 3317.016, 3317.017, 3317.018, 3317.019, 3317.0110, 3317.02, 3317.021, 3317.022, 3317.024, 3317.026, 3317.0212, 3317.0213, 3317.0215, 3317.0217, 3317.0218 (repealed), 3317.051, 3317.11, 3317.16, 3317.162, 3317.165, 3317.20, 3317.201, 3317.25, 3317.31, and 3326.44; Sections 265.215, 265.220, 265.230, 265.237, and 265.450)

Overview

The bill extends, with changes, the operation of the current school financing system to FY 2026 and FY 2027. It also establishes two additional supplements in those fiscal years for city, local, and exempted village school districts: (1) an enrollment growth supplement for districts that experienced a specified percentage of enrollment growth between certain fiscal years and (2) a per-pupil performance supplement for districts that received specified performance ratings on the state report card issued for the 2023-2024 school year.

Finally, the bill requires the Department of Education and Workforce to calculate disadvantaged pupil impact aid (DPIA) for FY 2026 and FY 2027 using a weighted economically disadvantaged average daily membership (ADM). That weighting is based, in part, on the number of economically disadvantaged ADM reported in a school district, community school, or STEM school for FY 2025, as of June 1, 2025, and in part on the ADM of students directly certified as economically disadvantaged for the fiscal year for which the DPIA payment is calculated.

School financing system calculation revisions

The bill makes the following changes to the school financing system:

1. Increases the general phase-in and DPIA phase-in percentages from 66.67% in FY 2025 to 83.33% in FY 2026 and 100% in FY 2027;

2. Increases the minimum transportation state share percentage from 41.67% in FY 2025 to 45.83% in FY 2026 and 50% in FY 2027;

3. Eliminates gifted professional development funding for school districts;

4. Reduces the per student payment amount of career awareness and exploration funds from $10 in FY 2025 to $3 in both FY 2026 and FY 2027;

5. Eliminates the payment of supplemental targeted assistance to city, local, and exempted village school districts;

6. Requires a district's building leadership support in the base cost calculation to be calculated using the number of school buildings in the district for the preceding fiscal year;

7. Requires the base cost and state share percentage for joint vocational school districts to be calculated in a similar manner as city, local, and exempted village school districts;

8. Requires the use data from the previous fiscal year to establish the target number of qualifying riders per bus for each city, local, and exempted village school district;

9. Requires the Tax Commissioner to certify the median federal adjusted gross income of a district's residents for use in making computations for the district, instead of the total federal adjusted gross income of residents as under current law;

10. Codifies and incorporates into the system the equity supplement for community schools that are not internet- or computer-based community schools with each such school receiving a per student payment of $500 in FY 2026 and $400 in FY 2027; and

11. Extends the uncodified requirement that the academic co-curricular activities, supplies and academic content, athletic co-curricular activities, and building operations cost components of the base cost calculation for city, local, and exempted village school districts be based on the sum of the enrolled ADM of every district that *reported* data, rather than on *every* district as otherwise required under continuing law.

In addition, the bill extends to FYs 2026 and 2027 the payment of temporary transitional aid to school districts based on an FY 2020 funding base and a formula transition supplement based on an FY 2021 funding base to districts, community schools, and STEM schools.

For background information on the current school financing system, see:

1. The LSC Final Analysis for H.B. 110 of the 134th General Assembly (PDF), which enacted the system;

2. The LSC Final Analysis for H.B. 583 of the 134th General Assembly (PDF), which made a number of corrective and technical changes to it; and

3. The LSC Final Analysis for H.B. 33 of the 135th General Assembly (PDF), which extended the system to the FY 2025-FY 2026 biennium.[55]

[55] All final analyses are available on the General Assembly's website: legislature.ohio.gov.

Enrollment growth supplement

The bill requires the Department to pay an enrollment growth supplement in FY 2026 and FY 2027 to each city, local, and exempted village school district that experienced a prescribed level of growth in its enrolled ADM between certain fiscal years. More specifically, the Department must pay:

1. $225 per student in FY 2026 to each district whose enrolled ADM grew by at least 5% from FY 2022 to FY 2025; and

2. $250 per student in FY 2027 to each district whose enrolled ADM grew by at least 3% from FY 2023 to FY 2026.

Per-pupil performance supplement

The bill requires the Department to pay a per-pupil performance supplement in FY 2026 and FY 2027 to each city, local, or exempted village school district that received specified performance ratings on the state report card issued for the 2023-2024 school year.

To be eligible for the supplement, a district must have received:

1. An overall performance rating of four "stars" or higher;

2. A performance rating of three "stars" or higher for the Progress component; or

3. A higher performance rating on the Progress component than the district received for the 2022-2023 school year (in effect, the district received a one "star" rating for the 2022-2023 school year and a "two" star rating for the 2023-2024 school year).

The Department must pay each eligible district a supplement equal to the product of the district's enrolled ADM for the fiscal year multiplied by $26 multiplied by the greater of the number of "stars" the district received for either the overall performance rating or the Progress component performance rating.

The table below indicates three hypothetical examples for how a district may qualify for the supplement and how the supplement would be calculated for the district in a school year.

Per-pupil performance supplement examples			
	School district A	**School district B**	**School district C**
State report card criteria met	Four "stars" or higher overall rating	Three "stars" or higher rating on the Progress component	Improved on the Progress component
The greater of the number of "stars" received for the overall rating or the Progress component	Overall rating – five "stars"	Progress component – three "stars"	Overall Rating – two and one-half "stars"

Per-pupil performance supplement examples			
	School district A	School district B	School district C
Enrolled ADM for the fiscal year	1,001	5,693	20,583
Calculation	1,001 X $26 X 5	5,693 X $26 X 3	20,583 X $26 X 2.5
Total payment amount	$130,130	$444,054	$1,337,895

DPIA and economically disadvantaged student count

The bill addresses how the Department must calculate DPIA for each school district, community school, and STEM school for FY 2026 and FY 2027. Specifically, it requires the Department to adjust the economically disadvantaged average daily membership (ADM) used to calculate DPIA in each of those fiscal years.

For each school district, community school that was open in FY 2025, and STEM school, that adjustment is based on two weighted factors. The first factor is the economically disadvantaged ADM reported in the district or school for FY 2025, as of June 1, 2025. The second is the economically disadvantaged ADM in the fiscal year for which DPIA is being calculated of students who are certified as categorically eligible for free meals under federal law. The table below indicates the weights assigned to these factors in both fiscal years.

Economically disadvantaged student ADM for FY 2026 and FY 2027		
	FY 2026	FY 2027
FY 2025 students	75%	65%
Students certified as categorically eligible for the fiscal year	25%	35%

For a community school that opens in FY 2026 or FY 2027, the Department must use only the economically disadvantaged ADM of students who are certified as categorically eligible for free meals under federal law to calculate the school's DPIA for a fiscal year.

Continuing law requires the Department to calculate and pay DPIA to each district, or school each fiscal year. DPIA is calculated based on the number and concentration of economically disadvantaged students enrolled in a district or school. As a general matter, a district or school that has a high concentration and large number of economically disadvantaged students will receive a larger amount of DPIA than a district or school that does not. The law

requires the Department to define which students qualify as economically disadvantaged and, traditionally, the Department has identified students as economically disadvantaged if they are eligible for a free or reduced price school lunch under federal guidelines.

Generally, a student is eligible for a free or reduced price lunch if the student's household income is at or below an established income threshold based on the federal poverty level. However, federal law also establishes CEP, which permits a district or school to elect to have *all* of its students be eligible for a free lunch if at least 25% of its students are categorically eligible for a free lunch. A student is categorically eligible if the student automatically qualifies for a free lunch because the student's household participates in specified means-tested programs, the student is homeless, a foster child, a migrant, or a runaway child, or the student is a Headstart enrollee.

For more information on the calculation of DPIA, see the LSC Categorical Add-On Aid to Ohio Schools (PDF) Members Brief, which is also available on LSC's website at lsc.ohio.gov. For more information about CEP, see the Community Eligibility Provision Factsheet, which is also available on the federal Food and Nutrition Service's website at fns.usda.gov.

DPIA plan partners

(R.C. 3317.25)

The bill adds community mental health prevention providers to the list of entities with which a school district, community school, or STEM school may partner in developing its plan to use its DPIA.

Career-technical education associated services funds

(R.C. 3317.014)

Under continuing law, school districts must use career-technical education associated services funds for purposes approved by the Department. The bill specifically identifies each of the following purposes the Department may approve for the use of those funds:

- Engaging and collaborating with education and workforce stakeholders in the service area;
- Developing and maintaining a comprehensive plan to increase career-focused education activities;
- Ensuring that plans are informed by quality data and using data to expand access to career-focused activities for all students;
- Planning and allocating resources for the growth, sustainability, and enhancement of career-focused activities in the long term;
- Establishing continuous improvement and program approval processes.

Career awareness and exploration funds

(R.C. 3317.014)

The Department pays the lead district of a career-technical planning district (CTPD) career awareness and exploration funds to deliver relevant career awareness and exploration programs to all students within the CTPD. The bill adds the option for the lead district to provide mentorship opportunities through which students may learn about careers and workforce skills to the list of approved uses of career awareness and exploration funds.

The bill also requires each lead district receiving career awareness and exploration funds to report on the use of those funds to the Department.

Quality Community and Independent STEM School Support Programs

(R.C. 3317.27, 3317.28, and 3317.29; Section 265.350)

The bill codifies and revises the Quality Community School Support Program and Quality Independent STEM School Support Program. Under the programs, the Department must designate community and STEM schools as "Schools of Quality" by December 31 of each fiscal year. The Department must pay each community school and STEM school that is designated as a "School of Quality" up to $3,000 per fiscal year for each student identified as economically disadvantaged and up to $2,250 per fiscal year for each student who is not identified as economically disadvantaged. The Department must make periodic payments to each designated school beginning in January of that fiscal year. If the appropriation for the programs are insufficient, the bill requires the Department to prorate payments so the aggregate amount appropriated is not exceeded.

"Community School of Quality" designation

Under the bill, to be a "Community School of Quality," the community school must meet at least one of the following sets of conditions:

1. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective" on its most recent evaluation;

b. The school received a higher performance index score than the school district in which it is located on the two most recent report cards issued;

c. The school either:

i. Received a performance rating of four stars or higher for the Progress component on its most recent report card; or

ii. Is a school where a majority of its students are either enrolled in a dropout prevention and recovery program operated by the school or are children with disabilities receiving special education and related services, and the school did not receive a rating for the Progress component on the most recent report card.

d. At least 50% of the students enrolled in the school are economically disadvantaged.

2. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective" on its most recent evaluation;

b. The school is either:

i. In its first year of operation; or

ii. Opened as a kindergarten school, has added one grade per year, and has been in operation for less than four school years;

c. The school is replicating an operational and instructional model used by a community school that qualifies as a Community School of Quality under the first set of conditions; and

d. If the school has an operator, its operator received a rating of three stars or better on its most recent performance report.

3. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective on its most recent evaluation";

b. The school received a higher performance index score than the school district in which the school is located on the most recent state report card;

c. The school received a performance rating of three stars or higher for the Progress component on the most recent state report card; and

d. The school received a performance rating of three stars or higher for the Achievement component on the most recent state report card.

4. The community school meets all of the following:

a. The school's sponsor was rated "exemplary" or "effective" on its most recent evaluation;

b. The school satisfies either of the following:

i. The school contracts with an operator that operates schools in other states and meets at least one of the following:

I. The operator has operated a school that received a grant funded through the federal Charter School Program within the five years prior to the date of application or receiving funding from the Charter School Growth Fund;

II. The operator meets all of the following:

- One of the operator's schools in another state performed better than the school district in which the school is located;

- At least 50% of the total number of students enrolled in all of the operator's schools are economically disadvantaged;

- The operator is in good standing in all states where it operates schools; and

- The operator does not have any financial viability issues that would prevent it from effectively operating a community school in Ohio.

ii. The school is replicating an operational and instructional model through an agreement with a college or university used by a community school or its equivalent in another state that performed better than the school district in which it is located.

c. The school is in its first year of operation or if replicating an operational and instructional model through an agreement with a college or university as described directly above, the school opened on July 1, 2022, and has not previously been designated as a community school of quality, in which case the first payment must be made on or before January 31, 2024, and be calculated based on the adjusted full-time equivalent number of students enrolled in the school for FY 2024.

5. The school is a dropout prevention and recovery community school that meets all of the following criteria:

a. The school's sponsor was rated "exemplary" or "effective" on the sponsor's most recent evaluation;

b. The school received an "exceeds standards" on the High School Test Passage Rate Percentage performance indicator on the two most recent state report cards;

c. The school is not an internet- or computer-based community school.

A school that is designated as a Community School of Quality maintains that designation for the two fiscal years following the fiscal year in which it is designated, except that a school designated as such with a qualifying operator or that is an operational and instructional model through an agreement with a college or university maintains that designation for the four fiscal years following the fiscal year in which it was designated. Schools that are designated as Community Schools of Quality may renew their designation each year, which extends the designation for the two fiscal years following the renewal. Furthermore, a school that was designated as a Community School of Quality for the first time for the 2022-2023 school year maintains that designation through the 2027-2028 school year and may renew its designation each year after that year.

Merged community schools

The bill specifically qualifies for the program the surviving community school of a merger that takes place on or after June 30, 2022, provided it otherwise qualifies as a Community School of Quality under one of the sets of criteria described above. Payment for these schools is calculated using the adjusted full-time equivalent number of students enrolled in the school for the fiscal year as of the date the payment is made, as reported by the surviving community school, regardless of whether those students were previously enrolled in a community school that was dissolved as part of the merger.

Finally, the bill qualifies a school dissolved under the merger that otherwise qualified for the program to receive and retain funds received under the program before the bill's effective date.

Independent STEM schools

A STEM school is an "Independent STEM School of Quality" if it:

1. Operates autonomously;

2. Does not have a STEM school equivalent designation;

3. Is not governed by a school district;

4. Is not a community school;

5. Cannot levy taxes or issue tax-secured bonds;

6. Satisfies continuing law requirements for STEM schools; and

7. Satisfies the requirements described in the Quality Model for STEM and STEAM Schools established by the Department.

Like community schools, a STEM school that is designated as an Independent STEM School of Quality maintains that designation for the two fiscal years following the fiscal year in which it is designated. STEM schools that were designated as Independent STEM Schools of Quality based on the report cards issued for the 2017-2018 and 2018-2019 school years may renew their designation each year, which extends the designation for the two fiscal years following the renewal.

Facilities funding for community and STEM schools

(R.C. 3317.31)

The bill codifies the law requiring the Department to pay an amount to each community school and STEM school for assistance with the cost associated with facilities. The bill requires the Department to pay $25 each fiscal year for each internet- or computer-based community school (e-school) and $1,100 in FY 2026 and $1,200 in FY 2027 for each student in all other community schools or STEM schools.

Traditionally, each main appropriations act has provided, in uncodified law, a per-student facilities payment to community schools and STEM schools. Generally, that payment has increased in each biennium for community schools that are not e-schools and STEM schools. Specifically, for community schools that are not e-schools and STEM schools, H.B. 110 of the 134th General Assembly, June 30, 2021, required a payment of $500 per student in each fiscal year and H.B. 33 of the 135th General Assembly, effective July 4, 2023, required a payment of $1,000.

Community school and STEM school special education threshold cost funds

(R.C. 3317.0215)

The bill establishes a separate threshold special education cost pool for community schools and STEM schools and requires the Department, to withhold an amount equal to 5% of

each community and STEM school's special education funding, subject to any funding limitations enacted by the General Assembly to the computation of that funding. Current law requires those schools to withhold 10% of special education funding in the same pool as school districts. Continuing law requires the Department to withhold 10% of the special education funding for each district, subject to any limitation enacted by the General Assembly, to support the existing special education threshold cost pool.

Funds in the special education cost pools are used to partially reimburse districts and schools for the exceptionally high cost of providing services to some individual students with disabilities.

Auxiliary services funding

(R.C. 3317.06)

The bill permits chartered nonpublic schools to use auxiliary services funds to provide diagnostic and therapeutic mental health services to chartered nonpublic school students. It also permits chartered nonpublic schools to hire retired Ohio peace officers as security officers using auxiliary services funds by adding them to the list of individuals whom a chartered nonpublic school may hire for that purpose.

Under continuing law, auxiliary services funds are used to purchase goods and services for students who attend chartered nonpublic schools, such as textbooks, digital texts, workbooks, instructional equipment, library materials, or tutoring and other special services. A chartered nonpublic school may elect to receive these such funds directly from the Department. Otherwise, by default, a chartered nonpublic school receives the funds through the school district in which it is located.[56]

Payment for districts with decreases in utility TPP value

(Section 265.240)

The bill requires the Department to make a payment, for FYs 2026 and 2027, to each city, local, exempted village, or joint vocational school district that has at least one power plant within its territory and that experiences a 10% or greater decrease in the taxable value of utility tangible personal property (TPP) and an overall negative change in TPP subject to taxation. To qualify for the FY 2026 payment, a district must have experienced this decrease between tax years 2017 and 2025 or tax years 2024 and 2025. To qualify for the FY 2025 payment, a district must have experienced this decrease between tax years 2017 and 2026 or tax years 2025 and 2026.

Eligibility determination

The Tax Commissioner must determine which districts are eligible for this payment no later than May 15, 2026 (for the FY 2026 payment) or May 15, 2027 (for the FY 2027 payment). For each eligible district, the Commissioner must certify the following information to the Department:

[56] R.C. 3317.024 and 3317.062, neither in the bill.

1. If the district is eligible for the FY 2026 payment, its total taxable value for tax year 2025 and the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2025; and

2. If the district is eligible for the FY 2027 payment, its total taxable value for tax year 2026 and the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2026; and

3. If the district is eligible for either payment, the taxable value of the utility TPP decrease and the change in taxes charged and payable on the change in taxable value.

Payment amount

The bill requires the Department, for purposes of computing the payment, to replace the three-year average valuations used in computing a district's state education aid for FY 2019 with the district's total taxable value for tax year 2025 (for the FY 2026 payment) or tax year 2026 (for the FY 2027 payment). It then must recompute the state education aid for FY 2019 without applying any funding limitations enacted by the General Assembly.

The amount of a district's payment is the *greater* of 1 or 2 as described below:

1. The lesser of either:

a. The positive difference between the district's state education aid for FY 2019 prior to the recomputation and the district's recomputed state education aid for FY 2019; or

b. The absolute value of the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2025 (for the FY 2026 payment) or for tax years 2017 and 2026 (for the FY 2027 payment).

2. 0.50 times the absolute value of the change in taxes charged and payable on the district's total taxable value for tax years 2017 and 2023 (for the FY 2026 payment) or for tax years 2017 and 2024 (for the FY 2027 payment).

Payment deadline

The Department must make FY 2026 payments between June 1 and June 30, 2026, and must make FY 2027 payments between June 1 and June 30, 2027.

Codified law payment

The bill prohibits the Department from calculating or making a similar payment prescribed under codified law for FYs 2026 and 2027.[57]

[57] R.C. 3317.028, not in the bill.

II. State scholarships

Autism Scholarship maximum amount

(R.C. 3317.022(A)(12))

The bill increases the maximum scholarship amount a student may receive under the Autism Scholarship to $34,000 for both FY 2026 and FY 2027, and each fiscal year thereafter. Under current law, the maximum amount is $32,445.

The bill maintains the requirement that a student's scholarship amount must equal the lesser of (1) the tuition charged by the student's special education program or (2) the maximum scholarship amount.

Jon Peterson Special Needs Scholarship amount

(R.C. 3317.022(A)(13))

The bill increases the category amounts for a Jon Peterson Special Needs (JPSN) Scholarship as follows:

- Increases the Category 1 amount from $2,395 to $2,855;
- Increases the Category 2 amount from $5,280 to $5,879;
- Increases the Category 3 amount from $11,960 to $12,879;
- Increases the Category 4 amount from $15,787 to $16,890;
- Increases the Category 5 amount from $21,197 to $22,560; and
- Increases the Category 6 amount from $30,469 to $31,932.

The bill also increases the maximum scholarship amount for a JPSN Scholarship to $34,000 for both FY 2026 and FY 2027, and each fiscal year thereafter. Under current law, the maximum amount is $32,445.

The bill maintains the requirement that a student's scholarship must equal the least of (1) the fees charged by the student's alternative public provider or registered private provider, (2) the sum of the base amount and the student's category amount, or (3) the maximum amount.

Autism and Jon Peterson Special Needs scholarship programs

(R.C. 3310.41, 3310.413, 3310.51, 3310.52, 3310.523, 3310.58, and 3310.64)

The bill makes the following changes to the Autism and JPSN scholarship programs:

1. Qualifies a child for a scholarship if:

a. The child is enrolled in a chartered or nonchartered nonpublic school, is home educated, or is older than compulsory school age and less than 22 years of age and received a home education and has not yet received a diploma from the child's parent or guardian;

b. The child is still eligible to receive transition services under the child's IEP; and

c. For the Autism scholarship, the child has an IEP developed that includes services related to autism.

2. Permits multiple alternative public providers or registered private providers to be contracted to provide services to implement an IEP or education plan as the eligible applicant and providers determine are necessary and associated with educating the qualified special education child.

3. Specifies that a qualified special education child is not limited to receiving services from a single provider for any services identified in the IEP, including a single type of service.

4. Specifies that intervention services, educational services, academic services, tutoring services, aide services, and other related special education services may be provided virtually.

5. Permits a teacher or substitute teacher licensed by the State Board of Education to provide virtual services to a qualified special education child.

6. Includes an educational aide or assistant with a valid permit and an instructional assistant with a valid permit in the list of professionals who can provide services under a special education program.

7. For billing purposes, requires services provided by a teacher or substitute teacher licensed by the State Board to be classified as academic services and not aide services and requires the Department of Education and Workforce to use this differentiation to simplify monthly audit procedures.

8. Permits supervision of a qualified, credentialed provider to be conducted virtually.

The bill makes effective immediately the changes made to the Autism Scholarship Program.

Additionally, the bill prohibits a qualified special education child who participates in Junior Reserve Officer Training Corps program (JROTC) maintained by the child's resident school district from being considered enrolled in that district for purposes of determining eligibility for an Autism or JPSN scholarship.

Autism Scholarship Program

For the Autism Scholarship Program, the bill removes the definition of "parent" and instead defines "eligible applicant," which includes all of the following:

1. Either of the natural or adoptive parents of a qualified special education child;

2. The custodian of a qualified special education child when a court has granted custody of the child to an individual other than either of the natural or adoptive parents of the child, or to a government agency;

3. The guardian of a qualified special education child, when a court has appointed a guardian for the child;

4. The grandparent of a qualified special education child;

5. The surrogate parent appointed for a qualified special education child; and

6. A qualified special education child, if the child does not have a custodian or guardian and the child is at least 18 and less than 22 years of age.

As a result, under the bill, in certain cases, a qualified education child may apply for and be awarded scholarships under the law instead of the parent of the child.

Qualified special education child

The bill clearly states that a child is eligible under the Autism Scholarship Program if that child is at least 3 years of age and younger than 22, which is already the case under current law.

Jon Peterson Special Needs scholarship program

The bill expands eligibility for the JPSN Scholarship to three- and four-year-olds.

List of registered private providers

The bill requires the Department of Education and Workforce to maintain a list of Autism and JPSN Scholarship registered private providers and their locations on its publicly accessible website.

III. Career-technical education and workforce development

Waivers for middle school career-technical education

(R.C. 3313.90)

Beginning July 1, 2026, the bill eliminates waivers from a city, local, or exempted village school district's obligation to provide a career-technical education to seventh and eighth grade students.

Continuing law generally requires each district to provide career-technical education to students in grades 7 through 12. Under current law, however a district board may receive a waiver from the requirement to provide career-techincal education to seventh and eighth grade students by annually adopting a resolution announcing its intent to not offer career-techincal education to those grades for that school year.

Approval deadlines for career-technical education programs

(R.C. 3317.161)

The bill eliminates the application and approval deadlines for a new career-technical education program. The deadlines eliminated under the bill include:

- The March 1 deadline for the lead district of a career-technical planning district to approve or disapprove a school district's, community school's, or STEM school's career-technical education program application;
- The March 15 deadline for a district or school to appeal to the Department the lead district's decision or failure to take action on a career-technical education program application.
- The May 15 deadline for the Department to approve or disapprove a career-technical education program for the next fiscal year.

Because the May 15 deadline no longer applies under the bill, the bill also eliminates the Department's authority to identify circumstances under which it may approve or disapprove a career-technical education program after that former deadline.

Career-Technical Assurance Guides (CTAG)

(R.C. 3313.6013, 3313.6031, 3314.03, 3326.11, and 3328.24)

The bill adds high school courses aligned to the Chancellor of Higher Education's Career-Technical Assurance Guides (CTAG) to the list of programs that may be considered an "advanced standing program" at school districts, other public schools, and chartered nonpublic schools. Under continuing law, each district or school must provide high school students with an opportunity to participate in advanced standing programs. Other advanced standing programs are the College Credit Plus Program (CCP), Advanced Placement (AP) courses, International Baccalaureate (IB) courses, and early college high school programs.

The bill also requires each district or school that has students enrolled in CTAG-aligned courses to implement a policy for grading and calculating class standings for those courses in a manner that is equivalent to the district's or school's policy for CCP, AP, IB, or honors courses.

Background

Continuing law requires the Chancellor to establish criteria, policies, and procedures to permit a student to transfer credit for qualifying career-technical courses to a state institution of higher education from a public secondary or adult career-technical institution or another state institution "without unnecessary duplication or institutional barriers." This credit transfer initiative is known as the Career-Technical Assurance Guide or "CTAG."

Thus, students who complete CTAG-aligned career-technical courses at a public high school, and who meet certain other criteria (normally including earning a proficient score on a related WebXam), are often awarded college credit upon enrollment in a state institution. A chartered nonpublic school student may participate in career-technical programs at public high schools without any financial assessment, charge, or tuition that is not otherwise charged to resident public school students in such programs.[58]

Industry-recognized credentials

(R.C. 3301.17, 3313.618, 3313.6113, and 3313.6114)

The bill eliminates the requirement that the Director of Education and Workforce's industry-recognized credentials and licenses committee assign a point value for each of its approved credentials and establish the total number of points that a student must earn to satisfy certain high school graduation requirements. Instead of point values, the committee must establish the criteria under which a student may use industry-recognized credentials to help qualify for a high school diploma.

[58] See R.C. 3313.90 and 3333.162, not in the bill.

Continuing law permits a student to fulfil certain graduation requirements by (1) earning an industry-recognized credential diploma seal or (2) earning industry-recognized credentials as a "foundational" option when using alternative demonstrations of competency. Under the bill, qualifying industry-recognized credentials for either option must be based on the criteria established by the committee rather than point values established under current law.

Graduation and career plans

(R.C. 3313.617)

School districts and other public and chartered nonpublic schools are required to adopt a policy regarding students who are at risk of not qualifying for a high school diploma. As part of that policy, districts and schools must develop a graduation plan for each student enrolled in grades 9 through 12. Along with continuing law that requires graduation plans to address a student's pathway to meeting curriculum and graduation requirements, the bill requires graduation plans to identify post-graduation career goals for the student and to align the student's high school experience with these goals.

The bill requires that a district or school ensures that a student and a representative of the district or school or a representative of an organization with which the district or school partners for career planning and advising supports jointly develop the plan with the student. Current law requires just a representative of a district or school to jointly develop the plan.

The bill requires a district to ensure that a graduation and career plan conforms to, rather than supplements, its policy on career advising, and aligns to any student success plan developed for the student.

IV. Assessments, instruction, and tutoring

Diagnostic assessment

(R.C. 3301.079, 3301.0715, and 3313.608; Section 733.30)

The bill addresses diagnostic assessments for each of grades K-3. Specifically, it requires the Department, by June 30, 2026, to adopt diagnostic assessments in reading and approve a list of up to five diagnostic assessments aligned with state academic standards for both reading and math. The list of approved assessments must include the three most widely used reading diagnostic assessments approved by the Department for use as a comparable tool under the Third Grade Reading Guarantee.

Under the bill, all public schools must use the assessments adopted or approved by the Department. The bill eliminates the option for high-performing districts and schools to administer alternative diagnostic assessments and the authority to use an alternative assessment to measure reading skills under the Third Grade Reading Guarantee. Current law permits a district or school to use alternative diagnostic assessments if the district or school received a performance rating of four stars or higher on the state report card for the preceding school year.

The Department is already required under continuing law to adopt diagnostic assessments designed to measure student comprehension of academic content and mastery of related skills for relevant subject areas and grade levels. In addition to applying that requirement

to the approved diagnostic assessments, the bill requires reading diagnostic assessments to be designed to measure student comprehension of foundational reading skills aligned to the science of reading. It also eliminates law that requires adopted diagnostic assessments to be aligned with the state model curriculum and with state academic standards for first and second grade in writing and mathematics, and for third grade in writing.

The bill also removes the requirement that blank copies of diagnostic assessments be public records and that upon completion of each assessment, the Department must inform each district or school of its completion and make the assessment available to that district or school.

Under the bill, districts and schools must administer the diagnostic assessments by September 30 of each year, beginning with the 2026-2027 school year. It also requires districts and schools to administer diagnostic assessments to a student with significant cognitive disability in accordance with guidelines adopted by the Department.

Finally, under the bill, each district and school must utilize and score each diagnostic assessment in accordance with rules established by the Department.

Kindergarten readiness assessment

(R.C. 3301.0714, 3301.0715, and 3302.03)

The bill requires districts and schools to administer the kindergarten readiness assessment to each kindergarten student between the first day of July of the school year in which the student enrolls in kindergarten and the 20th day of instruction of that school year. Each district or school must utilize and score the kindergarten readiness assessment in accordance with rules established by the Department of Children and Youth.

Continuing law requires each district or school to report the results of diagnostic assessments administered to each student enrolled in grades kindergarten through 3. The bill eliminates an exemption from reporting the results of kindergarten students if the parent of that student requests the district or school not to report the results. It also eliminates the requirement that the Department disaggregate the results of kindergarten students by race and socioeconomic status.

The bill eliminates the requirement that the Department include data from the kindergarten readiness assessment on the district or school's state report card.

State assessments as public records

(R.C. 3301.0711)

Beginning with state assessments administered in the spring of the 2025-2026 school year, the bill eliminates the requirement that at least 40% of questions on the assessment used to compute a student's score be made a public record. Instead, the bill requires the Department to determine which questions, if any, are a public record. It also eliminates related out-of-date provisions that make questions on state assessments public records.

College-Level Examination Program (CLEP)

(R.C. 3302.03, 3313.6013, and 3313.6114)

The bill adds the College-Level Examination Program (CLEP) as a qualifier or criteria for different programs. Those include:

1. The list of programs that may be considered an "advanced standing program" at public and chartered nonpublic schools. Advanced standing programs are programs that enable students to earn credit toward a degree from a higher education institution while in high school.

2. A passing score as demonstration of post-secondary readiness on the state report card.

3. A passing score as qualification for the college-ready, citizenship, science, and technology diploma seals.

The bill requires that the passing score be determined by the Department of Education and Workforce.

Core curriculum and evidence-based reading programs

(R.C. 3313.6028)

Current law requires each school district, community school, and STEM school to only use core curriculum and instructional materials in English language arts and evidence-based reading intervention programs from a list of high-quality curricula, materials, and programs aligned to the Science of Reading and developed by the Department.

The bill limits that requirement by only requiring the use of a core curriculum and instructional materials from the list for students in grades pre-K through 5. However, it expressly requires each district or school to use evidence-based reading intervention programs from that list for students in grades pre-K through 12.

Advanced math learning opportunities

(R.C. 3313.6032)

The bill requires each school district to provide advanced math learning opportunities to each student who achieves an advanced level of skill on either a math achievement assessment or an end-of-course exam in the following school year. An "advanced level of skill" is the highest level on the range of scores a student may receive on those assessments or exams. If a student takes an advanced math course, the student must take any corresponding required achievement assessment or end-of-course exam for that course.

Under the bill, "advanced learning opportunities in math" or "advanced math course" refers to learning opportunities or a course that provides academic content or rigor that exceeds the standard math curriculum for the student's grade level, including a mathematics course that is two grade levels above the student's current grade level, as determined by the district.

If a district does not offer any advanced learning opportunities in math for the grade level in which the student is enrolled for the next school year, the bill exempts that district from the requirement to provide advanced learning opportunities.

The bill requires each district to notify the parent or guardian of a student who qualifies for advanced math learning opportunities. The parent or guardian may then submit a written request to opt out their student from the advanced math learning opportunities. If a parent or guardian submits an opt out request, the district is not required to provide that student with advanced math instruction.

Reporting of math curriculum and materials

(R.C. 3301.0714)

The bill requires each public school to report the core curriculum and instruction materials it is using for math for grades pre-K through 12 through the Education Management Information System (EMIS).

Continuing law already requires each public school to also report what core curriculum instructional materials it is using for English language arts for grades pre-K through five and the reading intervention programs for grades pre-K through 12 through EMIS.

Provision of high-dosage tutoring

(R.C. 3313.608)

The bill eliminates the requirement that high-dosage tutoring provided to students on reading improvement and monitoring plans by school districts and other public schools be provided outside of the student's regular instruction time. As a result, the bill expressly permits a district or school to incorporate high-dosage tutoring into a student's regular instruction time.

The bill also requires a locally approved high-dosage tutoring program to align with best practices identified by the Department.

Background

Under the Third-Grade Reading Guarantee, districts and schools must annually assess the reading skills of each student in grades K through 3 and identify students who are reading below their grade level. Each district or school must provide intervention services for each student identified as reading below grade level, including developing a reading improvement and monitoring plan (RIMP) for each student. Each RIMP must include instruction time outside of a student's regular instruction time of at least three days a week, or at least 50 hours over 36 weeks, of high-dosage tutoring provided by a state-approved vendor on the list of high-quality tutoring vendors compiled by the Department or through a locally approved program that aligns with high-dosage tutoring best practices.

High-quality tutoring program list

(R.C. 3301.136)

When compiling the list of high-quality tutoring vendors, continuing law requires the Department to request the qualifications of public and private entities that provide tutoring programs for students. The bill requires those qualifications to include program efficacy data or other evidence of program effectiveness for students who participate in the tutoring programs.

The bill requires the Department to remove immediately from the list any English language arts tutoring program that the Department determines is not aligned to the science of reading or that uses a three-cueing approach.

Every three years after it the initial list is posted, the Department must provide an opportunity for entities to submit their qualifications for consideration to be included in the list and post an updated list of tutoring programs on the Department's website.

Academic intervention services

(R.C. 3302.131, 3302.132, and 3313.6035; conforming changes in R.C. 3314.03, 3326.11, and 3328.24)

The bill requires each school district, community school, STEM school, and college-preparatory boarding school to provide, directly or through a contracted vendor, or as a combination of both, evidence-based academic intervention services, free of cost, to qualifying students. A student qualifies for those services by demonstrating a limited level of skill on a state assessment in math or English language arts, or both. However, a student who has an individualized education program (IEP) that includes services related to a traumatic brain injury or who attends a dropout prevention and recovery community school does not qualify. A district or school must annually notify the Department of Education and Workforce, through the education management information system (EMIS), of all of the following:

1. The number of qualifying students enrolled in the district or school;

2. The number of qualifying students receiving academic intervention services in math, English language arts, or both;

3. The number of qualifying students receiving academic intervention services from the district or school directly, through a vendor, or a combination of both options.

The bill clarifies that academic intervention services provided to a student may encompass a variety of evidence-based supports, including:

1. High-dosage tutoring opportunities aligned with classroom instruction through a state-approved vendor or a locally approved opportunity that aligns with high-dosage tutoring best practices. High-dosage opportunities must include additional instructional time of at least three days a week or at least 50 hours over 36 weeks. To the extent practicable, districts and schools must endeavor to provide each of a student's tutoring supports with the same tutor.

2. Additional instruction time;

3. An extended school calendar;

4. Participation in a learning support program; or

5. Any other academically centered support service that the district or school determines will improve the student's academic performance.

The bill also permits intervention services to be offered in combination with integrated student supports. Integrated student supports are an evidence-based approach under which schools intentionally and systematically leverage and coordinate resources and relationships

available in the school and the surrounding community to address comprehensive student strengths, interests, and needs.

The bill also requires that all academic intervention services provided to a qualifying student must align with the academic instruction the student receives. English language arts instruction must specifically align with the science of reading as defined under continuing law.

The bill further requires districts and schools to ensure that academic intervention services provided to qualifying students do not supplant the student's core academic instructional time.

Math improvement and monitoring plans

The bill requires a district or school, beginning in the 2025-2026 school year and each school year thereafter, to develop a math improvement and monitoring plan for qualifying students within 60 days after receiving the student's results on the third grade state assessment in math. The district or school must involve the student's parent or guardian and classroom teacher in developing the plan.

Under the bill, a math improvement and monitoring plan must include all of the following:

1. Identification of the student's specific math deficiencies;

2. A description of the additional instructional services and support that will be provided to the student to remediate the identified math deficiencies;

3. Opportunities for the student's parent or guardian to be involved in the student's instructional services and support;

4. A process for monitoring the extent to which the student receives the instructional services and support;

5. A math curriculum during regular school hours that assists students in math at grade level, provides scientifically based and reliable assessment, and provides initial and ongoing analysis of each student's progress;

6. High-dosage tutoring opportunities aligned with classroom instruction through a state-approved vendor or a locally approved opportunity that aligns with high-dosage tutoring best practices. High-dosage opportunities must include additional instructional time of at least three days a week or at least 50 hours over 36 weeks.

The bill requires districts or schools to continue to implement a student's math improvement and monitoring plan until the student achieves the required level of skill in math for the student's current grade level. A district or school must report any information requested by the Department about the math improvement and monitoring plans developed under the bill in a manner required by the Department.

Parent and guardian notification requirements

The bill requires each district or school to notify the parent or guardian of a qualifying student that the student will receive academic intervention services prior to providing services

to the student. This notification must include a description of which intervention or interventions the qualifying student will receive and who will provide services to the student.

The bill also requires each district or school to periodically update the parent or guardian on the academic intervention services provided to the student and must provide resources and recommendations for ways the parent or guardian may assist the student.

Department review

Beginning with the 2025-2026 school year, and each school year thereafter, the bill requires the Department to randomly select not more than 5% of all schools operated by school districts, community schools, and STEM schools for a review of their academic intervention services for qualifying students. A school may not be selected for review more than once every three years. The review must include, at a minimum, a document review, interviews with district and school staff, and observations of interventions.

The bill requires a review to assess:

1. Whether qualifying students receive academic intervention services in accordance with the bill's requirements;

2. The types and methods of academic intervention services that qualifying students receive; and

3. The quality of the academic intervention services provided by the district or school or the contracted vendor. To determine quality, the Department may consider the length and duration of the intervention, specific programs and curriculum being used, the credentials and training of intervention providers, and data regarding student progress.

Within 75 days of completing a review, the Department must provide a report to the district or school containing the review's results. Each report must include an assessment of the efficacy of the academic intervention services provided to qualifying students and any recommendations the Department considers necessary. The Department must also include a school's review as part of the student opportunity profile measure included on the state report card. The bill requires each district and school to post a copy of the report on its website and to make the report available upon request to any person.

The bill expressly permits the Department to contract with an organization that has documented expertise in supporting school improvement and academic intervention services to help with conducting the review.

Eligibility for services

The bill states that a student is no longer a qualifying student for academic intervention services when the student achieves a level of skill higher than limited on a state assessment or diagnostic assessment in math or English language arts taken for the grade level in which the student is enrolled.

But the bill further clarifies that if a qualifying student is receiving academic intervention services in both math and English language arts and demonstrates a skill greater than limited in one, but not both, subject areas, that the student must continue to receive academic intervention

services for the subject area in which the student continues to demonstrate a limited level of skill.

Additionally, if a high school student fails to demonstrate a level of skill greater than limited on an end-of-course examination in math or English language arts and is not required to retake the exam, then the student must continue to qualify for intervention services. The bill requires the district or school to align those services with the student's selected graduation pathway.

The bill expressly states that it does not prevent a district or school from providing academic intervention services to students who are not qualifying students.

Math achievement improvement plans

The bill requires a school district or community school, beginning in the 2025-2026 school year and each school year thereafter, to establish and submit to the Department a math achievement improvement plan if 51% or less of the district's or school's students who took the third grade state assessment in math scored proficient on it. However, this does not apply to a student who has an individualized education program (IEP) that includes services related to a traumatic brain injury or who attends a dropout prevention and recovery community school. A district or school is released from the requirement to submit an improvement plan when at least 51% of its students scored at least proficient on the third grade state assessment in math.

The bill requires the Department to establish guidelines prescribing the content of and deadlines for math achievement improvement plans. The guidelines must require each plan to include, at a minimum, an analysis of relevant student performance data, measurable student performance goals, strategies to meet specific student needs, a staffing and professional development plan, and instructional strategies for improving student performance. Finally, the Department must post all improvement plans submitted in a prominent location on its website.

Math curricula, instructional materials, and intervention

(R.C. 3313.6036)

The bill requires the Department to review core math curricula and establish a list of high-quality math core curriculum and instructional materials and a list of evidence-based math intervention programs, that are aligned with state standards and best practices, for districts and schools to use in providing math intervention services. The bill permits school districts, community schools, and STEM schools to use the information established by the Department or to select different high-quality core curriculum and instructional materials.

Instruction on the harmful effects of substance use

The bill requires each school district, community school, STEM school, and college-preparatory boarding school to annually provide instruction to students in grades K-12 about how short-term or chronic substance use to alter one's mood is harmful to an individual's health. Each district and school also must do all of the following with regard to the instruction:

- Determine the manner in which the instruction is provided to students;

- Ensure the instruction is age and developmentally appropriate;
- Conform the instruction to prevention best-practice frameworks;
- Focus the instruction on addressing changes in knowledge, attitude, and skills as a child develops.

For the purposes of the instruction, "substance use" includes the use of marijuana, alcoholic beverages, opioids, opiates, and tobacco, including electronic smoking devices, and any substance derived from a source external to the human body that is not legally permitted or authorized for use without a prescription.

The bill permits a chartered nonpublic school to provide this instruction in the same manner.

Health curriculum

Instruction on drugs of abuse, alcoholic beverages, and tobacco

Under the bill, "drugs of abuse" specifically includes marijuana, opioids, and opiates for the purposes of the continuing law requirement that, as part of a school district's health curriculum, the school district provides instruction in the harmful effects of and legal restrictions against the use of drugs of abuse, alcoholic beverages, and tobacco, including electronic smoking devices.

Instruction on bullying and hazing

The bill includes instruction in bullying and hazing as part of a school district's health curriculum requirements.

Department's list of resources

The bill requires the Department of Education and Workforce to collaborate with the Department of Mental Health and Addiction Services and OneOhio Recovery Foundation to review available resources and develop a list of evidence-based curricula, materials, programs, and instructional strategies related to the required health curriculum and substance use instruction that districts or schools may use. The Department also must highlight evidence-based resources on the list and periodically review and update it.

Survey on health curriculum compliance

The bill modifies the current law requirement that school districts and schools report to the Department of Education and Workforce on prevention-focused programs, services, and supports aimed at increasing student awareness of the dangers and consequences of substance abuse, suicide, bullying, and other harmful behaviors.

Under the bill, districts and schools are required to report this information on an annual survey conducted by the Department, rather than in a manner prescribed by the Department as under current law. The survey must also include a description of the ways in which the district or school is complying with the bill's requirement to provide instruction on the harmful effects of substance use to alter one's mood.

School districts specifically also must report on the ways in which the district is complying with continuing law requirements to provide instruction on (1) the harmful effects of and legal restrictions against the use of drugs of abuse, alcoholic beverages, and tobacco and (2) prescription opioid abuse prevention.

The bill permits chartered nonpublic schools to elect to participate in the Department's annual survey.

The bill requires the Department to analyze the substance abuse case data and the information on the programs, services, and supports collected in the survey each year to determine the overall effectiveness of these programs, services, and supports at preventing substance abuse cases over time and identify best practices for prevention education.

V. Educators

Use of seniority in teacher assignments

(R.C. 3319.173)

The bill requires each school district superintendent to assign teachers to positions based on the best interests of the district's students. The bill also prohibits the superintendent from using seniority or continuing contract status as the primary factor in assigning, reassigning, or transferring teachers, regardless of whether the assignment, reassignment, or transfer is voluntary on the part of the teacher.

The bill also provides that these new provisions prevail over conflicting provisions of collective bargaining agreements entered into after the bill's effective date. As such, any current collective bargaining agreements that assign teachers based on other factors, including seniority or continuing contract status as a primary factor, are unaffected for the remainder of the agreement's duration.

Under continuing law, except when deciding between teachers who have comparable evaluations, school districts are already prohibited from (1) giving seniority preference to teachers when making reductions in force or (2) rehiring teachers based on seniority.[59]

Science of Reading professional development

(R.C. 3301.0714 and 3319.2310)

Development of training course

The bill requires the Department to maintain an introductory Science of Reading training course for licensed educators and to develop a competency-based training course that updates and reinforces educators' knowledge in the Science of Reading.

[59] R.C. 3319.17(C), not in the bill.

Training requirement

The bill requires each teacher, administrator, or speech-language pathologist employed by a school district, community school, STEM school, or college-preparatory boarding school to complete the Department's Science of Reading training as follows:

1. An individual hired as a teacher or administrator prior to July 1, 2025, must complete the training by June 30, 2030, and every five years thereafter;

2. An individual hired as a teacher or administrator on or after July 1, 2025, must complete the training within one year after the date of hire, and every five years thereafter. However, the bill provides an exemption for individuals who either already completed that training or a similar training, as determined by the Department, or completed appropriate coursework in the Science of Reading as part of the individual's educator or licensure preparation program, as verified by the district or school;

3. An individual employed as a school psychologist or speech-language pathologist must complete the training by June 30, 2027, and every five years thereafter.

Professional development

Under continuing law, a district or school must establish a local professional development committee for the purpose of determining if coursework that a teacher proposes to complete meets the requirements set by the State Board of Education rules for licensure renewal.[60] The bill requires those committees to count Science of Reading training towards professional development requirements for educator licensure renewal. Additionally, a committee must permit an individual to apply any hours earned over the minimum required hours of professional development coursework for licensure renewal to the next renewal period for that license.

Reporting

The bill requires districts and schools to report to the Department through the Education Management Information System (EMIS) the number of teachers, administrators, school psychologists, and speech-language pathologists employed by the district or school that have completed the Science of Reading training.

Educator in-service training

(R.C. 3319.073)

Youth suicide awareness and prevention training

The bill requires each school district or other public school to develop its own youth suicide awareness and prevention in-service educator training curriculum instead of adopting or adapting curriculum developed by the Department. Continuing law requires each district or school to develop its curriculum in consultation with public or private agencies or persons involved in youth suicide awareness and prevention programs. Additionally, the bill eliminates

[60] R.C. 3319.22, not in the bill.

the option for an educator to accomplish the training through self-review of suitable suicide prevention materials approved by the district or school.

Child sexual abuse training

The bill eliminates the express authorization for a district or school to have child sexual abuse in-service training for educators provided by law enforcement officers or prosecutors that have experience in handling cases involving child sexual abuse or child sexual violence. Instead, the bill requires each district or school to develop its own curriculum in consultation with public or private agencies or persons involved in child sexual abuse prevention or child sexual violence prevention.

Computer science teacher licensure

(R.C. 3313.6033 (codifying Section 733.61 of H.B. 166 of the 133rd G.A.) and 3319.236)

The bill codifies and makes permanent an exception to the general requirement that an individual be licensed in computer science to teach those courses. Under that exception as amended by the bill, a school district, community school, or STEM school may permit an individual who holds a valid teaching license to teach computer science in any of grades K through 12, if, in the last five years, the individual has completed an approved professional development program that provides computer science content knowledge specific to the course the individual will teach. To continue teaching computer science under this exception, the individual must complete the program every five years in accordance with educator licensure recertification.

The superintendent or principal must approve any professional development program endorsed by the College Board, the organization that creates and administers the national Advanced Placement exams, as appropriate for the course the individual will teach. The individual may not teach a computer science course in a district or school other than the one that employed the individual when the individual completed the professional development program.

An individual who does not satisfy the criteria for that exception may teach a computer science course only if the individual:

1. Holds a valid license in computer science;

2. Has a licensure endorsement in computer technology and a passing score in a computer science content exam; or

3. Has an industry professional teaching license to teach computer science for up to 40 hours per week.

The exception was initially enacted by H.B. 166 of the 133rd General Assembly, and applied only to the 2019-2020 and 2020-2021 school years. Subsequent budget legislation extended the exception through the 2024-2025 school year.[61]

[61] H.B. 110 of the 134th General Assembly and H.B. 33 of the 135th General Assembly.

Cap on school district administrative expenses

(R.C. 3315.063)

The bill prohibits any school district board of education from expending more than 15% of its annual operating budget on administrative salaries and benefits and other costs associated with the district's administrative offices.

VI. Community schools

High-performing community school definition

(R.C. 3313.413)

The bill revises the definition of "high-performing community school" for the purposes of the law regarding the right of first refusal to purchase school district property and the involuntary disposition of school district property. Under the bill, a community school is high performing if it meets at least one of the following sets of conditions:

1. The community school:

a. Received a higher performance index score than the school district in which it is located on the two most recently issued state report cards; and

b. Either:

i. Received a performance rating of four stars or higher for the Progress component on its most recent report card; or

ii Is a dropout prevention and recovery community school and did not receive a rating for the Progress component on the most recent report card.

2. The community school serves only grades kindergarten through three and received a performance rating of four stars or higher for the Early Literacy component on the most recent state report card;

3. The community school has not commenced operations or has been in operation for less than one school year and:

a. The school is replicating an operational and instructional model used by another high-performing community school; and

b. The school either:

i. Has an operator that received an overall rating of three stars or higher, or a "C" or higher, on its most recent performance report; or

ii. Does not have an operator and is sponsored by a sponsor that was rated "exemplary" or "effective" on its most recent evaluation.

Under current law, a "high-performing community school" is a community school that meets one of the following:

1. The school has received:

a. A performance rating of three stars or higher for the Achievement component on the state report card or has increased its performance index score in each of the three previous years of operation; and

b. A performance rating of four stars or higher for progress on its most recent state report card.

2. Serves only grades K through three and has received either a performance rating of four stars or higher for the Early Literacy component on its most recent state report card; or

3. Primarily serves students enrolled in a dropout prevention and recovery program and has received a rating of "exceeds standards" on its most recent state report card.

Dropout prevention and recovery community schools

(R.C. 3314.02, 3314.362, and 3314.383; conforming changes in R.C. 3301.0712, 3301.0727, 3302.03, 3302.034, 3302.20, 3314.013, 3314.016, 3314.017, 3314.034, 3314.05, 3314.261, 3314.29, 3314.35, 3314.351, 3314.46, 3314.361, 3314.38, 3314.381, 3314.382, 3317.163, 3317.22, and 3319.301)

The bill defines a "dropout prevention and recovery community school" as a community school that enrolls only students who are between the ages of 14 and 21, and who, at the time of their initial enrollment, are at least one grade level behind their cohort age groups or experience crises that significantly interfere with their academic progress such that they are prevented from continuing their traditional educational programs.

Prior to July 1, 2027, each school to which the bill's provisions apply, upon approval of the school's sponsor, must (1) transfer those grades that do not comply to a separate community school or (2) cease offering those grades. The bill requires schools to assist students who are not eligible to attend a "dropout prevention and recovery community school" to transfer to the separate community school or enroll in a different school.

Transition period

Currently, a "dropout recovery community school" is a community school in which a majority of the students are enrolled in a dropout prevention and recovery program that is operated by the school. The bill permits schools that meet the current definition but do not satisfy the new definitional requirements to continue to operate for the 2025-2026 and 2026-2027 school years.

On and after July 1, 2027, all community schools that primarily serve students enrolled in a dropout prevention and recovery program must comply with the new definition.

Separate IRN

The bill requires the Department to assign any separate community school created to attain compliance with the new definition its own internal retrieval number.

Community school opening assurances

(R.C. 3314.19)

First, the bill reduces from ten to five the number of days prior to opening for its first year of operation or first year of operation from a new building that a community school sponsor must provide prescribed assurances to the Department. Under current law, a sponsor must submit the list of assurances for each school once when the school first opens for operation and, in the case of a brick-and-mortar school, once again if it begins operation from a new building. In either case, the assurances must be submitted within ten days prior to the opening day of instruction.

The bill also requires the sponsor of a community school that adds a facility to an existing location, or an internet- or computer-based community school that changes its location or adds a satellite location, to provide the prescribed assurances at least one day prior to the operation in the new facility.

Multiple facilities

(R.C. 3314.05; conforming changes in R.C. 3314.411 and 3314.191)

The bill permits any community school to be located in multiple facilities in more than one school district under the same contract. Currently, a community school may be established in only one school district under the same sponsorship contract. However, several exceptions to current law exist, some of which are based on performance. The bill eliminates the exceptions. In doing so, the bill also eliminates the prohibition on a community school from offering the same grade level classrooms in more than one facility under certain conditions.

As under continuing law, the bill requires the governing authority of a community school that maintains facilities in more than one school district to designate one of those districts to be considered the school's primary location and to notify the Department of that designation. If the governing authority elects to modify a community school's primary location, the bill requires the governing authority to notify the Department of that modification.

Contracts and comprehensive plans

(R.C. 3314.03; conforming changes in R.C. 3314.015, 3314.021, 3314.034, and 3314.07)

The bill eliminates the requirement that each community school submit a comprehensive plan to its sponsor. Instead, it requires that plan's provisions to be included in the contract between the school's sponsor and governing authority. Under continuing law, those provisions include the following:

1. The process for future governing authority member selection;

2. The management and administration of the school;

3. If the community school is a currently existing public school or educational service center building, alternative arrangements for students who choose not to attend the converted school and for teachers who choose not to teach in the school or building after conversion;

4. The instructional program and educational philosophy of the school; and

5. Internal financial controls.

Classical schools

(R.C. 3301.0711)

The bill defines a "classical school" as a community school that is a member of the Ohio Classical School Association or its successor organization and uses a curriculum substantially similar to that of a nationally recognized classical school network.

Paper assessments at classical schools

The bill permits a classical school to generally administer paper assessments in a paper format. However, any student whose individualized education program or plan developed under Section 504 of the federal Rehabilitation Act of 1973 specifies that taking the assessment in an online format is an appropriate accommodation for the student may take the assessment in an online format.

Community school FTE reporting

(Section 5 of H.B. 554 of the 134th G.A., amended in Sections 630.30 and 630.31)

The bill extends through the 2025-2026 school year the option for a qualifying community school to elect to report its number of students to the Department on a full-time equivalent basis using the lesser of:

1. The maximum full-time equivalency for the portion of the school year for which a student is enrolled in the school; or

2. The sum of 1/6 of the full-time equivalency based on attendance for the portion of the school year for which a student is enrolled and 1/6 of the full-time equivalency for each credit of instruction earned during the enrollment period, up to five credits.

For more information on the provision and the community schools that qualify under it, see the LSC Final Analysis (PDF) for H.B. 554 of the 134th General Assembly, which is also available at legislature.ohio.gov. H.B. 33 of the 135th General Assembly extended this provision through the 2024-2025 school year.

VII. School policies

Absence intervention, truancy, and chronic absenteeism

The bill substantially modifies the process school districts, brick-and-mortar community schools, and STEM schools must follow when addressing student absences by replacing several more structured statutory requirements and timelines related to the absence intervention process with a similar set of district-led requirements. It also makes other changes.

District and school responsibilities for student absences

(R.C. 3321.191, repealed and reenacted, and 3321.19; conforming changes in R.C. 2151.27, 3320.04, and 3321.16)

The bill generally retains the (1) requirement to adopt a policy to address student absences and (2) definition of "habitual truant." However, it repeals the following process districts and schools must follow prescribed in current law:

Instead, the bill replaces this process with a requirement to adopt a policy in consultation with the juvenile court that does all of the following:

1. Acknowledges that student absences from school for any reason, whether excused or unexcused, take away from instructional time and have an adverse effect on student learning;

2. Identifies strategies to prevent students from becoming chronically absent;

3. Includes procedures for notifying a student's parent, guardian, or custodian, when the student has been absent from school for a number of hours determined by the board, which cannot exceed 5% of the minimum number of hours required in the school year;

4. Establishes a tiered system that provides more intensive interventions and supports for students with greater numbers of absences and includes resources to help students and their families address the root causes of the absences;

5. Provides for one or more absence intervention teams to work with students at risk of becoming chronically absent and their families to improve the students' attendance at school;

6. Prohibits suspending, expelling, or otherwise preventing a student from attending school based on the student's absences; and

7. Permits consultation or partnering with public, nonprofit, or private entities to provide assistance to students and families in reducing absences.

Chronic absenteeism percentage

(R.C. 3321.191(A))

The bill officially defines "chronically absent" as missing at least 10% of the minimum number of hours required in the school year, regardless of whether the absence is excused or unexcused. This aligns with federal law.

Federal law requires schools to collect data on "chronic absenteeism" and track and monitor absences.[62] Generally, a student is "chronically absent" when the student, with or without excuse, misses 10% or more of the school year, or about 18 days.[63] Schools and districts must provide supports to these students and their families to prevent further absences.

Grade level promotion

(R.C. 3313.609)

The bill eliminates the requirement that a school district or community school prohibit the grade level promotion of a student who has been absent without excuse for more than 10% of the required attendance days of the school year.

Filing of truancy complaint in juvenile court

(R.C. 3321.16; conforming changes in R.C. 3321.22)

As mentioned above, the bill eliminates the requirement that if the student's absences persist after the school has made meaningful attempts to reengage the student, the school must file a complaint in juvenile court not later than 61 days after the absence intervention team's plan was implemented. Instead, the bill requires a complaint only if the school district determines that the student is not making satisfactory progress in improving the student's attendance at

[62] 20 U.S.C. 6311(c) and 6613(b).

[63] See, Letter from Secretary Cardona Regarding Student Attendance and Engagement, March 22, 2024, which is available on the U.S. Department of Education's website: ed.gov.

school. When a complaint is filed, it must allege that the child is an unruly child for being a habitual truant and that the parent or guardian has violated the duty to cause the child to attend school.

Background

Under continuing law, an "habitual truant" is a student of compulsory school age who is absent *without legitimate excuse* for 30 or more consecutive hours, 42 or more hours in one school month, or 72 or more hours in a school year.[64] For any student whose absences meet that threshold, a school district or school must currently engage an absence intervention plan process. That process requires the student and the student's parent to participate in activities to get the student to attend school and, if the student's unexcused absences persist, it can eventually lead to the filing of a complaint in juvenile court.

Student cellphone use

(R.C. 3313.753 and 5502.262)

The bill requires each public school's (any school district, community school, STEM school, or college-preparatory boarding school) policy governing the use of cellphones by students during school hours to outright prohibit student cellphone use during the instructional day. Though, the bill maintains an exception to that prohibition that permits cellphone use for student learning or to monitor or address a health concern if determined appropriate by the school's governing body or if that use is included in a student's individualized education program (IEP) or section 504 plan. The bill also requires a school to permit a student to use a cellphone or other electronic communications device to monitor or address a health concern if it receives a written statement from the student's physician requiring such use.

Under the bill, each public school administrator must include a protocol that addresses student cellphone use during an active threat or emergency in the comprehensive emergency management plan for each building under the administrator's control. The bill suspends the cellphone prohibition for a school building during an active threat or emergency if the building's comprehensive emergency management plan permits it.

Each school must update its policy by October 6, 2025, if it does not have a policy that meets the bill's requirement. Finally, the bill eliminates the requirement that the Department develop a model policy.

Background

H.B. 250 of the 135th General Assembly, effective August 14, 2024, requires public schools to adopt a policy governing the use of cellphones by students during school hours that (1) emphasizes that student use be as limited as possible during school hours and (2) reduces use-related distractions in classroom settings. That law also requires the Department to adopt a model cellphone policy, taking into account available research concerning the effect of cellphone use by students in school settings.

[64] R.C. 2151.011(B)(18), not in the bill.

Artificial intelligence policies

(R.C. 3301.24; conforming changes in R.C. 3314.03, and 3326.11)

The bill requires the Department to develop a model policy on the use of artificial intelligence in schools no later than December 31, 2025. The policy must include the appropriate use of artificial intelligence by students and staff for educational purposes.

Not later than July 1, 2026, each school district and public school must adopt a policy on the use of artificial intelligence in schools. Districts and schools may choose to adopt the model policy created by the Department.

The bill permits the Department to collect data from districts and schools on their use of artificial intelligence in the manner prescribed by the Department.

Religious instruction released time policy

(R.C. 3313.6022)

The bill requires each school district, under its policy established under continuing law regarding released time courses in religious instruction, to permit students to attend such a course for at least 33 periods per school year. The bill also prohibits a district's policy from prohibiting students from bringing external educational and program materials into school.

Interdistrict open enrollment policies

(R.C. 3313.98)

Enrollment of military students

The bill prohibits a school district from requiring a student whose parent is an active duty member of the U.S. armed forces stationed in this state to comply with any application deadline established in the district's interdistrict open enrollment policy.

Objection to students enrolling in other districts

The bill eliminates a provision that authorizes a school district to adopt a resolution to object to its resident students open enrolling into another district if it is receiving federal Impact Aid under a repealed federal law and at least 10% of its students meet the requirements to be included in the calculation of that aid.

VIII. Transportation

Community school transportation consortium

(R.C. 3314.093)

The bill permits the governing authorities of two or more community schools to enter into an agreement to establish a consortium to provide or arrange transportation to and from school for students enrolled in participating schools. A consortium must act on behalf of each participating school regarding student transportation and comply with existing law on student transportation in the same manner as a community school.

Under the bill, a consortium may (1) enter into an agreement with a school district that has resident students enrolled in a community school participating in the consortium, under which the consortium accepts responsibility to provide or arrange for the transportation of those students or (2) unilaterally accept responsibility for the transportation of students enrolled in participating schools in the same manner as a community school. The bill requires a consortium to designate one of the participating schools as a fiscal agent. The fiscal agent must use the Department's data collection system to report all combined data necessary for the Department to calculate transportation payments for the consortium. The Department must calculate and make transportation payments to a consortium in the same manner as for a community school.

Multifunction school activity buses

(R.C. 3327.08, 3327.10, 4511.01, 4511.75, 4511.76, 4511.77, 4511.771, and 4511.78)

The bill authorizes school districts, charter nonpublic schools, and community schools to purchase and use a multifunction school activity bus to transport students between school and other school-related functions or activities (e.g., field trips, sports competitions, club events, etc.). A multifunction school activity bus is a type of school bus; however, it does not include the traffic control devices like a stop-arm or the typical school bus flashing lights.

Multifunction school activity buses. Photo credit: Thomas Built Buses, thomasbuiltbuses.com.

In compliance with federal law and because a multifunction school activity bus does not have the requisite safety equipment to control traffic, the bill prohibits it from being used to transport students between school and home or between school and designated bus stops.[65]

Other than not being used for regular bus routes, the requirements and authorizations for multifunction school activity buses are similar to regular school buses. For example, a driver of a multifunction school activity bus must meet all the standards of a regular school bus driver (e.g., hold a valid commercial driver's license, pass the requisite background checks, and complete specified student transportation training). Additionally, a school board or a governing authority of a charter nonpublic school or community school may purchase a multifunction school activity bus in the same manner as a regular school bus.

[65] 49 C.F.R. 571.3, 571.108, and 571.131.

Student transportation workgroup

(Section 733.80)

The bill requires the Director of Education and Workforce to establish a workgroup on student transportation. The workgroup must consist of members selected by the Director, including representatives from all of the following:

1. The chairs and ranking members of the House and Senate standing committees that consider primary and secondary education legislation;

2. School districts, including districts from rural, small town, suburban, and urban typologies;

3. Career-technical education centers;

4. Educational service centers;

5. Community schools;

6. Chartered nonpublic schools; and

7. The Ohio Association for Pupil Transportation.

The bill requires the workgroup to monitor and review the student transportation system during the 2025-2026 school year and develop recommendations for changes to better meet the transportation needs of Ohio students. The workgroup must also conduct a study of and develop recommendations on the feasibility of each school district board of education providing transportation to students enrolled in a community school or nonpublic school on days that the community school or nonpublic school is open for operation with students in attendance, but the district is not. The workgroup must submit a report on its findings and recommendations to the Governor and the General Assembly no later than June 30, 2026, and disband following the report's submission.

Pupil Transportation Pilot Program

(Section 265.550 of H.B. 33 of the 135th G.A., as amended in Sections 620.10 and 620.11)

The bill extends the operation of the Montgomery County Pupil Transportation Pilot Program to the 2025-2026 school year. Under the pilot program, an educational service center provides transportation to qualifying students in lieu of the students receiving transportation from their resident school district. The bill adds that the service center may provide transportation to and from a student's place of employment, in addition to providing transportation to and from a student's place of residence. For more information on the pilot program, see the LSC Final Analysis for H.B. 33 (PDF), which is available on the General Assembly's website: legislature.ohio.gov.

The bill additionally requires the Department of Education and Workforce to evaluate the Montgomery County Pupil Transportation Pilot Program and issue a report of its findings by September 15, 2026.

Community school transportation pilot program

(Section 733.60)

The bill requires the Department of Education and Workforce to establish and administer a community school transportation pilot program. Under the pilot program, the Department must assist community schools in providing transportation services to their enrolled students for the 2025-2026 and 2026-2027 school years.

Bus purchasing grants

(R.C. 3317.071, repealed)

The bill eliminates the bus purchasing grant program that requires the Department, for FY's 2022 and 2023, to distribute bus purchasing grants to city, local, and exempted village school districts. Under the program, the Department must distribute grants of at least $45,000 to districts to replace the oldest and highest mileage buses in the state assigned to routes. The bill also eliminates the requirement under the program for the Department to annually collect age, mileage, and vehicle condition data from districts through its transportation data collection system.

IX. Other

Disposition of school district property

(R.C. 3313.41, 3313.411, and 3313.413)

Right of first refusal

The bill extends the right of first refusal to purchase school district real property to chartered nonpublic schools located in the district and educational service centers (ESCs) that have territory in the district.

Under continuing law, when a school district voluntarily decides to dispose of real property it owns in its corporate capacity and that is worth more than $10,000, it must first offer it for sale to other public schools (community, STEM, and college-preparatory boarding schools) located in the district. In effect, the law gives the other public schools a right of first refusal to lease or purchase that property.

Public auction

Continuing law requires that, if no school that qualifies for the right of first refusal indicates an interest in real property that a district is voluntarily disposing of, the district generally must offer that property for sale at a public auction. The bill expressly requires a district to accept the highest bid at a public auction.

As an alternative to public auction, continuing law permits a district to offer the property for sale to a specified governmental or nonprofit entity or to exchange the property as part of acquiring other property.

Planned demolition

The bill generally requires a school district, prior to demolishing a building it owns and is worth more than $10,000, to first offer that building for sale in the same manner as if it intended to voluntarily dispose of that real property. Specifically, the district must offer the building for sale to schools and ESCs that qualify for the right of first of first refusal. If none of those schools or ESCs indicate an interest in the building, the district board may offer it for sale at a public auction or under one of the statutory alternatives to a public auction.

However, the requirement to offer the building for sale prior to demolishing it does not apply to a building located on, or adjacent to, a tract or parcel of land where other school district buildings used for educational instruction are located.

Involuntary disposition of unused school facilities

Definition of unused school facility

Continuing law requires a school district to offer to sell or lease any of its real property that meets the statutory definition of being an "unused school facility" to other schools. The bill clarifies a building is an "unused school facility" if, in the three most recent school years, it has been used for direct academic instruction but student enrollment was less than 60% of the building's greatest student enrollment in the ten most recent school years.

Under law not changed by the bill, an "unused school facility" also means real property that has been used by a school district for school operations, including academic instruction or administration, since July 1, 1998, but has not been used in that capacity for one year.

Department list of unused school facilities

Beginning November 30, 2025, and annually thereafter, the bill requires each school district to annually report to the Department the enrollment data necessary to determine whether a school building meets the 60% student enrollment threshold and any real property that meets the other set of criteria to be considered an unused school facility. By December 31, 2025, and annually thereafter, the Department must publish a list of unused school facilities on its website.

Value

The bill also changes the value for which a school district must sell an unused school facility from the property's appraised fair market value to the property's appraised value as an educational facility. The district is not required to accept any payment that is lower than this value, as determined in an appraisal that is not more than one year old.

Entities eligible to purchase, priority, and method of sale

Continuing law requires a school district to offer to lease or sell "unused" real property to other public schools within the district, including community schools, college-preparatory boarding schools, and STEM schools. Community schools that meet the statutory definition of "high-performing" must be given priority in such transactions. Districts also may offer the property to existing community schools located outside the district, if those schools have plans, stipulated in their contracts with their sponsors, to relocate to the district.

The bill additionally requires school districts to offer unused school facilities to chartered nonpublic schools located in the district. Districts must prioritize the sale of unused school facilities to chartered nonpublic schools in the same manner as priority is given to high-performing community schools under current law. Additionally, the bill changes from an auction to a lottery the method by which a district must sell its property if more than one high-performing community school or chartered nonpublic school notifies the district of its intention to purchase the property. Specifically, the district must conduct a lottery to select the school to which the district must sell the property.

The bill also requires that, if no high-performing community school or chartered nonpublic school within the district offers to purchase or lease a property, the district must offer it to high-performing community schools and chartered nonpublic schools located outside of the district prior to offering it to other start-up community schools, college-preparatory boarding schools, and STEM schools.

Finally, the bill requires, rather than permits as under current law, a school district to offer an unused school facility for sale at a public auction if no qualifying school purchases or leases the facility under the involuntary disposition law. Under the bill, the district must accept the highest bid at that auction.

Exemptions from involuntary disposition

The bill exempts a district from the requirement to offer to sell or lease an unused school facility if the facility is any of the following:

1. Less than ten years old;

2. Located on or adjacent to a tract or parcel of land where other school district facilities are located;

3. A school building that is primarily used to provide career-technical education or has specialized classroom facilities necessary for the district to operate its career-technical education program;

4. A school building that meets the definition of an "unused school facility" specifically based on the student enrollment criteria and is the only district building that provides direct academic instruction to one or more grade levels;

5. A school building that meets the definition of an "unused school facility" specifically based on the student enrollment criteria and the building's student enrollment decreased because it was undergoing repairs or renovations that caused a portion of the building's instructional space to be unusable.

The bill also permits a district, if it believes extraordinary circumstances should exempt it from offering an unused facility for lease or sale under the involuntary disposition law, to appeal the requirement to the Director of Education and Workforce. The Director must approve or deny a district's appeal within 60 days of receiving the request.

State report card – Early Literacy component

(R.C. 3302.03)

Under continuing law, the percentage of students promoted to fourth grade under the Third Grade Reading Guarantee is a performance measure for the Early Literacy component for public schools' state report card. The bill revises the measure so it is based on students who attain a promotion score on the third grade English Language Arts assessment or an alternative assessment, rather than any student who attains a promotion score or otherwise qualifies for an exemption from retention.

Educational Regional Service System

(R.C. 3312.01, 3312.07, 3312.08, 3312.09, 3312.10, and 3312.13; R.C. 3312.02, 3312.03, 3312.04, 3312.05, and 3312.06, repealed; R.C. 3312.02, repealed and reenacted)

The Educational Regional Service System (ERSS) was established by H.B. 115 of the 126th General Assembly and became operational on July 1, 2007. H.B. 115 created the 16-region system to provide support services to school districts, community schools, and chartered nonpublic schools and to generally support state and regional education initiatives and efforts to improve school effectiveness and student achievement. The bill modifies the purpose, makeup, regions, and procedures for ERSS.

Initiatives

(R.C. 3312.01)

In addition to supporting state and regional "education initiatives," to improve school effectiveness and student achievement, as required under continuing law, the bill also requires ERSS to support workforce development initiatives. The bill also requires ERSS to provide support and technical assistance to improve school effectiveness and student achievement.

The bill eliminates law establishing the intent for ERSS to reduce the unnecessary duplication of programs and provide for a more streamlined and efficient delivery of educational services without reducing the availability of the services districts and schools need.

Service providers

(R.C. 3312.01)

The bill expressly includes as service providers under ERSS career-technical planning districts, county boards of developmental disabilities, Ohio college tech prep regional centers, and community colleges. Continuing law already includes educational service centers (ESCs), information technology centers, and "other regional education service providers." The bill clarifies that "other regional education service providers" are determined by the Department.

Services for STEM schools

(R.C. 3312.01 and 3312.10)

The bill requires ERSS services, including special education and related services, to be provided to STEM schools. Under continuing law, ERSS services must be provided to school districts, community schools, and chartered nonpublic schools.

The bill also permits STEM schools to enter into an agreement with the governing authority of an information technology center, which school districts and community schools may do under continuing law.

Regions

(Repealed and reenacted R.C. 3312.02; conforming changes in R.C. 3312.01)

The bill eliminates the 16 statutorily established ERSS regions and instead requires the Department to establish and designate the boundaries of up to 16 new regions within 180 days of the bill's effective date. The Department must notify affected regions of subsequent changes at least 90 days before the fiscal year in which those changes will take effect.

Regional advisory councils

(R.C. 3312.01, 3312.08, 3312.09, 3312.13; repealed R.C. 3312.03, 3312.04, 3312.05, and 3312.06)

The bill eliminates ERSS regional advisory councils and subcommittees.

Under current law, each ERSS region is required to have an advisory council composed of representatives from regional ESCs, school districts, institutions of higher education, and the treasurer of the fiscal agent for the region. Current law requires each advisory council to:

- Identify regional needs and priorities for educational services that the Department may use to develop performance contracts entered into by the fiscal agent of the region;
- Develop policies to coordinate the delivery of services in a manner that responds to regional needs and priorities;
- Make recommendations to the fiscal agent regarding the expenditure of funds for implementation of state and regional education initiatives and school improvement efforts;
- Monitor implementation of state and regional education initiatives and school improvement efforts by ESCs, information technology centers, and other regional service providers to ensure that the terms of the performance contracts entered into by the fiscal agent are met;
- Establish an accountability system to evaluate the council on its performance of the duties described above; and
- Establish specialized subcommittees of the council.

Fiscal agents and performance contracts

(R.C. 3312.01, 3312.07, 3312.08, 3312.09, and 3312.13)

The bill permits career-technical planning districts, county boards of developmental disabilities, Ohio college tech prep regional centers, and community colleges to be the fiscal agent for an ERSS region. It also permits the Department to select an entity located in another ERSS region to be a fiscal agent for a region where no entity responded to or met the requirements in the Department's request for proposals. Under continuing law, a school district or educational service center may serve as a region's fiscal agent.

Under continuing law, the Department must select entities to serve as a region's fiscal agent based on certain criteria. The bill modifies one of these criteria by requiring an entity to provide an assurance it will limit aggregate fees for administering a performance contract to 5% of the contract's value, rather than a demonstrated intent to limit those fees to 7% as under current law.

Performance contracts

(R.C. 3312.07 and 3312.09)

Under continuing law, each ERSS fiscal agent must enter performance contracts with the Department to implement the state and regional education initiatives and school improvement efforts and to disburse ERSS funding. Each performance contract must include the aggregate fees to be charged by the fiscal agent and its subcontractors to cover personnel and program costs associated with administering the contract. The bill decreases the threshold to require Controlling Board approval of those such costs from 4% to 3% of the value of the performance contract.

State law also prescribes certain factors the Department must consider when entering performance contracts with a fiscal agent. The bill eliminates the requirement that the Department consider the services that will be provided in an ERSS region from the Department's system of intensive, ongoing support for the improvement of school districts and school buildings before entering a performance contract.[66]

School district waiver of qualified immunity

(R.C. 3313.174)

The bill eliminates immunity from liability for a school district or member of a school district board of education from a civil action if the board of education or one of its members knowingly instructs the district superintendent to violate any state statute or common law. This waiver of immunity expressly does not eliminate, limit, or reduce any other immunity or defense to which a district or school board member may be entitled.

[66] R.C. 3302.04, not in the bill.

Background – school district civil immunity

The immunity provisions for political subdivisions, including school districts, community schools, and STEM schools, in civil actions for personal injury are governed by R.C. Chapter 2744, commonly called the Sovereign Immunity Law. Under that law, a covered entity and its employees are generally immune from liability in a civil action for money damages for injuries related to performing a governmental or proprietary function.[67]

Demand side educator employment data

(R.C. 3301.82)

Collection of data

The bill requires the Department annually to collect school district, community school, and STEM school employment and vacancy data for all of the following:

1. Teachers;

2. Related services providers and other providers of specialized services;

3. Principals and assistant principals;

4. Paraprofessionals;

5. Bus drivers; and

6. Any other positions as determined by the Department.

Report aggregate data

The bill requires the Department to report the number of vacant positions aggregated by the following:

1. Type of position;

2. Subject area;

3. Geographic area, including rural and urban areas;

4. The number of educator positions filled by long-term substitute teachers, unlicensed individuals, or educators with emergency credentials disaggregated by school, grade level, and endorsement;

5. The reasons why a position was vacant, which may include the following reasons:

a. Retirement;

b. New position;

c. Repeated poor teacher evaluations;

d. Position is no longer necessary;

[67] Anderson's Ohio School Law Manual, Personal Liability of Officers and Employees, Section 10.12 (2025).

e. Reduction in force.

6. Methods used to fill vacant positions, which must include the following:

a. Hiring of short- or long-term substitutes;

b. Hiring retired educators;

c. Hiring educators from alternative licensure program candidates;

d. Contracting with an educational service center or other entity;

e. Hiring personnel with emergency credentials or who are unlicensed; and

f. Other methods determined by the Department.

7. Positions that remain unfilled.

Statewide data on educators

The bill also requires the Department annually to collect and report the following statewide data on educators:

1. Educator preparation program enrollment and completion data annually, disaggregated by endorsement area and grade level;

2. The number of new educator licenses issued by the state board of education annually, disaggregated by licensure pathway and including those issued through reciprocity with another state;

3. Educator retention at one-year, three-year, five-year, and ten-year rates; and

4. Educator demographic data aggregated at the district and state level.

Publish collected data

The Department annually must publish and summarize the collected data on its public website. To the extent possible, the Department must report that data at the state, district, and school level.

Competency-based adult education programs

(R.C. 3313.902, 3314.38, and 3345.86, all repealed and reenacted; R.C. 3317.036, 3317.23, 3317.231, and 3317.24, all repealed; conforming changes in R.C. 3317.01; Section 733.20)

Eliminate existing programs

The bill eliminates the Adult Diploma Program and 22+ Adult High School Diploma Program, effective July 1, 2026. The bill allows individuals enrolled in those programs to complete their program in accordance with its requirements prior to its repeal, so long as they complete it by June 30, 2027. Alternatively, beginning July 1, 2026, it allows an individual to instead complete a competency-based program as established in this bill. The Department is required to pay an eligible institution or eligible provider as required by the program an individual completes.

Competency-based educational programs

Definition

Under the bill, a "competency-based educational program" is any system of academic instruction, assessment, grading, and reporting in which individuals receive credit based on demonstrations and assessments of their learning rather than the amount of time they spend studying a subject. A competency-based educational program must encourage accelerated learning among individuals who master academic materials quickly while providing additional instructional support time for individuals who need it.

Providers

The bill permits a city, local, or exempted village school district or community school that operates a dropout prevention and recovery program, the Buckeye United School District operated by the Department of Youth Services, the Ohio Central School System operated by the Department of Rehabilitation and Correction, a joint vocational school district that operates an adult education program, a community college, a state community college, a technical college, a university branch campus, or an Ohio technical center ("provider") to establish a competency-based educational program for eligible individuals to earn a high school diploma.

An individual is eligible to enroll in a competency-based education program if they are at least 18 years old, have officially withdrawn from school, and have not been awarded a high school diploma or certificate of high school equivalence. Eligible individuals are prohibited from being assigned to classes or setting with individuals who are under 18 years old.

A provider may enroll an individual for up to three consecutive school years. In the event of a hardship experienced by the individual, a provider may request that the Department allow additional time to meet the diploma requirements.

A provider must comply with standards adopted by the Department and establish a career plan for each individual enrolled in the program that specifies their career goals and describes how the individual will demonstrate competency or earn course credits to earn a diploma and attain career goals.

The provider must report each individual enrolled in this program to the Department. Further, the provider must contact each diploma recipient to collect data on the individual's career outcomes at six, 12, and 18 months after the diploma is awarded. This must include whether the individual is gainfully employed, participating in an apprenticeship, enrolled in postsecondary education, or servicing in the military, and the data collected must be reported to the Department.

High school diploma requirements

An individual enrolled in a program may earn a diploma by either completing three demonstrations of competency or completing two demonstrations of competency and completing course credits in specified subject areas.

Demonstrations of competency include:

1. Attaining a competency score, as determined by the Department, on the Algebra I or English language arts II end-of-course exams;

2. Attaining a workforce readiness score, as determined by the Department, on the nationally recognized job skills assessment (WorkKeys);

3. Obtaining an industry-recognized credential, or group of credentials, that qualify the student for a high school diploma or an industry-recognized credential that is aligned to a technical education program provided by Ohio technical center;

4. Earning a cumulative score of proficient or higher on three or more state technical assessments (WebXams);

5. Completing a pre-apprenticeship program aligned with the student's career field and then providing evidence of acceptance into a registered apprenticeship in that field, or completing an apprenticeship registered with the Ohio State Apprenticeship Council;

6. Completing 250 hours of work-based learning experience with evidence of positive evaluations; or

7. Obtaining an OhioMeansJobs-readiness seal.

The course credits include:

1. Four credits in English language arts;

2. Four credits of math, one credit of which may be a career-based math course aligned to the individual's career plan;

3. Three credits in science;

4. Three credits in social studies; and

5. One-half credit in financial literacy, which may be applied to the number of math or social studies credits.

An individual who qualifies for a diploma using three demonstrations of competency must either attain a competency score on Algebra I and English language arts II end-of course exams or attain a workforce readiness score on the WorkKeys. A student who qualifies for a diploma using two demonstrations of competency and course credits may use any two demonstrations of competency.

Department responsibilities

The bill requires the Department to adopt rules as necessary to administer the program, such as program standards, requirements for determining amounts paid to providers, and guidelines for approving hardship requests for program participants. Annually, the Department must certify the enrollment and attendance of each individual and pay the provider up to $7,500 per school year based on the extent of the individual's completion of diploma requirements. The Department must award a high school diploma to individuals who successfully qualify for one under the program.

Aim Higher Pilot Program

(Section 265.560)

The bill requires the Department to establish the Aim Higher Pilot Program to provide additional funding to each joint vocational school district (JVSD) that operates a dropout prevention and recovery program (DOPR) in FY 2026. To participate, an eligible JVSD must notify the Department of its intent to participate.

The Department must pay each participating JVSD the following for each newly enrolled student in the JVSD's DOPR in FY 2026 or FY 2027: $500 for each credit earned and $2,500 for each completed industry-recognized credential, or group of credentials, that meet the criteria to help the student qualify for a high school diploma under continuing law. For each JVSD with a DOPR program in its first three years of operation and that requests it, the Department must also pay a one-time grant of $250,000. A JVSD that receives the one-time grant must designate $175,000 for career-technical education equipment and $75,000 of the grant for building renovation. A JVSD must spend any of the payments it receives under the pilot program by July 1, 2027.

The Department must adopt guidelines and procedures to operate the program.

Ohio Code-Scholar Program

(R.C. 3313.905)

The bill replaces the five-year Ohio Code-Scholar Pilot Program established in 2021 with a permanent program and provides that the program be a hands-on educational initiative designed for students in grades four through 12 with an emphasis on experiential learning in computer science, coding, and digital literacy. Under the bill, Southern State Community College facilitates the program, and the bill outlines permissible uses of the program's appropriation.

Use of program funds

The bill permits funds to be used for curriculum development and alignment, teacher training and resource creation, coordination with K-12 schools statewide, and partnership development with other educational institutions, workforce agencies, and regional employers. Program funds may also be used to implement and scale the program statewide, prioritizing outreach to underserved and rural areas, particularly within Ohio's Appalachian region. Finally, the funds may be used to provide ongoing institutional support for Southern State Community College, including operational needs that enhance its educational mission, technology and infrastructure upgrades, community outreach, and services that strengthen the college's regional impact in the Appalachian corridor.

Annual report

The bill requires Southern State to submit an annual report to the Director of Education and Workforce and the General Assembly by June 30 that includes (1) the number of students and districts served by the program, (2) progress toward statewide implementation, (3) regional economic and educational impact, and (4) use of funds for both programmatic and general operational support.

Departmental oversight

The bill requires the Director of Development to oversee the allocation and use of funds and permits the Director of Education and Workforce to establish guidelines to ensure compliance with the bill's provisions.

Payment of tuition for students in residential treatment facilities

(R.C. 3313.64)

The bill addresses payment of tuition for educational services when a child is placed in a home located in a district different from the district in which the child's parent resides (or a similarly licensed facility in another state). For purposes of determining district residency, a "home" is a foster home, a group home, or a residential facility. In this case, the school district in which a child's parent resides must pay tuition to the home or facility if (1) the child was parentally placed in the home or facility in consultation with, and upon the recommendation of, the Ohio Resilience through Integrated Systems and Excellence Program (OhioRISE) and (2) the home or facility provides education services that meet the minimum standards established by the Director of the Department (or substantially similar requirements of the jurisdiction in which an out-of-state facility is located), except that reduction in the minimum number of instructional hours is permitted only as necessary to accommodate the child's treatment program.

Notice of admission and collaborative reentry plan

When a child is admitted to a home or out-of-state facility, the home or out-of-state facility must notify the district where the child's parent resides and the district where the home is located that the home or facility will be provided educational services to the child until the child is discharged. When the child is discharged, the home or facility must notify the district where the child's parent resides and collaborate on a supportive reentry plan.

Payment structure

The bill requires the district where the parent resides to continue to enroll the student and excuse the child from attendance until the child is discharged. The total educational cost the district must pay will be determined by a formula approved by the Department. The Department must design the formula to calculate a per diem cost for the educational services provided each day. The formula also must reflect the total actual cost incurred in providing those services. The Department must certify that cost to both the home or facility and the district responsible for tuition. The bill requires the Department to deduct the certified amount from the state basic aid funds payable to the responsible district and pay that amount to the home or facility. The district must continue to report the child in its enrollment for funding purposes.

Change in parent's residence

The bill provides that if the parent's residence changes during the child's stay the Department may re-determine the responsible school district based on evidence provided by the district currently responsible for tuition.

Discharge procedures

When a child is discharged, the home or facility must immediately notify the responsible district and the Department and provide both parties with a certified transcript of all coursework completed during the child's admission. The responsible district must accept all completed coursework and award credit in accordance with the district's policy.

Diploma requirements

When a high school student is discharged and returns to the parent's residence, the child must meet requirements for receiving a high school diploma that are no more stringent than those that apply to students who enroll in a public or chartered nonpublic high school after receiving a home education.[68]

State scholarship recipients

Finally, the bill exempts a school district from the responsibility to pay tuition for a child admitted to a home or facility who has been awarded a state scholarship.

Background

OhioRISE (Resilience through Integrated Systems and Excellence) is a specialized Medicaid managed care program for youth with complex behavioral health and multisystem needs. While some mental health and substance use services are covered under Medicaid, others are not, nor are they generally covered by private insurance. The resulting financial burden forced some families to surrender custody of their child to a public children services agency to enable the child to access care. One of the goals of OhioRISE is to prevent custody relinquishment.

School district operational revenue and expenditure report

(R.C. 5705.391; conforming changes in R.C. 3313.489, 3316.031, 3316.043, 3316.08, 3316.16, and 5705.412; Section 265.660)

The bill eliminates the requirement that each school district annually submit five-year projections of operational revenue and expenses and, instead, requires them to submit appropriations, revenue, and fund balance assumptions contained in the district's budget for that year, in addition to projections of expenditures, revenues, and fund balances for the three succeeding fiscal years. The bill requires each district to submit this information by August 31 of each fiscal year and updated information and projections by the last day of February of that fiscal year. For FY 2026, the bill requires districts to make the initial submission by October 15, 2025.

Under the bill, the Department and the Auditor of State must jointly adopt rules governing the submission of current budget information and three-year projection submissions. The rules must specify the information required for the submissions and any additional financial and operating information necessary for the audits and analyses conducted by the Auditor of State or the Department, including special and federal funds expenditures, revenues, and balances.

[68] See R.C. 3313.618; R.C. 3321.042, not in the bill.

The bill requires the Department and the Auditor of State to, beginning with submissions for FY 2026, label the projections regarding property tax allocation in the projection as "state reimbursement for property tax credits," rather than "state share of local property taxes" as under current law.

The bill also adds current budget information to provisions of law where a district's three-year forecasts are used or required, including for determinations on the district's financial solvency. The bill also requires the Auditor of State or the Department to examine the current budget information and three-year projections to determine whether a district has the potential to incur a deficit during the first two years of the three-year period, rather than the first three years of the five-year period, as under current law.

Contracts for school district construction projects

(R.C. 3313.46)

The bill modifies the types of school district construction projects that are subject to the contract bidding process prescribed under continuing law. The bill applies the contract bidding process to any building or other property rather than any school building that will exceed the statutory competitive bidding threshold. Continuing law requires district boards to competitively bid when it determines to build, repair, enlarge, improve, or demolish a school building that exceeds the threshold but exempts from the bidding process construction projects of urgent necessity, that are for the security and protection of school property, or that are otherwise exempt from contract bidding.

Participation in interscholastic athletics at a different school

(R.C. 3313.5313)

The bill modifies the eligibility criteria for students who are subject to certain qualifying offenses to participate in interscholastic athletics at a different school. Specifically, the bill eliminates the eligibility of public and nonpublic school students but maintains the eligibility of home-educated students.

Qualifying offenses

Under current law, a school district superintendent or chief administrative officer of a school may permit a home-educated student or a student enrolled in a different school district, community school, STEM school, chartered nonpublic school, or nonchartered nonpublic school to participate in interscholastic athletics at one of the superintendent's or chief administrative officer's schools if the student was subject to any of the following by a school official, employee, volunteer, or another student:

1. Harassment, intimidation, or bullying;[69]

[69] R.C. 3313.666, not in the bill.

2. An offense of violence;[70]

3. A violation of state importuning law;[71]

4. An attempt to commit an offense of violence or to violate state importuning law;

5. Conduct by a school official, employee, or volunteer that violates that Licensure Code of Professional Conduct for Ohio Educators developed by the State Board of Education. See the Licensure Code of Professional Conduct for Ohio Educators (PDF), which is available on the State Board of Education website: sboe.ohio.gov.

Participating in ice hockey at other schools

(R.C. 3313.536)

The bill permits the superintendent of a school district to allow a student enrolled in another district the opportunity to participate in ice hockey as an interscholastic athletic activity at a school within the superintendent's district if:

1. The district in which the student is enrolled does not offer ice hockey as an interscholastic athletic activity;

2. The district in which the student is enrolled is located less than 20 miles away from the superintendent's district; and

3. The superintendents of both districts enter into an agreement approving the student's participation in ice hockey at the district in which the student is not enrolled.

The bill expressly states that the student does not have to be enrolled in or a resident of the district offering ice hockey to participate. However, the student must be of the appropriate age and grade level for the school at which the student participates in ice hockey, as determined by the superintendent of that district, and to fulfill and be subject to the same academic, nonacademic, and financial requirements as any other participant, including trying out for a position on the team.

Online learning schools

(R.C. 3302.42)

The bill explicitly permits school districts to employ teachers and nonteaching employees or to contract with a nonprofit or for-profit entity to operate an online learning school, including personnel, related services, curriculum, supplies, equipment, or facilities if it operates an online school using an online learning model under continuing law.

Public entities and preschool children with disabilities

(Section 265.190)

[70] R.C. 2901.01, not in the bill.

[71] R.C. 2907.07, not in the bill.

The bill mandates that the Department of Education and Workforce require certain public entities that serve preschool children with disabilities adhere to the Step Up to Quality Program, Ohio's quality rating and improvement system for early learning and development programs. Those entities include educational service centers (ESCs), county boards of developmental disabilities, specified other state institutions, and qualifying school districts. A school district that serves preschool special education students is exempt from the requirement unless it receives funds under the Early Childhood Education Grant Program or provides publicly funded childcare.

The last several main operating appropriations acts have had similar mandates but, under those mandates, the Department had to require *all* school districts, ESCs, county boards of developmental disabilities, and specified state institutions serving preschool children with disabilities to:

1. Adhere to Ohio's early learning program standards;

2. Participate in the Step Up to Quality Program; and

3. Document child progress using research-based indicators prescribed by the Department and annually report the results.[72]

Under continuing law, the Department of Education and Workforce must make annual payments for preschool children with disabilities who are enrolled in city, local, and exempted village school districts and special education programs at institutions under the jurisdiction of the departments of Behavioral Health, Development Disabilities, Youth Services, and Rehabilitation and Correction. The Department of Education and Workforce also must make a payment to an ESC or county board of development disabilities that provides services to preschool children with disabilities under an agreement with a city, local, or exempted village school district. Funds paid to ESCs and county boards are deducted from the funds paid to those school districts.[73]

Aspire Program transfer

(Section 525.60)

The bill requires the transfer of the Aspire Program's administration from the Department of Higher Education (ODHE) to the Department of Education and Workforce (DEW) by July 1, 2026.

The Aspire Program provides grants to eligible education providers to develop and administer courses for adults that focus on instruction in basic literacy, workplace literacy, family literacy, English for speakers of other languages (ESOL), and preparation for high school equivalency tests. The program is funded through the U.S. Department of Education under the

[72] See Section 265.240 of H.B. 33 of the 135th General Assembly, Section 265.190 of H.B. 110 of the 110th General Assembly, Section 265.190 of H.B. 166 of the 133rd General Assembly, and Section 265.190 of H.B. 49 of the 132nd General Assembly.

[73] R.C. 3317.0213. See also R.C. 3323.091, not in the bill.

Adult Education and Family Literacy Act (Title II of the Workforce Innovation Opportunity Act) and state matching funds.

Historically, the program has been administered by the Ohio Department of Higher Education, which awards Aspire funds to local grantees through a competitive grant process approximately every three years. The bill transfers program administration to the DEW.

By July 1, 2026, the DEW Director and the Chancellor of Higher Education must identify the duties, functions, and staff resources within ODHE that pertain to the program. The Director and Chancellor may enter into a memorandum of understanding to implement the transfer of those duties, functions, and resources and the transfer of any responsibilities required to obtain federal grant funds to support the program.

Effect of program transfer

All of the following apply with respect to the Aspire Program's transfer under the bill:

- Whenever the Chancellor of Higher Education or ODHE is referred to in any law, contract, or other document pertaining to the program, including contracts sourced by the DAS Director or DAS, the reference is deemed to refer to the DEW Director or DEW.
- No validation, cure, right, privilege, remedy, obligation, or liability is lost or impaired by reason of the program's transfer, but instead must be administered by DEW.
- By July 1, 2026, all records, data, documents, files, materials, and staff resources pertaining to the program must be transferred to DEW.
- All rules, orders, and determinations issued with respect to the program continue in effect as if issued by the DEW Director until modified or rescinded by the DEW Director.

Additionally, no action or proceeding pending on the transfer's effective date is affected by the transfer. Any action or proceeding must be prosecuted or defended in the name of DEW or the DEW Director. In all actions and proceedings, DEW or the DEW Director, on application to the court, must be substituted as a party.

Transfer of employees

Under the bill, all employees whose primary responsibilities include administering the Aspire Program and staff resources used to administer it transfer to DEW, as determined by the DEW Director. Subject to the layoff provisions of the Department of Administrative Services – Personnel Law, transferred employees who are subject to the Public Employees Collective Bargaining Law are assigned job classifications as discussed below. Transferred employees retain all of their accrued benefits. The DEW Director may do any of the following with respect to transferred employees:

- Establish, change, and abolish positions whose primary responsibilities include administering the Aspire Program;
- Assign, reassign, classify, reclassify, transfer, reduce, promote, or demote all DEW employees who are not subject to the PECBL;

- With respect to an employee who is subject to the state job classification plan but exempt from collective bargaining, assign or reassign that employee to a bargaining unit for collective bargaining purposes if the DEW Director determines that is the appropriate bargaining unit.

If an employee in the E-1 pay range is assigned, reassigned, classified, reclassified, transferred, reduced, or demoted to a position in a lower classification, both of the following apply:

- The DEW Director, or if the employee is transferred outside of DEW, the DAS Director, must assign the employee to the appropriate classification and place the employee in pay step X.
- The employee cannot receive any increase in compensation until the maximum rate of pay for that classification exceeds the employee's compensation.

Actions taken in connection with transferring employees are not appealable to the State Personnel Board of Review.[74]

OBM Director

Pursuant to a continuing law provision governing budget adjustments, the bill requires the OBM Director to make budget and accounting changes to implement the Aspire Program's transfer. The OBM Director may rename funds, create new funds, transfer funds, consolidate funds, or make other administrative changes. The OBM Director may, if necessary, cancel or establish encumbrances or parts of encumbrances in FY 2027 in the appropriate funds and appropriation items for the same purposes and for payment to the same vendors. The bill makes an appropriation with respect to any encumbrances the OBM Director establishes. If necessary for the continued efficient administration of the program, the OBM Director may transfer appropriations between ODHE and DEW to continue levels of program services and efficiently deliver funding to the program as appropriated.[75]

[74] By reference to R.C. 124.152, and R.C. 124.321 to 124.328, not in the bill.

[75] By reference to R.C. 126.15, not in the bill.

OHIO ELECTIONS COMMISSION

Creation of Ohio Election Integrity Commission

- Abolishes the Ohio Elections Commission (ELC) on January 1, 2026, and replaces it with the Ohio Election Integrity Commission (OEIC) in the Office of the Secretary of State (SOS).
- Requires the ELC to continue to operate under the current law between the bill's effective date and January 1.
- Transfers any complaint that is still pending before the ELC on January 1 to the SOS.

Commission structure and organization

- Specifies that the OEIC consists of five members, with one appointed by each of the SOS, the Speaker of the House, the House Minority Leader, the Senate President, and the Senate Minority Leader.
- Requires that, in addition to meeting the current qualifications of ELC members, the members of the OEIC meet certain education or experience requirements.
- Requires members of the OEIC to serve four-year terms, with members limited to two successive terms.
- Compensates members of the OEIC at the rate of $5,000 per year plus reimbursement for expenses.
- Creates a process for the appointing authorities to remove a member of the OEIC for cause by filing a complaint with the Ohio Supreme Court.
- Transfers the ELC's current staff to the SOS and requires the SOS to provide staff to the OEIC, provided that the OEIC may request counsel from the Attorney General (AG).

Commission jurisdiction

- Gives the OEIC the same jurisdiction as the ELC, plus new jurisdiction over certain violations of the Election Law related to election petitions, voter registration, and voting.
- Clarifies that for enforcement purposes, the Campaign Finance Law includes the laws governing campaign practices by candidates for the governing boards of Ohio's five public employee retirement systems.

Advisory opinions

- Transfers the ELC's authority to render advisory opinions to the OEIC and makes the ELC's existing advisory opinions into OEIC opinions, unless and until the OEIC amends or rescinds them.

Complaint and hearing process

- Retains the current requirements for filing a complaint, but requires complaints to be filed with the SOS instead of the OEIC.

- Requires an attorney appointed by the SOS to review each complaint.
- Allows the SOS either to dismiss the complaint or refer it to a hearing officer who is an attorney.
- Requires the SOS to review the hearing officer's report and recommendations and to either request a further investigation and a revised recommendation or to make a finding and, if applicable, impose a penalty or refer the matter for prosecution.
- Specifies that, if the subject of the complaint objects to the SOS's finding, the SOS instead must refer the matter to the OEIC for rehearing.
- Prescribes procedures to follow if the SOS has a conflict of interest regarding a complaint, requiring the AG to appoint an independent hearing officer and to determine how to dispose of the complaint.
- Requires the OEIC, when hearing an appeal, to appoint an attorney to conduct a new hearing and make a recommendation to the OEIC.
- Allows the SOS and OEIC to administer oaths, subpoena witnesses and documents, and hire investigatory attorneys in fulfilling their duties under the bill.
- Requires all hearings to be conducted according to the Administrative Procedure Act (APA).
- Retains the current standards of proof that must be met for a person to be penalized for a violation.
- Modifies the potential findings and penalties the SOS or the OEIC may impose, including a new maximum civil fine of $1,000 per violation and a standard to determine whether the matter should be referred for prosecution.
- Requires the SOS to certify past due administrative fines to the AG for collection.
- Clarifies that the criminal penalty for any violation is the penalty that was in effect at the time the violation occurred.
- Requires any appeal of the OEIC's decision to be filed with the court of common pleas of the appealing party's home county or the Franklin County Court of Common Pleas, the same as other appeals under the APA.
- Generally retains the current standard for determining the appropriate prosecutor to whom a matter may be referred.
- Requires the OEIC to post all advisory opinions and decisions on the OEIC's website.

Commission funding

- Replaces the Ohio Elections Commission Fund with the Ohio Election Integrity Fund administered by the SOS and gives it the same funding sources as the current ELC Fund.

Other transitional provisions

- Makes the OEIC the ELC's successor for all purposes.

Campaign finance changes

Political contributing entities

- Eliminates prohibitions against corporations and labor organizations making independent expenditures, as those prohibitions have been ruled unconstitutional.
- Expands and clarifies the definition of a political contributing entity (PCE) to include any entity that makes contributions or expenditures and that is not an individual, a campaign committee, a political party, a legislative campaign fund (LCF), or a political action committee (PAC).
- Subjects certain entities that currently are not considered a PCE or another regulated political entity, such as corporations and continuing associations, to continuing law campaign finance requirements.
- Eliminates dollar contribution limits on contributions to a PAC or PCE that makes only independent expenditures.
- Adds new prohibitions designed to prevent corporate money from reaching a candidate political party, or LCF indirectly.
- Changes the definition of an independent expenditure to include any use of funds or anything of value for that purpose, meaning that a PCE that uses its own money instead of contributions to fund an independent expenditure must report the expenditure.
- Clarifies that "independent expenditure" refers to expenditures concerning both candidates and ballot issues.
- Requires corporations and labor organizations to report all expenditures in the same manner as other PCEs.
- Allows an unincorporated PCE, such as a partnership or limited liability company, to choose whether to be treated as a PCE or to continue to make contributions in the names of its partners, owners, or members as under current law.
- Makes clear that all PCEs must comply with the continuing law that requires entities that engage in political advertising to report the expenditure and to identify themselves in the advertisement as the funding source.

Campaign spending by foreign nationals

- Eliminates a provision of law that prohibits a lawful permanent U.S. resident who is not a U.S. citizen or national (a green card holder) from making campaign contributions, expenditures, and independent expenditures with respect to state and local candidates.

Technical changes to the Campaign Finance Law

- Makes several technical changes to sections of the Campaign Finance Law that are amended for other purposes.

Creation of Ohio Election Integrity Commission

(R.C. 3501.05, 3501.11, 3513.10, 3517.01, 3517.102, 3517.109, 3517.1012, 3517.152 (3517.14), 3517.153 (3517.15), 3517.154 (3517.16), 3517.155 (3517.17), 3517.157 (3517.18), 3517.993 (3517.171), 3517.992 (3517.99), and 3517.991 (reenacted); Section 525.50; repeal of R.C. 3517.14, 3517.151, 3517.156, 3517.99, and 3517.991; and conforming changes in R.C. 109.02, 145.055, 145.99, 742.043, 742.044, 742.99, 3307.073, 3307.074, 3307.99, 3309.073, 3309.074, 3309.99, 3513.05, 3513.261, 3517.08, 3517.081, 3517.11, 3517.121, 3517.20, 3517.21, 3517.22, 3517.23, 5505.045, 5505.046, and 5505.99)

The bill abolishes the Ohio Elections Commission (ELC) on January 1, 2026, and replaces it with the Ohio Election Integrity Commission (OEIC), which the bill creates within the Office of the Secretary of State (SOS).

Currently, the ELC is responsible for enforcing Ohio's Campaign Finance Law with respect to state and local elections. In almost all cases involving a violation of that law, the ELC must hear an administrative complaint before a criminal case can be brought in court. For example, these complaints might include an alleged failure to file a complete, accurate, or timely statement of political contributions and expenditures; failure to disclose the source of political advertising; or failure to comply with dollar limits on contributions. If the ELC determines that a violation has occurred, it can impose a civil fine or refer the matter for criminal prosecution. The ELC also issues advisory opinions that interpret the Campaign Finance Law and may recommend legislation.

The bill replaces the ELC with the OEIC, which generally must fulfill the same duties as the ELC. However, under the bill, the OEIC acts more as an appellate body. All complaints must be filed with the SOS, and the SOS is responsible for disposing of the complaint. The OEIC hears a matter only if the person who is the subject of the complaint objects to the SOS's decision.

Between the bill's standard 90-day effective date and January 1, the ELC must continue to operate under the current law. Any complaint that is still pending before the ELC on January 1, along with all records regarding the complaint, is transferred to the SOS.

Commission structure and organization

Membership

Under the bill, the OEIC consists of five members, with one member appointed by each of the following: the SOS, the House Speaker, the House Minority Leader, the Senate President, and the Senate Minority Leader. The member appointed by the SOS is the chairperson. Four of five members constitutes a quorum to do business, and most actions require a simple majority vote of three members.

The existing ELC consists of seven members, with six members appointed by the Governor with the advice and consent of the Senate (three Republicans and three Democrats), and the

seventh member, an independent, appointed by the partisan members of the ELC. The ELC also has three alternate members – one Republican, one Democrat, and one independent – who are appointed in the same manner as the regular members. When a regular member of the ELC is recused from hearing a complaint or is otherwise unavailable, the alternate of the appropriate affiliation takes the member's place. In making appointments to the ELC, the Governor is required to take into consideration the various geographic areas of Ohio so that those areas are represented on the ELC in a balanced manner, to the extent feasible. The members elect a chairperson and a vice-chairperson annually, with the chair's party affiliation switching every year. Five of seven members constitute a quorum, and most actions require a simple majority vote of four members.

Qualifications

The bill requires that each member of the OEIC be a registered elector. The chairperson must be an attorney in good standing before the Ohio Supreme Court or a person with at least four years of work experience in election administration. The legislatively appointed members of the OEIC must be one of the following:

- An attorney in good standing before the Ohio Supreme Court;
- A person with at least four years of work experience in election administration;
- A person who has appeared on the ballot at a general election as a candidate for election to an office. (This would not include political party offices, the office of delegate to a party convention, or presidential elector.)

Members of the current ELC, including alternates, must be registered electors of good moral character but they are not required to have any particular education or experience.

The bill retains the existing restriction that commission members must not do or be any of the following:

- Hold, or be a candidate for, a public office;
- Serve on a committee supporting or opposing a candidate or ballot question or issue;
- Be an officer of a state or local political party;
- Be a legislative or executive agency lobbyist;
- Make a campaign contribution;
- Solicit, or be involved in soliciting, campaign contributions;
- Be in the unclassified service of the state or local government (this category includes most politically- or policy-oriented jobs, such as an appointed department head, as well as legislative employees);[76]

[76] R.C. 124.11, not in the bill.

- Be a public officer or employee who is excluded from being considered a public employee for collective bargaining purposes, such as a supervisor, manager, or judicial employee.[77]

Terms of office

The bill sets the terms of OEIC members at four years, with members being limited to two successive terms, according to the same standards that apply to other term-limited state offices. However, for the terms beginning January 1, 2026, the members appointed by the House Speaker and the Senate Minority Leader serve for two years instead of four, and those terms are counted as full terms for purposes of the term limits. The initial short terms ensure that going forward, two or three members' terms expire on December 31 of each odd-numbered year.

Currently, ELC members serve five-year terms and are limited to one term unless the terms are nonconsecutive.

Compensation

The bill requires OEIC members to receive a salary of $5,000 per year, plus reimbursement for their actual and necessary expenses incurred in performing their official duties. Currently, members of the ELC are paid $25,000 per year, while alternates receive $125 per day served. Both members and alternates are also reimbursed for their actual and necessary expenses.

Removal

Under the bill, the SOS, the House Speaker or Minority Leader, or the Senate President or Minority Leader may file a complaint in the Ohio Supreme Court, seeking the removal of an OEIC member on any of the following grounds:

- That the member does not meet the statutory qualifications or has taken a prohibited action (see "**Qualifications**," above);
- That the member has been absent from three or more meetings in a calendar year (currently, five ELC members may vote to remove a member for that reason);
- That the member is guilty of misconduct in office, as provided under the general laws allowing the removal of a public official upon complaint and hearing.

The Court must hear the complaint on an expedited basis. If the Court determines that the charges in the complaint are true, the Court must order the member removed from the OEIC, and the seat is considered vacant. Under continuing law, vacancies are to be filled in the same manner as the original appointment.

The current law governing the ELC does not provide any special method of removal, other than the provision allowing the ELC to remove one of its members for failing to attend meetings. Continuing law allows the Governor to remove or suspend an officer who is appointed by the Governor with the advice and consent of the Senate (as in the case of a partisan member of the

[77] R.C. 4117.01, not in the bill.

ELC) for certain listed causes. That law would not apply to the OEIC because its members are not appointed by the Governor.

Under continuing law, any public official may be removed for misconduct upon the filing of a complaint in the court of common pleas of the county in which the official resides, accompanied by a petition signed by 15% of the electors. The court then must follow a statutory process to determine whether the official is guilty of misconduct. Additionally, the General Assembly can remove a public official by impeachment.[78]

Commission staff

The bill requires the SOS to provide the necessary staff for the OEIC. Currently, the ELC hires its own staff by a vote of five of seven members and may terminate an employee by a majority vote. Under the bill, the ELC's existing staff are transferred to the SOS as of January 1.

The bill requires the Attorney General (AG) to provide legal counsel to the OEIC upon request. Currently, the ELC employs its own full-time attorney and may hire additional investigatory attorneys.

Commission jurisdiction

The bill gives the OEIC expanded jurisdiction compared to the current ELC. The OEIC retains the ELC's current jurisdiction over violations of the Campaign Finance Law, except that under continuing law, the AG has exclusive jurisdiction to investigate and prosecute any violation of the law against campaign spending by foreign nationals. The bill also gives the OEIC jurisdiction over all of the following:

- Offenses related to election petitions;[79]
- Offenses involving absent voter's ballots;[80]
- Offenses involving false voter registration;[81]
- Voting or attempting to vote when not qualified to do so;[82]
- Voting or attempting to vote more than once in the same election.[83]

Other violations of the Election Law, such as offenses involving tampering with election results, still must be referred directly to a prosecutor.

The bill also clarifies in several provisions of law that for enforcement purposes, the Campaign Finance Law includes the laws governing campaign practices by candidates for the

[78] R.C. 3.04 and 3.07 through 3.10, not in the bill, and Ohio Constitution, Article II, Sections 23 and 24.

[79] R.C. 3599.13 and 3599.14, not in the bill.

[80] R.C. 3599.21, not in the bill.

[81] R.C. 3599.11(A), not in the bill.

[82] R.C. 3599.12(A)(1), not in the bill.

[83] R.C. 3599.12(A)(2), not in the bill.

governing boards of Ohio's five public employee retirement systems. Those laws are not located in R.C. Chapter 3517, but they do currently fall within the ELC's purview.

False campaign statements

Until 2016, many of the complaints the ELC heard were for violations of Ohio's law that prohibits making false campaign statements about a candidate or ballot issue. That year, however, in *Susan B. Anthony List v. Driehaus,* a federal appeals court overturned the law under the First Amendment, partly based on flaws the court identified in the ELC's process for enforcing the law, and partly based on other aspects of the law that the bill does not change. Because the bill retains the existing law against false campaign statements while replacing the ELC process, it is not clear under the bill whether the SOS or the OEIC might resume enforcing the law. If the SOS or the OEIC did so, a reviewing court might consider whether the bill's new procedures sufficiently address the problems identified in *Susan B. Anthony List*, such that Ohio can enforce the law again.[84]

Advisory opinions

The bill transfers the ELC's authority to render advisory opinions to the OEIC. The OEIC may render opinions interpreting any law over which it has jurisdiction – note the expansion of jurisdiction as discussed above. Any ELC advisory opinion in effect as of the bill's effective date is considered an advisory opinion of the OEIC, unless and until the OEIC amends or rescinds it. Under continuing law, when an advisory opinion determines that a particular action or set of circumstances would not violate the law, any person in that situation may reasonably rely on the opinion and is immune from criminal prosecution or any civil action, including removal from office, based on facts and circumstances covered by the opinion.

Complaint and hearing process

Filing complaints

The bill generally retains the current requirements for filing a complaint, except that it must be filed with the SOS instead of the OEIC. No prosecution may commence for a violation of a law over which the OEIC has jurisdiction unless an administrative complaint has been filed and all administrative proceedings are completed. A person must have personal knowledge of a failure to comply with the law in order to file a complaint, except when the SOS or an official at a board of elections files the complaint. The complaint must be on a form prescribed by the SOS and signed under penalty of perjury.

Continuing law requires a complaint to be filed within two years after the occurrence of the violation, except that if the violation involves fraud, concealment, or misrepresentation and was not discovered during that two-year period, a complaint may be filed within one year after the violation is discovered. A person who files a complaint may withdraw it at any time.

[84] *Susan B. Anthony List v. Driehaus,* 814 F.3d 466, 473 (6th Cir. 2016).

Initial hearing by SOS

Similar to current law, the bill requires the SOS to appoint an attorney licensed in Ohio to review each complaint filed with the SOS. Current law requires the ELC's attorney to review a complaint and make a recommendation for its disposition within one business day after the complaint is filed. The bill does not impose such a deadline for initial review.

Under continuing law, the attorney reviewing a complaint may join two or more complaints that are of the same or similar character, are based on the same act or failure to act, or are based on two or more acts or failures to act constituting parts of a common scheme or plan. The attorney also may separate a complaint into multiple complaints if the allegations are not of the same or similar character, are not based on the same act or failure to act, or are not based on two or more acts or failures to act constituting parts of a common scheme or plan.

After the initial review, the bill allows the SOS either to dismiss the complaint or refer it for a hearing conducted by a hearing officer appointed by the SOS, who also must be a licensed attorney. The SOS must dismiss the complaint if it does not allege a violation over which the OEIC has jurisdiction or if the filer lacks the required personal knowledge of the violation. A dismissal is without prejudice, meaning that it can be re-filed, except that after a complaint is dismissed for lack of personal knowledge, if the same person files another complaint alleging the same or a substantially similar violation and the complaint still is not based on personal knowledge, the SOS must dismiss the complaint with prejudice.

Currently, the ELC or a panel of the ELC has the authority to dismiss a complaint, but it appears that any complaint that meets the formal requirements is guaranteed at least one hearing, at which the ELC or a panel may dismiss it.

If the SOS refers the complaint for a hearing under the bill, the hearing officer must notify the person who is the subject of the complaint (the person alleged to have violated the law) and give the person an opportunity for a hearing. After holding any hearing, the hearing officer must draft a report and recommend a disposition. The SOS must review the report and recommendation and either (1) refer the matter back to the hearing officer for further investigation and a revised recommendation, or (2) make a finding and, if applicable, impose a fine or refer the matter for prosecution (see "**Penalties for violations**," below).

When the SOS makes a decision, the SOS must send notice to the subject of the complaint by certified mail. The subject of the complaint then has 14 days to object to the SOS's decision. If the subject does not object, the SOS's decision is final. If the subject objects, any penalty imposed by the SOS does not apply, and the SOS must refer the matter to the OEIC, as described below.

Conflict of interest

The bill includes a different procedure to follow if any of the following apply to the complaint:

- The SOS is a party to the complaint.
- A candidate for an office for which the SOS is also a candidate (in other words, the SOS's opponent) is a party to the complaint or is otherwise involved in the complaint.

- The complaint involves a contribution, expenditure, or independent expenditure made to advocate the election or defeat of the SOS or a candidate for an office for which the SOS is also a candidate.
- The SOS determines that the SOS otherwise has a conflict of interest with respect to the complaint or that the SOS should follow the conflict-of-interest procedure to avoid any appearance of impropriety.

In that situation, the SOS must request the AG to appoint an independent attorney to review the complaint instead of having the SOS's own attorney review it. The independent attorney must make a recommendation to the AG, who decides whether to dismiss the complaint or refer it to an independent hearing officer, also an attorney, who is appointed by the AG. The AG then must make a determination in the same manner as the SOS, as described above. The subject of the complaint may appeal the AG's determination to the OEIC.

Appeal to OEIC

When a decision is appealed to the OEIC, the OEIC must hear the matter *de novo* (as a new complaint), instead of relying on the records of the previous hearing. The OEIC must appoint an attorney to review and hear the complaint and make a report and recommendation to the OEIC. The OEIC then may either (1) refer the matter back to the hearing officer for further investigation and a revised recommendation, or (2) make a finding and, if applicable, impose a penalty or refer the matter for prosecution. Like the ELC, the OEIC may discuss pending complaints only in meetings that are open to the public.

Currently, the ELC holds its own hearings instead of having an attorney hearing officer conduct them. The ELC may delegate to its attorney the power to rule on the admissibility of evidence and to advise on other procedural matters.

Timeline

The bill does not require a complaint to be heard or resolved by any particular time.

Under existing law, unless the expedited hearing procedure applies, the ELC must hold the first hearing within 180 business days after the complaint is filed, or within 240 business days if the ELC asks an investigative attorney to find additional evidence for the ELC to consider. After the close of all the evidence presented, the ELC must render a decision within 30 days. However, there is no apparent limit on how long a case may be pending before the ELC after its first hearing but before all the evidence has been presented.

The following complaints currently are subject to the ELC's expedited hearing procedure:

- Complaints filed during the 60 days before a primary or special election or during the 90 days before a general election, alleging a violation of the laws against any of the following:
  - Making false campaign statements (see "**False campaign statements**," above);
  - Infiltrating a campaign;
  - Concealing or misrepresenting contributions;
  - Awarding an unbid government contract to a campaign donor;

- Misusing campaign funds.

- Other complaints filed during the 60 days before a primary or special election or during the 90 days before a general election, if the ELC's attorney recommends an expedited hearing based on the following factors:
  - The number of prior violations of the Election Law the subject of the complaint has committed and any prior penalties the ELC has imposed on the person;
  - The time between alleged violations and whether the cumulative nature of the alleged violations indicates a systematic disregard for the law;
  - If the complaint involves a late filing, how late the filing is and how long after the filing deadline the complaint was filed;
  - If the complaint involves unreported or late-reported contributions or expenditures, the number of those contributions or expenditures and, if applicable, how late they were reported;
  - If the complaint involves unreported contributions to a candidate, whether any of the donors have a personal or professional relationship with the candidate;
  - If the complaint involves an incomplete statement, the degree to which it is incomplete;
  - If the complaint involves the receipt of unlawful corporate contributions, the dollar amount and number of the contributions;
  - If the complaint involves a failure to disclose the source of political advertising or a misstatement of the source, whether the failure or misstatement was on purpose;
  - The current number of pending expedited hearings. The attorney must not refer a case for an expedited hearing if it would place an undue burden on a panel of the ELC.

- Any other complaint, upon the request of the person filing the complaint, if the ELC determines that an expedited hearing is practicable and decides to grant the request.

Expedited hearings begin with a hearing held by a panel of at least three members of the ELC, which must determine whether there is probable cause to believe that a violation has occurred. The panel generally must hold a probable cause hearing within seven business days after the attorney refers the complaint to the panel. But, the parties may agree to delay the hearing until up to 180 business days after the complaint was filed. The law does not guarantee that a complaint will receive a probable cause determination before the election.

If the panel determines that probable cause exists, the full ELC must hold a hearing on the complaint within ten days after the panel makes its decision. After the close of all the evidence presented, the ELC must render a decision within 30 days. Again, however, there is no apparent limit on how long a case that receives an expedited probable cause hearing may be pending before the full ELC makes a final determination.

Investigative powers

The bill gives the OEIC the same investigative powers as the ELC; under continuing law, the SOS also has these powers. Those entities may administer oaths (that is, take sworn testimony from witnesses), and they may subpoena witnesses and documents within Ohio.

Applicable laws and rules

The bill requires the SOS and the OEIC to follow the adjudicatory procedures of the Administrative Procedure Act (APA), which apply to most executive agencies that hold disciplinary or other hearings. Under continuing law, the APA sets out general requirements on such topics as notifying the parties of a hearing, keeping records of the proceedings, and the right to be represented by an attorney.[85]

Currently, the Ohio Rules of Evidence and the Ohio Rules of Civil Procedure apply to all proceedings before the ELC, except as otherwise specified by the ELC's rules.[86] The Rules of Civil Procedure govern, for example, the manner in which the parties to a civil lawsuit may obtain evidence relevant to the case, while the Rules of Evidence limit the extent to which hearsay may be considered as evidence, or what evidence might be considered inadmissible because it is irrelevant or overly prejudicial. By contrast, the bill does not allow the SOS or the OEIC to adopt their own procedural rules. Under continuing law, the Rules of Evidence and Civil Procedure do not necessarily apply to hearings conducted under the APA.[87]

Standard of proof

The bill retains the current standards of proof that must be met for a person to be penalized for a violation. Under continuing law, if the authority hearing a complaint finds that a violation has occurred, it must make that finding by a preponderance of the evidence. This is the standard of proof that applies in most civil cases. However, any finding of a violation of the law prohibiting false campaign statements or infiltrating a campaign must be made by clear and convincing evidence, which is a higher standard (see "**False campaign statements**," above). By contrast, to convict a person of a crime, a judge or jury must find the person guilty beyond a reasonable doubt, the highest standard used in Ohio's legal system.

Frivolous complaints

Under the bill, like under current law, if the SOS or the OEIC that determines a complaint is frivolous, it may order the filer to pay reasonable attorney's fees and the agency's costs.

Penalties for violations

Under the bill, the SOS or the OEIC may dispose of a complaint as follows:

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[85] R.C. 119.05 through 119.13, not in the bill.

[86] O.A.C. 3517-1-01 and Ohio Supreme Court, Ohio Rules of Civil Procedure (PDF) and Ohio Rules of Evidence (PDF), available at supremecourt.ohio.gov under "Rules of Court."

[87] See Ohio Attorney General, Administrative Law Handbook (PDF) at pp. 24 and 49 (2020), available at ohioattorneygeneral.gov under "Publications," "Legal."

- Find that no violation has occurred;
- Find that a violation has occurred and impose an administrative fine of up to $1,000 per violation, except that under continuing law, the fine for a violation occurring between April 4, 1985, and August 23, 1995, must be the fine set by the ELC's fine schedule at the time of the violation;
- Find that a significant violation has occurred or that repeated violations have occurred and refer the matter to the appropriate prosecutor (see "**Appropriate prosecutor**," below).

Currently, the ELC instead has the option to find that a violation has occurred but impose no penalty and refrain from referring the matter for prosecution. The ELC may impose an administrative fine up to the maximum fine a court could impose for a criminal violation, which may be higher or lower than $1,000, depending on the situation. Existing law also does not provide a standard for determining whether a violation should trigger an administrative fine instead of referral for prosecution.

Under continuing law, any violation of the law prohibiting false campaign statements (see "**False campaign statements**," above) or infiltrating a campaign must be referred for prosecution instead of penalized with an administrative fine.

Continuing law allows the authority imposing an administrative fine to suspend all or part of the fine upon whatever terms and conditions the authority considers just. In determining whether to impose a maximum fine, the authority must consider all of the following:

- Whether the violator has been found guilty of any other violation of the Election Law or has any outstanding fines for such a violation (the bill adds violations related to retirement system board elections as violations to be considered);
- Whether the violation was made knowingly or purposely;
- Whether any relevant statements, addenda, or affidavits required to be filed have not been filed;
- Whether the violation occurred during the course of a campaign.
- In determining whether to impose a minimal fine or no fine, the authority must consider all of the following:
- Whether the violator previously has not been found guilty of any other violation of the Election Law (the bill adds violations related to retirement system board elections as violations to be considered);
- Whether the violator has promptly corrected the violator's violation;
- Whether the nature and circumstances of the violation merit a minimum fine;
- Whether there are substantial grounds tending to excuse or justify the violation, although failing to establish a defense to the violation;
- Whether the violation was not purposely committed.

Under the bill, if the violator does not pay an administrative fine within 45 days, the SOS must certify the amount to the AG for collection in the same manner as other past due debts to the state. The SOS also must do so for any unpaid fines that are still owed to the ELC.

The bill does not make any substantive changes to the criminal penalties for violating the Campaign Finance Law, except as explained below in relation to corporate and labor organization funds. But, the bill clarifies that the penalty for any violation is the penalty that was in effect at the time the violation occurred, which is generally true for any criminal law. In other words, an old violation must be punished under the old law. The bill repeals existing sections of law that refer to violations that occurred before August 23, 1995, when the legislature made a number of changes to the ELC and the Campaign Finance Law, but those older laws still would apply in the case of any violation committed before that date, even though the bill removes them from the Revised Code.

Appeal of decision

Any appeal of a decision by the OEIC may be filed with the court of common pleas of the appealing party's home county or the Franklin County Court of Common Pleas, the same as any other appeal of an agency decision under the APA. The same requirement currently applies to appeals of ELC decisions.[88]

Appropriate prosecutor

The bill generally retains the current standards for determining the "appropriate prosecutor" to whom a violation may be referred. In a case involving any of the following, the appropriate prosecutor is the Franklin County Prosecutor:

- A candidate for Governor, Lieutenant Governor, AG, SOS, Auditor of State, Treasurer of State, justice or chief justice of the Supreme Court, or member of the State Board of Education (under other provisions of the bill, members of the State Board of Education are no longer elected);
- A state or county political party;
- A legislative campaign fund;
- A PAC or PCE that is required to file its statements of contributions and expenditures with the SOS, meaning a PAC or PCE that does any of the following:
  - Makes contributions to candidates for statewide office or the General Assembly;
  - Makes contributions to political parties or legislative campaign funds;
  - Receives contributions or makes expenditures in connection with a statewide ballot issue; or
  - Makes contributions to other PACs or PCEs.

[88] R.C. 119.12, not in the bill.

In any other case, existing law allows the matter to be referred either to the Franklin County Prosecutor or to the prosecutor of the most populous county in which the candidacy or ballot question or issue appears on the ballot. The bill adds an option to refer the matter to the county prosecutor of the county in which the violator resides.

Records of proceedings

The bill requires the OEIC to post all of the following on its official website and update it regularly:

- All decisions and advisory opinions issued by the OEIC;
- All decisions and advisory opinions issued by the ELC before it is abolished;
- Copies of the Election Law.

Existing law requires the ELC to post all of its decisions and advisory opinions online, along with copies of the Election Law, and to keep them updated.

Under continuing law, complaints regarding campaign finance violations generally are considered public records, but they are not required to be posted online.

Commission funding

The bill replaces the Ohio Elections Commission Fund with the Ohio Election Integrity Commission Fund administered by the SOS, which has the same funding sources:

- Administrative fines imposed by the SOS or the OEIC;
- A portion of candidate and petition filing fees;
- Excess funds donated by a campaign committee or legislative campaign fund that chooses to dispose of its excess funds in that manner;
- Excess funds confiscated by a court from a campaign committee or legislative campaign fund that fails to dispose of excess funds as required under the law;
- Funds appropriated by the General Assembly.

Other transitional provisions

The bill transfers the ELC's employees to the OEIC and makes the OEIC the ELC's successor for all other purposes. When the ELC is abolished, the OEIC must do all of the following:

- Receive all of the ELC's records, assets, and liabilities, other than records of pending complaints that are transferred to the SOS;
- Complete any unfinished ELC business, except for pending complaints that are transferred to the SOS. The bill specifies that no validation, cure, right, privilege, remedy, obligation, or liability is lost or impaired by reason of the transfer.
- Prosecute or defend any pending action or proceeding in place of the ELC, except for pending complaints that are transferred to the SOS;

- Assume and pay off any outstanding obligations of the ELC. On January 1, 2026, or as soon as possible thereafter, the OBM Director must transfer the cash balance of the ELC Fund to the new OEIC Fund. Upon completion of the transfer, the ELC Fund is abolished. The OBM Director must cancel any existing encumbrances against the ELC's appropriation item and reestablish them against the OEIC's appropriation item. The bill appropriates the reestablished encumbrance amounts.

Any remaining reference to the ELC or its Executive Director in any law, contract, or other document must be deemed to refer to the OEIC.

Campaign finance changes

(R.C. 102.08, 3517.01, 3517.08, 3517.10, 3517.102, 3517.105, 3517.106, 3517.107, 3517.1010, 3517.1011, 3517.121, 3517.13, 3517.992 (3517.99), 3599.03, 3921.22, 4123.442, and 4503.03)

The bill makes several changes to the Campaign Finance Law related to political spending by corporations and labor organizations (unions), electronic campaign contributions, and the termination of dormant political entities.

Background on Ohio's Campaign Finance Law

In general, the state Campaign Finance Law is designed to require candidates and political entities to file publicly available reports about the money they accept or spend for the purpose of influencing state or local election results, to abide by certain dollar contribution limits, to disclose the source of political advertising, and to follow other campaign related regulations. It is important to note that this law does not apply to federal elections, and under the home rule provisions of the Ohio Constitution, a municipality or chartered county may have its own system for regulating campaign finance in local elections.[89]

Political entities

Ohio's Campaign Finance Law currently categorizes political entities as follows:

- **Campaign committee** – A candidate or the candidate's campaign committee.
- **Political party** – A group recognized by the state as a political party.
- **Legislative campaign fund (LCF)** – A campaign entity associated with a caucus of the General Assembly.
- **Political action committee (PAC)** – A group of two or more persons whose primary or major purpose is to support or oppose any candidate, political party, or issue, or to influence the result of any election through express advocacy, and that is not another entity included in this list. ("Express advocacy" means a communication that contains express words advocating the nomination, election or defeat of a candidate or the adoption or defeat of a ballot question or issue.) Neither of the following are considered a PAC:

[89] Ohio Constitution, Article X, Section 3 and Article XVIII, Section 3.

- A continuing association that makes disbursements for the direct costs of producing or airing electioneering communications and that does not engage in express advocacy.
- A political club that is formed primarily for social purposes and that consists of 100 members or less, has officers and periodic meetings, has less than $2,500 in its treasury at all times, and makes an aggregate total contribution of $1,000 or less per calendar year.

- **Continuing association** – An association, other than a campaign committee, political party, LCF, PCE, or labor organization, that is intended to be a permanent organization that has a primary purpose other than supporting or opposing specific candidates, political parties, or ballot issues, and that functions on a regular basis throughout the year. The term includes nonprofit organizations that are exempt from federal taxation under subsection (501)(c)(3), (501)(c)(4), or (501)(c)(6) of the Internal Revenue Code.
- **Political contributing entity (PCE)** – Any entity, including a corporation or labor organization, that may lawfully make contributions and expenditures and that is not an individual, a campaign committee, a political party, an LCF, a PAC, or a continuing association.

A campaign committee, political party, LCF, PAC, or PCE must report its contributions and expenditures and must abide by certain other campaign finance related requirements. But, an individual, person, or entity who *does not* fall under the definition of a campaign committee, political party, LCF, PAC, or PCE – for example, a continuing association – generally is not subject to those requirements. As a result, less information is available to the government and the public about the political activities of organizations that do not fit into one of those definitions.

Contributions and expenditures

The existing Campaign Finance Law generally uses the following definitions of political contributions and expenditures for purposes of reporting requirements, contribution limits, and other provisions of law:

- **Contribution** – A loan, gift, deposit, forgiveness of indebtedness, donation, advance, payment, or transfer of funds or anything of value, including a transfer of funds from an *inter vivos* or testamentary trust or decedent's estate, and the payment by any person other than the person to whom the services are rendered for the personal services of another person, which contribution is made, received, or used for the purpose of influencing the results of an election.
- **Expenditure** – The disbursement or use of a contribution for the purpose of influencing the results of an election or of making a charitable donation to certain approved organizations.
- **Independent expenditure** – An expenditure by a person advocating the election or defeat of an identified candidate or candidates, that is not made with the consent of, in coordination, cooperation, or consultation with, or at the request or suggestion of any

candidate or candidates or of the campaign committee or agent of the candidate or candidates.

- **Electioneering communication** – A broadcast, cable, or satellite communication that is made during the run-up to an election, refers to a clearly identified candidate, and is not coordinated with a candidate, but that does not meet the definition of an expenditure or independent expenditure, generally because it mentions the candidate but does not directly advocate the candidate's election or defeat. Electioneering communications are sometimes referred to as "soft money" or "issue" advertising because they are political but not regulated in the same way as contributions and expenditures. Entities that make electioneering communications are subject to a separate reporting system from the system that applies to contributions and expenditures.

Political contributing entities

Corporate and labor organization spending

The bill eliminates prohibitions in the law against a corporation or labor organization using its money or property to make an independent expenditure. When a corporation or labor organization does make a contribution or expenditure, the bill ensures that it is regulated as a PCE.

Ohio law currently prohibits a corporation or labor organization from using its money or property to make political contributions or expenditures with respect to candidates or, during the 30 days before an election, to make an electioneering communication. (Corporations and labor organizations may make contributions and expenditures concerning ballot issues.) However, in 2010, the U.S. Supreme Court ruled in *Citizens United v. Federal Election Commission* that corporations and labor organizations have a First Amendment right to make unlimited independent expenditures (including electioneering communications) and that they may make unlimited contributions to other entities that make only independent expenditures.[90]

Expanded definition of PCE

The bill expands and clarifies the definition of a PCE to include any entity that makes contributions or expenditures and that is not an individual, a campaign committee, a political party, an LCF, or a PAC. (Essentially, under the bill, only an individual who makes contributions or expenditures falls outside the structure of regulated entities.)

Currently, certain entities that make contributions or expenditures do not fit into the definition of any of the regulated political entities and therefore are not required to report their contributions and expenditures or comply with certain other restrictions. (Those entities are sometimes called "dark money" organizations.) By expanding the definition of a PCE to include any entity other than a campaign committee, political party, LCF, or PAC, the bill subjects those entities to the Campaign Finance Law. For instance, the bill eliminates references to continuing

[90] *Citizens United v. Federal Election Commission,* 558 U.S. 310 (2010); and *American Tradition Partnership v. Bullock*, 567 U.S. 516 (2012).

associations and instead categorizes those organizations as PCEs if they make contributions or expenditures.

The following table describes several common types of entities that currently are not (or might not be) considered PCEs, but that are PCEs under the bill if they make contributions or expenditures:

Common types of PCEs		
Entity	**Expenditures permitted under continuing law**	**Notes**
Corporations		
Corporation, generally	May contribute to ballot issue committees or make expenditures about ballot issues Independent expenditures about candidates are allowed under *Citizens United v. FEC* (see "**Contributions and expenditures**," above)	Under existing law, might not be considered a PCE because it cannot make contributions *and* expenditures According to the Secretary of State, not currently considered a PCE[91]
Nonprofit corporation – 501(c)(3) charitable organization[92]	May contribute to ballot issue committees or make expenditures about ballot issues	Internal Revenue Code prohibits candidate related campaign activity, but does not prohibit ballot issue related campaign activity
Nonprofit corporation – 501(c)(4) social welfare organization	May contribute to ballot issue committees or make expenditures about ballot issues Independent expenditures about candidates are allowed under *Citizens United v. FEC*	Internal Revenue Code permits campaign activity, so long as that is not the organization's primary activity

[91] Ohio Secretary of State, *Ohio Campaign Finance Handbook*, "Chapter 8: Political Contributing Entities" (PDF) at 8-1, available at ohiosos.gov under "Campaign Finance."

[92] For more information about federal tax laws governing organizations' political activities, see 26 U.S.C. 501 and 527 and Internal Revenue Service, Common tax law restrictions on activities of exempt organizations and Political Campaign and Lobbying Activities of IRC 501(c)(4), (c)(5), and (c)(6) Organizations (PDF), available at irs.gov via keyword searches for "tax law restrictions" and "social welfare," respectively.

Common types of PCEs		
Entity	**Expenditures permitted under continuing law**	**Notes**
Nonprofit corporation – 501(c)(5) labor, agricultural, or horticultural organization	May contribute to ballot issue committees or make expenditures about ballot issues Independent expenditures about candidates are allowed under *Citizens United v. FEC*	Internal Revenue Code permits campaign activity, so long as that is not the organization's primary activity
Nonprofit corporation – 501(c)(6) business league	May contribute to ballot issue committees or make expenditures about ballot issues Independent expenditures about candidates are allowed under *Citizens United v. FEC*	Internal Revenue Code permits campaign activity, so long as that is not the organization's primary activity
Internal Revenue Code Section 527 tax exempt organization, if incorporated	May contribute to ballot issue committees or make expenditures about ballot issues Independent expenditures about candidates are allowed under *Citizens United v. FEC*	Internal Revenue Code permits campaign activity, so long as the organization does not engage in express advocacy
Unincorporated entities		
Labor organization, if unincorporated	May contribute to ballot issue committees or make expenditures about ballot issues Contributions to candidates or political entities and independent expenditures about candidates are allowed under *UAW Local Union 1112 v. Philomena*[93]	Under existing law, might not be considered a PCE because it cannot make contributions *and* expenditures According to the Secretary of State, currently considered a PCE[94]

[93] *UAW Local Union 1112 v. Philomena,* 121 Ohio App.3d 760, 788 (10th Dist. Ct. App. 1998).

[94] Ohio Secretary of State, *Ohio Campaign Finance Handbook*, "Chapter 8: Political Contributing Entities"(PDF) at 8-9.

Common types of PCEs		
Entity	**Expenditures permitted under continuing law**	**Notes**
Unincorporated business or association (e.g., a partnership or limited liability company)	May contribute to candidates or ballot issue committees or make expenditures about candidates or ballot issues	Appears to meet the existing definition of a PCE, but is listed separately from PCEs in some provisions of the current Campaign Finance Law Under the bill, can choose not to be treated as a PCE if certain requirements are met
Internal Revenue Code Section 527 tax exempt organization, if unincorporated	May contribute to ballot issue committees or make expenditures about candidates or ballot issues	Internal Revenue Code permits campaign activity, so long as the organization does not engage in express advocacy

Contributions to PCEs

Disclosure of donors

A PCE typically is not formed solely for political purposes. For example, a nonprofit corporation that is exempt from federal taxation under subsection 501(c)(4) or 501(c)(6) of the Internal Revenue Code – a social welfare organization or a business league – cannot engage in political activity as its primary activity, but it may engage in some political activity while retaining its tax-exempt status.

If the organization receives a donation to its general fund, and then uses its general fund to make political expenditures, the donation might not qualify as a political contribution under continuing law because it is not given for the purpose of influencing election results, and the nonprofit corporation arguably would not be using that particular donation for the purpose of influencing election results. As a result, under the bill, some entities still might not be required to disclose the source of those funds.

Super PACs and PCEs

Under federal court rulings, the state cannot enforce dollar contribution limits against a PAC or PCE that makes only independent expenditures (often called a super PAC). The bill eliminates those dollar limits, but also adds new prohibitions designed to prevent corporate money from reaching a candidate, political party, or LCF indirectly. Under the bill:

- No PAC or PCE that accepts a contribution from a corporation or labor organization may knowingly make a contribution to a candidate, campaign committee, political party, or LCF.

- No PAC or PCE that accepts a contribution from a corporation or labor organization may knowingly make a contribution to a PAC or PCE, other than one that only makes independent expenditures.
- No political entity may knowingly accept a contribution in violation of either of those prohibitions.

A violation is punishable by a criminal fine of no more than three times the amount of the contribution, or by an administrative fine of up to $1,000 per violation, as discussed above.

Unincorporated PCEs

Under continuing law, a PCE that is an unincorporated labor organization, business, or association may make and receive contributions in the same way as a campaign committee, political party, LCF, or PAC. Such a PCE would be subject to the continuing law contribution limits. No individual or entity may contribute more than $16,615.67 to a PCE in a calendar year, except that an LCF may not make any contributions to a PCE.

An unincorporated PCE that makes a contribution also must abide by the applicable contribution limit, which varies based on the recipient. Currently, when an unincorporated business or association makes a contribution, the contribution is deemed to be made by the entity's partners, owners, or members as individuals, and counts against the contribution limits for those individuals. The bill allows an unincorporated business that makes contributions, but does not accept contributions or make other types of expenditures, to choose whether to have its contributions treated as being made by its partners, owners, or members as individuals as under current law, or to be treated as a PCE. In other words, under the bill, an unincorporated business whose only political activity is making contributions out of its business profits in the names of its partners, owners, or members may continue to do so and is not required to file reports as a PCE.[95]

Expenditures by PCEs

Definition of independent expenditure

The bill changes the definition of an independent expenditure to include an expenditure *or other use of funds or anything of value* for the purpose of making an independent expenditure. The continuing definition of an expenditure includes only the use of a contribution, not money in general, in order to influence election results. (See "**Contributions and expenditures**," above, for a fuller discussion of independent expenditures.)

With the expanded definition of an independent expenditure, an entity such as a PCE that uses money or another thing of value that it *didn't* receive as a contribution to influence election results is considered to be making a reportable independent expenditure. For example, under the bill, an unincorporated business that used its profits to fund an independent political

[95] Under R.C. 3517.104, not in the bill, the dollar limits in the statute are adjusted for inflation every two years; see Ohio Secretary of State, Ohio Campaign Contribution Limits Effective February 25, 2025 through February 24, 2027 (PDF), available at ohiosos.gov under "Campaign Finance."

advertisement advocating the election of a candidate would be required to report that action as an independent expenditure. Additionally, the bill clarifies that "independent expenditure" refers to expenditures concerning both candidates and ballot issues.

Reporting corporation and labor organization expenditures

Under the bill, corporations and labor organizations must report their expenditures in the same manner as other PCEs, instead of by submitting a separate form, as existing law requires with respect to ballot issue expenditures by those entities.

Identification of source of political advertising by PCEs

The bill makes clear that all PCEs must comply with the continuing law that requires entities that engage in political advertising to report the expenditure and to identify themselves in the advertisement as the funding source, in the same manner as PACs and other political entities currently must do. The existing law varies with respect to entities that are classified as PCEs under the bill based on the type of entity, as discussed above.

Campaign spending by foreign nationals

The bill eliminates a provision of current law that prohibits a lawful permanent U.S. resident who is not a U.S. citizen or national (a green card holder) from making campaign contributions, expenditures, and independent expenditures with respect to state and local candidates. Under continuing law, a lawful permanent resident is prohibited from making contributions or expenditures related to ballot issues.[96]

In 2024, a federal district court preliminarily enjoined both aspects of this law regarding lawful permanent residents – the ban on spending related to candidates and the ban on spending related to ballot issues – on the ground that they likely violate the First Amendment. The 6th Circuit Court of Appeals stayed the injunction pending appeal. The issues are still being litigated, and no court has made a final ruling.[97]

Technical changes

The bill makes several technical changes to sections of the Campaign Finance Law that are amended for other purposes. First, the bill removes an incorrect cross-reference in R.C. 3517.1012 and corrects the section to restore the meaning it had before the error arose. R.C. 3517.1012 lists the purposes for which a state or county political party may use its restricted fund, which may receive certain corporate and labor union contributions. Until 2019, the law allowed the party to use that fund for the same purposes as those for which the party could use the funds it received from the Ohio Political Party Fund under an income tax return checkoff program. But, when the tax checkoff and the Ohio Political Party Fund were eliminated in 2019, the cross-reference remained in R.C. 3517.1012.

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[96] R.C. 3517.121.

[97] *OPAWL – Building AAPI Feminist Leadership v. Yost*, 747 F. Supp.3d 1065 (S.D. Ohio 2024) and *OPAWL – Building AAPI Feminist Leadership v. Yost*, 118 F.4th 770 (6th Cir. 2024).

The bill clarifies that a state or county party may use its restricted fund for any of the following purposes, as allowed before 2019:

- The defraying of operating and maintenance costs associated with political party headquarters, including rental or leasing costs, staff salaries, office equipment and supplies, postage, and the purchase, lease, or maintenance of computer hardware and software;
- The organization of voter registration programs and get-out-the-vote campaigns and the costs associated with voter registration and get-out-the-vote activities, including, but not limited to, rental costs for booth spaces at fairs, festivals, or similar events if voter registration forms are available at those booths, printing costs for registration forms, mailing costs for communications soliciting voter registration, and payments for the services of persons conducting voter registration and get-out-the-vote activities;
- The administration of party fundraising drives;
- Direct mail campaigns or other communications with the registered voters of a party that are not related to any particular candidate or election;
- The preparation of reports required by law.

The bill also corrects an incorrect reference in R.C. 3517.20 to refer to a "political contributing entity," which is a defined term under the continuing law, instead of to a "political contributing committee," which is not.

Finally, in R.C. 3517.992 (renumbered as 3517.99), the bill eliminates a reference to an obsolete provision of law related to declarations of no limits on campaign contributions, which are no longer used.

ENVIRONMENTAL PROTECTION AGENCY

Environmental fees

- Extends the period of validity for various fees charged by the Ohio Environmental Protection Agency (OEPA) (several of which are altered by the bill) under the laws governing water pollution control, safe drinking water, and scrap tires.
- Makes permanent an OEPA-administered fee under the law governing synthetic minor air contaminant sources.
- Extends the period of validity, for an additional two years, of solid waste transfer and disposal fees, which are scheduled to sunset on June 30, 2026.
- Increases, by 50%, fees related to OEPA's air pollution control program, including fees for facility permits to install and annual fees that are based on total air pollution emissions or emission capacity.
- Creates an annual $5,000 flat fee charged to synthetic minor facilities and Title V air pollution control permit holders in addition to the existing emission-based annual fees.
- Eliminates the $140 infectious waste generator registration application and renewal fee.
- Eliminates the application fee of 0.5% of the total exempt facility project costs, not to exceed $2,000, for an industrial water pollution control facility that files for a certificate to exempt the facility from certain taxes.
- Eliminates a $500 application fee for an industrial water pollution control certificate that applied to industrial water pollution control facilities under law in effect until June 26, 2003.

Solid waste or infectious waste treatment facility permit notification

- Allows the OEPA Director to give notification of the public hearing regarding a solid waste facility permit application or infectious waste treatment facility permit application either via newspaper publication or publication on the OEPA website, instead of only in a newspaper as in current law.

E-Check

E-Check extension

- Extends the motor vehicle inspection and maintenance program (E-Check) in the counties where this program is currently implemented by authorizing the OEPA Director to request the DAS Director to extend the existing contract with the contractor that conducts the program beginning July 1, 2025, for a period of up to 24 months until June 30, 2027.
- Requires a decentralized E-Check contract to achieve "an equivalent amount of emissions reductions" as the centralized program authorized by the contract specified above, rather

than "at least the same emissions reductions" as the centralized contract as in current law.

- Requires the OEPA Director, if USEPA determines that the E-check program is not necessary for Ohio or any area of Ohio to comply with the federal Clean Air Act, to immediately discontinue the program and take any actions necessary to effectuate its termination.

E-check review and report

- Requires the OEPA Director to conduct a review to assess whether the current E-check program is necessary and to evaluate the impact of weather patterns over northeast Ohio on emissions and air quality.
- Requires the OEPA Director, within 18 months of the bill's effective date, to do all of the following:
  - Compile the findings of the review into a report;
  - Submit the report to the General Assembly; and
  - Make the report available to the public on OEPA's website.

Air nuisance rule

- Requires the OEPA Director to remove any air nuisance rule from the federally required national ambient air quality standards state implementation plan and to take such steps as are necessary to do so.
- Prohibits, on and after the effective date of the bill, the Director from including an air nuisance rule in the state implementation plan or relying on an air nuisance rule to implement or enforce ambient air quality standards adopted pursuant to the federal Clean Air Act.

Environmental fees

(R.C. 3745.11, 3734.57, and 3734.901)

The bill extends the period of validity for various OEPA-administered fees that remain largely unchanged under the laws governing air pollution control, water pollution control, safe drinking water, and scrap tires. The following table sets forth each fee, its purposes, the time period OEPA is authorized to charge the fee under current law and the bill:

Type of fee	Description	Fee period under current law	Fee change under the bill
Synthetic minor facility: emission fee	Each person who owns or operates a synthetic minor facility must pay an annual fee in accordance with a fee schedule that is based on the sum of	The fee is required to be paid through June 30, 2026.	The bill increases each fee in the fee schedule by 50%, makes that fee

Type of fee	Description	Fee period under current law	Fee change under the bill
	the actual annual emissions from the facility of particulate matter, sulfur dioxide, nitrogen dioxide, organic compounds, and lead. A synthetic minor facility is a facility for which one or more permits to install or permits to operate have been issued for the air contaminant source at the facility that include terms and conditions that lower the facility's potential to emit air contaminants below the major source (Title V) thresholds established in rules.		permanent, and adds an additional $5,000 annual fee.
Wastewater treatment works: plan approval application fee	A person applying for a plan approval for a wastewater treatment works is required to pay one of the following fees depending on the date: ▪ A tier one fee of $100 plus 0.65% of the estimated project cost, up to a maximum of $15,000; or ▪ A tier two fee of $100 plus 0.2% of the estimated project cost, up to a maximum of $5,000.	An applicant is required to pay the tier one fee through June 30, 2026, and the tier two fee on and after July 1, 2026.	The bill extends the tier one fee through June 30, 2028; the tier two fee begins on or after July 1, 2028.
Discharge fees for holders of NPDES permits	Each NPDES permit holder that is a public discharger or an industrial discharger with an average daily discharge flow of 5,000 or more gallons per day must pay an annual discharge fee based on the average daily discharge flow. There is a separate fee schedule for public and industrial dischargers.	The fees are due by January 30, 2024, and January 30, 2025.	The bill extends the fees and the fee schedules to January 30, 2026, and January 30, 2027.
Surcharge for major industrial dischargers	A holder of an NPDES permit that is a major industrial discharger must pay an annual surcharge of $7,500.	The surcharge is required to be paid by January 30, 2024, and January 30, 2025.	The bill extends the surcharge to January 30, 2026, and January 30, 2027.

Type of fee	Description	Fee period under current law	Fee change under the bill
Discharge fee for specified exempt dischargers	One category of public discharger and eight categories of industrial dischargers that are NPDES permit holders are exempt from the annual discharge fees that are based on average daily discharge flow. Instead, they are required to pay an annual discharge fee of $180.	The fee is due by January 30, 2024, and January 30, 2025.	The bill extends the fee to January 30, 2026, and January 30, 2027.
License fee for public water system license	A person is prohibited from operating or maintaining a public water system without an annual license from OEPA. Applications for initial licenses or license renewals must be accompanied by a fee, which is calculated using schedules for the three basic categories of public water systems.	The fee for an initial license or a license renewal applies through June 30, 2026, and is required to be paid annually in January.	The bill extends the initial license and license renewal fee through June 30, 2028.
Fee for plan approval to construct, install, or modify a public water system	Anyone who intends to construct, install, or modify a public water supply system must obtain approval of the plans from OEPA. The fee for the plan approval is $150 plus 0.35% of the estimated project cost. However, continuing law sets a cap on the fee.	The cap on the fee is $20,000 through June 30, 2026, and $15,000 on and after July 1, 2026.	The bill extends the $20,000 cap through June 30, 2028; the $15,000 cap applies on and after July 1, 2028.
Fee on state certification of laboratories and laboratory personnel	In accordance with two schedules, OEPA charges a fee for evaluating certain laboratories and laboratory personnel. An additional provision states that an individual laboratory cannot be assessed a fee more than once in a three-year period unless the person requests the addition of analytical methods or analysts, in which case the person must pay $500 for each additional survey requested.	The schedule with higher fees applies through June 30, 2026, and the schedule with lower fees applies on and after July 1, 2026. The $500 additional fee applied through June 30, 2026.	The bill extends the higher fee schedule through June 30, 2028; the lower fee schedule applies on and after July 1, 2028. The bill extends the additional fee through June 30, 2028.

Type of fee	Description	Fee period under current law	Fee change under the bill
Fee for examination for certification as an operator of a water supply system or wastewater system	A person applying to OEPA to take an examination for certification as an operator of a water supply system or a wastewater system (class A and classes I-IV) must pay a fee at the time an application is submitted in accordance with a statutory schedule.	A schedule with higher fees applies through November 30, 2026, and a schedule with lower fees applies on and after December 1, 2026.	The bill extends the higher fee schedule through November 30, 2028; the lower fee schedule applies on and after December 1, 2028.
Application fee for a permit (other than an NPDES permit), variance, or plan approval	A person applying for a permit (other than an NPDES permit), a variance, or plan approval under the Safe Drinking Water Law or the Water Pollution Control Law must pay a nonrefundable fee.	If the application is submitted through June 30, 2026, the fee is $100. The fee is $15 for an application submitted on or after July 1, 2026.	The bill extends the $100 fee through June 30, 2028; the $15 fee applies on and after July 1, 2028.
Application fee for an NPDES permit (S)(1)(b)(i)	A person applying for an NPDES permit must pay a nonrefundable application fee.	If the application is submitted through June 30, 2026, the fee is $200. The fee is $15 for an application submitted on or after July 1, 2026.	The bill extends the $200 fee through June 30, 2028; the $14 fee applies on and after July 1, 2028.
Fees on the sale of tires	A base fee of 50¢ per tire is levied on the sale of tires to assist in the cleanup of scrap tires. An additional fee of 50¢ per tire is levied to assist soil and water conservation districts.	Both fees are scheduled to sunset on June 30, 2026.	The bill extends both fees through June 30, 2028. .

The bill also extends, for an additional two years, the period of validity for the fees levied on the transfer and disposal of solid waste. Under current law, all existing solid waste transfer and disposal fees are scheduled to sunset on June 30, 2026. The bill extends these fees through June 30, 2028.

Additional air pollution control fee increases

(R.C. 3745.11)

The bill increases, by 50%, the fees related to OEPA's air pollution control program, specifically for permits to install. It also creates an additional annual fee of $5,000 charged to Title V air pollution control permit holders in addition to the existing emission-based annual fees.

Infectious waste generator fee

(R.C. 3745.021)

The bill eliminates the $140 infectious waste generator registration application and renewal fee. Under current law, each generator of 50 pounds or more of infectious waste in any one month must register with OEPA.

Industrial water pollution control facility certificate

(R.C. 3745.11(P); conforming changes in R.C. 3734.05, 3734.79, 5709.212, 6111.01, and 6111.04)

The bill eliminates the application fee of 0.5% of the total exempt facility project costs, not to exceed $2,000, for an industrial water pollution control facility that files for a certificate to exempt the facility from certain taxes. Additionally, it eliminates a $500 application fee for an industrial water pollution control certificate that applied to industrial water pollution control facilities under law in effect until June 26, 2003.

Waste facility permit notification

(R.C. 3734.05)

The bill allows the OEPA Director to give notification of the required public hearing regarding a solid waste facility permit application or infectious waste treatment facility permit application either via newspaper publication or publication on the OEPA website. Current law permits notification only in a newspaper.

E-Check

E-Check extension

(R.C. 3704.14)

The bill continues the operation of the motor vehicle inspection and maintenance program (E-Check) in the seven counties in which it currently operates (Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit). It does so by authorizing the OEPA Director to request the Director of Administrative Services (DAS Director) to extend the existing contract (with the contractor that conducts the program) beginning July 1, 2025, for a period of up to 24 months.

Existing law requires the OEPA Director to request the DAS Director to enter into a contract with a vendor to operate a decentralized E-Check program through June 30, 2027, with an option to renew the contract for a period of up to 24 months through June 30, 2029. The bill, however, eliminates the option for the state to renew the contract for a period of up to 24 months through June 30, 2029.

It also changes the existing law requirement that the contract ensure that the decentralized E-Check program achieve *at least the same* emission reductions as a contract with the contractor that conducts the centralized program. It instead specifies that the decentralized contract ensures *an equivalent amount of* emissions reductions as the centralized contract.

Additionally, the bill requires the OEPA Director, if USEPA determines that the E-check program is not necessary for Ohio or any area of Ohio to comply with the federal Clean Air Act, to immediately discontinue the program and take any actions necessary to effectuate its termination.

E-Check review and report

(Section 737.10)

The bill requires the OEPA Director to conduct a review to assess whether the current E-check program is necessary and to evaluate the impact of weather patterns over northeast Ohio on emissions and air quality. The Director must include all of the following in the review:

1. A determination of the necessity of the program;

2. An evaluation of whether each county that is subject to the program during the prior calendar year has achieved, and has the ability to maintain, compliance with federal ozone standards without implementation of the program in that county;

3. An analysis of whether a revision to Ohio's state implementation plan could be submitted to USEPA to discontinue the program while maintaining compliance with national ambient air quality standards (and if so, the OEPA Director must formally submit a request to USEPA for reconsideration of the program's implementation in affected regions);

4. After proper monitoring, an analysis of weather patterns over northeast Ohio and the entire Great Lakes region with respect to how those patterns impact ozone levels, air circulation, and overall emissions; and

5. Any potential alternative measures for maintaining air quality if the program is altered or discontinued.

Within 18 months after the bill's effective date, the Director must compile the findings of the review into a report. The Director must submit the report to the General Assembly and make the report available to the public on its website.

Air nuisance rule

(R.C. 3704.0310)

The bill requires the OEPA Director, if the federally required state implementation plan includes an air nuisance rule, to remove the air nuisance rule from the plan and to take such steps as are necessary to do so. Additionally, on or after the bill's effective date, the Director is prohibited from including an air nuisance rule in the state implementation plan, or relying on an air nuisance rule to implement or enforce ambient air quality standards adopted pursuant to the federal Clean Air Act.

Under federal law, each state must adopt and submit a state implementation plan regarding national ambient air quality standards to the U.S. EPA Administrator for approval. Any person may commence a civil action against any person alleged to have violated or be in violation of an approved state implementation plan.

"Air nuisance rule" is defined as a rule adopted by the Director that declares any of the following to be a public nuisance: (1) the emission or escape into the open air from any source or sources whatsoever, of smoke, ashes, dust, dirt, grime, acids, fumes, gases, vapors, or any other substances or combinations of substances, in such manner or in such amount as to endanger the health, safety, or welfare of the public, or cause unreasonable injury or damage to property, (2) the emission or escape into the open air from any source or sources of odors whatsoever that is subject to regulation under the air pollution control law and is operated in such a manner to emit such amounts of odor so as to endanger the health, safety, or welfare of the public, or cause unreasonable injury or damage to property, or (3) activities that are substantially similar to those described in (1) and (2). "State implementation plan" means the state implementation plan regarding national ambient air quality standards required to be submitted under section 110 of the federal Clean Air Act.[98]

[98] 42 U.S.C. 7410 and 7604.

FACILITIES CONSTRUCTION COMMISSION

Vocational School Facilities Assistance Program

- Permits the Facilities Construction Commission (FCC) to set aside a portion of its school facilities funds each biennium to assist at least two joint vocational school districts.

Major sports facilities funding

- Authorizes $600 million in unclaimed funds that have escheated to the state to pay the costs of the Cleveland Browns major sports facility stadium project in the city of Brook Park, Ohio, in Cuyahoga County.

Sports facilities definitions

- Defines the following terms for the purpose of major sports facilities in Ohio:
  - "Major sports facility" means a stadium, arena, complex, or other facility that a governmental agency owns or has an ownership interest in, designed for the use of a professional sports franchise from certain major sports leagues.
  - "Transformational major sports facility mixed-use project" means a mixed-use project that includes the construction of a major sports facility, and integrates retail, residential, recreational, or other uses, the construction of which costs at least $1 billion.
  - "Transformational major sports facility mixed-use project district" means the geographic area encompassing the land upon which the transformational major sports facility mixed-use project is located.
  - "Base professional sports franchise state tax revenues" means an amount either set by the General Assembly, or equal to all state tax revenues generated pursuant to state income, sales, and CAT taxes that are attributable to the professional sports franchise's operations at existing facilities in Ohio, increasing by 3.5% every year.
  - "Total major sports facility mixed-use project district state tax revenues" means the total aggregate state tax revenue generated in the territory of a transformational major sports facility mixed-use project district.
  - "Incremental major sports facility mixed-use project district state tax revenues" means the amount of state tax revenues received by the state, subtracting base professional sports franchise state tax revenues from total major sports facility mixed-use project district state tax revenues in a calendar year.
  - "Owner" means a person that has a controlling interest in a professional sports franchise.

State funding of major sports facilities

- Permits state funds to be used to pay or reimburse up to 25% of the costs of a major sports facility if certain criteria are met, including a contribution of at least 50% of the costs from the professional sports franchise that plans to use the facility.

- Prohibits the state from incurring debt to pay for a major sports facility.
- Creates the Ohio Cultural and Sports Facility Performance Grant Fund, consisting of money appropriated to it, including escheated unclaimed funds, to be used to pay for major sports facilities.
- Requires the professional sports franchise to deposit an amount equal to 8⅓% of the award into an escrow account, and create a supplemental reserve of equal amount, to be used to pay any deficits between tax revenues collected and the total grant amount.
- Establishes a schedule under which increased tax revenues produced by the major sports facility over a 16-year period must meet target amounts, which increase every four years, the sum of which is equal to the grant amount.
- If the total incremental major sports facility tax revenues do not achieve target amounts every four years, requires the deficit to be offset with money from the escrow account, and if that is insufficient, the supplemental reserve, to be deposited in the GRF.
- Permits revenue in excess of target amounts to be applied towards future target amounts.
- Returns the escrow amount, plus interest it has accrued, to the professional sports franchise upon hitting all target amounts after 16 years, and permits the professional sports franchise to apply to receive its escrow money early if the total increased tax revenues have already equaled or exceeded the performance grant amount.
- Requires that, if the owner loses a controlling share of ownership or control interest in the professional sports franchise, the rights and obligations of the owner are assigned to, and assumed by, any new owner with controlling ownership interest.
- Prohibits the professional sports franchise from moving to a stadium outside of the district until the franchise hits the target amounts, or 30 years after its initial home game, whichever is earlier.

Tax reporting requirements

- Requires every person who owns real property in a project district to comply with special tax reporting requirements, as required by TAX.
- Requires persons that collect transformational major sports facility mixed-use project district tax revenues to report those tax revenues separately from other tax revenues in the state, on forms provided by TAX, including estimated payments on corporate income taxes and gross revenues generated from the district.
- Permits TAX, as well as municipal corporations, to disclose taxpayer information to the governmental agency that owns or has an ownership interest in the major sports facility.

Public improvements contracts

Electronic notices, advertisements, and filings

- Requires several types of notices or advertisements to be sent via electronic media.

- Requires FCC to make copies of the plans, details, estimates of cost, and specifications available electronically.
- Removes the requirement that a public authority file a notice of commencement of a public improvement in affidavit form.
- Permits a bidder for most contracts with the state or a political subdivision to file a bid guaranty by electronic verification through an electronic verification and security system, if the state or political subdivision accepts bids electronically.

Declaration of exigency

- Requires that, when the FCC Executive Director issues a declaration of public exigency at the request of a state agency, the director of the state agency, at the determination of the FCC Executive Director, must enter into a contract with the proper persons to address the exigency.

Building information modeling systems

- For public works contracts of $200,000 or more, permits a public authority to require an architect or engineer, in preparing plans, details, specifications, estimates, analyses, or other data, to use a building information model system, if the system is based on a nationally recognized standard for building information models.
- Defines "building information model" as a digital representation of physical and functional characteristics of a facility, and electronic files used to design and coordinate the project, whether it is a single model or multiple models used in the aggregate.

Public improvements contracts retainage and escrow

- For partial payments on a public improvements contract, decreases the public authority's required retainage amount from 8% of the contractor's estimate to 4% or less, but repeals a provision requiring the public authority to retain 0% after the job is 50% completed.
- Prohibits contractors from paying subcontractors at a retainage rate lower than the rate being paid to the contractor by the public authority.
- Repeals provisions of law requiring the public authority to deposit the retained amount in an escrow account.
- Clarifies that retained funds and the interest accrued by the funds is property of the contractor, and must be paid to the contractor not later than 30 days after the substantial completion of the work, withholding only funds reasonably necessary to ensure final completion of the work.
- Requires the remaining funds, and interest, to be released to the contractor within 30 days of final completion of the work.

Expedited processes for design-build firms and managers at risk

- For contracts between public authorities and construction managers at risk or design-build firms, creates an expedited proposal and selection process for projects under $4 million.
- Permits construction managers at risk or design-build firms, for contracts under $4 million, to submit both an initial qualification proposal or statement along with a pricing proposal, instead of sending them in separate rounds.
- Requires the public authority to have a pre-proposal meeting with any such contractors who desire to jointly submit a statement or proposal and pricing proposal.
- Exempts these contractors from the requirement to submit a sealed bid to self-perform a portion of work before accepting opening any bids for the same work when the public authority requests a guaranteed maximum price proposal due at the time of selection.

Vocational school facilities assistance program

(R.C. 3318.40 and 3318.12)

The bill changes how the Facilities Construction Commission (FCC) allocates funding for the Vocational School Facilities Assistance Program. Specifically, it eliminates FCC's authority to annually set aside up to 2% of its aggregate funds to provide school facilities assistance to joint vocational school districts (JVSDs). Instead, the bill permits FCC to set aside a portion of its aggregate school facilities assistance funds each biennium to assist at least two JVSDs.

Background

Several programs provide state assistance to school districts and other public schools in constructing classroom facilities. The main program, CFAP, is a graduated, cost-sharing program that provides each city, local, and exempted village school district with partial funding to address all of its classroom facilities needs. Because priority for state funding is based on a district's relative wealth, poorer districts were served first and received a greater amount of state assistance than wealthier districts will receive when it is their turn to be served. Each year, all districts are ranked into percentiles according to the three-year average adjusted tax valuations per pupil. A school district may divide the district's entire classroom facilities project under CFAP into discrete segments.

JVSDs are served by a similar program, the Vocational School Facilities Assistance Program. Other programs address the needs of particular types of districts and schools. Generally, they all operate on a cost-sharing basis.

Major sports facilities funding

(R.C. 123.28, 123.281, 123.282, 169.08, 307.696 and 718.13; Section 229.40)

The bill creates the Ohio Cultural and Sports Facility Performance Grant Fund in the state treasury, the proceeds of which must be used to support construction of major sports facilities.

The bill permits the use of state funds to pay up to 25% of the costs of a major sports facility, if certain conditions are met.

The bill authorizes $600 million in unclaimed funds that have escheated to the state (see "**Division of Unclaimed Funds**" in the Department of Commerce chapter) to pay the costs of the Cleveland Browns major sports facility stadium project in the city of Brook Park, Ohio, in Cuyahoga County.

Sports facilities definitions

The bill defines a "major sports facility" as a stadium, arena, complex, or other facility that a governmental agency owns, will own, or has a sufficient ownership interest in, the primary purpose of which is to provide a site or venue for the presentation of events of a professional sports franchise for a period of at least 30 years after completion of the construction of the sports facility.

A "professional sports franchise" is a member of the National Football League, Women's National Football Conference, Women's Football Alliance, Women's Football League Association, National Hockey League, Professional Women's Hockey League, Major League Baseball, Women's Professional Baseball League, Major League Soccer, National Women's Soccer League, National Basketball Association, Women's National Basketball Association, or a successor of such an entity.

A "transformational major sports facility mixed-use project" is a mixed-use project that includes the construction of a major sports facility; integrates some combination of retail, office, hotel, residential, recreation, structured parking, or other similar uses into one or more mixed-use developments; is expected to generate increased state tax revenues; and has an initial total estimated construction cost, excluding any site acquisition cost, greater than $1 billion.

A transformational major sports facility mixed-use project also may include:

- Other projects supporting or relating to the major sports facility or the professional sports franchise;
- Any mixed-use project adjacent or relating to practice facilities for the professional sports franchise;
- Conference centers, concert, or other entertainment venues and facilities;
- Retail, food, restaurant, and beverage facilities, whether fixed or mobile;
- Parks and other public open spaces or facilities;
- Related on-site infrastructure necessary or desirable for all these elements for the major sports facility mixed-use project.

A "transformational major sports facility mixed-use project district" is the geographic area encompassing the land upon which the transformational major sports facility mixed-use project is located, as designated by a municipal corporation.

An "affiliate" is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, is under common control with, or acts in concert with, or is a participant

in a joint venture, partnership, consortium, or similar business arrangement with, a professional sports franchise or owner.

An "owner" is a person that has a controlling ownership interest in a professional sports franchise, and a "person," for the purpose of these provisions, means "one or more individuals, receivers, assignees, trustees in bankruptcy, estates, firms, limited liability companies, partnerships, associations, joint-stock companies, joint ventures, clubs, societies, corporations, and combinations of individuals in any form."

Major sports facility tax revenue definitions

The bill creates tax reporting requirements by which increased tax revenues of the major sports facility mixed-use project district may be measured.

First, the "base professional sports franchise state tax revenue" is calculated. It measures how much income, sales, and CAT tax revenue the professional sports franchise currently generates in its existing facilities. It is calculated by TAX in the calendar year occurring immediately before the calendar year in which the professional sports franchise plays its initial regular season home game in the new major sports facility. It is increased by 3.5% each year for up to 16 years.

For the Brook Park Project, for the first three years while the new stadium is under construction and the current stadium in Cleveland still operates, the base amount will be equal to the actual state tax revenues generated at the Cleveland stadium, and the incremental major sports facility mixed-use project district state tax revenues will be equal to the state tax revenue from the construction of, and the purchasing of or leasing of materials and items used in the construction of, the Brook Park Project.

Then, the "total major sports facility mixed-use project district state tax revenues" is calculated by determining the total aggregate state tax revenue generated in the territory of a transformational major sports facility mixed-use project district, including state tax revenues attributable to purchasing or leasing materials and items used in construction in the territory of a transformational major sports facility mixed-use project district, beginning in the calendar year in which the performance grant is eligible for disbursement under an appropriation, and for 16 years afterwards.

The "incremental major sports facility mixed-use project district state tax revenues" is determined by subtracting base professional sports franchise state tax revenues from total major sports facility mixed-use project district state tax revenues in a calendar year, beginning with the calendar year in which the professional sports franchise plays its initial regular season home game in the major sports facility.

Finally, the "total incremental major sports facility mixed-use project district state tax revenues" is the sum of both of the total aggregate incremental major sports facility mixed-use district state tax revenues beginning in the calendar year in which a performance grant is eligible for disbursement under an appropriation and for 16 years thereafter.

State funding of major sports facilities

The bill permits state funds to be used to pay or reimburse up to 25% of the initial estimated construction costs of a major sports facility, in the form of a "performance grant," if the following criteria are met:

- The major sports facility upon completion will be a part of a transformational major sports facility mixed-use project;
- OBM, in consultation with FCC, has received a satisfactory financial and development plan, including provision of 75% of the total initial estimated construction cost from sources other than the state, with at least 50% of the total from the professional sports franchise that plans to use the facility, or its owner or affiliate ("franchise");
- The General Assembly has specifically authorized, or appropriated money for, the construction of the major sports facility, provided that the grant's authorization or appropriation does not include planning or determining the feasibility of or need for the major sports facility as a cost of constructing the major sports facility;
- The franchise has entered into an agreement with OBM, under which total incremental tax revenues must equal or exceed the performance grant amount over a 16-year period, deficits to be offset by an escrow deposit and supplemental reserve, as described below.

The performance grant is not subject to Controlling Board review. The state may not incur debt to fund or assist a major sports facility under these provisions.

Tax revenues and target amounts

When a performance grant is appropriated, the franchise must enter into an agreement with OBM, under which the total incremental major sports facility mixed-use project district state tax revenues meet target amounts every four years, over a 16-year period, the total of which must be greater than or equal to the original grant amount.

The four year target amounts, along with the calculation for the $600 million grant under the Brook Park Project in parenthesis, are as follows:

- For the first four full calendar years beginning in the year in which the performance grant is eligible for disbursement under an appropriation, $11\frac{2}{3}$% of the total appropriated amount ($70 million);
- For the second four-year period, $26\frac{2}{3}$% of the total appropriated amount ($160 million);
- For the third four-year period, $30\frac{15}{18}$% of the total appropriated amount ($185 million);
- For the fourth four-year period, $30\frac{15}{18}$% of the total appropriated amount ($185 million).
- Incremental tax revenues in excess of target amounts must be credited towards future amounts.
- The bill establishes that the incremental major sports facility mixed-use project district state tax revenues generated for 2026-2028 are equal to the income, state, and CAT taxes for the construction of, and the purchasing of or leasing of materials and items used in

the construction of, the project. The bill explains that, because the new stadium will be under construction and the old stadium will still be operating, the base tax amount is automatically met – i.e., the revenues from the existing stadium – and any revenue from the construction of the new stadium is in excess of the base amount – i.e., the incremental revenue.

Escrow and supplemental reserve

In order to receive the performance grant, the franchise must deposit an amount equal to 8⅓% of the award ($50 million for the Brook Park Project) into an interest-bearing escrow account within the state treasury, to be used to pay any deficits between tax revenues collected and the target amounts.

The franchise must also establish a supplemental reserve amount in the same amount as the escrow account ($50 million), which may take the form of a line of credit or other commercially reasonable type of certifiable and available liquidity.

Once OBM confirms receipt of the escrow amount and a certification of funds or other requisite proof of the supplemental reserve amount, the grant may be disbursed for payment or reimbursement of construction costs, without regard to the other sources of contribution for the costs of construction of the major sports facility and not on a pro rata basis.

If, after any four-year period, the incremental tax revenues do not hit target amounts, the deficit is first offset by any excess revenue from previous periods. If a deficit remains, the amount is taken from the escrow account and deposited into the GRF to offset the deficit. If a deficit still remains, the amount is taken from the supplemental reserve and deposited into the GRF. These amounts are nonrefundable. The bill does not address what happens if a deficit still remains in the event both accounts are depleted. Whatever remains in the escrow account after a 16-year period is refunded to the franchise, interest earnings included.

Beginning nine years after the performance grant is eligible for disbursement, and once each year afterwards until the 16th year, the franchise may apply to OBM, in consultation with TAX, for a determination that the total incremental tax revenues have equaled or surpassed the original performance grant amount. If the amount has been met, the franchise receives its escrow reimbursement early.

If the owner's share of the ownership interest in the professional sports franchise becomes less than a controlling ownership interest, all rights, privileges, responsibilities, and obligations of the owner are assigned to, and assumed by, any new owner with a controlling ownership interest.

The professional sports franchise may not cease playing most of its home games at the major sports facility and begin playing most of its home games at a different facility located outside of the transformational major sports facility mixed-use project until the tax revenues hit all target amounts, or until 30 years after the initial regular season home game, whichever comes earlier. The bill clarifies that this provision is "in addition to, independent of, and operates concurrently with" R.C. 9.67, an existing provision of law prohibiting the owner of a professional sports team that uses state funding from moving to a new stadium, unless the owner either gets

the permission of their host political subdivision, or gives six-months' notice of moving, along with an opportunity for locals to purchase the team.

Transformational major sports facility districts

The agreement between the franchise and OBM also must establish the metes and bounds of the proposed transformational major sports facility mixed-use project district, including all areas within. The territory must be contiguous and contain only one transformational major sports facility mixed-use project.

OBM must receive a petition, accompanied by a description of the proposed district, signed by every record owner of a parcel of real property located in the district and the owner of every business that will operate in the district.

The district's territorial boundary may not be enlarged after it is established with OBM, which may consult with TAX and FCC, and any applicable county or municipal offices to ensure each tax reporting requirement is met.

Tax reporting requirements

Every person who owns real property in a project district, or leases, licenses, uses, or operates all or a portion of a building or facilities in the project district, is subject to special reporting requirements as TAX may require, in consultation with OBM and FCC. These may be evidenced by an instrument duly recorded with the county recorder.

Each person doing business in a project district must file taxes and register for a separate withholding account, remitting the wages and salaries withheld from employees for activities performed in the territory of a project district separately from all income taxes withheld by the employer. If they collect transformational major sports facility mixed-use project district tax revenues, they must report those tax revenues separately from other tax revenues in Ohio, on forms provided by TAX, including estimated payments on corporate income taxes and gross revenues generated from the district. This includes tax revenues from construction or transactions in the territory of a project district, estimated payments for corporate income taxes generated from the project district, information regarding gross revenues generated from activities in the project district and gross revenues from all activities in Ohio, and payments to independent contractors attributable to construction or transactions in the territory of a project district, by January 31 of each year.

TAX may disclose taxpayer information regarding transactions, real or personal property, income, or business of any person to the governmental agency that owns, or holds a sufficient ownership interest in, a major sports facility as may be necessary for the administration of these provisions.

Likewise, municipal corporations may provide tax information related to municipal income tax revenues derived from a project district to both TAX and the fiscal officer of the governmental agency.

TAX must promulgate the forms necessary to implement and administer these requirements.

County sales tax levies and bond issuances

Existing law permits a board of county commissioners to enter into an agreement with a corporation to issues bonds or sales tax levies to construct and operate a sports facility, and collect the tax revenue to pay back the bonds and be used for other purposes. If the sports facility would be in a host municipal corporation, the board also must include the host municipal corporation in the agreement, which must use the excess revenue for redevelopment and economic development purposes related to the sports facility.

Under current law, a municipal corporation is only eligible to be a host municipal corporation if it is associated with an NFL, MLB, or NBA sports franchise on March 20, 1990. The bill repeals this requirement permitting any municipal corporation to be a host municipal corporation for the purposes of the agreement.

Public improvements contracts

Electronic notices, advertisements, and filings

(R.C. 9.312, 9.331, 153.07, 153.09, 153.54, and 1311.252)

The bill requires certain notices, advertisements, and filings to be made via electronic media, rather than through various physical media like newspapers.

Competitive bidding notices

For contracts let by competitive bidding, when a state agency or political subdivision finds that a low bidder is not responsive or responsible, the bill requires the state agency or political subdivision to send the bidder a notice in writing by an internet identifier of record associated with the bidder (such as an email address), and by certified mail only if an electronic method is not available. Current law permits either method.

Public improvements notices and advertisements

For contracts to employ a construction manager or a construction manager at risk, the bill requires a public authority to advertise its intended contract by electronic means, and permits advertising in news media available in the county. Current law requires advertisement in a newspaper of general circulation, and permits electronic advertisement.

The bill requires the notice to be published at least 14 calendar days in advance, rather than 30 days.

For public improvements contracts, the bill requires the public authority to give notice of the time and place where bids will be received by electronic means at least 14 days in advance, and permits the authority to publish the notice in other news media in the county where the work is to occur. Current law requires publication in a newspaper at least eight days in advance.

The bill also requires plans, details, estimates of cost, and specifications to be available electronically, as well for physical inspection at the FCC's office under continuing law.

When the public authority rejects all bids and re-advertises, the bill requires the advertisement to be in electronic media, rather than newspaper, as FCC directs.

Notices of commencement

The bill removes the requirement that the notice of commencement be in affidavit form.

Under current law, before work on a public improvement contract may begin, the public authority must file a notice of commencement of the work in affidavit form, with details about the work to be performed, the contractor, the public authority, and the bid guaranty.

Bid guaranties

The bill permits a bidder for most contracts with the state or a political subdivision to file a bid guaranty in the form of an electronic verification through an electronic verification and security system, if the state or political subdivision accepts bids electronically. Continuing law also permits the bidder to file it in the form of a bond, certified check, cashier's check, or letter of credit. Under continuing law, this requirement does not apply to contracts with construction managers at risk and design build firms.

Declaration of exigency

(R.C. 123.10)

The bill requires the director of a state agency, when the FCC Executive Director issues a declaration of public exigency at the request of the state agency, and at the determination of the FCC Executive Director, to enter into a contract with the proper persons to address the exigency.

Continuing law permits the FCC Executive Director, upon the Director's own initiative or at the request of the director of a state agency, state institution of higher education, or state instrumentality, to issue a declaration of public exigency in the event of one of the following:

- An injury or obstruction that occurs in any public works of the state and that materially impairs its immediate use or places in jeopardy property adjacent to it;
- An immediate danger of such an injury or obstruction; or
- An injury or obstruction, or an immediate danger of an injury or obstruction, that occurs in any public works of the state and that materially impairs its immediate use or places in jeopardy property adjacent to it.

Current law requires the FCC Executive Director to enter into contracts with proper persons to alleviate or respond to the exigency.

The bill continues to require the FCC Executive Director to enter into these contracts when the FCC Executive Director issued the declaration of exigency at the Executive Director's own initiative. But the bill permits the FCC Executive Director, when the Executive Director issued the declaration at the request of one of the state bodies listed above, to require the state body to enter into the contract instead.

Building information modeling systems

(R.C. 153.01)

The bill permits a public authority, for public improvements contracts worth $200,000 or more, to require an architect or engineer, in preparing plans, details, specifications, estimates,

analyses, or other data, to use a building information model system, if the system is based on a nationally recognized standard for building information models.

The bill defines a "building information model" as a digital representation of physical and functional characteristics of a facility, and electronic files used to design and coordinate the project, whether it is a single model or multiple models used in the aggregate.

Public improvements contracts retainage and escrow

(R.C. 153.12, 153.13, 153.14, and 153.63)

The bill makes changes to the process by which contractors are paid for completing public improvements contracts.

Under current law, the public authority must pay 92% of the contract price for labor performed before and up to the point when the job is 50% completed. After it is 50% completed, the public entity must pay 100% of the contract price during the remaining 50% of the project, and deposit the 8% that had been collected into an escrow account. When the major portion of the project is substantially completed and occupied, or in use, or otherwise accepted, the retained amount, with accumulated interest, is released from escrow and paid to the contractor within 30 days of completion of the contract.

The bill changes this process in the following ways: first, instead of 8% being retained for the first half of the contract, 4% or less is retained for the entirety of the contract. The total amount being retained is the same, and perhaps less if the public authority so chooses.

Second, the bill removes the escrow account provisions, instead merely specifying that the public authority must release the amount to the primary contractor upon, and within 30 days of, substantial completion of the work, retaining a portion of the funds as reasonably necessary for final completion of the project. These remaining withheld funds, and any interest, must then be released to the primary contractor within 30 days of final completion of the project. The bill clarifies that the retained funds and the accrued interest are the property of the contractor.

Finally, the bill prohibits contractors from paying subcontractors at a retainage rate lower than the rate paid to the contractor by the public authority. For instance, if FCC is paying a contractor at a retainage rate of 97% (withholding 3%), the contractor is not permitted to pay a subcontractor at a retainage rate of 96% (withholding 4%). In other words, the contractor may not retain more from a subcontract than is being retained from the contractor's contract.

Expedited processes for design-build firms and managers at risk

(R.C. 9.334, 153.501, and 153.693)

The bill creates an expedited proposal and selection process for contracts between public authorities and construction managers at risk or design-build firms, for projects under $4 million.

Under the expedited process, the construction managers at risk or design-build firms may submit both an initial qualification proposal or statement, respectively, and a pricing proposal in the same submission. Current law (and continuing law, in the case of contracts worth more than $4 million), requires the manager or firm to submit a proposal or statement, then for the public authority to rank and select at least three firms from the submissions, who then must submit a

pricing proposal. After the proposal is submitted, the public authority must hold discussions with each applicant before making a final selection.

The bill permits these contractors to submit both at once for contracts under $4 million, and also requires a public authority to provide each such contractor using the expedited process with a pre-proposal meeting to explore the proposals further, in which the public authority provides the manager or firm with a description of the project, including the scope and nature of the proposed services and potential technical approaches.

Under the normal process, the manager or firm submits a proposal or statement of qualifications, is selected to move on, has a meeting with the public authority, and then submits a pricing proposal for final approval.

Under the expedited process, an interested manager or firm has a pre-proposal meeting with the public authority, then submits a proposal or statement of qualifications along with a pricing proposal. The public authority reviews the initial qualification proposal or statement, selects a certain number of managers or firms for the next round, reviews the pricing proposals only of those selected, and then continues the negotiation and selection process from there.

The bill also exempts these contractors from the requirement to submit a sealed bid to self-perform a portion of the work if the public authority requests a guaranteed maximum price proposal due at the time of selection. This essentially means that a manager or firm may more easily subcontract with themselves as long as they have agreed to a certain price cap.

GOVERNOR

- Prohibits the Governor from proposing a budget that carries into the new fiscal biennium a GRF cash balance that is greater than the required ending fund balance.
- Authorizes the Governor and former Governors of Ohio to solemnize marriages.
- Establishes the Education and Workforce Data Insights Board within the Governor's Office of Workforce Transformation to make the state's education and workforce data more useful, applicable, and beneficial to the state's citizens.
- Establishes that the Board must consist of not more than 15 members, including specified state agency directors, stakeholders appointed by the Governor and, if determined necessary by the Governor, members of the public with extensive experience in relevant topics.
- Requires the Board to meet at least quarterly in a public setting.
- Requires the Board annually to submit a report to the Governor, Speaker of the House, and Senate President.

Governor's budget proposal – cash balance

(R.C. 107.03)

The bill prohibits the Governor from submitting a state budget to the General Assembly that proposes a GRF beginning cash balance that is greater than the ending fund balance required by law. Under current law, at the end of a fiscal year, OBM must determine the surplus revenue from the fiscal year and transfer most of the unobligated, unencumbered amount of that surplus revenue from the GRF first to the Budget Stabilization Fund (BSF) and then to the Expanded Sales Tax Holiday Fund (ESTHF).[99]

In recent budget acts, the law that directs surplus revenue to those funds is suspended, resulting in a pool of surplus revenue retained in the GRF. That pool is then rolled over and spent in the biennium covered by that budget act. The bill therefore requires the Governor to allow surplus revenue to flow from the GRF to the BSF and ESTHF for the fiscal year leading up to the proposed budget and, thus, prevents the Governor from proposing a budget with a large GRF cash balance heading into the next fiscal biennium.

[99] R.C. 131.44, not in the bill.

Governor solemnizing marriages

(R.C. 3101.08)

The bill authorizes the Governor and former Governors of Ohio to solemnize marriages.[100] Continuing law authorizes the following persons to solemnize marriages:

- An ordained or licensed minister of any religious society or congregation within Ohio who is licensed to solemnize marriages;
- A judge of a county court;
- A judge of a municipal court;
- A probate judge;
- The mayor of a municipal corporation within Ohio;
- The Superintendent of Ohio deaf and blind education services;
- Any religious society in conformity with the rules of its church.

Education and Workforce Data Insights Board

(R.C. 6303.01, 6303.02, 6303.03, 6303.04, and 6303.05)

The bill establishes the Education and Workforce Data Insights Board within the Governor's Office of Workforce Transformation to make the state's education and workforce data more useful, applicable, and beneficial to the state's citizens. The scope of the Board's oversight is limited to education and workforce and data, as determined by the Board, but the bill permits the Board, by majority vote, to enter into agreements with agencies to include additional data related to the mission of the Board.

Under the bill, the Board is required to work collaboratively to achieve the following objectives:

1. Create a research framework that reflects the broad, cross-agency policy areas that are priorities for policy leaders and state agencies related to education and workforce. The Board must ensure that the necessary data connections exist to implement the research framework, discuss the progress implementing the research framework at each meeting, and update the framework every two years with stakeholder input;

2. Adopt a data access and use policy for cross-agency data requests, adhering to all state and federal privacy and data security laws;

[100] R.C. 3101.08 states that marriage is allowed only between one man and one woman. However, this statute was struck down by the U.S. Supreme Court in *Obergefell v. Hodges*, 576 U.S. 644 (2015), under the Due Process and Equal Protection Clauses of the Fourteenth Amendment to the U.S. Constitution and does not have any force or effect regarding the restrictions of same-sex marriage.

3. Identify and implement strategies to make data collection and reporting more efficient for local and regional education and workforce entities to reduce duplication of efforts;

4. Take actions to increase the capacity of the state to securely process cross-agency data and research requests with the goal of reducing the time and cost required to fulfill such requests;

5. Support critical education and workforce initiatives adopted by the state that rely on cross-agency data and, when possible, support local and regional education and workforce initiatives;

6. Coordinate the creation of tools, dashboards, reports, and research that use cross-agency education and workforce data;

7. Share and promote the tools, dashboards, reports, and research created by the board using cross-agency education and workforce data;

8. Discuss and direct the implementation of enhancements to education and workforce data systems, technologies, data security, and privacy.

Membership

The bill requires that the Board consist of not more than 15 members, including the following:

1. The Director of the Governor's Office of Workforce Transformation;

2. The Director of Children and Youth;

3. The Director of Education and Workforce;

4. The Chancellor of Higher Education;

5. The Director of Job and Family Services;

6. The Director of Development;

7. If determined necessary by the Governor, the director of additional state agencies;

8. A representative of the early childhood education system, primary and secondary education system, higher education system, workforce development system, and business community, with experience using data to conduct research, implement policy, run programs, or otherwise improve education and workforce, each appointed by the Governor;

9. If determined necessary by the Governor, representatives of other stakeholder groups or members of the public that have extensive experience in academic research, data systems and advanced technologies, data ethics, early childhood, primary and secondary, or higher education, or business, economic development, or workforce development.

Under the bill, any member who is appointed by the Governor must serve a two-year renewable term. The bill requires a chairperson to be selected by the members of the board to also serve a two-year renewable term. Each member of the Board has the same voting power under the bill; however, in the event of a tie vote, the chairperson must determine the resolution of the vote.

Board meetings

The bill requires the Board to meet at least quarterly in a public setting, publish notice of each meeting's date, time, and location at least one week in advance, and post meeting materials and recordings, if possible, to the Board's dedicated website for each meeting. The Board is prohibited from publicly reviewing personally identifiable information during meetings or to post it as a part of the meeting details.

While the bill requires each director of a state agency on the Board to attend meetings of the Board, it allows the director to appoint a senior leader from that director's department who has decision-making authority over the agency's data and policy offices as a temporary designee to serve in the director's place on the Board.

Under the bill, the chairperson may create advisory committees to research or discuss specialized topics, solicit stakeholder feedback, complete projects, or generate recommendations for the full Board. The bill requires that committee meetings be held in the same manner as meetings of the full Board, unless the Board votes to make the meetings private for privacy or security reasons. The bill also allows the chairperson to appoint individuals who are not members of the Board to serve on committees who may vote during committee meetings but not during full Board meetings.

Duties of the Board

The chairperson, in collaboration with Board members and staff, is required to manage the Board's operations. Under the bill, the Board is required to do all the following:

1. Oversee the secure linkages of cross-agency data and build system capacity to support education and workforce research that gives insight to the education and workforce pipeline;

2. Provide policy leadership on education and workforce data and publicly share tools, dashboards, and research insights while protecting data privacy and system security;

3. Within 270 days of the bill's effective date, develop a vision, mission, and strategic plan, which the Board must review at least once every five years;

4. Identify and secure the means to implement its activities and objectives;

5. Adhere to all relevant state and federal privacy and data security laws.

The bill allows the Board to create a single, independent entity to implement its activities and objectives. If it creates an independent entity, it must also identify the entity's roles and responsibilities, secure funding and support for the entity, appoint and oversee the leader of the entity, and oversee the operations and regulatory compliance of the entity.

The bill requires the Board to submit a report to the Governor, Speaker of the House, and Senate President that includes all the following:

1. The board's mission, vision, and progress implementing its strategic plan and its plans for the next year;

2. The research framework created by the Board and its progress implementing the framework;

3. A digest of the tools, dashboards, reports, and research produced using cross-agency education and workforce data, including how each is benefiting stakeholders;

4. Metrics on the access and use of education and workforce data;

5. Any recommendations for improving the governance, administrations, or system security of the data systems that support the board's mission and research framework the Board chooses to include.

DEPARTMENT OF HEALTH

Nurse aide eligibility

- Establishes an alternative condition that an individual may satisfy to be eligible for employment as a nurse aide in a long-term care facility – that the individual has successfully completed both a training course provided in a nursing home operated by the U.S. Department of Veterans Affairs and a competency evaluation program conducted by the Department of Health (ODH).

Health care facilities

Residential care facility license – continued operation during application period

- Specifies that a residential facility or independent living facility that applies for a license to operate as a residential care (assisted living) facility may continue to operate as a residential facility or independent living facility while its application is pending.
- Restricts a residential facility or independent living facility from providing care to more than two residents while the application is pending.

Facility fees – hospital-owned primary care medical practices

- Beginning January 1, 2028, prohibits, with certain exceptions, a hospital-owned primary care medical practice from requiring a self-pay individual or third-party payor to pay a facility fee in connection with any primary care service provided at the practice.

Radiation-generating equipment – inspection fee increases

- Increases inspection fee amounts for certain radiation-generating equipment used in facilities operated by medical practitioners or medical-practitioner groups.

School-based health center funds

- Requires the funds earmarked to support school-based health centers to be used by ODH, in consultation with the Department of Education and Workforce, in high-need counties.
- Requires, prior to establishing a patient-provider relationship with a minor, a school-based health center to obtain general consent from the child's parent, guardian, or other person authorized to consent to the child's medical care.

Youth homelessness funds

- Prohibits the distribution of funds earmarked to address homelessness in youth and pregnant women to youth shelters that promote or affirm social gender transition.

Abortion

Reporting changes

- Changes the annual deadline for ODH's existing report regarding abortions during the previous calendar year to March 1, rather than September 30.

- Clarifies that the existing physician abortion reporting requirement (1) applies to abortions performed by both surgical procedure and abortion-inducing drugs, and (2) must include each pregnant woman's state of residence in addition to zip code.
- Requires hospital monthly and annual abortion reports under existing law to include the total number of Ohio residents versus non-Ohio residents who have undergone a post-12-week abortion and received postabortion care.
- Changes the deadline for ODH's annual report on abortion data from the previous year to March 1 (from October 1) and clarifies that the report must include the number performed on Ohio residents and the number performed on nonresidents.
- Requires ODH to develop a public electronic dashboard and publish monthly abortion data that includes specified information.
- Requires the annual report and monthly dashboard to be updated to include the total number of abortions performed on minors by each facility in the categories of under 16 years of age and 16 to 17 years of age.
- Requires that the annual report and monthly dashboard update and sort by age category the total number of previous abortions the woman has undergone and the total number of in-state versus out-of-state women who had abortions.

Genetic Services funds

- Eliminates the exception authorizing ODH Genetics Services funds to be used to counsel or refer for abortion in the case of a medical emergency.

Deposit of vital statistics fees by ODH

- Transfers from the Treasurer of State to ODH the duty to deposit vital statistics fees into the state treasury to the credit of the Children's Trust Fund.

Program for Children and Youth with Special Health Care Needs

- Extends the age limit for the Program for Children and Youth with Special Health Care Needs from 25 to 26.

Medical certificates of death

- Revises the law governing medical certificates of death, including by (1) extending the timeline by which such a certificate must be completed and signed and (2) authorizing in some circumstances the physician who last examined or treated a decedent to certify the decedent's cause of death.

340B covered entity reporting requirements

- Imposes reporting requirements on certain nonprofit hospitals participating in the federal 340B Drug Pricing Program.

Evaluating sewage treatment system compliance

- Requires the ODH Director to adopt rules that establish statistical methods for evaluating sewage treatment system compliance for a 12-inch soil depth credit relative to bacterial parameters that are derived from a minimum of 144 consecutive data points.
- Generally prohibits the ODH Director from implementing or enforcing any special device approval or similar policy that imposes additional requirements or restrictions on a sewage treatment system or components of a system that combines the treatment of effluent with subsurface dispersal of treated effluent directly to the soil.

Nurse aide eligibility

(R.C. 3721.32)

The bill establishes an alternative condition that an individual may satisfy to be eligible for employment as a nurse aide in a long-term care facility – the successful completion of both of the following: (1) a training course provided by the U.S. Department of Veterans Affairs (VA) in a VA-operated community living center (a VA nursing home) that the Director of Health determines is similar to a training and competency evaluation program conducted by the Department of Health (ODH) and (2) an ODH-conducted competency evaluation program.

In general, to be listed on ODH's nurse aide registry and therefore eligible for employment in a long-term care facility, an individual must successfully complete both an ODH-approved training and competency evaluation program and an ODH-conducted competency evaluation program. Note that the bill maintains all other existing law alternative conditions.

Health care facilities

Residential care facility license – continued operation during application period

(R.C. 3721.074)

The bill specifies that when a residential facility or an independent living facility applies to the ODH Director for a license as a residential care facility (generally referred to as an assisted living facility), the residential facility or independent living facility may continue to operate while the application is under consideration by the Director. The bill prohibits a residential facility or independent living facility from providing care to more than two residents while such an application is pending.

Facility fees – hospital-owned primary care medical practices

(R.C. 3727.46)

Effective January 1, 2028, the bill prohibits a medical practice specializing in primary care that is owned or operated by a hospital or hospital system from requiring a self-pay individual or third-party payor to pay a facility fee in connection with any primary care service provided to a patient at the practice. The prohibition, however, applies only if both of the following are the case:

- The medical practice was owned or operated solely by a physician or group of physicians at the time of its purchase by the hospital or system;
- The hospital or system purchased the medical practice after January 1, 2010.

The bill also states that the facility fee prohibition is not to be construed to apply to a medical practice specializing in primary care that is established by a hospital or hospital system.

For purposes of the prohibition, the bill defines *facility fee* to mean the portion of a bill for health care treatment that covers all the costs of delivering patient care, except for those that are billed by one or more physicians and other professionals.

Radiation-generating equipment – inspection fee increases

(R.C. 3748.13)

The bill increases as follows inspection fee amounts for certain radiation-generating equipment used in facilities operated by medical practitioners or medical-practitioner groups:

- For a first dental x-ray tube, from $155 to $310;
- For each additional dental x-ray tube at the same location, from $77 to $154;
- For a first medical x-ray tube, from $307 to $614;
- For each additional medical x-ray tube at the same location, from $163 to $326;
- For each unit of ionizing radiation-generating equipment capable of operating at or above 250 kilovoltage peak, from $610 to $1,220;
- For a first nonionizing radiation-generating equipment of any kind, from $307 to $614;
- For each additional nonionizing radiation-generating equipment of any kind at the same location, from $163 to $326.

Note that the bill maintains the law establishing an inspection fee schedule for such equipment.

School-based health center funds

(Section 291.20)

The bill requires the funds earmarked to support school-based health centers to be used by ODH, in consultation with the Department of Education and Workforce, in high-need counties, as determined by those departments. Before establishing a patient-provider relationship with a minor, a school-based health center must obtain general consent to treat the child from the child's parent, legal guardian, grandparent acting under a caretaker authorization affidavit, or other person authorized to consent to the child's medical care. This does not apply in emergency situations, first aid, other unanticipated minor health care services, or health care services provided pursuant to a student's individualized education program (IEP) or a school district's obligation under Section 504 of the federal Rehabilitation Act.

Youth homelessness funds

(Section 291.20)

The bill prohibits the distribution of funds earmarked to address homelessness in youth and pregnant women to youth shelters that promote or affirm social gender transition, in which an individual goes from identifying with and living as a gender that corresponds to the individual's biological sex to identifying with and living as a gender different from the individual's biological sex.

Abortion

Reporting changes

(R.C. 2919.171 and 3701.79)

The bill changes to March 1, from September 30, the date by which ODH must issue a public report required under current law on statistics for all abortion reports it receives from the previous calendar year. Under continuing law unchanged by the bill, ODH must ensure that none of the information in the report could reasonably lead to the identification of any pregnant woman upon whom an abortion is performed.

Current law requires a physician who performs or induces or attempts to perform or induce an abortion to complete an individual abortion report for each abortion. The bill clarifies that the requirement applies to abortions performed by both surgical procedure and abortion-inducing drugs. Further, it specifies that the statutorily required information to be included in the report must include the pregnant woman's state of residence in addition to her zip code (as required under current law).

The monthly and annual abortion reports hospitals must file under current law for women who have undergone a post-12-week abortion and received postabortion care must, under the bill, include the total number of Ohio residents and the total number non-Ohio residents.

The bill changes the date to March 1, from October 1, by which ODH must issue its existing annual report on abortion data from the previous year. Additionally, the bill requires ODH to develop a public electronic dashboard to publish monthly the abortion data reported to it. The annual report and monthly dashboard update must include, in addition to information required under existing law, the following information:

- The number of abortions performed on Ohio *residents* and *the number performed on* out-of-state residents, which under the bill must be sorted by the age of the woman on whom the abortion was performed, as described below;
- The number of zygotes, blastocytes, embryos, or fetuses previously aborted by the woman must also, under the bill, be sorted by the woman's age;
- The total number of abortions performed on minors by each facility in the categories of under 16 years of age and 16 to 17 years of age.

The bill changes three of the age categories in current law for reporting the ages of women on whom an abortion was performed to the following:

- Under 16, rather than under 15;
- 16 to 17, rather than 15 to 19;
- 18 to 24, rather than 20 to 25.

The remaining age categories under continuing law are as follows:

- 25 to 29;
- 30 to 34;
- 35 to 39;
- 40 to 45;
- 45 and older.

Genetics Services funds

(R.C. 3701.511; Section 291.20)

Current law prohibits the use of ODH Genetics Services funds to counsel or refer for abortion, except in the case of a medical emergency. The bill eliminates that exception.

Deposit of vital statistics fees by ODH

(R.C. 3109.14)

The bill transfers a requirement to deposit vital statistics fees into the state treasury to the credit of the Children's Trust Fund from the Treasurer of State to ODH. Under existing law, the ODH Director, a person that the Director authorizes, a local commissioner of health, or a local registrar of vital statistics must charge and collect a $3 fee for each certified copy of a birth record, certification of birth, and copy of a death record. The fees must be forwarded to ODH within 30 days after the end of each quarter. Under the bill, ODH must deposit the fees into the state treasury to the credit of the Children's Trust Fund within two days after receipt. Under existing law, ODH must forward the fees to the Treasurer of State, who deposits the fees accordingly.

The bill also requires ODH to deposit any penalty it receives in the state treasury to the credit of the Children's Trust Fund. Existing law imposes a penalty of 10% of the fees on any person or government entity that fails to forward the vital statistics fees in a timely manner, as determined by ODH.

Program for Children and Youth with Special Health Care Needs

(R.C. 3701.021; Section 291.10)

The Program for Children and Youth with Special Health Care Needs (also referred to as the Complex Medical Help Program by ODH) is administered by ODH and serves families of children and young adults with special health care needs, including AIDS, hearing loss, cancer, juvenile arthritis, cerebral palsy, metabolic disorders, cleft lip/palate, severe vision disorders, cystic fibrosis, sickle cell disease, diabetes, spina bifida, scoliosis, congenital heart disease, hemophilia, and chronic lung disease.

The program has three core components:

- Diagnostic – an individual under age 21 who meets medical criteria, regardless of income, may receive services from program-approved providers for up to six months to diagnose or rule out a special health care need or establish a plan of care;
- Treatment – an individual under age 25 who meets both medical and financial criteria may receive treatment from program-approved providers for an eligible condition;
- Service coordination – the family of an individual under age 25 who meets medical criteria, regardless of income, may receive assistance locating and coordinating services for the individual with the medical diagnosis.[101]

The bill requires the ODH Director to establish eligibility requirements that increase the maximum age of an individual who can be served by the program from 25 to 26. This increase does not apply to the diagnostic component of the program. The bill appropriates an additional $500,000 to the program in FY 2026.

Medical certificates of death

(R.C. 3705.16 and 4731.22)

The bill makes several changes to the law governing medical certificates of death. First, it clarifies that the coroner or medical examiner certifies the cause of death when a decedent dies as a result of criminal or other violent means, while an attending physician certifies the cause of death in all other circumstances.

Second, it authorizes the physician who last examined or treated a decedent to certify the decedent's cause of death and complete and sign the medical certificate of death, but only in the case of a decedent who did not have an attending physician (defined under current law to mean the physician in charge of a patient's care for the illness or condition that resulted in the patient's death).

Third, the bill extends the current law timeline by which a medical certificate of death must be completed and signed, from 48 hours after death to 48 hours after ***notice*** of the death.

Fourth, it revises in the following ways existing law provisions that apply when a decedent's cause of death remains pending:

- By eliminating the authority of a coroner or medical examiner, when specifying on the medical certificate that the cause of death is pending, to sign the certificate by stamping it with a stamp of the coroner's or examiner's signature;

[101] Service coordination information published on the ODH website indicates that eligible applicants must be under the age of 21 (Service Coordination Program, which may be accessed by conducting a keyword "service coordination" search on ODH's website: odh.ohio.gov). However, R.C. 3701.023(D) requires ODH to authorize necessary service coordination for each eligible child, and R.C. 3701.021(D) prohibits the Director from specifying an age restriction that excludes from eligibility an individual who is less than 25 years of age.

- By maintaining the authority of a coroner or medical examiner to sign a medical certificate that specifies the cause of death as pending, while also eliminating references to signing the certificate in the coroner's or examiner's own hand;
- By maintaining provisions authorizing the coroner or medical examiner to sign any other medical certificate of death or supplementary medical certification, but eliminating the requirement that the signing be done in the coroner's or examiner's own hand;
- By requiring any other medical certificate of death or supplementary medical certification to be signed by the coroner or medical examiner within 48 hours after determining the cause of death.

Fifth, the bill establishes the failure to comply with the law governing medical certificates of death as a ground upon which the Medical Board may take disciplinary action against a physician.

Finally, the bill grants a coroner, medical examiner, or physician acting in good faith and upon reasonable belief immunity from civil liability and professional discipline for any act or omission in certifying the cause of death or in completing and signing the medical certificate of death.

340B covered entity reporting requirements

(R.C. 3701.88)

The bill imposes a new reporting requirement on certain 340B covered entities, which are entities that participate in the federal 340B Drug Pricing Program. The reporting requirements apply to 340B covered entities that are nonprofit hospitals licensed in Ohio that are disproportionate share hospitals, children's hospitals, free-standing cancer hospitals, critical access hospitals, sole community hospitals, or rural referral centers (these are hospital entities eligible under federal law to participate in the federal 340B Drug Pricing Program).[102]

Report contents

By July 1, 2026, and each July 1 annually after, each nonprofit hospital that is a 340B covered entity must submit a report to ODH. The report must contain information from the previous calendar year regarding the hospital and each offsite facility associated with it as follows:

1. For the nonprofit hospital, associated facility, and each pharmacy under contract with the nonprofit hospital to provide 340B drugs to patients on behalf of the hospital pursuant to the 340B Program (contract pharmacy), the following data delineated by payor type (private insurance, Medicare, Medicaid, other coverage, uninsured, self-pay):

a. The aggregate acquisition costs for all 340B drugs dispensed or administered;

[102] 42 U.S.C. 256(b)(L) to (O).

b. The aggregate payments received from third-party payors, including insurers, for all 340B drugs dispensed or administered;

c. The total number of prescriptions dispensed or administered, and the percentage of that total that were 340B drugs;

d. The percentage of patients served on a sliding fee scale for 340B drugs.

2. The total operating cost of the nonprofit hospital, including an itemized cost report of:

a. Implementing a direct pass through of 340B profits to patients in the form of lower cost-sharing for 340B drugs;

b. Implementing a sliding fee scale for low-income patients for 340B drugs who have household incomes under 200% FPL;

c. The nonprofit hospital's charity care costs (costs for free or discounted health care items and services provided to individuals meeting the hospital's financial assistance criteria and is unable to pay, as reported in the hospital's Medicare cost report).

3. The total payments made by the nonprofit hospital to contract pharmacies, third-party administrators, or any other entity, in administering and providing services under the 340B Drug Pricing Program.

4. Information regarding the nonprofit hospital's contract pharmacies, including:

a. Its total number of contract pharmacies;

b. The number of those contract pharmacies that are located outside of Ohio and the state where those are located;

c. The total number of prescriptions that were filled at a contract pharmacy, the percentage of that number that are contract pharmacies located outside of Ohio, and the percentage of all of the nonprofit hospital's prescriptions that were filled by contract pharmacies;

d. The total reimbursement paid for any 340B drugs dispensed or administered on behalf of the nonprofit hospital, and the percentage change in that amount compared to the previous year.

5. An itemized accounting of the nonprofit hospital's expenditures from 340B Drug Pricing Program profits, including all programs, services, and equipment funded or purchased with those profits.

Form and manner of reports

These nonprofit hospital 340B covered entities must submit the report in the form and manner specified by ODH, in consultation with any other state agency ODH deems appropriate. ODH must then post the submitted reports on its public website.

Evaluating sewage treatment system compliance

(R.C. 3718.02 and 3718.04; Section 737.30)

The bill requires the ODH Director, within 90 days after the bill's effective date, to adopt rules that establish statistical methods for evaluating sewage treatment system compliance for a 12-inch soil depth credit relative to bacterial parameters that are derived from a minimum of 144 consecutive data points. Those statistical methods must include one of the following:

1. The upper confidence limit of the mean method using log-transformed data, with the upper confidence limit derived from one of the following:

a. A two-sided 95% confidence interval for the mean and the maximum number of individual data points exceeding the treatment standard being 5%; or

b. A two-sided 99% confidence interval for the mean and the maximum number of individual data points exceeding the treatment standard being 10%.

2. Any other statistical method that is equally protective of public health and welfare.

The ODH Director must ensure that the rule specifies that a soil depth credit is approved when the upper confidence limit of the mean using log-transformed data is less than the applicable fecal coliform or E. coli. treatment standard set forth in the rules.

Furthermore, the bill prohibits the ODH Director from implementing or enforcing any special device approval or similar policy that imposes additional requirements or restrictions on a sewage treatment system or components of a system that combines the treatment of effluent with subsurface dispersal of treated effluent directly to the soil, sand bed, or gravel for any approval in effect as of December 31, 2020. If the ODH Director issued an approval for such a system and the approval was in effect as of December 31, 2020, the system may be modified upon request by the manufacturer if the system meets the intent of applicable standards, guidelines, and protocols. However, the system's approval otherwise remains valid under the original terms and conditions and may not be revoked or subjected to any new application or monitoring requirements unless clear, independent statistically significant evidence demonstrates that the system design consistently underperforms relative to gravel distribution trenches. This provision does not apply to effluent discharged into waters of the state.

DEPARTMENT OF HIGHER EDUCATION

In-state undergraduate tuition and general fees

- Addresses restraints on in-state undergraduate tuition and general fee increases for FY 2026 and FY 2027, as follows:
  - Limits state universities and university branch campuses from tuition and general fee increases for student cohorts entering each of those years to not more than 4% of what was charged in the previous academic year;
  - Decreases the percentage state universities and university branch campuses may charge a subsequent cohort under the tuition guarantee program by either the percentage limit set by the General Assembly for a fiscal year or, if the General Assembly does not set a limit, the average rate of inflation over the past 36 months;
  - Limits community, state community, and technical colleges increases to their tuition and general fees to not more than $10 per credit hour over what they charged in the previous academic year.

Student financial aid programs

Ohio College Opportunity Grant Program

- Establishes maximum Ohio College Opportunity Grant amounts for FYs 2026 and 2027, as follows:
  - For students at state institutions of higher education, $4,000;
  - For students at private nonprofit colleges and universities, $5,000;
  - For students at private for-profit colleges and schools, $2,000.

Governor's Merit Scholarship

- Extends the operation of the Governor's Merit Scholarship Program to FYs 2026 and 2027 with changes, including expanding eligibility to students enrolled in nonchartered nonpublic schools who meet the other criteria to receive a scholarship.

Ohio Work Ready Grant Program

- Requires the Chancellor of Higher Education to establish alternative criteria based on Ohio's emerging workforce needs to identify qualified programs for which a student may receive a first-time Ohio Work Ready Grant.
- Requires the Chancellor to collect and report data on technician-aligned associate degrees as a program metric.

Rural Practice Incentive Program

- Expands eligibility for attorneys to participate in the Rural Practice Incentive Program.

- Removes the requirement that repayments only be made for educational loans for eligible expenses incurred while enrolled in a law school and, instead, permits repayments for any educational loan for eligible expenses.
- Revises the factors used to determine whether a county is an underserved community for the purposes of determining an attorney's eligibility to participate in the program.
- Eliminates law that permits the Chancellor of Higher Education to enter into a contract with a participating attorney regarding service obligations and the obligation to repay the state for a failure to meet those obligations and, instead, requires an attorney to sign a promissory note payable to the state in the event that the individual does not satisfy those service obligations.

SSI – funds contingent on compliance with specified laws

- Earmarks $100 million in FY 2027 from the State Share of Instruction (SSI) funds reserved for the university traditional SSI formula to be distributed based on each state university's percent share of traditional SSI formula funding.
- Prohibits the Chancellor from distributing the FY 2027 set-aside funds to a state university unless the House and Senate higher education committees find that the university has fully complied with specified laws in the prior fiscal year.
- Requires each state university to submit, by March 1, 2026, a report to the chairs demonstrating compliance with the specified laws.
- Requires the committees each to determine, by March 31, 2026, whether a state university is in full compliance and report that determination to the Office of Budget and Management.
- Subjects the release of funds to Controlling Board approval.

State institutions of higher education

Credential and work experience

- Requires each state institution to consider an applicant's work experience and credentials as part of its admissions process and grant credit for that or detail the opportunities and required documentation to gain that credit.

General education requirements

- Requires each state institution board of trustees to formally review, evaluate, and adjust its general education criteria in specified subject areas.

Guaranteed admission

- Guarantees each high school graduate in the top 10% of their graduating class admission to a state institution.

- Permits a state university to delay main campus admission and admit a high school graduate in the top 10% of the graduating class to a regional campus if the student does not meet the standards for unconditional admission.
- Guarantees admission to the main campus of a state institution of higher education for students who graduate in the top 5% of their graduating class, provided the student meets the application and acceptance deadlines for admission to the main campus.
- Requires the Chancellor, in consultation with the Director of Education and Workforce, to identify a process to provide each state institution with a list of all students who are eligible for guaranteed admission.

Co-Op Internship Program

- Requires state institutions to develop and implement, by the 2027-2028 academic year, a Co-Op Internship Program.
- Requires the Chancellor to consult with JobsOhio and other appropriate stakeholders to develop the goals, structure, and parameters of the program.
- Requires state institutions, by June 30 of the year following the implementation of the program, and annually thereafter, to report specified metrics.

Fiscal caution status

- Requires the Chancellor, in consultation with OBM, to adopt rules regarding:
  - Criteria for determining when to declare a state institution under fiscal caution;
  - Requirements for a state institution on fiscal caution to submit a financial recovery plan, submit a three-year forecast of revenues and expenditures, consult with the Auditor of State regarding steps to bring the institution's financial accounting and reporting into compliance with the Auditor's requirements, and submit regular reports related to the fiscal caution; and
  - Criteria for determining when to declare the termination of a fiscal caution.
- Permits the Chancellor to impose limitations on a state institution that fails to comply with requirements related to a fiscal caution or fails to take decisive action to improve the institution's financial condition.
- Expressly permits the Chancellor, OBM, or the Auditor of State to conduct any audit or analysis necessary to assess the fiscal condition of any state university or college.

Use of financial indicators to evaluate institutions

- Requires the Chancellor to use specified financial indicators to determine whether a state institution board of trustees has taken any action related to pausing or stopping enrollment, submitted a withdrawal of accreditation, or taken any other action indicating the institution will undergo a wind down and dissolution of existence.

Governance authority requirements

- Requires a governance authority appointed for a state institution under conservatorship to include one member with expertise in academic affairs and accreditation and one member with expertise in either state agency budgets or state institution finances.
- If the governance authority determines closure is necessary or is appointed to facilitate an orderly closure, requires the governance authority to include in its quarterly report all matters related to compliance with institution closure requirements specified by the Chancellor.

Student record preservation plans

- Requires each state institution and each private nonprofit college or university annually to certify to the Chancellor, and each private for-profit career college or school annually to certify to the State Board of Career Colleges and Schools, a plan to preserve student records indefinitely if the institution were to close.

Higher education institution program review

- Requires each state institution and private nonprofit college or university annually to submit specified information to the Chancellor, including accreditation status, a plan for the indefinite preservation of student records in case of closure, external degree program evaluations, and degree programs eliminated in the previous year.
- Requires each for-profit career college or school to submit the same information to the State Board of Career Colleges and Schools and the Chancellor.
- Permits the Chancellor to rescind program approval or institutional authorization if a college, university, or state institution does not submit the required information.
- Permits the State Board to suspend, withdraw, or revoke a career college's or school's certificate of registration or program authorization if it fails to submit the required information.
- Requires each state institution, private nonprofit college or university, and for-profit career college or school to notify the Chancellor, and, in the case of a for-profit career college or school, the State Board, if specified events occur related to federal government or accrediting organization monitoring, accreditation findings, and financial issues.

Contracts with online program managers

- Establishes requirements for private nonprofit institutions of higher education, for-profit career colleges or schools, and state institutions of higher education that enter a contractual agreement with an online program manager to receive certain services to support an online degree program.

College credit for military training, experience, and coursework

- Permits the Chancellor to require higher education institutions and schools to establish a process to evaluate military training, experience, and coursework and to award appropriate equivalent college credit to veterans.

Strategic Square Footage Reduction Fund

- Creates the Strategic Square Footage Reduction Fund to make revolving loans to state higher education institutions for voluntary physical square footage reduction.
- Requires the Treasurer of State to transfer funds from the Ohio Tuition Reserve Fund to the Strategic Square Footage Reserve Fund.

Eastern Gateway Community College

- Repeals the law establishing Eastern Gateway Community College on June 30, 2027, and requires the Chancellor to ensure continuity of postsecondary educational access in Eastern Gateway's former service district.
- Requires the Chancellor to serve indefinitely as the records custodian for Eastern Gateway Community College upon that college ceasing operations.

Annual College Credit Plus Program outcomes report

- Reinstates the requirement that the Chancellor issue an annual report on College Credit Plus Program (CCP) outcomes.

Direct Admissions Pilot Program

- Establishes the Direct Admissions Pilot Program to notify students in participating high schools if they meet the admissions criteria for participating postsecondary institutions.

Centers of Civics, Culture, and Society

- Requires the directors of the Centers for Civics, Culture, and Society at the state universities in which they are located to approve the center's courses that meet the state university's general education requirements, in addition to overseeing, developing, and approving the center's curriculum.
- Eliminates the requirement that the Civics Centers be physically located in a specific college at the university.
- Requires each university to provide adequate and appropriate space for its respective Civics Center.

Ohio Civics Board

- Establishes the Ohio Civics Board, consisting of the directors of the academic civics centers located at Ohio State University, Miami University, Cleveland State University, Wright State University, and the University of Toledo.

- Requires the board to support academic civics centers to more effectively pursue their missions of teaching and research.

American civic literacy course exemptions

- Requires each state institution of higher education board of trustees to adopt a resolution specifying the conditions under which the institution's president or the president's designee may grant an exemption from the American civic literacy course requirement to a student who has completed at least three credit hours, or the equivalent, in a course in American history or American government.
- Requires courses used for the exemption to include the study of the same documents required for the American civic literacy course.
- Eliminates the exemption after the 2030-2031 academic year.

Attainment level report

- Eliminates the annual report regarding the progress the state is making in increasing the percentage of adults in the state with a postsecondary degree or credential.
- Requires the Chancellor, in collaboration with the Governor's Office of Workforce Transformation, to establish the level of attainment necessary to achieve identified performance targets across a range of degrees and credentials by December 31, 2025.

Campus security and safety programs reports

- Requires the Chancellor to submit reports regarding the Campus Security Support Program and the Campus Student Safety Grant Program to chairpersons of the House and Senate higher education committees by July 1, 2026.

Higher education data reporting

- Permits the Chancellor to use data already submitted to the Higher Education Information System and other public data exchanges if the information is materially consistent to fulfill reporting requirements.

Campus Community Grant Program

- Eliminates the Campus Community Grant Program.

Educator preparation metrics

- Requires educator preparation program coursework in evidence-based strategies for effective literacy instruction to be aligned with the International Dyslexia Association's, or its successor organization's, Knowledge and Practice Standards for Teachers of Reading.
- Modifies language regarding clinical preparation for educators teaching reading, including assuring adherence to the Ohio Dyslexia Guidebook.

- Requires the Chancellor to post the summaries of literacy instruction strategies and practices in place for educator preparation programs on the Chancellor's publicly accessible website.

Statewide FAFSA support system

- Eliminates the statewide system of regional FAFSA support teams.

"Teach CS" Grant Program

- Expands the scope of teachers to whom the "Teach CS" Grant Program applies.
- Clarifies the purposes for which grant funds may be used.

As used in this chapter of the analysis:

A **state institution of higher education** means any of the 14 state universities and each community college, state community college, technical college, and university branch campus.

The **state universities** are the University of Akron, Bowling Green State University, Central State University, University of Cincinnati, Cleveland State University, Kent State University, Miami University, Northeast Ohio Medical University, Ohio University, Ohio State University, Shawnee State University, University of Toledo, Wright State University, and Youngstown State University.

Ohio technical centers are career-technical centers and schools that provide adult education and are recognized as such by the Chancellor of Higher Education.

In-state undergraduate tuition and general fees

(R.C. 3345.48; Section 381.260)

For the 2025-2026 and 2026-2027 academic years, the bill restrains the increases for in-state undergraduate tuition and fees at each state institution of higher education.

State universities

Under law unchanged by the bill, each state university is required to establish an undergraduate tuition guarantee program. Under that program, each entering cohort of in-state undergraduate students pays an immediate increased rate for instructional and general fees, but that rate is guaranteed not to increase again for that particular cohort for the next four years.

For the 2025-2026 and 2026-2027 academic years, the bill requires each state university and university branch campus to restrain increases in its in-state undergraduate tuition and general fees. Specifically, they cannot increase the guaranteed amount of instructional and general fees for students entering in those academic years by more than 4% over what was charged in the previous academic year.

The bill reduces the percentage a state university or university branch campus may increase its tuition and general fees for a subsequent cohort by limiting the increase to either the percentage amount the General Assembly restrains increases on in-state undergraduate instructional and general fees for the fiscal year, or, if the General Assembly does not set a limit for a fiscal year, the average rate of inflation for the past 36 months.

Under current law, the increase is the sum of the average rate of inflation for the past 36 months and the percentage amount set by the General Assembly for the fiscal year. If the General Assembly does not establish a limit, then a state university is not limited in increasing its tuition and fees.

Community colleges

For the 2025-2026 and 2026-2027 academic years, the bill prohibits each community, state community, and technical college from increasing its tuition and general fees by more than $10 per credit hour over what it charged in the previous academic year. Those limits explicitly exclude student health insurance, fees for auxiliary goods or services provided to students at the cost incurred to the college, fees assessed to students as a pass-through for licensure and certification exams, fees for elective courses associated with travel experiences, elective service charges, fines, and voluntary sales transactions.

Student financial aid programs

Ohio College Opportunity Grant Program

(Section 381.490)

The bill establishes maximum Ohio College Opportunity Grant award amounts for FY 2026 and FY 2027 for each higher education institutional sector. Specifically, for both years, the maximum amounts are as follows:

Institutional sector	Award amount
State institution of higher education	$4,000
Private nonprofit college or university	$5,000
Private for-profit career college or school	$2,000

The Ohio College Opportunity Grant Program is the state's main needs-based financial aid program for higher education students. For more information about the program, see the LSC Ohio College Opportunity Grant: Q&A (PDF) Members Brief, which is available on LSC's website: lsc.ohio.gov/publications.

Governor's Merit Scholarship

(R.C. 3333.1210; Section 381.400)

The bill extends the operation of the Governor's Merit Scholarship Program to FY 2026 and FY 2027. Under the program, the Chancellor of Higher Education awards merit-based, four-year, $5,000 scholarships to qualifying Ohio high school graduates attending state institutions of higher education or private nonprofit colleges or universities in Ohio. In addition to awarding scholarships to students who received one for the 2024-2025 academic year, the bill instructs the Chancellor to award first-time scholarships to recent high school graduates as follows:

1. For the 2024-2025 academic year, students who were in the top 5% of their graduating class at the end of their junior year;

2. For the 2025-2026 academic year, students who were in the top 2% of their graduating class at the end of their junior year.

Furthermore, the bill requires the Chancellor to award a first-time scholarship to at least one eligible student per high school for the 2026-2027 school year.

In addition to extending the program, the bill makes the following changes to it:

1. Permits the Chancellor to use the program's appropriations to pay for the program's administrative costs;

2. Expands eligibility for a scholarship to students enrolled in nonchartered nonpublic schools who meet the other criteria to receive a scholarship;

3. Clarifies that public or nonpublic schools must determine student eligibility using criteria established by the Chancellor, in consultation with the Director of Education and Workforce;

4. Requires school districts and nonpublic high schools to provide information requested by the Chancellor regarding scholarship eligibility determinations;

5. Prohibits the Chancellor from placing limits on the number of students receiving an award under the scholarship who enroll at an institution.

Additionally, beginning with first-time scholarships awarded for FY 2027, the bill requires a student who accepts a scholarship to commit to residing in Ohio for the three years immediately following the individual's graduation from college. The student must sign a promissory note payable to the state for the amount of total scholarship funds accepted by the individual under the program. The Chancellor must determine the period of repayment under the note and may not charge an interest rate on such payments.

The promissory note takes immediate effect if either of the following apply:

1. The individual does not satisfy the residency requirement; or

2. The individual disenrolls from an institution of higher education in Ohio without graduating or transfers to an institution in another state.

The promissory note does not take immediate effect if a student does not complete the residency requirement because the student pursues a graduate degree at an institution that is not located in Ohio. In that event, the individual must complete the residency requirement after receiving that graduate degree.

The note must stipulate that the obligation to make payments under the note is cancelled if the student meets the residency requirement or if the student dies or becomes totally and permanently disabled.

The program was first enacted in H.B. 33 of the 135th General Assembly, effective July 4, 2023, the main appropriations act of the FY 2024-FY 2025 biennium and began operation in FY 2025. For more information about the program and its operation, see page 328 of the LSC

H.B. 33 Final Analysis (PDF), which is available on the General Assembly's website: legislature.ohio.gov.

Ohio Work Ready Grant Program

(R.C. 3333.24)

The bill requires the Chancellor to establish, in consultation with the Office of Workforce Transformation, alternative criteria to identify qualified programs eligible for the Ohio Work Ready Grant Program. The criteria must be based on the emerging workforce needs of the state. The bill also specifies that the industry-recognized credential metric reported by the Chancellor include technician-aligned associate degrees. Current law requires that the Chancellor collect and report various program metrics including demographics, success rates of recipients, and total number of industry-recognized credentials disaggregated by subject or program area.

Rural Practice Incentive Program

(R.C. 3333.131, 3333.132, 3333.133, 3333.134, and 3333.135)

The bill revises the operation of the Rural Practice Incentive Program. Under that program, the Chancellor of Higher Education may repay up to $50,000 of an educational loan taken by an attorney in exchange for the attorney's employment as a service attorney in an underserved community.

Loans eligible for repayment

The bill eliminates the requirement that the Chancellor only make repayments for educational loans taken out to pay eligible expenses incurred while attending law school. Instead, the Chancellor may make a payment for *any* educational loan taken out to pay for eligible expenses, not just for those incurred during law school.

Underserved community designation

Under continuing law, once every two years the Chancellor must designate by rule a county as an "underserved community" based on a ratio of attorneys to total county population. The bill changes the factors in determining that ratio to include only attorneys who have trust accounts in which to deposit client funds (IOLTA accounts), and to change the ratio of these attorneys to county population to 1:1500 from 1:700.

Expand attorney eligibility

The bill expands the eligibility of attorneys to participate in the program. Specifically, it:

1. Permits an attorney who is engaged in private practice of law, who practices civil law, or who works in an underserved community for a minimum of 520 hours each service year to participate. Under continuing law, certain public defenders, prosecuting attorneys, and counsel appointed by a court or selected by an indigent person in need in underserved communities may participate;

2. Permits an attorney who agrees to practice in an underserved community for a minimum of 520 hours each service year to participate. Continuing law already permits an attorney who is employed in an underserved community to participate;

3. Increases the window of eligibility for the program to attorneys that have been admitted to the practice of law in Ohio for less than 12 years, rather than eight years as under current law; and

4. Permits an individual enrolled in any other state or federally funded student loan repayment or debt forgiveness program, other than the federal Public Service Loan Forgiveness or the John R. Justice Loan Repayment programs, to participate.

Approval of an application

The bill eliminates the requirement that the Chancellor approve individuals for participation in the program in a manner that is proportionate to the number of different types of attorneys who apply to the program, with an aim toward disbursing loan repayments equitably among attorneys employed by a county prosecuting attorney, attorneys employed by a state, county, or joint county public defender, and attorneys employed as a service attorney.

Repayment under a promissory note

The bill eliminates law that permits the Chancellor to enter into a contract with an attorney participating in the program establishing that attorney's service obligations and obligation to repay the state in the event the attorney does not satisfy those obligations. Instead, the bill requires a participating attorney to sign a promissory note payable to the state in the event that the individual does not satisfy those service obligations.

The amount payable to the state in the event the individual does not satisfy the service obligation must be the corresponding amount to the service obligation agreed upon in the promissory note – up to $30,000 for a three-year service obligation and up to an additional $20,000 for an additional fourth or fifth year of service. Current law requires an individual to pay the Chancellor an amount established by rules adopted by the Chancellor if the individual fails to complete the service obligation.

The bill requires an individual to remain employed as a service attorney within the underserved community for a duration specified in the promissory note. The bill also requires the promissory note to include terms as prescribed by the Chancellor including the individual's length of service in the underserved community and the maximum amount the Chancellor will repay on behalf of the individual.

The bill eliminates the current law requirement that a contract include the number of weekly or yearly hours an attorney will be engaged in practice in the underserved community.

SSI – funds contingent on compliance with specified laws

(Section 381.250)

The bill earmarks $100 million from the remainder amount of the State Share of Instruction (SSI) line item reserved for the university traditional SSI formula to be distributed based on each state university's percent share of traditional SSI formula funding. The bill prohibits the Chancellor from distributing funds from the set-aside amount unless the House and Senate committees that consider higher education legislation determine that the state university

has fully complied with specified laws enacted by S.B. 1 of the 136th General Assembly. That act takes effect on June 27, 2025. The specified laws require all of the following:[103]

1. Completion of required trustee training provided by the Chancellor;

2. Syllabus posting requirements;

3. Incorporating specified statements into a statement of commitment;

4. Adopting a policy containing specified requirements and prohibitions regarding diversity, equity, and inclusion (DEI), intellectual diversity, and other concepts at the institution;

5. Developing an American civic literacy course and requiring completion of the course beginning with students graduating in the spring semester of the 2029-2030 academic year;

6. Establishing a written system of faculty evaluations;

7. Adopting and periodically updating a post-tenure review policy; and

8. A prohibition on accepting gifts or donations from the People's Republic of China and other related prohibitions and requirements.

To determine a state university's compliance, the bill requires each state university to submit a report to the committee chairs demonstrating its compliance by March 1, 2026. Each committee must make a determination by March 31, 2026, and report the determination to the Office of Budget and Management. The bill permits the Controlling Board to consider the release of the earmarked FY 2027 funds only for institutions found compliant. The release of funds is subject to the Controlling Board's approval.

The bill requires the Chancellor to distribute earmarked FY 2027 funds to compliant universities in monthly payments in the same manner as other SSI funds and to reduce SSI payments for universities found noncompliant by the share of the earmarked FY 2027 funds calculated for that university.

State institutions of higher education

Credential and work experience

(Section 381.740)

The bill requires each state institution of higher education, prior to admitting any students applying after July 1, 2025, to consider the applicant's work experience and credentials as part of the institution's admissions process. The bill states that an applicant's experience and credentials need not to align to the program or discipline the applicant is pursing to be considered a positive reason for the state institution to admit the student.

[103] See R.C. 3333.045, 3345.029, 3345.0216, 3345.0217, 3345.451, 3345.453, and 3345.591, not in the bill, and R.C. 3345.382.

Upon a student's acceptance, a state institution must either grant credit for prior learning or experience or detail the potential opportunities and required documentation to grant such credit based on the review of the information the student provided in an application.

General education requirements

(Section 381.750)

Under the bill, each state institution of higher education board of trustees must formally review and evaluate the components of its general education curriculum and adopt a resolution acknowledging it has done so by December 31, 2026. Each board of trustees must submit its resolution to the Chancellor.

By March 31, 2027, each board of trustees must formally evaluate its general education curriculum to enhance content that furthers the state's postsecondary education attainment and workforce goals. In conducting the evaluation, the board of trustees must consider adjusting that curriculum in:

1. Civics, culture, and society, including U.S. and Ohio history, the foundations of American representative government, how to disagree in a civil manner, and the principles of civil discourse;

2. Artificial intelligence, STEM, and computational thinking;

3. Entrepreneurship and the principles of innovation;

4. Workforce readiness, including fundamental skills necessary for Ohio's graduates to gain employment in in-demand occupations.

Each board of trustees must, by June 30, 2027, adopt a resolution summarizing the changes made to its general education curriculum as a result of the evaluation process. A copy of that resolution must be submitted to the Chancellor. The bill subjects any adjustments to the curriculum to the Chancellor's program approval process as well.

The Chancellor must provide a copy of each resolution submitted under the process to the Governor, Speaker of the House, and President of the Senate.

Guaranteed admission

(R.C. 3345.06)

The bill guarantees each high school graduate who is in the top 10% of their graduating class as determined by the Chancellor admission to any state institution of higher education. If the student does not meet the standards for unconditional admission, a state university may delay main campus admission and instead admit the student to a university branch campus.

The bill also guarantees admission to the main campus of any state institution of higher education for each student who is in the top 5% of their graduating class, provided the student meets the application and acceptance deadlines for admission to the main campus.

The bill requires the Chancellor, in consultation with the Director of Education and Workforce, to identify a process to provide each state institution with a list of all students who are eligible for guaranteed admission.

Under continuing law, generally, state universities must accept for undergraduate coursework students who complete the requirements for high school graduation. If a state university determines a student needs academic remedial or developmental coursework, the university may delay admission or conditionally admit a student upon the student's completion of that coursework at a university branch, community college, state community college, or technical college.

Co-Op Internship Program

(R.C. 3345.83)

The bill requires each state institution of higher education to develop and implement a Co-Op Internship Program by the 2027-2028 academic year. The program must align with JobsOhio's target economic sectors and connect students with Ohio-based employers to facilitate work-based learning opportunities related to the student's course of study. This may include apprenticeships, internships, externships, and co-ops. The bill requires institutions to work with JobsOhio to develop and implement their program, including identifying industry and employer partners.

The bill requires the Chancellor to consult with JobsOhio and other appropriate stakeholders to develop the goals, structure, and parameters of the program. The Chancellor may consult with other stakeholders as well.

The bill requires each institution annually to issue a report to the Chancellor on the status of the program beginning June 30 following the academic year in which the program is implemented. This report must include the number of participating students, which employers are partnering with the institution, and the number of participating students that have received or accepted offers of post-graduation employment as a direct result of their participation in the program.

Fiscal caution status

(R.C. 3345.71 and 3345.721)

The bill requires the Chancellor, in consultation with OBM, to adopt rules that include:

1. Criteria for determining when to review and, if necessary, declare a state institution of higher education under fiscal caution. The criteria may include:

a. A significant drop in enrollment from the prior year;

b. A decline in enrollment for consecutive years;

c. A significant increase in enrollment;

d. A significant increase in adjunct faculty;

e. An increase in student complaints;

f. A substantial increase in the number of third-party service providers who are paid based on success;

g. Federal financial aid processing delays;

h. Reduced or increased reliance on State Share of Instruction;

i. Receipt of substantial nonrecurring revenue, from any source, that could signify a structural budget deficit;

j. Failure to reconcile or file annual reports promptly, which may cause a delay in completing a yearly audit even if granted an extension;

k. A lack of proper institutional segregation of critical duties, functions, or responsibilities;

l. Significant turnover of faculty, staff, or administrators;

m. A significant amount of past due student receivables;

n. A significant increase in tuition or fee waivers;

o. Change in accreditation status by a nationally recognized accrediting agency;

p. A significant increase in indebtedness;

q. A federal program review or actions taken by a federal agency that adversely affects the state university's or college's finances, cash management, or educational program offerings; and

r. Significant changes in a state university's or college's educational program eligibility or compliance with satisfactory academic progress requirements in federal law, including an increase in the use of correspondence or asynchronous learning materials.[104]

2. A requirement that a state institution declared to be on fiscal caution submit a financial recovery plan, within a defined period of time after the declaration as determined by the Chancellor, that may include:

a. Projections of revenue and expenditures over a three-year time horizon and on such other time horizons as may be requested by the Chancellor;

b. A comprehensive review of current staffing levels, a comparison of staffing levels to the number of enrolled students, and a five-year historical summary of staffing levels;

c. A review of the most recent submission of institutional recommendations for courses and programs based on enrollment and duplication with other state institutions, as required under continuing law,[105] and submission of revised recommendations as determined to be necessary;

d. A review of any approved tuition waivers, tuition guarantees, reciprocity agreements, or scholarship programs;

e. A plan to reduce expenditures over a six-month, 12-month, 18-month, and 24-month period, as necessary, to align ongoing revenue with ongoing expenses;

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[104] 34 C.F.R. 668.34.

[105] R.C. 3345.35, not in the bill.

f. A review of contracts that are the largest portion of the state institution's expenditures; and

g. A program viability analysis, or analyses, as determined by the Chancellor to be necessary in accordance with law unchanged by the bill.[106]

3. A requirement that a state university institution declared to be on fiscal caution submit a three-year forecast of revenues and expenditures, approved in a resolution adopted by the university's or college's board of trustees. The three-year forecast must be structurally balanced based on a set of underlying assumptions, including enrollment projections, tuition revenue, and state funding levels, that are evidence-based and practicable.

4. A requirement that a state institution declared to be on fiscal caution consult with the Auditor of State regarding any necessary or appropriate steps to bring the books of account, accounting systems, and financial procedures and reports of the institution into compliance with requirements prescribed by the Auditor of State regarding desirable modifications and supplementary systems and procedures pertinent to the university or college. The Auditor of State must provide a written report to the institution's board of trustees outlining the nature of the financial accounting and reporting problems of the university or college and recommendations for actions to be undertaken to correct the financial accounting and reporting problems. If requested by the institution or recommended by the Chancellor, the Auditor of State may additionally perform a performance audit of the institution.

5. A requirement that for the duration of a fiscal caution, a state institution must submit regular reports on any of the above matters or new matters identified by the Auditor of State or the Chancellor as contributing to the reason for the declaration, preventing the recovery of the institution, or the inability to be removed from fiscal caution; and

6. Criteria for determining when to declare the termination of the fiscal caution of a state institution.

The bill requires a state institution to provide the Chancellor with all information requested in the time and manner determined by the Chancellor. Failure to comply in a satisfactory manner, as determined by the Chancellor, may result in a declaration of a fiscal watch.[107] The bill also permits the Chancellor to impose limitations on a state institution that fails to comply with the law or rules adopted regarding fiscal cautions or that fails to take decisive action to improve the institution's financial condition. Those limitations may include:

1. Limitations on eligibility to participate in grants and programs administered by the Chancellor;

2. Limitations on approval of a new degree program or associated certificates;

3. Suspension of additional enrollment in an educational program;

[106] R.C. 3333.073, not in the bill.

[107] R.C. 3345.72, not in the bill.

4. Restriction of an increase in any special fee or a creation of a new fee;

5. Limitations on the power of the board of trustees to enter into any new or renewed contracts without prior approval from the Chancellor; and

6. Withholding approval of any Controlling Board request for capital projects.

Finally, the bill expressly permits the Chancellor, OBM, or the Auditor of State to conduct any audit or analysis necessary to assess the fiscal condition of any state university or college.

Use of financial indicators to evaluate institutions

(R.C. 3345.74)

The bill requires the Chancellor to use the financial indicators and standards adopted by the Chancellor under continuing law to determine if a state institution board of trustees has taken any action related to pausing or stopping enrollment, submitted a withdrawal of accreditation, or taken any other action indicating it will no longer offer educational activity or will undergo a wind down and dissolution of existence.

Under continuing law, the Chancellor must adopt financial indicators and standards used to determine whether a state university or college under a fiscal watch is experiencing sufficient fiscal difficulties to warrant the appointment of a conservator.[108]

Governance authority requirements

(R.C. 3345.75)

The bill requires a governance authority appointed for a state institution of higher education under conservatorship to include one member with expertise in academic affairs and accreditation and one member with expertise in either state agency budgets or state institution finances.

The bill also requires a governance authority to include in its quarterly report if the governance authority determines closure is necessary or, if the governance authority is appointed to facilitate an orderly closure, as determined to be necessary by the board of trustees prior to the governance authority's appointment, all matters related to compliance with the requirements of a closure of an institution of higher education as specified by the Chancellor.

Under continuing law, a governance authority appointed for a state institution must submit a quarterly report to the Chancellor, the Governor, the Speaker and Minority Leader of the House, and the President and Minority Leader of the Senate, that sets forth information on the general conditions of the college, expenses, progress with improvements, and matters the governance authority considers useful.

[108] R.C. 3345.73, not in the bill.

Student record preservation plans

(R.C. 1713.033, 3332.17, and 3345.601)

The bill requires each state institution and private nonprofit college or university to annually certify to the Chancellor, and each private for-profit career college and school to annually certify to the State Board of Career Colleges and Schools, a plan to preserve student records indefinitely if it was to cease operations. The plan must include the designation and signed confirmation of an official custodian of student records. If the Chancellor determines it necessary for a state institution or nonprofit college or university, of the State Board determines it necessary for a career college or school, the Chancellor or the State Board may require an institution to produce an executed agreement with the designated custodian of students that is paid in full, to ensure the institution's plan can be implemented.

The bill permits the Chancellor to consult with the Higher Learning Commission, the State Board of Career Colleges and Schools, and other appropriate entities to establish plans, processes, and procedures for institutions and schools to provide indefinite access to student records. Similarly, the State Board's Director may consult with the Chancellor, the Higher Learning Commission, and other appropriate entities for the same purposes.

Higher education institution program review

(R.C. 1713.041, 3332.21, and 3333.074)

Annual reporting

The bill requires each state institution of higher education, private nonprofit college or university, and for-profit career college or school to annually report information to the Chancellor and, for for-profit career colleges and schools, to the State Board of Career Colleges and Schools. This information includes all of the following:

1. Verification of current accreditation status and a copy of the most recent institutional report from the Higher Learning Commission, for state institutions, or from the institution's accrediting organization, for private nonprofit colleges or universities and for-profit career colleges and schools;

2. A plan to preserve student records indefinitely in the event of closure of the institution or discontinuation of service. The plan must include a method by which students and alumni of the institution may retrieve student records by request. The plan also must include a designation and signed confirmation of an official custodian of student records. Student records preserved under the plan must include academic transcripts, financial aid documents, international student forms, and tax information;

3. The results of any external degree program evaluations that occurred in the last year;

4. Any degree programs eliminated in the last year; and

5. Any other information requested by the Chancellor or, for for-profit career colleges and schools, the State Board.

Private nonprofit colleges and universities and for-profit career colleges and schools must also provide a list of current degree programs offered in Ohio and the latest financial statement for the most recent fiscal year compiled and audited by an independent certified public accountant, including any management letters provided by the independent auditor.

If a state institution fails to submit the required information, or if the Chancellor finds the information is insufficient, the Chancellor may rescind program approval. If a private nonprofit college or university fails to submit the required information or the Chancellor finds the submitted information is insufficient, the Chancellor may suspend, withdraw, or revoke the college or university's institutional authorization or a program's authorization. If a for-profit career college or school fails to submit the required information or the State Board or the Chancellor finds the submitted information is insufficient, the State Board may suspend, withdraw, or revoke a school's certificate of registration or program authorization.

Notice requirements

The bill requires each state institution, private nonprofit college or university, and for-profit career college or school to immediately inform the Chancellor and, for for-profit career colleges and schools, the State Board, if the institution does any of the following:

1. Receives notice from the federal government or an institutional accrediting organization that the institution is subject to heightened reporting standards or special monitoring status, such as the U.S. Department of Education's heightened cash monitoring process;

2. Receives preliminary or final accreditation findings;

3. Becomes the subject of an investigation by a government agency related to the institution's academic quality, financial stability, or student consumer protection;

4. Fails to make any payments to applicable retirement systems. For state institutions, the bill presents the Public Employees Retirement System or the State Teachers Retirement System as examples;

5. Fails to make any scheduled payroll payments;

6. Fails to make any payments to vendors when due as a result of a cash deficiency or a substantial deficiency in the payment processing system of the institution;

7. Fails to make any scheduled payment of principal or interest for short- or long-term debt;

8. Makes budget revisions resulting in a substantially reduced ending fund balance or larger deficit; or

9. Becomes aware of significant negative variance between the most recently adopted annual budget and actual revenues or expenses as projected at the end of the fiscal year.

A state institution must also immediately notify the Chancellor if the institution requests an advance of a state subsidy.

The bill clarifies that a document received by the Chancellor from a private nonprofit college or university pertaining to heightened reporting standards, special monitoring status, accrediting findings, or government investigations that is confidential under federal law is not subject to release under a public record request until such time as that document is released publicly by the appropriate entity. Further, financial documentation received by the Chancellor is not considered a public record under the bill.

Contracts with online program managers

(R.C. 1713.03, 1713.032, 3332.22, and 3333.0420)

The bill defines an "online program manager" as an entity that is not an institution of higher education as defined under The Higher Education Act of 1965[109] that enters into an agreement with (1) a private nonprofit institution of higher education, (2) a for-profit career college or school, or (3) a state institution of higher education, to provide marketing and recruitment services and at least one additional service, including course design, technology, or faculty training, to support an online degree program.

The bill requires any such institution that enters into a contract with an online program manager, to:

1. Ensure the contract is in compliance with relevant program standards and requirements;

2. Post on each online degree program website it maintains that it utilizes an online program manager for services; and

3. Require the online program manager to identify itself when providing services to students.

Further, the bill prohibits any of those institutions from permitting an online program manager to control, make decisions regarding, administer, or disburse student financial aid.

Each private nonprofit institution of higher education must also disclose on its annual report to the Chancellor any contract entered with an online program manager. The bill states that a contract specifically between a private nonprofit institution of higher education and an online program manager is not subject to the public records law.

College credit for military training, experience, and coursework

(R.C. 3333.164)

The bill permits the Chancellor to require a state institution of higher education, private nonprofit college and university, and private, for-profit career college and school to establish a process to systematically evaluate military training, experience, and coursework and to award appropriate equivalent college credit to a student who is a veteran of the armed forces. The Chancellor may adopt rules to implement those requirements.

[109] 20 U.S.C. 1001.

Background

Continuing law requires the Chancellor to develop a set of standards and procedures for state institutions to utilize regarding military training and college credit.

Strategic Square Footage Reduction Fund

(R.C. 3333.96 and 3334.11)

The bill creates in the state treasury the Strategic Square Footage Reduction Fund to make revolving loans to state institutions of higher education that enable the voluntary reduction of physical square footage. The fund must consist of money credited or transferred to it, grants, gifts, and contributions made directly to it, or any funds transferred from the Ohio Tuition Trust Reserve Fund.

The bill requires the Chancellor to administer and award, in consultation with the Ohio Facilities Construction Commission (FCC), the revolving loans and requires the Chancellor to establish all of the following:

1. Procedures and forms by which state institutions may apply for a loan;

2. A competitive process for ranking applicants and awarding the loans, with priority consideration given to state institutions that have experienced a decrease in their general student population, as determined by the Chancellor; and

3. Procedures and timelines for distributing loans and collecting payments for the Strategic Square Footage Reduction Fund.

Application

The bill requires each state institution to include in its application all of the following:

1. The extent to which the square footage may have value if sold or reallocated to serve other purposes, which may include K-12, career-technical, or adult educational purposes, community interests, or business and industry partnerships;

2. The relative age and condition of the facilities to be deconstructed;

3. Historical enrollment patterns as well as future enrollment projections;

4. The composition of classes offered in person versus in an online format;

5. The level of deferred maintenance;

6. The prior level of state investment;

7. The amount of annual operating expenses defrayed by eliminating the square footage; and

8. A report from OBM detailing the extent and status of past capital budget appropriations supporting the project and the existence of any outstanding bonded debt derived from that support.

The Chancellor and the FCC must consider this information supplied by a state institution in its application when making final awards.

Loan requirements

Each state institution that receives a loan must certify to the Chancellor, on a date and in a form and manner prescribed by the Chancellor, a summary of financial information regarding the loan. Prior to a state institution using the loan to pay demolition costs of a facility, the following must occur:

1. The board of trustees of the state institution must adopt a resolution approving the demolition; and

2. Any net proceeds received from any demolition of property must, at the direction of the Director of OBM, be credited to the Strategic Square Footage Reduction Fund.

The bill prohibits each state institution that is receiving a loan for the reduction of physical square footage from constructing any new facility during the period in which demolition is occurring.

Transfer of funds from the Ohio Tuition Trust Reserve Fund

The bill requires the Treasurer of State, upon request by the Chancellor and approval by the Director of OBM, to transfer funds from the Ohio Tuition Reserve Fund to the Strategic Square Footage Reduction Fund.

Ohio Tuition Trust Fund and the Ohio Constitution

The Ohio Tuition Trust Fund and the Ohio Tuition Reserve Fund are used to support the Guaranteed Savings Plan Program. The Ohio Constitution and continuing law establish that program to allow individuals to open accounts to purchase tuition units that can be redeemed against the cost of tuition at state institutions of higher education. However, in 2003, the opening of accounts and sale of units were suspended, in accordance with continuing law, due to concerns about the program's actuarial soundness.

Article VI, Section 6(B) of the Ohio Constitution requires that any assets maintained in the Ohio Tuition Trust Fund be used solely for the purposes of that fund and provides that, upon the Guaranteed Savings Plan Program's termination, any funds left In the Trust Fund must be transferred to the General Revenue Fund. The Ohio Tuition Trust Reserve Fund is a subfund of the Ohio Tuition Trust Fund.

Eastern Gateway Community College

(R.C. 3333.053 and 3354.24, repealed; conforming change in R.C. 3354.19; Sections 105.10, 381.730, and 733.40)

The bill addresses the recent decision to dissolve Eastern Gateway Community College in several ways. First, it provides for the repeal of the law establishing Eastern Gateway, effective June 30, 2027. The Chancellor must serve indefinitely as the records custodian for the college upon the college ceasing operations. It also requires the Chancellor, in consultation with postsecondary educational institutions and other stakeholders, to monitor and evaluate the ongoing availability of postsecondary educational offers in Eastern Gateway's former four-county service district.

To the extent practicable, the Chancellor must seek to ensure strong continuity of postsecondary educational access to residents of the district, with a particular focus on access to programs aligned with regional workforce priorities. If determined necessary, the Chancellor may seek favorable outcomes by engaging with other postsecondary educational institutions to encourage access to educational opportunities, including outcomes associated with academic program offers, program-related equipment, or physical facilities.

Finally, the bill specifically states that nothing prohibits any other community, state community, or technical college from serving Eastern Gateway's former district. Though, such college is still subject to the Chancellor's academic program approval process and must seek approval under rules adopted by the Chancellor.

Eastern Gateway was established in H.B. 1 of the 128th General Assembly, effective October 16, 2009, the main appropriations act of that biennium. That act added Columbiana, Mahoning, and Trumbull counties to the existing territory of Jefferson Community College's district (Jefferson County), renamed Jefferson Community College as Eastern Gateway Community College, and established a new board of trustees to operate the college.

According to the Department of Higher Education's website, Eastern Gateway announced a pause in registration and enrollment for future semesters on February 21, 2024. On May 15, 2024, it further announced it would dissolve by October 31, 2024, with all instruction ending no later than August 31, 2024. For more information see Eastern Gateway Community College Information on the Department's website: highered.ohio.gov.

Annual College Credit Plus Program outcomes report

(R.C. 3365.15)

The bill eliminates the December 2023 sunset on the law requiring the Chancellor and the Department of Education and Workforce to submit a report on the outcomes of CCP to the Governor, the Senate President, the Speaker of the House, and the chairs of the Senate and House education committees. As a result, the bill permanently reinstates the requirement that that report be submitted by the end of December each year.

Direct Admissions Pilot Program

(Section 381.770)

Purpose

The bill requires the Chancellor, in consultation with the Director of Education and Workforce, to establish the Direct Admissions Pilot Program. Under the pilot program, the Chancellor must determine whether high school seniors in participating schools meet the admissions criteria for participating postsecondary institutions. The Chancellor then must notify participating students of the determination. The bill expressly prohibits requiring any student, school, or institution from participating in the pilot program.

Operation

To facilitate the pilot program, the Chancellor must establish a process that uses a student's academic record to determine whether the student meets the admissions

requirements. To the extent practicable, and in accordance with applicable law, the Chancellor must use existing student information systems to automate the process. The Chancellor also must use information held by the student's school to minimize the need for a student to provide additional information.

The bill authorizes the Chancellor to establish eligibility requirements for students, schools, and postsecondary institutions who elect to participate in the pilot program. The Chancellor also may consult with stakeholders and form advisory councils as necessary to design and operate the pilot program.

The Chancellor must "endeavor" to implement the pilot program so students graduating in the 2026-2027 school year may participate in it. Conversely, the bill also authorizes the Chancellor to terminate the pilot program if it is impracticable to operate.

Participating schools and institutions

The bill permits any school district, community school, STEM school, or chartered nonpublic school to apply to participate in the pilot program. Similarly, any state institution of higher education, private nonprofit college or university, or Ohio technical center may apply to participate. The Chancellor must approve the application of any school or institution that meets any eligibility requirements established by the Chancellor.

The governing body of a participating district or school may adopt a policy authorizing any high school it operates to participate in the pilot program. Within 90 days of adopting a policy, the governing body must transmit it to the Chancellor and the Director. The governing body also must develop a procedure to determine whether a student who wants to participate in the pilot program meets any eligibility requirements established by the Chancellor.

Report

The Chancellor, in consultation with the Director, must issue a report on the pilot program at least once each school year by a date set by the Chancellor. The report must include information about the number of students who participate in the program. It also must evaluate, to the extent practicable, the impact of the pilot program on postsecondary outcomes for students from populations traditionally underserved in higher education. The Chancellor must submit the report to the Governor, the Senate President, the Speaker of the House, the Director of Education and Workforce, the OBM Director, and the Governor's Office of Workforce Transformation.

Program criteria and technical support

Under the bill, the Chancellor must determine and provide the criteria for approving accelerated 90-hour degree programs established under the program. The Chancellor also must provide technical assistance to each state university during the development of accelerated 90-hour degree programs and aligned model CCP pathways. Finally, the Chancellor must publish annually on the Chancellor's website the information reported by the state universities.

Credit transfer

The Chancellor also must identify how students can count credit earned in high school, a nontraditional training program, another state institution of higher education, or work experiences as part of a state university's 90-hour degree programs. Each university must then accept credit from incoming students that meet the criteria identified by the Chancellor.

Centers for Civics, Culture, and Society

(R.C. 3335.39, 3339.06, 3344.07, 3345.58, 3352.16, and 3364.07)

The bill makes several changes regarding the operation of the Cleveland State University Center for Civics, Culture, and Society, Miami University Center for Civics, Culture, and Society, Salmon P. Chase Center for Civics, Culture, and Society at Ohio State University, the Institute of American Constitutional Thought and Leadership at the University of Toledo, and the Wright State University Center for Civics, Culture, and Workforce Development ("Civic Centers").

Curriculum

The bill requires the directors of the Civic Centers to approve the center's courses that meet the university's general education requirements, in addition to overseeing, developing, and approving the center's curriculum.

Civics Centers location

The bill eliminates the requirement that the Salmon P. Chase Center for Civics, Culture, and Society within Ohio State University, the University of Toledo Institute of American Constitutional Thought and Leadership, the Miami University Center for Civics, Culture, and Society, and the Cleveland State University Center for Civics, Culture, and Society be physically located in the College of Public Affairs, the College of Law, the College of Arts and Sciences, and the Levin College of Public Affairs and Education, respectively.

The bill requires each university to provide adequate and appropriate space for its respective Civic Center, as jointly determined by the center's director and either the university president or provost and prohibits each university from charging or assessing overhead or indirect fees, costs, expenses, or charges to the center.

The bill also eliminates the requirement that the director of each Civic Center must consult with a respective faculty member as follows: for Ohio State University, the Dean of the College of Public Affairs, for University of Toledo, the Dean of the College of Law, for Miami University, the Dean of the College of Arts and Sciences, for Cleveland State University, the Dean of the College of Public Affairs.

Ohio Civics Board

(R.C. 3345.58)

The bill establishes the Ohio Civics Board, consisting of the directors of the academic civics centers located at Ohio State University, Miami University, Cleveland State University, Wright State University, and the University of Toledo, as ex officio members. If a civics center does not have a director, the center's acting or interim director must serve on behalf of that center until a

director is selected. No additional appointment or confirmation by any authority is required for membership.

The board must:

1. Support the academic civics centers to more effectively pursue their missions of teaching and research in the historical ideas, traditions, and texts that have shaped American and Ohio constitutional order and society;

2. Aid voluntary cooperation coordination between the centers, including coordinating intercollegiate efforts and initiatives among the centers to promote collaboration and serve the entire state of Ohio;

3. Advise the General Assembly and Chancellor on matters pertaining to civic education, including best practices, program development, and statewide initiatives to enhance civic literacy and engagement;

4. Advise the General Assembly and Chancellor on curriculum development and standards at state institutions of higher education and public primary and secondary education providers, and on the operations of the centers;

5. Assist the academic councils of the centers in fulfilling their statutory duties, including facilitating the selection process for directors;

6. Serve without compensation, but requires a member be reimbursed for a member's actual and necessary expenses incurred in the performance of official board member duties;

7. Annually appoint a chair, who must preside over meetings and serve as the primary liaison to the Chancellor and the General Assembly, and a vice-chair, who must perform the duties of the chair in the absence of the chair, from among its members; and

8. Meet as necessary at the call of the chairperson or on written request of three or more members of the board but must meet at least twice per year.

The board must submit an annual report to the General Assembly and the Chancellor by the December 1 each year. The report must detail the board's activities, recommendations, and findings related to civic education, higher education curricula, primary and secondary public education curricula, and the operations of the academic civics centers.

The board may, in consultation with the Chancellor, adopt rules as necessary to fulfill its requirements.

American civic literacy course exemptions

(R.C. 3345.382)

The bill requires each state institution of higher education board of trustees to adopt a resolution specifying the conditions under which the institution's president or the president's designee may grant an exemption from the American civic literacy course requirement to a student who has completed at least three credit hours, or the equivalent, in a course in American history or American government. The bill limits this exemption by requiring the alternative course

to include the study of the same documents required for the American civic literacy course and by eliminating the exemption after the 2030-2031 academic year.

Under S.B. 1 of the 136th General Assembly, effective on June 27, 2025, each state institution of higher education must develop an American civic literacy course that is worth at least three credit hours and includes the study of the American economic system and capitalism. The course must also require students to read specified documents, including the Constitution of the United States, the Declaration of Independence, at least five Federalist Papers, the Emancipation Proclamation, the Gettysburg Address, Letter from Birmingham Jail, and the writings of Adam Smith, including a study of the principles in The Wealth of Nations. Law unchanged by the bill prohibits state institutions from granting a bachelor's degree to a student who has not completed the course or received an exemption, beginning with students graduating in the spring of the 2029-2030 academic year.

Attainment level report

(R.C. 3333.0415)

The bill eliminates the requirement for the Chancellor, in collaboration with the Department of Education and Workforce, to prepare an annual report regarding the progress Ohio is making in increasing the percentage of adults in the state with a college degree, industry certificate, or other postsecondary credential to 65% by 2025. Instead, the bill requires the Chancellor, in collaboration with the Department and the Governor's Office of Workforce Transformation, to establish the level of attainment necessary to achieve identified performance targets across a range of degrees and credentials by December 31, 2025.

Campus security and safety programs reports

(Section 381.220)

The bill requires the Chancellor to submit reports by July 1, 2026, regarding both the Campus Student Safety Grant Program and the Campus Security Support Program to the chairpersons of the House and Senate higher education committees. Each report must include at least information about the number of award recipients and how the funds have been spent under each program.

Under the Campus Security Support Program, the Chancellor distributes funds to institutionally sanctioned student organizations located on or off campus and affiliated with communities that are at risk for increased threats of violent crime, terror attacks, hate crimes, or harassment to enhance security measures and increase student safety.

Under the Campus Student Safety Grant Program, the Chancellor awards grants to institution of higher education to enhance security measures and increase student safety, with priority given to institutions that demonstrate increased threats of violent crime, terror attacks,

hate crimes, or harassment toward students and institutionally sanctioned student organizations.[110]

Higher education data reporting

(R.C. 3333.04)

The bill permits the Chancellor, in an effort to reduce duplicative reporting, to use data or information submitted to the higher education information system and other public data exchanges, as determined appropriate, to fulfill reporting requirements, so long as the information is materially consistent.

Under law unchanged by the bill, the Chancellor's duties include responding to requests for information about higher education from members of the General Assembly and directing staff to conduct research or analysis as needed for that purpose.

Campus Community Grant Program

(R.C. 3333.801, repealed)

The bill abolishes the Campus Community Grant Program. Under the program, the Chancellor of Higher Education provides funding to institutionally sanctioned student organizations at state institutions of higher education and private colleges to support intergroup and interfaith outreach and cultural competency between institutionally sanctioned student organizations. The program was established under S.B. 94 of the 135th General Assembly, which took effect on October 24, 2024.

Educator preparation metrics

(R.C. 3333.048)

The bill makes the following changes to the metrics established by the Chancellor of Higher Education for educator preparation programs:

1. Requires coursework in evidence-based strategies for effective literacy instruction to be aligned with the International Dyslexia Association's, or its successor organization's, Knowledge and Practice Standards for Teachers of Reading.

2. Modifies language regarding clinical preparation for educators teaching reading by requiring clinical preparation for those educators to occur only in *educational learning environments* where the local education agency has verified that the *cooperating* practicing teachers have *completed* training *that adheres to the Ohio Dyslexia Guidebook*.

Continuing law requires the Chancellor, in consultation with the Director of Education and Workforce, to establish metrics for the institutions of higher education that have educator preparation programs.

Continuing law also requires the Chancellor to annually create a summary of literacy instruction strategies and practices in place for all educator preparation programs based on

[110] R.C. 3333.80, not in bill.

program audits. The bill requires the Chancellor to post these summaries on the Chancellor's publicly accessible website.

Statewide FAFSA support system

(R.C. 3333.303, repealed)

The bill eliminates the statewide system of regional Free Application for Federal Student Aid (FAFSA) support teams to support public schools with FAFSA completion and college access programming. Under the law repealed by the bill, the Chancellor must divide the state into regions and assign one FAFSA support team to operate in each region.

"Teach CS" Grant Program

(R.C. 3333.129)

The bill expands the scope of teachers to which the "Teach CS" Grant Program applies. Under the bill, the purpose of the program is to support increasing the number of teachers who qualify to teach computer science or expanding the knowledge of existing teachers. Originally, the purpose is to fund coursework, materials, and exams to support the increasing number of existing teachers who qualify to teach computer science.

It also clarifies that grant funds may be used for coursework, materials, exams, teacher stipends, performance-based incentives, and other purposes as determined by the Chancellor to support the expansion of computer science education.

OHIO HISTORY CONNECTION

- Requires burial sites used by the Ohio History Connection (OHC) for the repatriation of American Indian remains to have an easement, enforceable by OHC, to preserve the burial sites.
- Exempts records related to such burial sites from disclosure under the Ohio Public Records Act, and excludes them from the 75-year disclosure requirement.
- Explicitly includes such burial sites in the criminal offenses of desecration and vandalism.

Burial sites

(R.C. 149.3010, 149.43, 2909.05, and 2927.11)

Continuing law allows the Ohio History Connection (OHC) to use land under its control as burial sites for repatriating American Indian human remains; the land must be owned or leased (as lessee or lessor) by OHC, or owned by the state and under OHC's custody and control. The bill requires OHC − for any burial site established on or after the bill takes effect − to include a perpetual easement to preserve the land as a burial site. For each burial site established before the bill's effective date, OHC must include a perpetual easement if legally feasible. The easement is enforceable by OHC or by any person assigned by OHC.

The bill also exempts records related to such burial sites from disclosure under the Ohio Public Records Act, which generally requires public offices to make public records available for inspection upon request. The records also are excluded from the 75-year disclosure requirement that makes an exempt record public after 75 years if that record is permanently retained.

Finally, the bill explicitly includes such burial sites in the criminal offenses of desecration (to purposely deface, damage, pollute, or otherwise physically mistreat; a felony) and vandalism (to knowingly cause serious physical harm; a misdemeanor).

DEPARTMENT OF INSURANCE

Licensing

- Eliminates the requirement that applications for a managing general agent (MGA) license or a public insurance adjuster certificate of authority be verified under oath.
- Aligns the deadline for completion of continuing education requirements for long-term care insurance agents with the agent's two-year license renewal period, as opposed to the two-year period beginning January 1.
- Makes selling, soliciting, or negotiating long-term care insurance before satisfying the continuing education requirement an unfair and deceptive practice in the business of insurance, in contrast to current law, under which failing to satisfy the continuing education requirement qualifies as such.

Pharmacy benefit managers (PBMs)

Reimbursement

- Prohibits a pharmacy benefit manager (PBM), other than the state PBM, from reimbursing an Ohio pharmacy less than the amount the PBM reimburses its affiliated pharmacies for providing the same drug product.
- Allows an Ohio pharmacy to decline to provide a drug product if the pharmacy would be reimbursed less than the required amount.

Violations

- Establishes a procedure by which an Ohio pharmacy may file a formal complaint alleging a violation of the bill's reimbursement requirements or requirements under continuing law concerning disclosure of maximum allowable cost pricing information.
- Requires the Superintendent, following notice and an opportunity for a hearing, to impose an administrative penalty on the PBM of $1,000 per day for each violation.

Retaliation

- Prohibits a PBM from retaliating against an Ohio pharmacy that reports an alleged violation of, or exercises a remedy under, the bill.

Health care provider payment requirements

- Requires a health plan issuer to offer all reasonably available methods of payment to a health care provider, including payment by check and electronic funds transfer.
- Prohibits a health plan issuer from charging a health care provider a fee for delivering payment through check or electronic funds transfer.
- Requires a health plan issuer to disclose fees charged by the health plan issuer or by an agent, affiliate, or third party contracted by the health plan issuer in connection with other methods of payment.

- Requires health plan issuers to allow providers to opt out of payment by credit card.
- Requires health plan issuers to implement requests to change a payment method within 31 business days.
- Prohibits health plan issuers from charging a fee for implementing a change to a health care provider's payment method.

Ohio Assigned Risk Insurance Plan

- Requires insurance agents to take certain actions to confirm that a person seeking automobile insurance through the Ohio Assigned Risk Insurance Plan is unable to secure coverage through private insurers.

Uninsured drivers

- Expands the persons who may report a driver or owner of a motor vehicle involved in an accident to the Bureau of Motor Vehicles for failure to maintain financial responsibility to include any person who suffers injury or property damage, as opposed to only persons who are also drivers of a vehicle involved in the accident.

Reimbursement for out-of-network ambulance services

- Modifies one of the factors used to determine the minimum reimbursement rate that a health plan issuer must pay by default to an out-of-network ambulance for unanticipated emergency care, specifically by increasing the Medicare-based factor to 250% (from 100%) of the Medicare payment amount.

Licensing

(R.C. 3905.72, 3923.443, and 3951.03)

The bill eliminates the requirement that applications for a managing general agent (MGA) license or a public insurance adjuster certificate of authority be verified under oath of a notary public. An MGA is a specialized type of insurance agent that is vested with underwriting authority from an insurer. A public insurance adjuster is an insurance claimed adjuster employed by the policyholder for appraising and negotiating an insurance claim.

The bill also adjusts the deadlines by which long-term care insurance agents must complete continuing education requirements. Under current law, long-term care insurance agents must complete at least four hours of continuing education every two years beginning on the first day of January immediately following the issuance of the agent's license. Under the bill, the two-year period begins on the date an agent's license is issued.

Under current law, not completing the continuing education requirement by the deadline is an unfair and deceptive practice in the business of insurance. Under the bill, failing to satisfy the requirement is not a violation in and of itself, but rather selling, soliciting, or negotiating long-term care insurance before satisfying the continuing education requirement is the violation.

Pharmacy benefit managers

(R.C. 3959.111, 3959.121, and 3959.01)

Reimbursement

The bill prohibits a pharmacy benefit manager (PBM) from reimbursing an Ohio pharmacy less than the amount the PBM reimburses its affiliated pharmacies for providing the same drug product. An Ohio pharmacy may decline to provide a drug product if the pharmacy would be reimbursed less than the amount required by the bill.

The bill specifies that the reimbursement requirement does not apply if it conflicts with a pre-existing contract or agreement. However, if the contract or agreement is renewed or amended after the effective date of the provision, the PBM must ensure that the contract or agreement conforms to the requirement. The bill does not prohibit a PBM from reimbursing an Ohio pharmacy more than the PBM reimburses its affiliated pharmacies.

Violations

The bill establishes a process by which an Ohio pharmacy may file a formal complaint against a PBM that the pharmacy believes to have violated the bill's reimbursement requirement or requirements under continuing law concerning disclosure of information used to determine maximum allowable cost pricing. The Superintendent must evaluate all such complaints based on the information included in the complaint and other information that may be available to the Superintendent.

If the Superintendent determines that a violation occurred, the Superintendent must issue a notice to the PBM with a clear explanation of the violation. Furthermore, after giving the PBM an opportunity for an adjudication hearing in accordance with the Administrative Procedure Act, the Superintendent must impose an administrative penalty of $1,000 for each violation. Each day that the violation continues after the PBM receives notice is considered a separate violation. All penalties collected from PBMs under the bill must be deposited to the Department of Insurance Operating Fund.

Retaliation

If an Ohio pharmacy reports an alleged violation of the reimbursement or disclosure requirements, or refuses to provide a drug product as described above, the bill prohibits any of the following "retaliatory" actions by the PBM:

- Terminating or refusing to renew a contract with the Ohio pharmacy without providing notice at least 90 days in advance;
- Increasing audits of the Ohio pharmacy without providing notice and a detailed description of the reason for the audits at least 90 days in advance;
- Failing to comply with prompt pay laws.

Health care provider payment requirements

(R.C. 3901.3815)

The bill requires health plan issuers to offer all reasonably available methods of payment to a health care provider, including payment by check and electronic funds transfer. Under continuing law, a "health care provider" is a hospital, ambulatory care facility, long-term care facility, pharmacy, emergency facility, or health care practitioner. The bill defines "health plan issuer" to include any entity subject to Ohio insurance laws or the jurisdiction of the Superintendent of Insurance that contracts, or offers to contract to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services under a health benefit plan. The term includes a sickness and accident insurance company, a health insuring corporation, a fraternal benefit society, a self-funded multiple employer welfare arrangement, a nonfederal, government health plan, or a third-party administrator (such as a Pharmacy Benefit Manager) and any vendor contracted by the foregoing. The term excludes plans regulated by the federal "Employee Retirement Income Security Act of 1974" (ERISA), which preempts most state insurance regulations.[111]

The bill prohibits health plan issuers from charging a health care provider a fee for delivering payment through check or electronic funds transfer, either directly or indirectly through an agent, affiliate, or third party contracted by the health plan issuer in connection with the method of payment. Additionally, a health plan issuer that offers payment by credit card must provide a process by which a health care provider can opt out of that method of payment and select another method of payment.

If a health plan issuer or an agent, affiliate, or third party contracted by a health plan issuer in connection with one of the available payment methods, other than payment by check or electronic funds transfer, charges a fee, the bill requires the health plan issuer, prior to initiating the first payment or upon changing the payment methods available, to do both of the following:

- Notify the health care provider about potential fees associated with a particular payment method, disclose any charges by the health plan issuer, and advise the provider to contact their financial institution, credit card issuer, or payment processor about applicable fees;
- Provide the health care provider with clear instructions as to how to select each payment method either on the health plan issuer's website or through a means other than the contract offered to the health care provider.

If a health care provider requests a change in payment method, the health plan issuer must implement the change within 31 business days. The payment method selected by the health care provider remains in effect until the health care provider requests a different method or until the health plan issuer has not generated a payment to the provider for more than one year. The bill prohibits a health plan issuer from charging a fee to change a payment method.

[111] 29 U.S.C. 1144.

Ohio Assigned Risk Insurance Plan

(R.C. 4509.70)

The bill requires insurance agents to meet certain due diligence requirements prior to submitting an application for automobile insurance to the Ohio Assigned Risk Insurance Plan (OARIP). The OARIP provides automobile insurance to licensed drivers that are unable to purchase automobile insurance through Ohio's voluntary market due to a variety of factors, such as driving history or first-time driver status.

Due diligence under the bill requires an insurance agent to contact at least five of the insurers the agents represents or, if the agent does not represent five insurers that generally provide automobile insurance, as many of such insurers as the agent represents. An insurance agent may assume that insurance coverage cannot be obtained after each insurer contacted declines coverage. An insurer is deemed to have declined coverage if the insurer fails to respond within ten days after the agent makes contact. Insurance agents are further prohibited from submitting an application to the OARIP if any other insurer eligible to do business in this state has in any way communicated a willingness to insure the applicant, even if the coverage provided by OARIP costs less than other insurers.

The OARIP may revoke the authority of any agent who fails to comply with these requirements to submit applications to the OARIP, with OARIP having sole authority over making final determinations as to whether an insurance agent has met the due diligence requirement.

Uninsured drivers

(R.C. 4509.06)

The bill expands the persons who may report a driver or owner of a motor vehicle involved in an accident to the Bureau of Motor Vehicles (BMV) for failure to maintain financial responsibility. Under current law, the driver of any motor vehicle which is in any manner involved in a motor vehicle accident may, within six months after the accident, forward a written report of the accident to the BMV alleging that the driver or owner of any other vehicle involved in the accident was uninsured at the time of the accident. Under the bill, any person who is involved in such an accident, including as the driver of a motor vehicle, the owner of property, or any other person sustaining bodily injury or property damage as a result of the accident, may make such a report to the BMV.

Reimbursement for out-of-network ambulance services

(R.C. 3902.51; Section 739.10)

In the case of ambulance services, the bill modifies the law that establishes the minimum reimbursement rate that a health plan issuer must pay for unanticipated out-of-network care for emergency services. One of the factors currently used to determine the minimum payment is the amount that would be paid by Medicare. Beginning with new, renewed, or modified health benefit plans, the bill increases the amount of the Medicare-based factor to 250% of the Medicare rate.

The bill does not change the remaining factors that must be taken into consideration when determining which factor creates the greatest payment. These factors are: (1) the amount negotiated with in-network providers and (2) the amount calculated by using the usual method for determining out-of-network payments. Further, the bill does not alter the authority of an ambulance to negotiate with a health plan issuer for an alternate reimbursement.

DEPARTMENT OF JOB AND FAMILY SERVICES

Public Assistance

Supplemental Nutrition Assistance Program (SNAP)

Able-bodied adults without dependents work requirements

- Prohibits the Department of Jobs and Family Services (JFS) from seeking, applying for, or renewing a waiver from the work requirements that apply to able-bodied adults without dependents receiving SNAP benefits.
- Prohibits JFS from implementing a federal option under which it may grant exemptions from the work requirements described above unless implementing the option is necessary to prevent a federal penalty and to maintain compliance with federal rules governing SNAP.
- Prohibits JFS from delegating to a county department of job and family services (CDJFS) the authority to waive work requirements or grant exemptions.
- Requires JFS to notify the chairpersons of the House and Senate committees with relevant jurisdiction when implementing the federal option described above.

EBT card hotline

- Requires JFS to establish a process under its existing customer service hotline that allows SNAP participants to lock an EBT card that has been lost or stolen.

High balance accounts

- Requires JFS to periodically monitor the balances of SNAP accounts.
- Requires JFS to take steps to determine if a SNAP account with a balance of more than $5,000 is inactive and identify the causes for the accruing balance.

Ohio Benefits Program transfer

- Authorizes the Director of Administrative Services to transfer the Director's responsibility for administering the Ohio Benefits Program to the JFS Director.
- Authorizes the OBM Director to make budget and accounting changes to implement the program's transfer and makes an appropriation based on those changes.

Public assistance benefits eligibility systems

- Requires JFS to update the systems used to determine eligibility for public assistance benefits, in a manner that allows information input by individual caseworkers to be tracked and audited.
- Requires CDJFSs to provide caseworker training about improper determinations.

Vocational rehabilitation assessment and support services

- Permits the JFS Director to refer certain recipients of SNAP and Ohio Works First (OWF) benefits for vocational rehabilitation assessment and support services.
- Exempts certain benefits recipients from the above requirements if they are determined to be unable to work by the Opportunities for Ohioans with Disabilities agency, or otherwise meet minimum SNAP and OWF work requirements.
- Terminates SNAP or OWF benefits for recipients required to participate in vocational rehabilitation assessment and support services who fail to do so and do not satisfy minimum work requirements for SNAP and OWF.

Notice of public assistance waiver or state plan amendment

- Requires the JFS Director to submit a copy of any public assistance waiver or state plan amendment to the Speaker of the House, Senate President, and the chairpersons of the relevant committees of the House and Senate at least 30 days prior to submitting the waiver or amendment to the relevant federal entity.

JFS quarterly reporting

- Requires JFS to include additional information regarding SNAP in the quarterly report that JFS submits to the General Assembly.
- Requires ODM to collaborate with JFS to provide any information that ODM oversees that is required to be submitted as part of the quarterly report.

Public assistance employment analysis

- Requires JFS to conduct an analysis of recipient employment for the public assistance programs it administers.
- Requires JFS to develop a strategic plan to increase the number of individuals receiving public assistance benefits that are employed.
- Requires JFS to submit a report including the analysis and strategic plan to the General Assembly by July 1, 2026.

Adult Protective Services funding formula

- Requires JFS to allocate funds for counties' Adult Protective Services costs according to a specified funding formula based on previous allocations, the percentage of older adults in the county, and the percentage of county residents in poverty.
- Allows the JFS Director to adopt rules on the allocation of funds and expenditure reports.

Youth and Family Ombudsmen Office

- Changes "Youth and Family Ombudsman Office" to "Youth and Family *Ombudsmen* Office."

- Requires the Ombudsmen Office to establish procedures for investigating complaints and to submit its annual report to the DCY Director.
- Allows the Ombudsmen Office to access DCY records.

Unemployment

Technology and customer service fee

- Requires the JFS Director, from December 31, 2025, to December 31, 2027, to collect a technology and customer service fee of no more than 0.15% of wages paid per covered employee from each contributory employer at the same time and in the same manner as the Director collects employer contributions under continuing law.
- Requires the JFS Director, from December 31, 2025, to December 31, 2027, to collect a technology and customer service fee of no more than $13.50 whenever a nonprofit organization, or group of such organizations, that is a reimbursing employer files or renews a surety bond required under continuing law.
- Requires technology and customer service fees to be deposited into the Unemployment Compensation Special Administrative Fund.

Temporary employees

- Disqualifies certain temporary employees who fail to inquire about available work assignments from serving a waiting period or receiving unemployment benefits for the duration of the individual's unemployment (instead of just for any week as under current law).

Deadline for submitting unemployment compensation reports

- Establishes August 1 as the deadline by which the JFS Director annually must submit to the Governor and General Assembly specified reports regarding unemployment compensation that are required under continuing law.

Interest on late unemployment employer payments

- Beginning January 1, 2026, changes the annual interest rate for late unemployment employer payments from 14% to the rounded federal short-term rate, not to exceed 15%.

Covered public employers

- Expands the definition of "employer" for purposes of the Unemployment Compensation Law to include any state, its instrumentalities, and its political subdivisions and their instrumentalities (rather than Ohio, its instrumentalities, and its political subdivisions and their instrumentalities as under current law).

Seasonal employment determinations

- Requires the JFS Director to determine whether employment is seasonal based on the application for a determination filed by the employer and any other information available.

Income and Eligibility Verification System

- Requires the JFS Director to disclose wage and claim information, on request, to any state or local agency administering a program included in the Income and Eligibility Verification System (IEVS) that has entered a written data sharing agreement with the JFS Director that meets standards in federal law.
- Eliminates a requirement that the JFS Director adopt rules implementing the IEVS.

Unemployment Compensation Review Commission

- Allows the Department of Public Safety's digitalized photographic records to be released to the Unemployment Compensation Review Commission (UCRC).
- Allows a UCRC hearing officer to conduct a hearing by interactive video conference.

Unemployment Compensation Integrity Board

- Creates the Unemployment Compensation Integrity Board for the purpose of advising and consulting the JFS Director in the administration and enforcement of Ohio's Unemployment Compensation Law, including making recommendations to the JFS Director regarding proposed rules or public private partnerships.

Worker Adjustment and Retraining Notification (WARN) Act

- Expressly states that Ohio employers subject to the federal Worker Adjustment and Retraining Notification (WARN) Act (those with 100 or more employees) must comply with that act, which requires certain employers to provide written notice 60 days before commencing a plant closing or mass layoff as those terms are defined in the WARN Act.
- Allows the JFS Director to issue guidance and procedures to Ohio employers for the submission and review of notices provided under the WARN Act.

Public assistance

Supplemental Nutrition Assistance Program (SNAP)

Able-bodied adults without dependents work requirements

(R.C. 5101.548)

Federal law imposes work-related eligibility requirements on SNAP recipients who are classified as able-bodied adults without dependents. The group consists of individuals between the ages of 18 and 55 who have no dependents and are not disabled. These individuals are eligible to receive SNAP benefits for only up to three months every three years unless they satisfy federally specified work requirements.

Under federal law and regulations, states can apply for a waiver to exempt from the time limit described above certain geographic areas of the state that have an unemployment rate

higher than 10% or do not have enough jobs available.[112] Ohio does not have such a waiver in place for FY 2025. The bill prohibits the Department of Jobs and Family Services (JFS) from requesting, applying for, or renewing such a waiver. The bill also generally prohibits JFS from exercising an option under federal law to exempt individuals from the three-month time limit who are not meeting the SNAP work requirements. States are permitted under federal law to exempt up to 8% of covered individuals.[113] Notwithstanding the prohibition described above, the bill permits JFS to exercise the exemption option if doing so is necessary to prevent a federal penalty and maintain compliance with federal rules governing SNAP. JFS must notify the chairpersons of the standing committees of relevant jurisdiction in the House and the Senate before implementing this option. Further, the bill prohibits JFS from delegating to a county department of job and family services (CDJFS) the authority to waive individual work requirements or grant exemptions.

EBT card hotline

(R.C. 5101.542)

For households participating in SNAP, monthly benefits are loaded onto an electronic benefit transfer (EBT) card. EBT cards may be used like a credit or debit card to buy permissible food products under SNAP. The bill requires JFS to establish a process as part of its existing customer service hotline that allows SNAP participants to lock an EBT card that has been lost or stolen.

High balance accounts

(R.C. 5101.543)

The bill requires JFS, to ensure integrity within SNAP, to periodically monitor the balance of SNAP accounts. If JFS discovers an account with a balance of more than $5,000, the bill requires JFS to take steps to determine whether that account is inactive. If the account is inactive, JFS must then identify the causes for the accruing balance.

Ohio Benefits Program transfer

(Section 525.10)

The bill authorizes the Director of Administrative Services to transfer the Director's responsibility for administering the Ohio Benefits Program to the JFS Director by July 1, 2027. The Ohio Benefits Program is the integrated enterprise solution administered by the Department of Administrative Services (DAS) that assists individuals in verifying eligibility for, and applying for, benefits offered through various programs administered by JFS and the Department of Medicaid, including the Medicaid program, SNAP, and the Temporary Assistance for Needy Families block grant. By July 1, 2026, the DAS Director and JFS Director must develop a detailed organizational plan and enter into a memorandum of understanding regarding the program's transfer.

[112] 7 U.S.C. 2015(o)(4).

[113] 7 U.S.C. 2015(o)(6).

Effect of program transfer

If the DAS Director transfers the Ohio Benefits Program, all of the following apply:

- All contracts, records, documents, files, equipment, assets, materials, and staff resources that relate to the program must be transferred to the JFS Director.
- Any business commenced, but not completed, by July 1, 2027, by the DAS Director with respect to the program must be completed by the JFS Director in the same manner, and with the same effect, as if completed by the DAS Director.
- No validation, cure, right, privilege, remedy, obligation, or liability is lost or impaired by reason of the program's transfer.

Additionally, if the DAS Director transfers the program, no action or proceeding pending on the transfer date is affected by the transfer. Any action or proceeding must be prosecuted or defended in the name of JFS or the JFS Director. In all actions or proceedings, JFS or the JFS Director, on application to the court, must be substituted as a party.

If the transfer occurs, all rules, orders, and determinations issued with respect to the program continue in effect as if issued by the JFS Director until modified or rescinded by the JFS Director. The LSC Director may renumber any rules related to the program to reflect its transfer.[114]

OBM Director

Regardless of any contrary law, if the DAS Director transfers the Ohio Benefits Program, the OBM Director must make budget and accounting changes to implement the transfer. The OBM Director may rename funds, create new funds, transfer funds, consolidate funds, or make other administrative changes. If necessary, the OBM Director may cancel or establish encumbrances or parts of encumbrances in the appropriate funds and appropriation items for the same purposes and for payments to the same vendors. The bill makes an appropriation with respect to any encumbrances the OBM Director establishes.

If necessary for the continued efficient administration of the program, the OBM Director may transfer appropriations between JFS and DAS to continue levels of program services and efficiently deliver funding to the program as appropriated. The bill makes an appropriation based on the OBM Director's changes.

Transfer of employees

Subject to continuing law layoff provisions, if the DAS Director transfers the Ohio Benefits Program, all of the DAS Director's employees, as identified by the DAS Director, whose primary responsibilities include administering the program are transferred to JFS. Except as described below, transferred employees retain their positions and benefits. Any changes to an employee's position or benefits that occur after the employee is transferred are subject to the Department

[114] By reference to R.C. 103.05, not in the bill.

of Administrative Services – Personnel Law. Actions taken in connection with transferring these employees are not appealable to the State Personnel Board of Review.

If the DAS Director transfers the program, the JFS Director may do all of the following:

- Establish, change, or abolish positions within JFS;
- Assign, reassign, classify, reclassify, transfer, reduce, promote, or demote JFS employees who are not subject to the Public Employees' Collective Bargaining Law;
- With respect to an employee exempt from collective bargaining or employed by a statewide elected official and who has not been placed in a bargaining unit, assign or reassign that employee to a bargaining unit for collective bargaining purposes if the JFS Director determines that is the appropriate bargaining unit.

If the JFS Director assigns, reassigns, classifies, reclassifies, transfers, reduces, or demotes an employee paid in accordance with schedule E-1 to a position in a lower classification, both of the following apply:

- The JFS Director, or if the employee is transferred outside of JFS, the DAS Director, must place the employee in pay step X and assign the employee to the appropriate classification.
- The employee cannot receive an increase in compensation until the maximum pay rate for that classification exceeds the employee's compensation.

If the DAS Director transfers the program, the JFS Director, with the OBM Director's approval, may establish a retirement incentive plan for employees transferred to JFS. If the Director establishes a plan, it must remain in effect until December 31, 2027, regardless of any contrary timeline in the law governing retirement incentive plans for public employees.

The transfer of the program and employees, and the reassignment of administering the program, are not appropriate subjects for collective bargaining, regardless of any contrary law specifying matters subject to collective bargaining.[115]

Staff training and development

If the DAS Director transfers the Ohio Benefits Program, the DAS Director and JFS Director, jointly or separately, may enter into a contract with a public or private entity for staff training and development to facilitate the program's transfer. A contract entered into is not subject to the competitive bidding requirements prescribed under continuing law.[116]

[115] By reference to R.C. 124.152 and R.C. 124.321 to 124.328, 145.297, 4117.08, and 4117.10, not in the bill.

[116] By reference to R.C. 127.16.

Public assistance benefits eligibility systems

(R.C. 5101.042)

The bill requires JFS to update the systems used by the Department and CDJFSs to determine eligibility for (1) SNAP benefits, (2) benefits funded in part by the TANF block grant, (3) cash assistance provided through the Ohio Works First program, (4) benefits provided under the Medicaid program, and (5) publicly funded child care. The updates must include a mechanism by which application information input by individual caseworkers can be tracked and audited. Additionally, the bill requires CDJFSs to provide caseworker training regarding improper eligibility determinations.

Vocational rehabilitation assessment and support services

(Section 307.150)

The bill authorizes the JFS Director to refer to vocational rehabilitation assessment and support services recipients of SNAP benefits and participants in the Ohio Works First (OWF) program who have indicated that they have a mental or physical illness or impairment. OWF is the portion of Ohio's Temporary Assistance for Needy Families (TANF) Program that provides cash assistance to needy families for up to 36 months. Federal law gives states broad discretion in establishing TANF cash assistance programs. To receive benefits, adults must sign a self-sufficiency contract that explains the participant's rights and responsibilities. Participating adults must generally complete qualified work activities, including job training, education, work experience, and job search and readiness activities. SNAP, formerly known as the Food Stamp Program, is a federal program administered by states to provide low-income individuals with food. Eligibility rules and benefit levels are set by the federal government and are generally uniform across the nation. Under SNAP, recipients classified as able-bodied adults without dependents are subject to work requirements.

Upon referral, the bill requires an individual to continue with vocational rehabilitation assessment and support services to meet SNAP or OWF work requirements, unless the Opportunities for Ohioans with Disabilities agency determines that the individual is unable to work. If the individual fails to continue with vocational rehabilitation assessment and support services and does not otherwise meet minimum work requirements for participation in SNAP or OWF, the individual will have their SNAP or OWF benefits terminated in accordance with federal regulations.

Notice of public assistance waiver or state plan amendment

(R.C. 5101.95)

The bill requires the JFS Director, not later than 30 days prior to submitting a waiver or state plan amendment related to a public assistance benefit program to the appropriate federal entity, to submit a copy of the waiver or state plan amendment to (1) the House Speaker, (2) the Senate President, and (3) the chairpersons of the relevant standing committees in the House and Senate with jurisdiction over the subject matter of the waiver or state plan amendment.

JFS quarterly reporting

(R.C. 5101.98)

Current law requires JFS to submit quarterly reports to the General Assembly regarding SNAP and other public assistance programs. Under current law, JFS must report (1) the number of SNAP accounts with high balances, (2) the number of out-of-state transactions, and (3) the number of transactions when the final amount was a whole dollar without additional cents. The bill requires JFS to additionally include all of the following information as part of the quarterly report:

- Regarding out-of-state SNAP transactions, the city and state in which the transaction occurred, and the amount of each out-of-state transaction;
- The number of accounts with a transaction in which the final amount processed was a whole dollar amount without additional cents;
- The number of electronic benefit transfer cards reported as lost or stolen;
- The amount of funds stolen through card skimming, card cloning, or similar fraudulent methods;
- Any enhancements made to electronic benefit transfer cards during the quarterly period;
- Electronic benefit transfer payment error rates.

Current law further requires JFS to submit a quarterly report regarding other public assistance programs. The bill requires ODM to collaborate with JFS to provide all information required under the quarterly reports that ODM oversees.

Public assistance employment analysis

(Section 751.140)

The bill requires JFS to conduct an analysis of the public assistance programs it administers, including funding for those programs, to identify opportunities to (1) prioritize employment as the primary way to satisfy work requirements in public assistance programs and make training and education opportunities secondary objectives, (2) help public assistance recipients obtain meaningful employment, and (3) meet local workforce needs. When conducting the analysis, JFS may consider state and federal regulations that conflict with the Department's ability to conduct the analysis and develop a strategic plan.

After the analysis is complete, JFS is required to develop a strategic plan to increase the number of people receiving public assistance benefits that are employed. The plan may include (1) funding recommendations, including the reallocation of resources related to work supports, (2) work stabilization services, and (3) infrastructure for individualized case management in all counties.

JFS must submit a report to the General Assembly by July 1, 2026, including both the Department's analysis and the strategic plan.

Adult Protective Services funding formula

(R.C. 5101.612)

The bill generally codifies the Adult Protective Services funding formula that exists under current JFS rules[117] for the allocation of funds for Adult Protective Services to counties, except the bill's funding formula is amended to be based on the number of county residents aged 60 or older rather than the number of residents under age 18 as in current rules.

Under the bill, within available funds, JFS is required to distribute funds to the counties no later than 30 days after the beginning of each calendar quarter for a part of the counties' costs for Adult Protective Services. Funds provided to a county must be deposited into the Public Assistance Fund.

In each fiscal year, the amount of funds available for distribution must be allocated to counties as follows:

1. If the amount is less than the amount initially appropriated for the immediately preceding fiscal year, each county generally must receive an amount equal to the percentage of the funding it received that year;

2. If the amount is equal to the amount initially appropriated for the immediately preceding fiscal year, each county generally must receive that amount;

3. If the amount is greater than the amount initially appropriated for the immediately preceding fiscal year, each county must receive the amount it received that year as a base allocation, plus a percentage of the amount that exceeds that amount, which must be allocated to the counties as follows:

a. 12% divided equally among all counties;

b. 48% in the ratio that the number of county residents aged 60 or older bears to the total number of Ohio residents 60 or older (under current JFS rules, 48% is distributed based on the number of county residents under the age of 18 as compared to statewide residents under 18);

c. 40% in the ratio that the number of county residents with incomes under the federal poverty line bears to the number of Ohio residents in poverty.

No later than 90 days after the end of each state fiscal biennium, each county is required to return any unspent funds to JFS. The JFS Director may adopt rules to allocate funds and prescribe reports on expenditures to be submitted by the counties as necessary for the implementation of this section of the bill.

Continuing law defines "federal poverty line" as the official poverty line defined by the U.S. Office of Management and Budget based on the most recent data available from the U.S.

[117] O.A.C. 5101:9-6-14.

Bureau of the Census and revised by the U.S. Secretary of Health and Human Services. Currently, 100% of the federal poverty line for a family of two is $20,440.

Youth and Family Ombudsmen Office

(R.C. 5101.891, 5101.892, and 5101.899, with conforming changes in R.C. 5101.893, 5101.894, 5101.895, and 5101.897)

The bill changes the name of the "Youth and Family Ombudsman Office" to "Youth and Family Ombudsmen Office."

Under the bill, the Ombudsmen Office must establish procedures for investigating complaints related to government services regarding child protective services, foster care, and adoption. Continuing law requires it to establish procedures for receiving and resolving complaints, consistent with state and federal law. The bill also requires the Ombudsmen Office's annual report to be submitted to the Director of Children and Youth, in addition to the Governor, Speaker of the House, Senate President, minority leadership in the House and Senate, the JFS Director, and representatives of the Overcoming Hurdles in Ohio Youth Advisory Board as under continuing law.

Additionally, the bill allows the Ombudsmen Office to access Department of Children and Youth (DCY) records, in addition to JFS records as in continuing law, that are necessary for the administration of the Ombudsmen Office and the performance of its official duties. The Ombudsmen Office has the right to request from the DCY Director, and from the JFS Director under continuing law, necessary information from any work unit of the department having information.

Unemployment

Technology and customer service fee

(Section 741.10)

The bill requires, from December 31, 2025, to December 31, 2027, the JFS Director to collect a technology and customer service fee from the following types of employers:

- Employers that pay contributions to the unemployment system ("contributory employers"); and
- Nonprofit organizations and nonprofit organization groups, that are reimbursing employers (they reimburse the system for benefits paid out on their behalf).

The state, its political subdivisions, and other public entities that are reimbursing employers do not pay the fee.

For contributory employers, the technology and customer service fee may be no more than 0.15% of wages paid per covered employee. The JFS Director collects the fee on a quarterly

basis in the same manner as the Director collects the employer's contributions.[118] Most employers in Ohio are contributory employers.

For a reimbursing nonprofit organization or nonprofit organization group, the fee may be no more $13.50 per organization or group. The JFS Director must collect the fee whenever the organization or group of organizations files or renews a surety bond required under continuing law. A surety bond filed must be in force for no less than two calendar years. Bond renewals are approved by the Director at times prescribed by the Director.[119]

The bill requires the JFS Director to deposit technology and customer service fees into the Unemployment Compensation Special Administrative Fund. Under continuing law, the fund includes interest, fines, and forfeitures collected under the Unemployment Compensation Law, as well as money from the sale of certain real estate. The Director uses the fund to pay certain administrative costs associated with the unemployment compensation system.

Temporary employees

(R.C. 4141.29; Section 801.10)

The bill specifies that, for an initial unemployment benefits claim filed on or after the provision's effective date, an individual is considered to have quit work without just cause, thus disqualifying the individual from serving a waiting period or receiving unemployment benefits for the duration of the individual's unemployment, if all the following apply:

- The individual is provided temporary work assignments by the individual's employer under agreed terms and conditions of employment;
- The individual is required pursuant to those terms and conditions to inquire with the individual's employer for available work assignments upon the conclusion of each work assignment;
- Suitable work assignments are available with the employer, but the individual fails to contact the employer to inquire about work assignments.

Current law specifies that such an individual is not considered unable to obtain suitable employment. Under continuing law, an individual is prohibited from serving a waiting period or receiving unemployment benefits for any week that the individual is not unable to find suitable employment. Thus, the bill disqualifies an individual described above from serving a waiting period or receiving unemployment benefits for the duration of the individual's unemployment, instead of just for any week as under current law.

[118] R.C. 4141.20(B), not in the bill.

[119] R.C. 4141.241(C), not in the bill.

Deadline for unemployment compensation reports

(R.C. 4141.56 and 4141.60)

The bill establishes August 1 as the annual deadline for the JFS Director to submit the annual report, required by current law, on each of the following topics involving unemployment compensation:

- Utilization of the SharedWork Ohio Program;
- Calls received at Director-operated call centers, the total number of benefit claims, the number of potentially fraudulent claims, the number of complaints submitted through the Director's uniform complaint process, and a summary of technology updates or changes.
- Under current law, it appears that the annual deadlines for submitting the reports are inconsistent.
- Under continuing law, the Director must submit the reports to the Governor, the Senate President, and the Speaker of the House. In addition, the Director must submit the SharedWork Ohio report to the minority leaders of the House and Senate.
- Finally, the bill eliminates the Unemployment Modernization and Improvement Council as a recipient of the second report described above, because the Council no longer exists.

Interest on late unemployment employer payments

(R.C. 4141.23)

The bill changes the annual interest rate for late unemployment employer contributions, payments in lieu of contributions (reimbursements), interest, forfeitures, or fines not paid by an employer when due. Beginning January 1, 2026, a late payment bears interest at the rounded federal short-term rate, not to exceed 15% (if in effect for 2025, the interest rate for late payments would be 8%).[120] Currently, a late unemployment employer payment bears interest at the annual rate of 14% compounded monthly on the aggregate receivable balance due.

The bill also removes an obsolete provision that established the annual interest rate for late unemployment employer contributions or reimbursements due before January 1, 1993.

Covered public employers

(R.C. 4141.01, 4141.011, and 4141.02)

The bill expands the definition of "employer" for purposes of the Unemployment Compensation Law to include *any* state, its instrumentalities, and its political subdivisions and their instrumentalities. The current law definition of "employer," with respect to public employers, includes Ohio, its instrumentalities, and its political subdivisions and their instrumentalities. Under continuing law, an individual or entity who meets the definition of

[120] Annual Certified Interest Rates, which is available by conducting a keyword "Interest rates" search on the Ohio Department of Taxation website: tax.ohio.gov.

"employer" also must meet requirements related to the employment provided by the employer to be subject to the Unemployment Compensation Law.

The continuing law definition of "employer" also includes Indian tribes, and any individual or type of organization including any partnership, limited liability company, association, trust, estate, joint-stock company, insurance company, or corporation, whether domestic or foreign, or the receiver, trustee in bankruptcy, trustee, or the successor thereof, or the legal representative of a deceased person.

The bill reorganizes the definition of "employer" for purposes of the Unemployment Compensation Law and eliminates outdated provisions.

Seasonal employment determinations

(R.C. 4141.33)

The bill requires the JFS Director to determine whether employment is seasonal using an application filed by an employer and any other information available to the Director. Currently, after an employer files the application for a determination, the Director must perform an investigation, provide notice, and hold a hearing before determining whether employment is seasonal in nature.

Under continuing law, employment is seasonal in an industry if, because of climatic conditions or because of the seasonal nature of the industry, it is customary to operate only during regularly recurring periods of 40 weeks or less in any consecutive 52 weeks. Any employer who claims to have seasonal employment in a seasonal industry may file a written application requesting the JFS Director to classify the employment as seasonal for purposes of the Unemployment Compensation Law.

When the JFS Director determines that a type of employment is seasonal, unemployment benefits for loss of work from the employment are payable only during the longest seasonal periods that the best practice of the industry reasonably permit. The Director establishes seasonal periods for seasonal employment. No industry or employment can be considered seasonal until the Director determines that it is seasonal.

When the JFS Director determines employment is seasonal and establishes seasonal periods, the Director also establishes the proportionate number of weeks of employment and earnings required to qualify for seasonal benefit rights. Ordinarily, an individual must have worked for at least 20 weeks within the first four of the last five completed calendar quarters (referred to as "the base period") and earned an average weekly wage of not less than 27.5% of the statewide average weekly wage within that period. If an individual has not worked enough qualifying weeks within the base period, the individual can still qualify if the individual has worked at least 20 weeks during the four most recently completed calendar quarters (referred to as the "alternate base period").[121] The number of weeks of employment and earnings established by

[121] R.C. 4141.01(R).

the Director in a seasonal determination replace the weeks of employment and earnings required to receive ordinary benefits.

Income and Eligibility Verification System

(R.C. 4141.162)

The bill requires the JFS Director to disclose wage and claim information, on request, to any state or local agency administering a program included in the Income and Eligibility Verification System (IEVS) that has entered into a written data sharing agreement with the Director that meets standards in federal law. The IEVS is required by federal law and is used to determine eligibility and benefit amounts for unemployment compensation and other benefit programs.[122]

The bill also eliminates a requirement that the JFS Director adopt rules implementing the IEVS.

Unemployment Compensation Review Commission

(R.C. 4507.53)

The bill allows the Department of Public Safety's digitalized photographic records to be released to the Unemployment Compensation Review Commission (UCRC) (the agency that hears unemployment claim appeals) for the purpose of carrying out its functions under the Unemployment Compensation Law. Under continuing law, records may be released to JFS for the purpose of carrying out its functions under the Law.

UCRC hearings

(R.C. 4141.281)

The bill allows a UCRC hearing officer to conduct a hearing by interactive video conference. Under continuing law, a hearing officer may conduct a hearing in person or by telephone.

Continuing law allows members of certain public bodies to hold and attend virtual meetings or conduct and attend virtual hearings by means of video conference or any other similar electronic technology, if a public body adopts a policy to do so. It appears that the UCRC is a public body that is permitted to adopt such a policy. Continuing law also specifies that, if a provision of the Revised Code permits a particular public body to meet or hold hearings by means of teleconference, video conference, or any other similar electronic technology, that provision prevails over the general provisions in the law with respect to that particular public body.[123]

[122] 42 U.S.C. 1320b-7 and 20 C.F.R. 603.10.

[123] R.C. 121.22(B)(1); R.C. 121.221, not in the bill.

Unemployment Compensation Integrity Board

(R.C. 4141.08)

The bill creates the Unemployment Compensation Integrity Board for the purpose of advising and consulting the JFS Director in the administration and enforcement of Ohio's Unemployment Compensation Law, including making recommendations to the JFS Director regarding proposed rules or public private partnerships. The Board consists of the following members:

- The JFS Director, or the JFS Director's authorized representative;
- One member of the House appointed by the Speaker;
- One member of the Senate appointed by the Senate President;
- The following members to be appointed by the JFS Director:
  - A representative from the Ohio Chamber of Commerce or its successor organization;
  - A representative from the National Federation of Independent Business or its successor organization;
  - A third-party administrator that is a third-party commercial consumer reporting agency in accordance with federal law;
  - A representative from the Ohio Federation of Labor or its successor organization;
  - A representative from the Affiliated Construction Trades of Ohio or its successor organization;
  - A representative from the Ohio Conference of Teamsters or its successor organization.

The JFS Director, or the JFS Director's authorized representative, serves as the Board's chairperson. The Board must meet at least two times each calendar year.

Each member appointed by the JFS Director serves three-year terms that expire on December 31. Each member appointed by the JFS Director holds office from the date of appointment until the end of the term for which the member was appointed. A member appointed by the JFS Director to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed must hold office for the remainder of the term. A member appointed by the JFS Director must continue in office after the expiration date of the member's term until the member's successor takes office or a period of 60 days has elapsed, whichever occurs first. A member appointed by the JFS Director must continue in office for the entirety of the member's term unless removed for misfeasance, malfeasance, or nonfeasance.

Board members who are Senate and House members must serve during their terms as members of the General Assembly and until their successors are appointed and qualified, notwithstanding the adjournment of the General Assembly of which they are members or the expiration of their terms.

The bill requires the Board's meetings to comply with Ohio's Open Meetings Law.[124] Board members must comply with the Ohio Ethics Law, as applicable.[125]

Worker Adjustment and Retraining Notification (WARN) Act

(R.C. 4113.31)

The bill expressly states that Ohio employers subject to the federal Worker Adjustment and Retraining Notification (WARN) Act (those with 100 or more employees) must comply with that act. Unless an exception applies, the WARN Act requires a covered employer to provide specified individuals with written notice 60 days before a mass layoff or plant closing. If the employer fails to provide the required notice, the employer may be liable for damages, civil penalties, and attorney's fees.[126]

As stated in the bill, the WARN Act's notice requirement applies to any private sector employer and any public or quasi-public employer that engages in business, such as taking part in a commercial enterprise, if the employer:

- Employs 100 or more employees, excluding part-time employees (an employee who works less than 20 hours per week or who has worked for fewer than six months in the 12 months preceding the date of the notice); or
- Employs 100 or more employees who work at least a combined 4,000 hours a week.[127]

Under the WARN Act, a plant closing occurs when an employment site (or one or more facilities or operating units within an employment site) is to be shut down, and the shutdown will result in an employment loss for 50 or more full-time employees during any 30-day period. A mass layoff is any reduction in a workforce other than a plant closing that, within any 30-day period, results in either:

- 500 or more full-time employees at a single site losing employment; or
- Between 50 and 499 full-time employees at a single site losing employment, if that number is 33% or more of the number of full-time employees at that single site.[128]

A WARN Act notice must be provided to each affected employee's authorized representative or, if there is no such representative at the time the notice is sent, to each affected employee. A notice also must be sent to the state entity responsible for rapid response activities under the Workforce Innovation and Opportunity Act (in Ohio, the JFS Director), as well as the chief elected official of the unit of local government within which a closing or layoff is to occur.

[124] R.C. 121.22.

[125] R.C. Chapter 102.

[126] 29 U.S.C. 2102 and 2104.

[127] 29 U.S.C. 2101.

[128] 29 U.S.C. 2101(a)(2) and (3) and 20 C.F.R. 639.6(b).

The bill lists the information that must be included in the notice, which varies based on the notice recipient. These are the same requirements as under the WARN Act.

As under the WARN Act, the bill states that an employer is not required to provide a WARN Act notice when a plant closure or mass layoff constitutes a strike or a lockout as those terms are described in federal statutes and regulations.

For additional details about the WARN Act, including the content of the notice, remedies for violations, and instances where the 60-day period can be reduced or waived, see the LSC Plant Closure and Layoff Notices (PDF) Members Brief, which is available on LSC's website: lsc.ohio.gov/Publications.

The bill specifies that it does not establish different requirements or remedies than those established by federal statutes and regulations. Because the bill applies to the same employers as the WARN Act and does not create new requirements or remedies, it is not clear what effect it will have.

Additionally, if the WARN Act is amended after the bill takes effect, the differences between the bill and the amended WARN Act may trigger legal questions, including preemption under the Supremacy Clause of the U.S. Constitution.[129]

[129] U.S. Constitution, Article VI, Clause 2.

JOINT COMMITTEE ON AGENCY RULE REVIEW

Restatement of principle of law or policy in rule

- Requires state agencies with a continuing law duty to review their operations for principles of law or policies that should be restated in administrative rule to complete a review and file a report with the Joint Committee on Agency Rule Review (JCARR) no later than November 30, 2025.
- Reduces, from six months to three months, the time in which an agency must begin the rulemaking process when the agency identifies a principle of law or policy that should be restated as a rule or is informed of such a principle or policy through a recommendation from JCARR.
- Prohibits an agency that is in the process of supplanting a principle of law or policy from relying on the principle or policy during the rulemaking process if the agency fails to file the rule in final form within one year after specified events occur or if the agency notifies JCARR of the agency's intention to file a revised proposed rule.

Regulatory restrictions in administrative rules

- Defines a "regulatory restriction" as "any part of a rule that requires or prohibits an action" for purposes of a continuing law requirement that certain state agencies identify and reduce regulatory restrictions in administrative rules adopted by those agencies.
- Requires an agency subject to the reduction requirement that has achieved its statutorily required reduction to eliminate one regulatory restriction for each new regulatory restriction the agency adopts.
- Specifies, for an agency that must eliminate two regulatory restrictions for each new regulatory restriction because it failed to meet the reduction deadline, that removing or replacing "shall," "must," "require," or similar words from a rule does not eliminate a regulatory restriction unless the removal eliminates a requirement or prohibition.
- Requires, no later than November 30, 2025, a covered agency to report to JCARR the number of regulatory restrictions the agency eliminated since the requirement began and the number of times the agency reported removing or replacing "shall," "must," "require," or similar words a reduction.
- Allows JCARR to recommend the General Assembly adopt a concurrent resolution invalidating a rule, or a part thereof, proposed by a covered agency when the agency proposes to remove or replace "shall," "must," "require," or similar words in a rule without removing a regulatory restriction as defined by the bill.
- Allows a state agency subject to a statewide cap on regulatory restrictions that will take effect on July 1, 2025, to appear before JCARR to show cause why the agency should be permitted to adopt a rule that would cause the number of restrictions to exceed the cap.

- Requires JCARR to provide annually to the General Assembly a summary of all rules containing regulatory restrictions JCARR has authorized an agency to adopt above the statewide cap.

Restatement of principle of law or policy in rule

(R.C. 101.352, 121.93, and 121.931; Section 701.110)

Review of principles of law and policies

The bill requires each state agency with a continuing law duty to review its operations for principles of law and policies that should be restated in an administrative rule to complete a review and file a report with the Joint Committee on Agency Rule Review (JCARR) no later than November 30, 2025. Under continuing law, these agencies must perform similar reviews at least once during a governor's term. The requirement applies to all state agencies but does not apply to any legislative agency or the Governor, Lieutenant Governor, Secretary of State, Auditor of State, Treasurer of State, Attorney General, state institutions of higher education, or the state retirement systems.[130]

The bill applies the continuing law review requirements to the review under the bill. An agency reviews its operations and identifies principles of law and policies that have not been stated in a rule, but that the agency is relying on for either of the following activities:

- Conducting adjudications or other determinations of rights and liabilities;
- Issuing writings and other materials, such as instructions, policy statements, guidelines, advisories, circulars, letters, and opinions.

The agency must transmit a report to JCARR stating that the agency has completed the review. In its report, the agency must detail specific steps the agency is taking regarding those reviews.

If the agency determines a principle of law or policy identified during a review period has a general and uniform operation and establishes a legal regulation or standard that would not exist without the principle or policy, the agency must determine whether the principle or policy should be replaced with a rule. In making the determination, the agency must decide whether supplanting the policy or principal with a rule will achieve any of several goals identified in continuing law. If, based on those goals, an agency determines it should supplant a principle or policy with a rule, the agency begins the rulemaking process.

Under continuing law, a person also may petition an agency to restate a principle or policy in a rule if both of the following apply:

- The person was a party to an adjudication or other determination before an agency that resulted in an order or was a party to a lawsuit that ended in a judgment;

[130] R.C. 121.933, not in the bill.

- The adjudication, determination, or lawsuit involved a principle of law or policy relied on by the agency that should have been supplanted by a rule but has not been so supplanted.

If, based on the standards the agency applies during its own review, an agency determines the principle or policy that is the subject of the petition should be replaced with a rule, the agency grants the petition and begins the rulemaking process.

Also under continuing law, if JCARR becomes aware that an agency is relying on a principle of law or policy that should have been replaced with a rule, JCARR may call the agency to appear before JCARR to address why the agency is relying on the policy or principle. After the appearance, JCARR applies the standards the agency applies during the agency's reviews and may recommend the agency supplant the principle or policy with a rule. JCARR must support its recommendation with a brief rationale of why the principle of law or policy should be supplanted by a rule. If an agency receives a recommendation from JCARR, it must begin the rulemaking process.

Changes to restatement process

The bill also makes changes to the processes a state agency uses when it must restate a principle of law or policy in a rule. The bill shortens the time period, from six months to three months, in which the agency must begin the rulemaking process after either determining or receiving a recommendation to restate a principle of law or policy in rule. Continuing law allows an agency to rely on a principle or policy while it is in the process of adopting a rule to supplant the principle or policy. If the agency fails to begin rulemaking within the required time (currently, six months; under the bill, three months) or the agency neglects or abandons the process before completing it, the agency must stop relying on the principal or policy. The bill adds the following reasons under which an agency must stop relying on a principle or policy after beginning the rulemaking process:

- The agency fails to file the rule in final form within one year after it determines rule making is necessary or within one year after receiving a written recommendation from JCARR.
- The agency notifies JCARR the agency intends to file a revised proposed rule under continuing law.

For additional details about the rulemaking process, see the LSC Members Brief, Administrative Rulemaking (PDF), which is available on LSC's website: lsc.ohio.gov/Publications.

Regulatory restrictions in administrative rules

(R.C. 106.021, 121.95, 121.951, and 121.931; Section 701.120)

Definition and reduction requirement

For purposes of a continuing law requirement that cabinet-level state agencies and certain other state agencies identify and reduce regulatory restrictions in administrative rules adopted by those agencies, the bill defines "regulatory restriction" as "any part of a rule that requires or prohibits an action." Current law describes a regulatory restriction as any part of a rule that requires or prohibits an action. However, current law also specifies that any rule

including the words "shall," "must," "require," "shall not," "may not," or "prohibit" is considered to contain a regulatory restriction.

Under the continuing law reduction requirement, not later than June 30, 2025, a covered state agency must reduce the number of regulatory restrictions in the agency's administrative rules by 30% through amending or rescinding rules that contain such restrictions. The 30% reduction is based on the number of regulatory restrictions identified in a base inventory previously prepared by each agency.

If an agency fails to achieve the required reduction by the June 30 deadline, the agency may not adopt a new regulatory restriction unless it simultaneously removes two or more existing regulatory restrictions until it reaches the required reduction. The bill specifies that, for an agency that failed to achieve the reduction, removing or replacing "shall," "must," "require," "shall not," "may not," "prohibit," or similar words in a portion of a rule does not eliminate a regulatory restriction unless the removal eliminates a requirement or prohibition from the rule.

The bill also prohibits an agency that does achieve the required reduction by June 30 from adopting a new regulatory restriction unless it simultaneously removes at least one existing regulatory restriction. The agency may not fulfill this requirement by merging two or more existing restrictions into a single surviving restriction.

For any rule proposed for adoption on or after the bill's effective date, if the proposing agency is subject to the reduction requirement, JCARR may recommend the General Assembly adopt a concurrent resolution invalidating the proposed rule, or a part thereof, if the rule removes or replaces "shall," "must," "require," "shall not," "may not," "prohibit," or similar words but does not remove a regulatory restriction as defined under the bill.

Report

Under the bill, not later than November 30, 2025, each agency subject to the reduction requirement must prepare a report reviewing every rule the agency has amended or rescinded for the purpose of achieving the 30% reduction required under continuing law. In the report, the agency must identify:

- The number of regulatory restrictions the agency eliminated or reduced; and
- The number of times the agency removed or replaced "shall," "must," "require," or similar words in a portion of a rule without eliminating or reducing regulatory restrictions, as defined by the bill, but described the elimination or reduction as eliminating or reducing a regulatory restriction.

Each state agency must transmit the report electronically to JCARR. JCARR must review the reports and transmit them electronically to the Speaker of the House and the Senate President.

Statewide cap on regulatory restrictions

The bill allows a state agency to appear before JCARR to show cause why the agency should be permitted to adopt a rule that would cause the number of regulatory restrictions to exceed a statewide limit on regulatory restrictions in continuing law.

Effective July 1, 2025, continuing law prohibits the total number of regulatory restrictions that may be effective at any one time in Ohio from exceeding a number determined by JCARR. JCARR determines that number by calculating, for each agency, the number of regulatory restrictions identified by the agency in its base inventory, minus the number of regulatory restrictions that represents the 30% reduction each agency must achieve by June 30, 2025, and then totaling the resulting numbers for all state agencies. Under the bill, if JCARR determines the agency has shown cause to exceed the agency's limit, it may, by a majority vote, permit the agency to adopt the rule. If this were challenged, a reviewing court might examine whether the bill attempts to give the General Assembly, through JCARR, an impermissible "legislative veto" by allowing JCARR, a committee within the General Assembly, to determine whether a rule may be adopted,

Under the bill, JCARR must prepare a report summarizing all the rules it has authorized a state agency to adopt above the statewide limit. The bill requires JCARR to transmit the report electronically to the Speaker of the House and the Senate President not later than December 31 of each year.

JOINT MEDICAID OVERSIGHT COMMITTEE

- Not later than October 1, 2025, requires the Department of Medicaid, the Department of Job and Family Services, and county departments of job and family services to provide the JMOC Executive Director and staff of JMOC with access to view information and systems used for determining eligibility for public assistance benefits.
- Requires the Executive Director and staff to adhere to the same confidentiality standards that apply to staff when accessing information and data described above.

JMOC access to eligibility information and systems

(R.C. 103.416)

To assist JMOC with fulfilling its statutory duty to oversee the Medicaid program, the bill requires the Department of Medicaid (ODM), the Department of Job and Family Services (JFS), and county departments of job and family services, not later than October 1, 2025, to provide the JMOC Executive Director and JMOC, to the extent permitted by federal law, with access to view all information and systems used for (1) determining eligibility for public assistance benefits and (2) for billing, payments, and tracking for providers, including all of the following:[131]

- The Ohio Integrated Eligibility System;
- The Support Enforcement Tracking System;
- The Systematic Alien Verification for Entitlements System;
- The Electronic Document Management System;
- The Content Manager;
- The Compass Pilot;
- The Income and Eligibility Verification System;
- The Medicaid Information Technology System;
- The Ohio Medicaid Enterprise System;
- The Fiscal Intermediary;
- The Single State Pharmacy Benefit Manager;
- The Provider Network Management Module;

[131] The bill does not define "public assistance benefits" for the purpose of this new requirement. However, because it does not extend the requirement to other agencies that administer public assistance programs, it is likely limited to those programs administered by ODM and JFS. It is unclear to what extent ODM, JFS, and the county departments are capable of providing JMOC access to the listed systems that are not operated by those agencies.

- The Electronic Data Interchange;
- The Business Intelligence Reporting System;
- The Work Number;
- Columbia Gas;
- Self-service reports.

The bill requires ODM, JFS, and county departments of job and family services to provide systems training to the JMOC Executive Director and JMOC staff to ensure proper understanding and interpretation of the information. Additionally, the bill specifies that the Executive Director and staff of JMOC must adhere to the same confidentiality standards that employees of ODM, JFS, and county departments of job and family services do when accessing the information and systems described above.

JUDICIARY/SUPREME COURT

Online availability of criminal general dockets

- Requires the common pleas court clerk to make available online the court's general docket pertaining to criminal cases.

Probate general docket – online availability

- Requires that the general docket of each probate court be made available online on the clerk of court's website.

Reduction of fees for computerization of court

- If a common pleas court fails to make civil, criminal, and probate dockets available online, the bill reduces the fees that that the clerk of courts can charge for deposit into the computerization fund by 50%.
- Delays effective date for six months after the bill's 90-day effective date.

Clerk of the court of common pleas

- Requires clerk of the common pleas court to determine and implement the best means and methods for storing, maintaining, and retrieving all papers delivered to the clerk.

Special projects funds

- Prohibits fees collected by municipal, county, common pleas, and appeals courts for special projects of the court from being used for training or education that takes place outside of the state.

Payment for acting judges

- Removes the requirement that county and municipal courts submit quarterly requests to the Administrative Director of the Supreme Court for reimbursements of per diem compensation paid to acting judges.

Online availability of criminal general dockets

(R.C. 2303.12)

The common pleas clerk is required to keep records as indicated by the Rules of Superintendence for the Courts of Ohio. These records are called the appearance docket, trial docket, and printed duplicates of the trial docket. The records are used by the court and its officers and for the journal and execution docket.

Not later than 18 months after this provision's effective date, the bill requires the clerk of court make available on the clerk of court's website the "general docket" of the court pertaining to criminal cases. The public must be able to remotely access and print the information in that docket, including all individual documents in each "case file," pertaining to criminal and probate cases filed on or after this provision's effective date. Under current law, the common pleas clerk

is already required to make available on the clerk of court's website the general docket of the court pertaining to civil cases.

The bill provides that the clerk of court is not required to make available online the general docket of the juvenile court.

Definitions

The bill modifies the definition of "case file" to include criminal and probate actions or proceedings. "Case file" means the compendium of original documents filed in a civil, criminal, or probate action or proceeding in the court of common pleas, including the pleadings, motions, orders, and judgments of the court on a case-by-case basis.

"General docket" means the appearance docket, trial docket, and case files in relation to those dockets and journal.

Probate general docket – online availability

(R.C. 2101.11)

The bill requires the general docket of each probate court to be made available on the clerk of court's website not later than 18 months after the bill's effective date. The public must be able to remotely access and print the information in that docket, including all individual documents in each case file, pertaining to probate cases filed on or after the bill's effective date. This requirement does not apply to any of the following documents:

- Internal documents such as notes, electronic mails, drafts, recommendations, advice, or research of judicial officers and court staff;
- Any document or information in a case file the public access to which the court has ordered restricted under the Rules of Superintendence for the Courts of Ohio.

Reduction of fees for computerization of court

(R.C. 2303.201; Section 820.90)

Online availability of general dockets

Under current law, a clerk of the common pleas court is required to make available online the court's general docket pertaining to civil cases. Under the bill, the clerk of the common pleas court is also required to make available online the court's general docket pertaining to criminal and probate cases (see "**Online availability of criminal and probate general dockets**," above).

Computerization of the common pleas court

If a common pleas court fails to make civil, criminal, and probate dockets available online, the bill reduces the fees that the clerk of courts can charge for deposit into the computerization fund by 50%.

The common pleas court of any county may determine that for the efficient operation of the court, additional funds are required to computerize the court, to make available computerized legal research services, or to do both. Upon making the determination that additional funds are required for either or both of those purposes, the bill requires the court to do one of the following:

- If the common pleas court has complied with the requirement to make available online the court's general docket pertaining to criminal and probate cases, the court must authorize and direct the clerk of the common pleas court to charge one additional fee, not to exceed $6, on the filing of each specified cause of action or appeal (current law allows this additional fee for civil cases).
- If the common pleas court has not complied with the requirement to make available online the court's general docket pertaining to civil, criminal, and probate cases, the court must authorize and direct the clerk of the common pleas court to charge one additional fee, not to exceed $3, on the filing of each specified cause of action or appeal.

Computerization of the clerk of the common pleas court

The clerk of the common pleas court of any county may determine that for the efficient operation of the office of the clerk of the common pleas court, additional funds are required to make technological advances in or to computerize the office of the clerk of the court. Upon making that determination, the court must do one of the following:

- If the common pleas court has complied with the requirement to make available online the court's general docket pertaining to criminal and probate cases, the court must authorize and direct that an additional fee, not to exceed $20, on the filing of each specified cause of action or appeal, on the filing, docketing, and endorsing of each certificate of judgment, or on the docketing and indexing of each aid in execution or petition to vacate, revive or modify a judgment and not to exceed $1 for specified services, be charged (current law allows this additional fee for civil cases).
- If the common pleas court has not complied with the requirement to make available online the court's general docket pertaining to civil, criminal, and probate cases, the court must authorize and direct that an additional fee, not to exceed $10, on the filing of each specified cause of action or appeal, on the filing, docketing, and endorsing of each certificate of judgment, or on the docketing and indexing of each aid in execution or petition to vacate, revive or modify a judgment and not to exceed 50¢ for specified services, be charged.

Effective date

The bill delays the effective date of these provisions until six months after the bill's 90-day effective date.

Clerk of the court of common pleas

(R.C. 2303.26)

The bill specifies that the clerk of the common pleas court is responsible for determining and implementing the best means and methods for storing, maintaining, and retrieving all papers delivered to the clerk, whether delivered in writing or electronic form. The clerk must do so in furtherance of the performance of the duties enjoined upon the clerk by statute, common law, and the Rules of Superintendence of the Courts of Ohio, and in compliance with Rule 26 of the Rules of Superintendence of the Courts of Ohio.

Special projects funds

(R.C. 1901.26, 1907.24, 2303.201, and 2501.16)

The bill prohibits fees collected by municipal, county, common pleas, and appeals courts for special projects of the court from being used for training or education that takes place outside of the state.

Payment for acting judges

(R.C. 1901.123 and 1907.143)

The bill removes the requirement that county and municipal courts submit quarterly requests to the Administrative Director of the Supreme Court for reimbursements of per diem compensation paid to acting judges.

LEGISLATIVE SERVICE COMMISSION

- Updates and modernizes LSC duties related to rule codification and maintaining a uniform Ohio Administrative Code.
- Transfers from LSC's administrative rules to statute the required formats for presenting changes in bills and resolutions.
- Abolishes four LSC funds and transfers the cash balances to the GRF.

Ohio Administrative Code duties

(R.C. 103.05, 111.15, and 119.04)

The bill updates the law governing LSC's duties to advise and oversee the preparation and codification of administration rules adopted by state agencies. In general, the bill carries over to statute much of the duties expressed in existing LSC administrative rules on these matters, but also makes updates to reflect electronic versus paper rule filing practices. In 2017, a major update to the electronic rule filing system used by agencies led to process changes that were not reflected in the statute. The bill's changes address the following:

- Require the LSC Director to publish and revise, as needed, a Rule Drafting Manual that takes into account the principles of statutory construction and provides basic rule drafting information for filers to follow;
- Clarify the procedures for how and when LSC reviews rules that have been filed for compliance with the Manual and how rules that are not in compliance are addressed with the filer.

Publishing the OAC

The bill updates LSC's statutory duties in publishing the Ohio Administrative Code (OAC) to reflect electronic publishing. In 2018, the General Assembly designated LSC as the official publisher of the Ohio Revised Code and OAC as part of Ohio's adoption of the Uniform Electronic Legal Materials Act (UELMA).[132] The bill conforms LSC's statutory duties with UELMA, but retains the current law pathway for other publishers to publish an "acceptable" version of the OAC if the LSC Director determines it meets standards prescribed in statute, which are unchanged by the bill. Moreover, the bill deletes standards authorizing the Director to publish some rules in the OAC by number and title only, omitting the text. This practice, formerly known as "rules by reference," was discontinued in electronic publishing.

[132] S.B. 139 of the 132nd General Assembly, R.C. 149.21 to 149.27, not in the bill.

Format for bills and resolutions

(R.C. 101.53)

The bill transfers from LSC administrative rules[133] to statute the formats for how changes to the law are presented in bills and resolutions. There is no change to the required formatting in the transfer. For example, the current administrative rule and proposed statute in the bill specify:

- New matter inserted into existing codified law must be underlined;
- Old matter in existing law that is to be omitted must be ~~stricken through~~ with a horizontal line.

Abolishment of LSC funds

(Repealed R.C. 103.053, 103.054, and 103.24; conforming change in R.C. 103.051; Section 516.10)

The bill abolishes the following funds used by LSC and transfers the cash balances to the GRF:

Abolished LSC funds	
Fund name	**Purpose**
Sale of Publications Fund	Supports the publication of LSC documents
Legislative Budget Services Fund	Previously funded health care analysis services by LSC, but the funding was discontinued in 2015[134]
Legislative Agency Telephone Usage Fund	Pays telephone carriers for telephone calls made by legislative agencies
Register of Ohio Fund	Defrays costs of publishing the Register of Ohio

[133] O.A.C. 103-5-01 and 103-5-02.

[134] H.B. 64 of the 131st General Assembly, the FY 2016-FY 2017 biennial appropriations act.

LOTTERY COMMISSION

Cashing out lottery prize annuities

- Allows a lottery prize winner who previously agreed to be paid in installments via an annuity only to cash out the full amount of the annuity in a single transaction, unless the Lottery Commission's (LOT) rules permit additional transfers.
- Prohibits a transferee from then transferring the annuity rights to a third person.
- Modifies the type of independent professional advice a winner must receive, and from whom the winner may receive it, before the transfer can occur.
- Requires signed documentation that the winner received independent professional advice.

Withholding from lottery sports gaming and VLT winnings

- Changes the person responsible for withholding taxes and certain debts from lottery sports gaming and video lottery terminal (VLT) winnings that meet or exceed a threshold amount.
- Specifies that the sports gaming proprietor generally is responsible for withholding all amounts from lottery sports gaming winnings, including in a VLT facility (racino).
- Requires LOT to withhold all amounts from lottery sports gaming winnings won on a terminal that also offers other lottery games.
- Clarifies that the video lottery sales agent who operates a VLT facility must withhold all amounts from VLT prize winnings.
- Applies the changes described above beginning on January 1, 2026.
- Eliminates requirements that at the end of each calendar year, a video lottery sales agent, casino operator, or sports gaming proprietor give the Tax Commissioner a copy of each patron's IRS Form W-2G for the year.

Cashing out lottery prize annuities

(R.C. 3770.072, 3770.10, 3770.12, 3770.121, and 3770.13)

The bill makes several changes to the process by which a lottery prize winner may cash out the winner's annuity for a one-time payment by selling it to a third party.

Background on lottery prize annuities

Under continuing law, a lottery winner who wins a large sum can choose between two options:

- Receive the full prize amount from the Lottery Commission (LOT) in the form of regular payments over a set period of time or over the winner's lifetime (an annuity);

- Receive a smaller lump sum – about half the full prize amount – from LOT immediately.

When a winner chooses an annuity, LOT puts the full value of the prize in the Deferred Prizes Trust Fund for investment by the Treasurer of State. Then, LOT makes regular payments to the winner. Any excess interest earned by the Deferred Prizes Trust Fund, above what is needed to cover annuity payments to winners, goes to the Lottery Profits Education Fund.[135]

A winner who initially chooses an annuity might later wish to cash out the remaining value of the annuity in the form of a lump sum received immediately. LOT does not offer this service, but many private companies do. In what the Revised Code calls a "transfer agreement," a winner can sign over the right to receive future LOT annuity payments to another person, the "transferee," in exchange for an agreed upon payment from the transferee. The transferee then has the right to receive ongoing annuity payments from LOT in place of the winner.

The transferee must apply to a court in advance for approval of the transfer based on several factors. If the factors are met, the transfer is presumed to be fair and reasonable and in the winner's best interests. The transferee also must notify LOT of the application, and LOT has the right to intervene in the proceeding.

Annuity transfer changes under the bill

Number of transfers

The bill makes several changes to the transfer process. First, the bill allows a winner only to cash out the full amount of the annuity in a single transaction, unless LOT's rules permit additional transfers. Existing law allows a winner to cash out a single prize annuity through a maximum of three partial transfers, unless LOT allows a greater number of transfers by rule. However, a partial transfer is currently allowed only if the value of each portion of the annuity to be transferred is at least $500,000.

Second, the bill prohibits a transferee from then transferring the annuity rights to a third person in a manner that would require LOT to make annuity payments to that third person. Current law includes several provisions that account for this possibility and lay out procedures for taxing the parties involved, depending on their business structures. But, existing law allows LOT to object to a transfer to a third person if the annuity has been transferred within the last 12 months. If LOT objects, and the court finds that the prize was transferred within the last 12 months, the court must disapprove the transfer.

Independent professional advice

Finally, the bill modifies a current provision of law that requires a winner to receive independent professional advice before the court can approve a transfer. Currently, the law requires that, as a condition of approval, the court must find that the winner has received independent professional advice regarding the legal and other implications of the transfer. The

[135] R.C. 3770.06, not in the bill, and Ohio Lottery, Cash Option Values, available at ohiolottery.com under "Claim Prizes."

adviser must not be affiliated in any manner with, or compensated in any manner by, the transferee. And, the adviser's compensation must not be affected by whether the transfer occurs.

The bill adds a requirement that the independent professional advice include advice concerning the financial implications of the transfer, in addition to the "legal and other" implications. Further, under the bill, the adviser must be one of the following:

- An attorney;
- A certified public accountant;
- An actuary;
- A financial planner who is accredited by a nationally recognized accreditation agency.

Current law requires the adviser to be "an attorney, a certified public accountant, an actuary, or any other licensed professional adviser," and does not mention a financial planner.

For a court to approve a transfer, the bill requires the transferee to submit a statement, signed under penalty of perjury by the winner and the winner's licensed professional adviser, evidencing that the winner received the required advice. Currently, the court must determine that the winner received that advice, but the law does not require documentation.

Withholding from lottery sports gaming and VLT winnings

(R.C. 718.031, 3121.441, 3123.89, 3123.90, 3770.071, 3770.072, 3770.073, 3770.074, 3770.075, 3770.10, 3770.25, 3775.16, 5747.062, 5747.063, and 5747.064; Section 801.120)

Background on gambling winnings withholding

Under continuing law, when a person's winnings from the Ohio Lottery, sports gaming, or casino gaming meet or exceed a given dollar threshold (in most cases, $600), the agency or business that pays out the winnings first must collect identifying information from the winner and withhold the following amounts:

- State income tax;
- Municipal income tax, in the case of casino winnings, winnings at a physical sports gaming facility, or winnings at a video lottery terminal (VLT) facility located at a horse racetrack, also known as a racino;
- Any past due child or spousal support the winner owes, according to a database maintained by JFS;
- Any debts the winner owes to the state or a political subdivision, according to a database maintained by the Attorney General.

For all four categories, the withholding threshold is the dollar threshold at which the agency or business paying out the winnings also must report the payout to the Internal Revenue

Service (IRS) on Form W-2G.[136] A person whose payout is less than the threshold amount still must pay income taxes on the person's net gambling winnings for the year, but the taxes are due when the person files a tax return instead of being withheld up front.

Responsibility for withholding under the bill

With respect to withholding from lottery winnings as described above, the bill makes changes and clarifications to specify whether LOT, a video lottery sales agent, or a sports gaming proprietor is responsible for withholding from winnings, based on the type of game. The bill assigns responsibility for withholding from winnings as follows:

- LOT generally must withhold amounts from lottery winnings, such as from scratch-off tickets, drawings, KENO, and instant games (continuing law);
- Video lottery sales agents must withhold amounts from VLT winnings;
- Sports gaming proprietors generally must withhold amounts from lottery sports gaming winnings;
- But, in the case of lottery sports gaming conducted on a terminal that also offers other lottery games, LOT must withhold amounts from winnings from bets placed through the terminal.

Current law is unclear or contradictory in some places regarding who actually pays out winnings from lottery sports gaming and from VLTs, and thus who is responsible for withholding. Both types of gaming are administered by LOT in conjunction with private businesses – sports gaming proprietors in the case of lottery sports gaming, and video lottery sales agents in the case of VLTs.

In particular, the bill removes existing language that requires that when a VLT facility offers lottery sports gaming, the video lottery sales agent must withhold amounts from lottery sports gaming payouts. The bill also adds references to withholding procedures for video lottery sales agents to clarify that those agents, not LOT, conduct all types of withholding from VLT winnings.

Further, the bill clarifies that a sports gaming proprietor is responsible for withholding all amounts from lottery sports gaming winnings. But, under the bill, if the lottery sports gaming is operated on a terminal that also offers other lottery games (such as instant games), LOT must handle the withholding for all payouts won on the terminal. The bill's withholding changes apply beginning on January 1, 2026.

Copies of Form W-2G filed with TAX

The bill also eliminates requirements that at the end of each calendar year, a video lottery sales agent, casino operator, or sports gaming proprietor give the Tax Commissioner a copy of

[136] 26 U.S.C. 6041 and Internal Revenue Service, Instructions for Forms W-2G and 5754, Revised January 2021 (PDF), available at irs.gov under "Forms & Instructions."

each patron's IRS Form W-2G for the year. Gambling operators still must file those forms with the IRS and provide copies to their patrons.

DEPARTMENT OF MEDICAID

Medicaid eligibility

Federal medical assistance percentage for expansion eligibility group

- Requires the Department of Medicaid (ODM) to immediately terminate medical assistance for members of the Medicaid expansion eligibility group (Group VIII) if the federal government sets the federal medical assistance percentage (FMAP) below 90%.
- Requires ODM, not later than 15 days following a change in the FMAP as described above, to certify the state and federal shares of the total actual expenditures for Group VIII for the most recently completed month before the change.
- Establishes procedures for keeping those state share amounts within the General Revenue Fund during each fiscal year in the biennium, before transferring those amounts to the Budget Stabilization Fund or Expanded Sales Tax Holiday Fund under continuing law.
- If medical assistance is terminated as described above during FY 2026 or FY 2027, requires ODM to establish a phased transition plan to assist former members of Group VIII by redirecting them to private insurance subsidies or charity care programs.

Group VIII eligibility redeterminations

- To the extent permissible under federal law, requires ODM to conduct eligibility redeterminations for members of Group VIII every six months.

Medicaid coverage of aged, blind, and disabled (ABD) individuals

- Eliminates provisions of law that (1) permit Medicaid eligibility requirements for the aged, blind, and disabled (ABD) population to be more restrictive than those under the Supplemental Security Income Program and (2) require those more restrictive requirements to be consistent with the federal 209(b) option for Medicaid eligibility.

Change in circumstances eligibility verification

- Requires ODM to issue one or more requests for information relating to Medicaid eligibility data and operations, to identify and assess systems and solutions that may be able to improve or augment the management, efficiency, frequency, and accuracy of Medicaid eligibility determinations and processing.
- Requires ODM to consider augmenting existing vendor arrangements relating to processing and managing Medicaid eligibility cases.
- Authorizes ODM to procure one or more vendors to implement any solutions identified as cost effective and feasible.
- Specifies that any vendor compensation is performance based.

Continuous Medicaid enrollment for children

- Repeals law that requires ODM to seek approval to provide continuous Medicaid enrollment for Medicaid-eligible children from birth through age three.

Medicaid eligibility fraud restitution

- Permits a court to order restitution of 200% of the amount paid for Medicaid services provided for a person found guilty of Medicaid eligibility fraud.

Private insurance outreach program

- Requires ODM to create and administer an outreach program to provide information, awareness, and assistance to Medicaid recipients to help them transition to private insurance.

Nursing facilities

Case-mix score grouper methodology for nursing facilities

- When determining a case-mix score for a nursing facility, requires ODM to use the grouper methodology used on October 1, 2019 (instead of June 30, 1999), for the patient driven payment model nursing index for prospective payments of skilled nursing facilities under the Medicare program.
- Adds a multiplier to nursing facility direct care cost per case-mix units, due to the difference in scale between the old resource utilization group (RUG) model and the new patient driven payment model.
- Modifies the authority of ODM to adopt rules concerning case-mix scores.

Gradual implementation of the patient driven payment model

- Provides for a gradual implementation of the patient driven payment model, by specifying that for the first half of FY 2026, a nursing facility's direct care costs are determined by multiplying the cost per case-mix unit determined for the facility's peer group by the facility's case-mix score during FY 2025 or the semiannual period beginning July 1, 2025.
- Requires ODM to report quarterly to the General Assembly on the progress of transitioning to the patient driven payment model.
- States that these changes are intended to be budget neutral during FYs 2026 and 2027.

Nursing facility quality incentive payment

- Eliminates law specifying that if a nursing facility undergoes a change of owner with an effective date of July 1, 2023, or later, the facility does not receive a Medicaid quality incentive payment for a specified period of time.
- Extends from July 1, 2023, to July 1, 2025, the law prohibiting a nursing facility from receiving a Medicaid quality incentive payment for a specified period of time if the facility undergoes a change of operator on or after that date.

Waiver of ineligibility period for nursing facility services

- Permits, rather than requires, ODM under certain circumstances to grant a waiver to a resident of a nursing facility who is ineligible to receive nursing facility services due to the individual or individual's spouse disposing of assets for less than fair market value.

Medicaid providers

Home and community-based services (HCBS) direct care worker wages

- Requires ODM, jointly with the Department of Aging and the Department of Developmental Disabilities, to collect data from providers regarding direct care worker wages paid for services provided under Medicaid HCBS waiver components, and submit a report to the Governor and specified members of the General Assembly.

Medicaid services

Social gender transition

- Prohibits the distribution of Medicaid funds to provide mental health services that promote or affirm social gender transition.

Rapid whole genome sequencing

- Requires the Medicaid Director to provide Medicaid reimbursement for rapid whole genome sequencing to infants under one year old with complex or acute unexplained illnesses.

Nursing facility dialysis services

- For FY 2026 and FY 2027, requires ODM to provide a rate add-on of $110 per treatment for dialysis services provided in a nursing facility to a Medicaid recipient.

Assisting end-stage renal disease patients

- Requires ODM to take certain actions regarding Medicare benefits for individuals with end-stage renal disease.
- Requires ODM, not later than September 1, 2026, to prepare and submit a report to the General Assembly detailing its findings, including whether it is feasible to assist patients with end-stage renal disease in applying for Medicare.

Care management system

Medicaid MCO data cross checks

- Requires ODM to conduct a request for information to establish the feasibility of requiring Medicaid MCOs to conduct internal data cross checks.

Managed care financial dashboard

- Requires ODM to include on its managed care financial dashboard both (1) actuarial metrics for annual and quarterly cost reports for specified Medicaid eligibility populations

and (2) quarterly and annual composite per member per month category of service reports.

Special programs

Medicaid buy-in for workers with disabilities program premiums

- Eliminates the requirement that individuals whose income exceeds 150% FPL must pay an annual premium as a condition of qualifying for the Medicaid buy-in for workers with disabilities program.

Hospital Additional Payments Program

- Establishes the Hospital Additional Payments Program for inpatient and outpatient hospital services provided to enrollees in the Medicaid care management system at in-state hospitals.

Rural Ohio Hospital Tax Pilot Program and assessment

- Permits the Medicaid Director to establish the Rural Ohio Hospital Tax Pilot Program for directed payments to certain rural Ohio hospitals.
- Establishes requirements that a hospital must satisfy to participate in the pilot program.
- Permits counties in which the pilot program operates to establish a local hospital assessment to provide the nonfederal share of Medicaid payments made under the pilot program.

Medicaid state directed payment programs

- Establishes conditions that must be satisfied upon the creation of a Medicaid state directed payment program that is funded in a manner other than by ODM of the hospital franchise fee program.
- Requires such a state directed payment program to comply with applicable federal regulations.
- Generally limits state directed payment programs described above to those established for hospital providers and services or professional services provided by hospitals, and to one state directed payment program per identified provider class.
- Prohibits ODM from establishing more than 50 state directed payment programs during a fiscal biennium.
- Prohibits the Medicaid Director from establishing a state directed payment program described above if there is no available or sufficient federal or local funding to sustain the program or the federal government requires the state to utilize general revenue funds as a condition of establishing a state directed payment program.
- Prohibits ODM from utilizing more than 2% of funds received to support a state directed payment program for the administration of state directed payment programs, and not more than 2% of those funds for the administration of ODM and the Medicaid program.

340B grantees

- For purposes of the interaction between Medicaid MCOs, third-party administrators, and 340B covered entities under the federal 340B Drug Pricing Program, removes certain hospitals from the list of entities included as 340B covered entities and instead refers to these entities as 340B grantees.
- Prohibits a contract between a Medicaid MCO, third-party administrator, and 340B grantee from including a payment rate for a prescribed drug provided by a 340B grantee that is less than the payment rate for health care providers that are not 340B grantees.
- Requires a Medicaid MCO or third-party administrator to provide a payment rate for all prescribed drugs obtained through the federal 340B Pricing Program by providers that are not 340B grantees that is equal to the payment rate for those drugs under the Medicaid state plan.
- Specifies that payments made under payment rates specified in a contract between Medicaid MCOs, third-party administrators, and 340B grantees are subject to audit by ODM.

General

Diversity, equity, and inclusion

- Prohibits Medicaid funds from being used for diversity, equity, and inclusion initiatives.

Monitoring of federal Medicaid changes

- Requires ODM to monitor and track legislative enactments from the 119th Congress, including any federal policy changes related to the Medicaid program.
- If ODM identifies federal legislative or policy changes, requires ODM to conduct a feasibility study regarding implementation of those changes.
- Requires ODM to prepare and submit a report to JMOC related to its findings and recommendations that result from any feasibility study conducted.

Medicaid separate health care services line items

- Requires the OBM Director, in consultation with the Medicaid Director, to request and propose multiple Medicaid health care services general revenue fund appropriation line items in subsequent state budgets.

Right of recovery for cost of medical assistance

- Permits an individual who was a recipient of medical assistance and repaid money between April 6, 2007, and September 28, 2007, to ODM or a county department of job and family services pursuant to a right of recovery, to request a hearing regarding those payments.
- Authorizes any of the following to request a hearing: (1) a medical assistance recipient, (2) the authorized representative, (3) the executor or administrator of the estate, (4) a

court-appointed guardian, or (5) an attorney directly retained by a recipient, or the recipient's parent, or legal or court-appointed guardian.

MyCare Ohio expansion

- Requires the Director to continue to expand the Integrated Care Delivery System (ICDS, also known as "MyCare Ohio"), or its successor program, to all Ohio counties.
- Requires the Director to select the entities for the expanded program.
- Requires ODM to establish requirements for care management and coordination of waiver services, subject to enumerated requirements.

MyCare successor program

- Authorizes ODM to include a Fully Integrated Dual Eligible Special Needs Plan established in accordance with federal law as a replacement for the ICDS.

Hospital Care Assurance Program; franchise permit fee

- Eliminates the sunset of the Hospital Care Assurance Program and franchise permit fee that were set to terminate the program and assessment on October 1, 2025.

Appeal of hospital assessment or audit

- Specifies that a final reconciliation of an annual hospital assessment constitutes an interim final order.
- Permits a hospital that requests reconsideration of a preliminary determination of an assessment imposed on the hospital to submit its written materials to ODM by (1) regular mail, (2) electronic mail, or (3) in-person delivery.
- Eliminates a requirement that ODM hold a public hearing if one or more hospitals requests a reconsideration of a preliminary determination of an assessment to be imposed upon the hospital.
- When a hospital appeals a final determination of the hospital's annual assessment, clarifies that the complete record of the proceedings includes all documentation considered by ODM in issuing the final determination.
- Requires a hospital to seek a declaratory judgment, rather than appeal the results of an audit conducted by ODM, when the audit determines the hospital paid amounts to ODM that the hospital should not have been required to pay or paid amounts it should have been required to pay.
- When seeking a declaratory judgment, requires a hospital to deposit any funds that are not in dispute into the Hospital Care Assurance Program fund while judicial proceedings are pending.

Reports, notifications, and audits

Medicaid reports regarding fraud, waste, and abuse

- Modifies ODM's existing reporting requirements regarding fraud, waste, and abuse in the Medicaid program to require that ODM provide additional information in these reports.
- Requires that these reports be submitted to JMOC and the chairs and ranking members of the House and Senate committees overseeing Medicaid.
- Removes a requirement that ODM's report be made available to the public on request.

Presumptive eligibility error rate quarterly report

- Requires ODM to submit a quarterly report to the General Assembly detailing the presumptive eligibility error rate for the previous quarter.

Legislative notice of Medicaid amendments and waivers

- Requires ODM to provide notice to JMOC and the House and Senate committees with jurisdiction over Medicaid before seeking an amendment to the Medicaid state plan or a Medicaid waiver that would (1) expand Medicaid coverage to any additional class of individuals or (2) increase any net costs to the state.
- Requires ODM to provide those committees with updates regarding the status of any amendment or waiver and to seek their input to design any amendment or waiver.

Audit of Next Generation

- Requires the Auditor of State to conduct a performance and fiscal audit of ODM's Next Generation system and submit copies of the audit report to the JMOC Executive Director by December 31, 2027.

Medicaid eligibility

Overview

Medicaid is a health insurance program for low-income individuals. State governments administer state-specific Medicaid programs subject to federal oversight by the Centers for Medicare and Medicaid Services (CMS) in the U.S. Department of Health and Human Services (HHS). Funding for the program comes primarily from federal and state government sources. The Ohio Department of Medicaid (ODM) administers Ohio's Medicaid program.

Federal medical assistance percentage for expansion eligibility group

(R.C. 5163.04; Sections 333.360 and 513.10)

For most Medicaid service costs, federal financial participation (FFP) is determined for each state by the state's federal medical assistance percentage (FMAP). A state's FMAP is the percentage of dollars spent on Medicaid costs that are reimbursed by the federal government. FMAP is generally established for each state using a formula and varies between the states.

However, in some instances, federal law specifies a designated FMAP for certain services or certain eligibility groups. One such group is the Medicaid expansion eligibility group (often referred to as Group VIII). Group VIII includes nondisabled adults under the age of 65 with no dependents and incomes at or below 138% FPL. Under current federal law, the FMAP for services provided to Medicaid enrollees in Group VIII is 90%.[137] The bill specifies that if the FMAP for medical assistance provided to Group VIII enrollees is set below 90%, ODM must immediately terminate medical assistance for members of the group.

In addition to terminating medical assistance for members of Group VIII, the bill additionally requires ODM, not later than 15 days after such a change to the FMAP, to certify to (1) the OBM Director, (2) the Joint Medicaid Oversight Committee (JMOC), (3) the Speaker of the House, and (4) the Senate President the total state and federal shares of expenditures in the Medicaid program for Group VIII in the most recently completed month before the change to the FMAP.

The bill specifies that the state share amount that is certified by ODM as described above is to be multiplied by the number of months remaining in the fiscal year. This amount is to remain in the general revenue fund until the end of the fiscal year, at which time the amount is to be transferred in accordance with continuing law to the Budget Stabilization Fund or Expanded Sales Tax Holiday Fund. If the change to the FMAP occurs in the first year of a fiscal biennium, the state share amount is multiplied by 12 to calculate the amount for the second fiscal year of the biennium. The bill exempts these transfers from the bill's general provision requiring that the balance of the general revenue fund on June 30, 2025, and June 30, 2026, remain in the general revenue fund.

The bill further provides that if the FMAP for Group VIII is set below 90% during FY 2026 or FY 2027, ODM must establish a phased transition plan to assist former Group VIII enrollees by redirecting them to private insurance subsidies or charity care programs that provide medical assistance.

Group VIII eligibility redeterminations

(R.C. 5163.11)

The bill requires ODM, to the extent permissible under federal law, to conduct eligibility redeterminations for members of Group VIII every six months. Current federal regulations governing the Medicaid program restrict eligibility redeterminations for Medicaid enrollees to once every 12 months.[138] However, the version of H.R. 1 (the 2025 federal budget reconciliation bill) passed by the U.S. House of Representatives on May 22, 2025, proposes to implement six-month eligibility redeterminations for members of Group VIII.

[137] 42 U.S.C. 1396d(y).

[138] 42 C.F.R. 435.916.

Medicaid coverage of aged, blind, and disabled individuals

(R.C. 5163.05, repealed; conforming changes in R.C. 5163.03)

The bill eliminates ODM's authority to impose more restrictive Medicaid eligibility requirements for the aged, blind, and disabled (ABD) eligibility group than the eligibility requirements for individuals receiving benefits under the Supplemental Security Income (SSI) Program. The bill also eliminates a related provision that requires that any more restrictive eligibility requirements established for the ABD group must be consistent with the federal 209(b) option for Medicaid eligibility. ODM has not exercised the option described above since 2016 and has instead based eligibility for individuals in the ABD eligibility group on SSI eligibility requirements.

Change in circumstances eligibility verification

(R.C. 5163.50)

The bill requires ODM to issue one or more requests for information related to Medicaid eligibility data and operations, to identify and assess systems and solutions that may be available to improve or augment the management, efficiency, frequency, and accuracy of Medicaid eligibility determinations and processing. The requests for information must include data systems related to the following: (1) Medicaid enrollee or applicant identity verification, (2) Medicaid enrollee death verification, (3) employment and wages, (4) lottery winnings, (5) residency verification including residency relating to concurrent enrollment in Medicaid programs in other states, (6) household composition, (7) Medicaid enrollee incarceration status, (8) third-party liability verification, (9) asset verification, and (10) any other records or systems ODM considers appropriate in order to strengthen program integrity, reduce costs, and to reduce fraud, waste, and abuse in the Medicaid program.

As part of the considerations described above, the bill requires ODM to consider augmenting existing vendor arrangements relating to processing and managing Medicaid eligibility cases. The bill further authorizes ODM to procure one or more vendors to implement any solutions identified as cost effective and feasible, but specifies that any vendor compensation is to be performance based.

Continuous Medicaid enrollment for children

(R.C. 5166.45, repealed)

The bill repeals law that requires ODM to seek CMS approval to provide continuous Medicaid enrollment for Medicaid-eligible children from birth through age three. Currently, ODM is required to establish a Medicaid waiver component that allows a Medicaid-eligible child to remain eligible until the earlier of (1) the end of a continuous 48-month period, or (2) the date the child exceeds age four. The waiver does not apply to a child who is deemed presumptively eligible for Medicaid, is eligible for alien emergency medical assistance, or is eligible for the refugee medical assistance program.

Medicaid eligibility fraud restitution

(R.C. 2913.401)

Medicaid eligibility fraud is a crime, the severity of which varies from a first degree misdemeanor to a third degree felony depending on the value of the services received. Current law requires the court, in addition to imposing a criminal sentence, to order restitution in the full amount services paid for which the individual was not eligible, plus interest. The bill instead *permits* a court to order restitution of *200%* of that amount.

Private insurance outreach program

(Section 751.80)

Under the bill, during FY 2027, ODM must create and administer an outreach program to provide information, awareness, and assistance to Medicaid recipients to help them transition from Medicaid to private insurance.

Nursing facilities

Case-mix score grouper methodology for nursing facilities

(R.C. 5195.19 and 5165.192; Section 333.280)

The bill requires ODM, when determining case-mix scores for a nursing facility, to use the grouper methodology used for the patient driven payment model index by HHS on October 1, 2019, for prospective payment of skilled nursing facilities under the Medicare program, rather than the grouper methodology used on June 30, 1999, as required under current law.

As part of this change, the bill includes an adjustment to nursing facility direct care cost per case-mix units, due to the difference in scale between the old resource utilization group (RUG) model and the new patient driven payment model. Under the bill, ODM must multiply each cost per case-mix unit by the nursing facility's peer group average case-mix score for the semiannual period beginning January 1, 2026. That product is the cost per case-mix unit used to determine the nursing facility's direct care costs beginning January 1, 2026, and continuing until ODM's next rebasing takes effect.

Additionally, the bill eliminates ODM's authority to adopt rules concerning any of the following:

- Adjusting case-mix values to reflect changes in relative wage differentials that are specific to Ohio;
- Expressing case-mix values in numeric terms that are different from the terms specified by HHS but that do not alter the relationship of case-mix values to one another;
- Modifying the grouper methodology by (1) establishing a different hierarchy for assigning residents to case-mix categories under the methodology, and (2) allowing the use of the index maximizer element of the methodology.

Gradual implementation to patient driven payment model

(Section 333.280)

Due to the transition to the patient driven payment model for nursing facility case-mix scores for direct care costs, the bill provides for a gradual implementation of these new rates.

H.B. 33 modified nursing facility direct care costs for FY 2024 and FY 2025. Under that act, a nursing facility could select for its case mix score either (1) the semiannual case-mix score determined under the standard calculation or (2) the facility's quarterly case-mix score from March 31, 2023, for the period from January 1, 2024, through June 30, 2025 (the second half of FY 2025).

Accordingly, the bill adjusts for that modification from the rates calculated last biennium. Under the bill, from July 1, 2025, through December 31, 2025 (the first half of FY 2026), a nursing facility's direct care rate is to be determined by multiplying the facility's cost per case-mix unit determined under the direct care rate formula for the nursing facility's peer group by the case-mix score under the standard formula, or, if the facility's case-mix score for FY 2025 was the alternate score under (2) above, then the facility's semiannual case-mix score for the semiannual period beginning July 1, 2025. Additionally:

- From January 1, 2026, through the remainder of FY 2026, the increase or decrease to a nursing facility's direct care rate must equal $^1/_3$ of the difference between the direct care rate in effect on January 1, 2025, and the direct care rate determined utilizing case-mix scores calculated in accordance with the changes to grouper methodology required by the bill.
- For FY 2027, the increase or decrease to a nursing facility's direct care rate is equal to $^2/_3$ of the difference between the direct care rate in effect on January 1, 2025, and the direct care rate determined utilizing case-mix scores calculated in accordance with the changes to grouper methodology required by the bill.

The bill notes that this transition to the patient driven payment model is intended to be budget neutral during FYs 2026 and 2027 and to not increase nursing facility payment rates during the fiscal biennium.

PDPM transition report

Beginning October 1, 2025, quarterly during the fiscal biennium, ODM must report to the General Assembly on the progress of transitioning to the patient driven payment model. The report must cover the progress made during the previous quarter and must be submitted to the chairperson and ranking member of the standing committees overseeing Medicaid in the House and Senate.

Nursing facility quality incentive payment

(R.C. 5165.26)

The bill eliminates law, enacted in 2024 in S.B. 144 of the 135th General Assembly, regarding calculating quality incentive payments for nursing facilities that undergo a change of owner. The law provides that if a nursing facility undergoes a change of owner with an effective

date of July 1, 2023, or later, the facility is ineligible to receive a Medicaid quality incentive payment for a period of time. The facility will not receive a quality incentive payment until the earlier of the first day of January or the first day of July, at least six months after the effective date of the change of owner, if within one year after the change of owner, there is an increase in the lease payments or other financial obligations of the operator to the owner above the payments or obligations specified by the agreement between the previous owner and the operator. The bill eliminates this provision.

Similarly, current law provides that if a nursing facility undergoes a change of operator with an effective date of July 1, 2023, or later, the facility is ineligible to receive a quality incentive payment until the earlier of the first day of January or the first day of July, at least six months after the effective date of the change of operator. The bill modifies this date from July 1, 2023, to July 1, 2025, to adjust for the upcoming biennium.

Waiver of ineligibility period for nursing facility services

(R.C. 5163.30)

Under continuing law unchanged by the bill, an institutionalized individual is ineligible to receive nursing facility services, nursing facility equivalent services, and home and community-based services under the Medicaid program for a period of time determined by ODM, if the individual or individual's spouse disposes of assets for less than fair market value on or after the designated look-back period following the date on which the institutionalized individual becomes eligible for or applies for Medicaid benefits.

The bill permits ODM to grant a waiver of all or a portion of the ineligibility period for the institutionalized individual if the administrator of a nursing facility in which the individual resides has notified the individual of a proposed transfer or discharge from the facility for a failure to pay for the care provided to the individual, and the transfer or discharge has been upheld by a final determination. Current law requires ODM to grant such a waiver.

Medicaid providers

Home and community-based services (HCBS) direct care worker wages

(Section 333.270)

The bill requires ODM, jointly with the Department of Aging and the Department of Developmental Disabilities, to collect data from providers regarding the wages paid to direct care workers providing direct care services under Medicaid HCBS waiver components administered by the departments. Not later than December 31 of each fiscal year of the biennium, ODM must compile a report and submit it to the Governor, the President and Minority Leader of the Senate, the Speaker and Minority Leader of the House, and the chairpersons of the standing committees handling Medicaid matters in the House and Senate.

Medicaid services

Social gender transition

(Section 333.13)

The bill prohibits the distribution of Medicaid funds to provide mental health services that promote or affirm social gender transition, to the extent this prohibition is permitted by federal law. Social gender transition is the process in which a person goes from identifying with and living as a gender that corresponds with the person's biological sex, to identifying with and living as a gender different from the individual's biological sex.

Rapid whole genome sequencing

(R.C. 5164.093)

Rapid whole genome sequencing is an investigation of the entire human genome to identify disease-causing genetic changes, including whole genome sequencing of both a patient and a patient's biological parent or parents. The bill requires Medicaid, with approval from CMS, to cover rapid whole genome sequencing for Medicaid patients under one year old who have an unexplained complex or acute illness and who are receiving hospital services in an intensive care unit or other high acuity care unit within a hospital. The Director may also provide coverage for other next-generation sequencing and genetic testing.

Any of the following medical necessity criteria may be required for Medicaid reimbursement of rapid whole genome sequencing:

- Symptoms that suggest a broad differential diagnosis that would require an evaluation by multiple genetic tests if whole rapid genome sequencing is not performed;
- Timely identification of a molecular diagnosis is necessary to guide clinical decision-making, and testing results may guide condition treatment or management;
- Relevant family genetic history;
- Complex or acute illness with an unknown cause including at least one of the following conditions:
  - Congenital anomalies involving at least two organ systems or complex multiple congenital anomalies in one organ system;
  - Specific organ malformation highly suggestive of a genetic etiology;
  - Abnormal laboratory tests or chemistry profiles suggesting the presence of a genetic disease, complex metabolic disorder, or inborn error of metabolism;
  - Refractory or severe hypoglycemia or hyperglycemia;
  - Abnormal response to therapy related to an underlying medical condition affecting vital organs or bodily systems;
  - Severe muscle weakness, rigidity, or spasticity;

- A high-risk stratification for a brief, resolved, unexplained, and recurrent event that is any of (1) an event without respiratory infection, (2) a witnessed seizure-like event, or (3) a cardiopulmonary resuscitation event;
- Refractory seizures;
- Abnormal cardiac diagnostic testing results suggestive of possible channelopathies, arrhythmias, cardiomyopathies, myocarditis, or structural heart disease;
- Abnormal diagnostic imaging studies or physiologic function studies suggestive of an underlying genetic condition;
- Any other condition added by the Director based on new medical evidence.

A laboratory performing rapid whole genome sequencing for an infant through Medicaid must return preliminary positive results within seven days of receiving a sample and must return final results within 15 days.

Genetic data generated as a result of performing rapid whole genome sequencing is protected health information subject to the requirements established by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The primary use of the data is to assist health care professionals in diagnosing and treating a patient. The patient, the patient's legal guardian, or the patient's health care provider may request access to testing results for use in other clinical settings. A health care provider may charge a fee equal to the direct cost of producing the results for use in another clinical setting.

The genetic data may be used for scientific research if the patient's guardian consents. A patient or a patient's legal guardian may rescind consent at any time, and upon receiving written revocation of consent the entity using the data for research must cease use and expunge the patient's information from any data repository where it is held.

The Director may adopt rules or take other administrative action as necessary to implement Medicaid coverage of rapid whole genome sequencing for infants.

Nursing facility dialysis services

(Section 333.263)

For FY 2026 and FY 2027, the bill requires that ODM provide a rate add-on of $110 per treatment for dialysis services provided in a nursing facility to a Medicaid resident.

Assisting end-stage renal disease patients

(R.C. 5160.25)

The bill requires ODM to do all of the following regarding individuals with end-stage renal disease:

- Evaluate Medicare application requirements and review state policies and procedures related to patients who are age 65 or younger and have end-stage renal disease;

- Review and identify whether there exist Medicare eligibility gaps for individuals with end-stage renal disease and take steps to address any identified gaps to improve patient access to Medicare benefits;
- Develop a process to assist patients with end-stage renal disease in applying for Medicare benefits.

The bill further requires ODM, not later than September 1, 2026, to prepare and submit a report to the General Assembly detailing the review described above, including the feasibility of developing a process to help patients with end-stage renal disease apply for Medicare benefits. If ODM determines it is not feasible to do so, the report must include the results of those findings and the steps taken to reach that conclusion.

Care management system

Medicaid MCO data cross checks

(Section 751.120)

The bill requires ODM to conduct a request for information to study the feasibility of requiring Medicaid MCOs to conduct internal data cross checks.

Managed care financial dashboard

(R.C. 5167.09)

The bill requires ODM to include actuarial metrics for annual and quarterly cost reports on its managed care financial dashboard. These metrics must be delineated by the following categories:

- Adults for whom financial eligibility for the Medicaid program is determined utilizing the modified adjusted gross income standard, and who are not members of Group VIII;
- Children for whom financial eligibility for the Medicaid program is determined utilizing the modified adjusted gross income standard;
- Individuals in the ABD eligibility group who are age 21 or older;
- Individuals in the ABD eligibility group who are age 20 or younger;
- Individuals who are members of Group VIII;
- Individuals who are members of the adoption and foster kids eligibility groups;
- All other individuals eligible for Medicaid benefits.

The dashboard must also include quarterly and annual composite per member per month category of service reports for each Medicaid MCO, delineated by: (1) inpatient services, (2) outpatient facility services, (3) professional services, (4) radiology, pathology, and laboratory services, (5) pharmacy services, (6) behavioral health services, and (7) all other services.

Special programs

Medicaid buy-in for workers with disabilities program premiums

(R.C. 5162.133, 5163.091, 5163.093, 5163.094, and 5163.098)

The bill eliminates a requirement that individuals whose income exceeds 150% FPL must pay an annual premium as a condition of qualifying for the Medicaid buy-in for workers with disabilities (MBIWD) program. MBIWD is an optional eligibility group covered by the Medicaid program. It allows certain disabled individuals who are employed to be enrolled in the Medicaid program so long as their income does exceed 250% FPL.

Hospital Additional Payments Program

(Section 333.140)

The bill establishes the Hospital Additional Payments Program as a state directed payment program for inpatient and outpatient hospital services provided to enrollees in the Medicaid care management system who receive care at in-state hospitals. Under the program, participating hospitals and hospital industry representatives must work collaboratively with ODM to establish quality improvement initiatives that align with and advance the goals of ODM's quality strategy required under federal law. Participating hospitals will receive direct payments for services provided under the program.

Rural Ohio Hospital Tax Pilot Program and assessment

(Sections 333.290 and 333.300)

Pilot program

The bill authorizes the Medicaid Director to establish the Rural Ohio Hospital Tax Pilot Program to provide directed payments to certain rural Ohio hospitals and their related health systems. To be eligible to participate in the pilot program, a hospital must (1) be enrolled as a provider in the Medicaid program, and (2) be either a rural hospital or a critical access hospital. For purposes of the pilot program, a "rural hospital" includes any hospital located in Fayette, Greene, Highland, Hocking, Muskingum, Perry, Pike, Ross, Scioto, or Washington County.

The pilot program must comply with all federal law requirements governing state directed payment programs, including all of the following:[139]

- The pilot program must be approved by CMS, and the Medicaid Director must seek approval for the pilot program in accordance with existing law.
- Directed payments under the program may not exceed the average commercial rate under a preprint form as approved by CMS.
- The pilot program must be subject to an evaluation plan.

[139] 42 C.F.R. 438.6(c).

As a condition of participation in the pilot program, a hospital must enter into one or more contracts related to the program that ODM considers necessary. The bill specifies that any required contracts must be executed by October 1 in a year immediately preceding the first fiscal year of a biennium. Additionally, a hospital must comply with (1) average commercial rate reporting requirements established by ODM and (2) ODM's quality measure set, including the metrics and targets set by ODM to advance the goals and objectives of ODM's quality strategy, as required under federal regulations. Hospitals must also cooperate with any evaluation or reporting requirements established by ODM.

The bill further specifies that no hospital provider may participate in the pilot program unless sufficient tax funds are assessed, collected, obligated, and appropriated. The Medicaid Director may terminate or decline to establish the pilot program if federal or local tax funding is not available or sufficient to sustain the program, and at no time is ODM required to provide funding for the program. If at any time ODM is informed that the assessment established to fund the nonfederal share of the pilot program is an impermissible health care related tax, it must promptly refund the amounts paid by each hospital into the Rural Ohio Hospital Tax Pilot Program Fund under the program.

Assessment

To provide the nonfederal share of payments made under the pilot program, the bill permits counties in which the program will operate to establish a local hospital assessment. If a local hospital assessment is established, it must meet all federal requirements applicable to provider assessments.

The bill permits counties to set the annual rate of the local hospital assessment. An assessment must apply uniformly to all nonpublic hospitals with the jurisdiction of the county, and at the discretion of the counties, may also apply to public hospitals. The rate of an assessment, in the aggregate, must be sufficient to cover (1) the nonfederal share of Medicaid payments that benefit hospitals in the counties, and (2) the administrative expenses for administering the local hospital assessment, up to $150,000 annually. The bill further provides that the implementation of a local hospital assessment must further Ohio's evolving quality goals, including (1) improving mental health, (2) substance abuse prevention, and (3) advancing maternal health. Counties may impose penalties upon hospitals that fail to pay the assessment in a timely manner.

The bill permits contiguous counties participating in the pilot program, that each contain two or fewer rural hospitals, to establish a multi-county funding district for the purposes of a local hospital assessment. The boundaries of a multi-county funding district are coextensive with the combined boundaries of the counties that comprise the funding district. The bill specifies that a multi-county funding district is a governmental entity.

To establish a multi-county funding district, the bill requires the board of county commissioners of each county within the boundaries of a proposed district to pass a resolution or ordinance establishing the county's participation in the district and appointing a county commissioner to serve on the district's governing board. Before a new county may join the district, the resolution or ordinance of each county in the district must be amended. The

appointed county commissioner from each member county constitutes the governing board of the district. A county may replace its appointment to the governing board by resolution or ordinance. The bill authorizes a governing board to delegate the operational and administrative burdens of the funding district to the counties within the district. Not later than 60 days after a funding district is established, a governing board must designate at least one county to serve as the operational and administrative lead for the district. The designation may be changed at any time.

Medicaid state directed payment programs

(R.C. 5162.25)

The bill establishes conditions that must be satisfied upon the creation of a state directed payment program that is funded in a manner other than by ODM or the hospital franchise permit fee program. All new and existing state directed payment programs subject to the bill's requirements must comply with all federal law requirements governing state directed payment programs, including all of the following:[140]

- The program must be approved by CMS and the Medicaid Director must seek approval for the program in accordance with existing law.
- Directed payments under the program may not exceed the average commercial rate for all providers participating under a preprint form approved by CMS, unless the payments are exempted by a value-based purchasing agreement approved by CMS.
- The program must be subject to an evaluation plan.

The bill limits such state directed payment programs to hospital providers and services or professional services provided by hospitals. At the discretion of the Director, one state directed preprint form approved by CMS may be approved for (1) inpatient and outpatient hospital services, (2) physician services, and (3) children's hospitals participating in the Acceleration for Kids Quality Initiative. Moreover, the bill prohibits ODM from establishing more than 50 state directed payment programs during a fiscal biennium.

As a condition of participating in a state directed payment program, a hospital provider must enter into one or more contracts related to the program, as ODM considers necessary. The bill specifies that, beginning for any preprint effective for a rating period beginning on or after January 1, 2027, any required contract must be executed not later than October 1 in a year immediately preceding the first fiscal year of a biennium.

Additionally, a hospital must comply with (1) average commercial rate reporting requirements established by ODM and (2) ODM's quality measure set, including the metrics and targets set by ODM to advance the goals and objectives of the Department's quality strategy, as required under federal regulations. Hospitals must also cooperate with any evaluation or reporting requirements established by ODM.

[140] 42 C.F.R. 438.6(c).

The bill requires ODM to enter into an agreement with the authorized representative of each entity participating in a state directed payment program. No agreement between ODM and an entity is valid and enforceable unless the OBM Director first certifies that there is a balance in the appropriation used to support state directed payment programs that is not already obligated under existing programs, in an amount at least equal to the cost of the program.

The bill stipulates that a hospital provider may not participate in a state directed payment program unless sufficient funds are obligated and appropriated. ODM is prohibited from providing general revenue funds or other state funds for a state directed payment program. The ODM Director must terminate or decline to establish a state directed payment program if (1) local funding is not available or sufficient to sustain the program, or (2) the federal government restricts or otherwise limits the availability of federal funds to support state directed payment programs, or requires the state to utilize general revenue funds as a condition of establishing or maintaining a state directed payment program.

The bill further stipulates that ODM may not use more than 2% of funds received to support a state directed payment program for the administration of such programs and also may not use more than 2% of those funds for the administration of ODM or the Medicaid program.

340B grantees

(R.C. 5167.01 and 5167.123; conforming changes in R.C. 3902.70 and 4729.29)

The bill includes provisions relating to the pricing of prescribed drugs under the Medicaid care management system obtained under the federal 340B Drug Pricing Program. For purposes of the interactions between a Medicaid MCO, third-party administrator, and 340B covered entity, the bill removes most hospitals from the list of entities that are included as 340B covered entities. In making this change, the bill instead refers to 340B covered entities as 340B grantees and specifies that to be considered a 340B grantee, an entity must be designated as an active entity under the Health Resources and Services Administration covered entity daily report. The bill maintains the current law definition of a 340B covered entity outside of the Medicaid program, for purposes of a contract between a health plan issuer, third-party administrator, and 340B covered entity, and for purposes of a contract between a terminal distributor of dangerous drugs and a 340B covered entity.

The bill eliminates a prohibition against a contract between a Medicaid MCO, third-party administrator, and 340B grantee including a payment rate for a prescribed drug that is less than the national average drug acquisition costs rate for the drug as determined by CMS, or if no rate is available, a reimbursement rate that is less than the wholesale acquisition cost of the drug. Instead, the bill prohibits a contract between the entities described above from including a provision for a payment rate for a prescribed drug provided by a 340B grantee to an individual as a result of health care services provided by the grantee directly to the individual, that is less than the payment rate applied to health care providers that are not 340B grantees.

In addition, the bill requires a Medicaid MCO or third-party administrator to provide a payment rate for all prescribed drugs obtained under the 340B Drug Pricing Program by providers that are not 340B grantees that is equal to the payment rate for those prescribed drugs under the Medicaid state plan. The bill provides that any payment made under payments rates specified

in contracts between Medicaid MCOs, third-party administrators, and 340B grantees are subject to audit by ODM.

General

Diversity, equity, and inclusion

(Section 333.12)

The bill prohibits Medicaid funds from being used for diversity, equity, and inclusion initiatives, to the extent permitted by federal law. This prohibition does not apply to funds appropriated to provide services that support access to the community for Medicaid recipients with intellectual and developmental disabilities.

Monitoring of federal Medicaid changes

(Section 751.111)

The bill requires ODM to monitor and track legislative enactments from the 119th Congress, including any federal policy changes related to the Medicaid program. As part of the monitoring, ODM must identify state flexibilities, authorities, and requirements related to Medicaid program integrity eligibility, accountability, and efficiency. Specifically, the bill requires ODM to monitor the following:

- Changes related to presumptive eligibility determinations made by hospitals;
- The establishment of work requirements as a condition of continued participation in the Medicaid program;
- The establishment of new responsibilities on Medicaid enrollees as a condition of continued participation in the Medicaid program, including cost-sharing requirements and program premiums.

If ODM identifies legislative or policy changes, the bill requires ODM to conduct a feasibility study regarding the implementation of those changes. As part of the study, ODM must evaluate the administrative costs related to implementing changes, the level of effort and staffing resources needed to implement and operate the changes, the necessary timeframe for implementing the changes, and the estimated savings and costs for implementing the changes. ODM must prepare and submit a report to JMOC related to the feasibility study.

Medicaid separate health care services line items

(R.C. 126.024)

Beginning with the biennial state budget after H.B. 96, the bill requires the OBM Director, in consultation with the Medicaid Director, to request and propose multiple Medicaid health care services general revenue fund appropriation items. At a minimum, the bill requires that the Directors propose separate health care services appropriation items for all of the following:

- Services provided under the care management system;
- Nursing facility services;

- Hospital services;
- Behavioral health services;
- Services provided under Medicaid waiver components administered by ODA;
- Prescription Drug Services;
- Physician services;
- Services provided under the Ohio Home Care Waiver Program;
- Services provided under Medicaid waiver components administered by the Department of Developmental Disabilities;
- Services provided under the OhioRISE Medicaid waiver component;
- Any other services the Directors determine should have a separate appropriation item.

Right of recovery for cost of medical assistance

(R.C. 5160.37)

Under current law, ODM and county departments of job and family services have an automatic right of recovery against the liability of a third party that pays for the cost of medical assistance provided to a medical assistance recipient enrolled in the Medicaid program. The law provides that when a medical assistance recipient secures a settlement, compromise, judgment, or award or any recovery related to a claim by a medical assistance recipient against a third party for the cost of medical assistance, there is a rebuttable presumption that ODM or the county department is entitled to the lesser of (1) one-half of the remaining amount after fees, costs, and expenses are deducted from the total judgment, award, settlement, or compromise, or (2) the actual amount of medical assistance paid.

The bill permits an individual who was a recipient of medical assistance who repaid money to ODM or a county department under the automatic right of recovery described above, between April 6, 2007, and September 28, 2007, to request a hearing to rebut the presumption about the amount the individual repaid. A request must be made within 180 days after the bill's effective date. The presumption described above is successfully rebutted if the requestor demonstrates by clear and convincing evidence that a different allocation is warranted.

Under the bill, any of the following may submit a request for a hearing:

- The medical assistance recipient;
- The recipient's authorized representative;
- The executor or administrator of a recipient's estate who is authorized to make or pursue a request;
- A court-appointed guardian;
- An attorney who has been directly retained by the recipient, or the recipient's parent, legal guardian, or court-appointed guardian.

MyCare Ohio expansion

(Section 333.250)

The bill requires the Director, in accordance with the provisions established in 2023 in H.B. 33 of the 135th General Assembly, to continue to expand the Integrated Care Delivery System (ICDS, known as "MyCare Ohio") to all Ohio counties during FY 2026 and FY 2027. If the Director terminates MyCare Ohio, the successor program must serve all Ohio counties as well. ODM must establish requirements for care management and coordination of wavier services in the expanded program, subject to the following:

- The selected entities must employ the applicable area agency on aging to be coordinators of home and community-based services under a Medicaid waiver component available for eligible individuals over age 59.
- The entities may delegate to the area agency on aging full care coordination function for home and community-based services and other health care services received by those eligible individuals.
- Individuals enrolled in an entity's plan may choose the entity or its designee as the care coordinator, as an alternative to the area agency on aging.
- ODM may specify an alternative approach to care management and coordination of waiver services if the area agency on aging's performance does not meet the program requirements or if ODM determines that the needs of a defined group of individuals require an alternative approach.

MyCare Ohio successor program

(R.C. 5167.01 and 5167.03)

The bill permits ODM to include a Fully Integrated Dual Eligible Special Needs Plan (FIDE SNP) as a replacement, successor program for MyCare Ohio. Both MyCare and a FIDE SNP permit individuals who are dually eligible for services under both the Medicaid and Medicare programs to receive services under a single managed care plan.

Hospital Care Assurance Program; franchise permit fee

(Section 610.10)

The Hospital Care Assurance Program (HCAP) is a program administered by ODM to distribute funds to hospitals that provide a disproportionate share of services to low-income individuals. As a condition of receiving payments under HCAP, hospitals must provide basic, medically necessary, hospital-level services to state residents with incomes below the federal poverty level. To raise funds necessary to make payments under HCAP, ODM imposes annual assessment fees on all hospitals. In addition to the HCAP annual assessment, ODM also imposes a separate annual assessment on hospitals to help pay for the Medicaid program. To distinguish that assessment from HCAP, the assessment is sometimes called a hospital franchise permit fee.

H.B. 870 of the 119th General Assembly (1992) established a sunset provision for HCAP and the hospital franchise permit fee. The initial sunset was scheduled for October 1, 1995.

However, the sunset date has since been extended by each subsequent General Assembly. Most recently, H.B. 33 of the 135th General Assembly (2023) extended the sunset to October 16, 2025. The bill repeals this sunset provision, thereby making the continued operation of HCAP and the hospital franchise permit fee permanent.

Appeal of hospital assessment or audit

(R.C. 5168.08, 5168.11, and 5168.22)

Hospital assessments

Hospital Care Assurance Program

The bill makes substantive changes to the Hospital Care Assurance Program (HCAP) annual assessment imposed on all hospitals as a funding mechanism for the program. Continuing law, unchanged by the bill, requires ODM to issue a preliminary determination of the amount the hospital is to be assessed during the program year. Upon receipt of a preliminary determination from ODM, a hospital may request reconsideration of the preliminary determination. The bill specifies that a final reconciliation constitutes a final interim order that may be subject to adjustments made by CMS. Under current law, if a hospital does not request reconsideration of the preliminary determination, the preliminary determination constitutes final reconciliation of the assessment.

If one or more hospitals seeks a redetermination of a preliminary determination, current law requires the hospital to submit a written request to ODM not later than 14 days after the preliminary determination is issued. The request must include written materials that set forth the basis for the redetermination.

The bill expands these notice provisions by permitting delivery of the written materials by (1) regular mail, (2) electronic mail, or (3) in-person delivery. It also eliminates a requirement that ODM hold a public hearing if one or more hospitals seek redetermination of a preliminary determination. The bill's provisions specifying that a final reconciliation constitutes a final interim order that may be subject to adjustments made by CMS also apply to final reconciliations that are the result of a redetermination (current law provides that the redetermination result constitutes final reconciliation of a hospital's assessment).

Under current law unchanged by the bill, ODM must issue each hospital a written notice of its assessment under the final reconciliation, and a hospital may appeal the final reconciliation to the Franklin County court of common pleas. The bill clarifies that the complete record of the appeal proceedings includes all documentation considered by ODM in issuing the final reconciliation.

Hospital franchise permit fee

In addition to the assessment imposed upon hospitals as part of HCAP, Ohio law also imposes the hospital franchise permit fee upon hospitals. The bill makes similar changes to the law governing the additional assessment to those made concerning the assessment imposed under HCAP, including (1) that written materials submitted to ODM by a hospital seeking redetermination of a preliminary determination of the assessment may be delivered to ODM by regular mail, electronic mail, or in-person delivery, and (2) that if a hospital appeals a final

determination of its assessment, the complete record of the proceedings includes all documentation considered by ODM in issuing the final determination.

Hospital audit

Under continuing law unchanged by the bill, funds paid by a hospital pursuant to the HCAP assessment are deposited into the Hospital Care Assurance Program fund. ODM may audit the amounts of payments made by a hospital and (1) make payments to a hospital that paid amounts it should not have been required to pay or did not receive amounts it should have, and (2) take action to recover from a hospital any amounts the hospital should have been required to pay but did not or that it should have not received but did.

The bill eliminates the ability of a hospital to appeal the results of an audit and instead requires a hospital that disagrees with the results of an audit to seek a declaratory judgment in Franklin County court. While judicial proceedings are pending, the hospital must pay to the fund any amounts identified by an audit that are not in dispute.

Reports, notifications, and audits

Medicaid reports regarding fraud, waste, and abuse

(R.C. 5162.132 (primary) and 5101.98)

Continuing law requires ODM to prepare and submit a report regarding its efforts to minimize fraud, waste, and abuse in the Medicaid program. The bill adds that the report must be prepared and submitted by December 31 of each year, and include all of the following information for the most recently concluded state fiscal year:

- Improper Medicaid payments and expenditures, including the individual and total dollar amounts for claims that were determined to be the result of fraud, waste, and abuse;
- Federal and state recovered funds, including the dollar amount per claim and the total dollar amounts concerning fraud, waste, and abuse in the Medicaid program;
- Aggregate data concerning improper payments and ineligible Medicaid recipients who received Medicaid services as a percentage of the claims investigated or reviewed;
- The number of payments made in error, the dollar amount of those payments within the Medicaid program, and the number of confirmed cases of intentional program violation and fraud (these requirements apply to JFS under current law).

In addition to making this report available on ODM's website and providing it to JMOC as required under current law, the bill requires ODM to also provide copies of the report to the chairpersons and ranking members of the House and Senate committees with jurisdiction over Medicaid. The bill removes the requirement that the report be submitted to the Governor, the General Assembly generally, and to the public upon request.

Presumptive eligibility error rate quarterly report

(R.C. 5163.104)

The bill requires ODM to submit a quarterly report to the General Assembly regarding the presumptive eligibility error rate for presumptive eligibility determinations made during the previous quarter. Current law unchanged by the bill defines the "presumptive eligibility error rate" as the rate at which a qualified entity or qualified provider deems an individual presumptively eligible for Medicaid, when the individual is not eligible to participate in the Medicaid program.

Legislative notice of Medicaid amendments and waivers

(R.C. 5162.08 and 5166.03)

The bill prohibits ODM from seeking to implement an amendment to the Medicaid state plan or an 1115 or 1915 Medicaid waiver that would (1) expand Medicaid coverage to any additional individuals or class of individuals or (2) increase any net costs to the state, unless ODM first provides notice to JMOC and the standing committees of the House and Senate with jurisdiction over Medicaid. The bill further requires ODM to provide updates to those committees regarding the status of any amendment or waiver submitted. Additionally, ODM must seek input from the committees to design amendments and waivers.

Continuing law requires the ODM Director to provide written notice to the Speaker of the House and Senate President at least ten days prior to submitting a request for an 1115 Medicaid waiver. The bill requires that this notice also include confirmation that ODM has informed the committees as described above, if doing so is required for the proposed waiver.

Audit of Next Generation

(Section 751.70)

The bill requires the Auditor of State to conduct a performance and fiscal audit of ODM's Next Generation system and submit copies of the audit report to the JMOC Executive Director by December 31, 2027. In conducting the audit, the Auditor may examine:

- The Provider Network Management;
- The Ohio Medicaid Enterprise System;
- The Ohio Resilience Through Integrated Systems and Excellent (OhioRISE) program;
- The Electronic Data Interchange;
- The Medicaid single state pharmacy benefit manager;
- Centralized provider credentialing;
- Prior authorization requirements;
- Issues with late payments to Medicaid providers;
- Any other aspects of the system the Auditor considers relevant.

Ohio's Next Generation program is an ODM initiative to modify Ohio's Medicaid program with a stated goal of improving member and provider experiences, including addressing complex needs.

STATE MEDICAL BOARD

Summary suspensions

- Revises the law authorizing the State Medical Board to issue summary suspensions against its license holders, including by specifying that a summary suspension is not a final appealable order and is not an adjudication that may be appealed under the Administrative Procedure Act.

Certified mental health assistants

- Revises the law governing certified mental health assistants to correspond with recent amendments to the law governing other health care professionals licensed by the Board.

Medical Quality Assurance Fund

- Establishes procedures for transferring money in the Medical Quality Assurance Fund to the State Medical Board's monitoring organization under contract to operate the Confidential Monitoring Program for impaired practitioners.
- Requires the monitoring organization, in collaboration with the Ohio State Medical Association and Ohio Hospital Association, to create a foundation to be operated solely for supporting programs for impaired practitioners.
- Requires the monitoring organization to transfer the money it receives from the Medical Quality Assurance Fund to the foundation's governing board.
- Requires the foundation's governing board to approve an annual plan for disbursement of funds held by the foundation, with the initial disbursement to occur by January 1, 2026, if possible.

Summary suspensions

(R.C. 4730.25, 4731.22, 4759.07, 4760.13, 4761.09, 4762.13, 4772.20, 4774.13, and 4778.14)

The bill revises in the following ways the law authorizing – in limited circumstances – the State Medical Board to issue summary suspensions against its license holders:

- It eliminates provisions specifying that an order is not subject to suspension by a court before the Board issues its final adjudicative order and, instead, specifies the following:
  - That a summary suspension is not a final appealable order and is not an adjudication that may be appealed under the Administrative Procedure Act (R.C. Chapter 119); and
  - That once a final adjudicative order has been issued, any party adversely affected by it may file an appeal in accordance with the requirements of the Administrative Procedure Act.
- It eliminates provisions specifying that a summary suspension remains in effect unless reversed on appeal.

- In the case of acupuncturists, anesthesiologist assistants, certified mental health assistants, genetic counselors, and radiologist assistants, it extends to 75 days (from 60) the number of days by which the Board must issue its final adjudicative order after its hearing regarding the summary suspension. (The 75-day timeline corresponds with that for other practitioners regulated by the Board.)

Certified mental health assistants

(R.C. 4731.2210, 4772.20, 4772.21, 4772.23, and 4772.99; conforming changes in R.C. 4759.99, 4760.99, 4761.99, 4762.99, 4772.99, and 4774.99)

The bill revises in the following ways the law governing certified mental health assistants (CMHAs) to correspond with recently enacted changes to the law governing other health care professionals also licensed by the Medical Board.

First, the bill authorizes the Board to recommend that a CMHA's license be suspended without a prior hearing if the Board receives verifiable information that the CMHA has been charged with a felony and the conduct charged constitutes grounds for Board disciplinary action.

Second, it requires a CMHA who has reasonable cause to suspect that a licensee of the Board has committed or participated in criminal conduct or sexual misconduct to report that information to the Board.

Third, the bill requires a CMHA to self-report criminal charges regarding criminal conduct, sexual misconduct, or any conduct involving the use of a motor vehicle while under the influence of drugs or alcohol.

Fourth, it reduces to 30 (from 60) the number of days by which a health facility must report various conduct of a CMHA to the Board.

Fifth, it authorizes the Board to require a CMHA subject to a probationary order related to sexual misconduct or patient harm to provide a written disclosure to each patient, the patient's guardian, or a key third party.

In a matter involving the description of criminal penalties under the CMHA law as well as other laws administered by the Board, the bill adjusts the statutory expression of the penalties to correspond with standard bill drafting conventions for describing criminal penalties.

Medical Quality Assurance Fund

(R.C. 4731.256 (primary) and 113.78; Sections 105.30, 620.40, and 620.41)

The bill establishes a process for transferring the money in the Medical Quality Assurance Fund to the monitoring organization that contracts with the State Medical Board to operate the Confidential Monitoring Program for impaired practitioners, including impaired applicants for Board licensure. The fund exists as a custodial fund, meaning that money can be withdrawn

without an appropriation. It was created to receive money that the Ohio Medical Quality Foundation was required to transfer to it by April 1, 2025.[141]

The following steps apply to the fund-transfer process:

1. Within 30 days after the bill's 90-day effective date, the monitoring organization under contract with the Board must create a foundation to be operated for the sole purpose of supporting monitoring programs for impaired practitioners. The foundation must be created in collaboration with the Ohio State Medical Association and Ohio Hospital Association. The foundation must include a three-member governing board consisting of one individual appointed by the chief executive officer of each of the creating entities.

2. Once the foundation is created, the monitoring organization must notify the Treasurer of State, which currently has custody of the Medical Quality Assurance Fund.

3. Within 30 days after receiving the notice, the Treasurer of State must transfer all unencumbered money in the fund to the monitoring organization. Until the transfer occurs, all investment earnings are to be credited to the fund.

4. Within 30 days after receiving the money, the monitoring organization must submit the money to the governing board of the foundation created as described above.

5. On January 1, 2026, or the 30th day after the governing board receives the money, whichever is later, the governing board must complete its initial disbursement.

6. On July 1, 2026, the Medical Quality Assurance Fund is abolished.

Annual plan for disbursement of funds

The bill requires the foundation's governing board to hold at least one meeting each year to approve an annual plan for disbursement of funds held by the foundation. In determining the amount to be disbursed, the governing board must consider factors related to the cost of providing monitoring services, the revenue generated from participants who receive services from the monitoring organization, and the extent to which the monitoring organization's services are being used, particularly by individuals under the State Medical Board's jurisdiction as practitioners and applicants for licensure. Only the governing board is given the power and duty to determine the amount to be disbursed.

[141] See Section 14 of H.B. 238 of the 135th General Assembly.

DEPARTMENT OF NATURAL RESOURCES

Division of Wildlife

Hunting and fishing

- Increases, from $74 to $210, the fee for each nonresident deer permit.
- Increases various fishing license fees charged to a nonresident who is not a resident of a reciprocal state.
- Expands the allowable uses for hunting and fishing related gift certificates.
- Makes permissive, instead of mandatory, the Chief of the Division of Wildlife's authority to adopt rules governing hunting and fishing related gift certificates.
- Eliminates the requirement that the Chief establish fees for gift certificates that equal the total fee for the applicable license, permit, or stamp.
- Eliminates the requirement that a gift certificate expire one year after the date of purchase.
- Allows a resident landowner's parents to hunt and trap on the landowner's property without obtaining a hunting license, deer permit, wild turkey permit, or fur taker permit.
- Allows a resident landowner's grandchildren under 18 to hunt and trap on the landowner's property without obtaining a deer permit, wild turkey permit, or fur taker permit.
- Clarifies that, for both in-state and out-of-state residents who own land in Ohio, the landowner's spouse may hunt deer or wild turkey and hunt or trap fur-bearing animals on that property without a deer, wild turkey, or fur taker permit.
- Revises the definition of "wild boar" or "feral swine" for purposes of the law governing hunting and fishing, including clarifying that a wild boar or feral swine is a hog, boar, or pig that appears to be untamed, undomesticated, or in a wild state.

Division of Oil and Gas Resources Management

Permit to plug and abandon fee

- Eliminates the $250 permit fee generally required to be paid when applying for a permit to plug and abandon any oil and gas well.

Oil and Gas Resolution and Remediation Fund

- Creates the Oil and Gas Resolution and Remediation Fund (OGRRF) as a custodial fund.
- Requires the Chief of the Division of Oil and Gas Resources Management to use money in the OGRRF to plug orphaned wells in accordance with current law.

- Authorizes the Chief to use the OGRRF for expenses that are critical and necessary for the protection of human health and safety and the environment related to oil and gas production.
- Requires the Treasurer of State, at the beginning of each fiscal year, to transfer the amount of money in the Oil and Gas Well Fund that exceeds the total amount appropriated to it for that fiscal year to the OGRRF.
- Requires the Treasurer to make disbursements, other than interest earnings, from the ORGRRF on a quarterly basis, on order of the Chief.
- Requires the $50 filing fee for an exempt domestic well or exempt Mississippian well (that may be filed in lieu of posting a surety bond) and any funds collected by the Chief from the issuance of corrective action orders to be deposited into the OGRRF instead of the Oil and Gas Well Fund.
- Requires interest earned on the OGRRF to be reserved for use by the ODNR Director for any ODNR-related purpose, subject to the written approval of the Technical Advisory Council on Oil and Gas.

Oil and gas orders – appeals

- Allows the Oil and Gas Commission to decide an appeal of an order of the Chief of the Division of Oil and Gas Resources Management or a rule adopted by the Chief without a hearing when, in its judgment, it is appropriate to do so.

Division of Water Resources

H2Ohio

- Prohibits ODNR from using more than $2.5 million each fiscal year from the H2Ohio Fund to purchase land or a conservation easement or to issue grants for such purposes.

Division of Parks and Watercraft

Creation of new funds

- Creates the Park Lodges, Maintenance, and Repair Fund and the Parks and Watercraft Holding Fund, both in the state treasury, and specifies the purposes of each fund.

Watercraft registration and fees

- Specifies that a required watercraft registration certificate may be in physical or digital form.
- Allows a registration certificate to be presented in physical or digital form within 72 hours of when a watercraft that is not numbered is stopped by a law enforcement officer, rather than only in physical form as in current law.
- Applies the 72-hour registration certificate presentment requirement to kayaks and inflatable watercraft meeting the definition of a paddlecraft.
- Specifies that the above provisions take effect January 1, 2027.

Rules governing preventing ice on state park's water

- States that if the Chief of the ODNR Division of Parks and Recreation adopts rules for the issuance of a permit for preventing or limiting ice formation on the surface of water that is located in a state park on property owned or managed by the Division, the Chief may not levy a fee for the issuance of the permit.

Division of Natural Areas and Preserves

- Allows the Chief of the Division of Natural Areas and Preserves to sell merchandise and other items related to, or that promote, the state's wildlife and unique environment, and general ecological preservation and conservation.
- Requires the money received from the sale of merchandise to be paid into the state treasury to the credit of the Natural Areas and Preserves Fund.

Division of Mineral Resources Management

Long-term Abandoned Mine Reclamation Fund

- Creates in the state treasury the Long-Term Abandoned Mine Reclamation Fund to be administered by the Chief of the Division of Mineral Resources Management.
- Specifies that the fund must consist of grants awarded by the U.S. Secretary of the Interior from the federal Abandoned Mine Reclamation Fund and be used for the abatement of the causes and the treatment of the effects of acid mine drainage resulting from coal mine practices.

Program Support Fund

- Codifies the Program Support Fund, which supports ODNR's centralized service support offices using payments from divisions within ODNR and other payments received for purposes of the fund.

ODNR contracts with local government for services

- Requires ODNR to enter into a contract with municipal corporations and townships to reimburse them for expenses incurred in providing certain services on state park land or at facilities owned or managed by ODNR if ODNR does not provide the services.

Local consent prior to ODNR altering a historical site

- Prohibits ODNR from physically working on or altering an oil and gas historical site without the consent of certain local entities.

Division of Wildlife

Hunting and fishing

(R.C. 1533.10, 1533.11, 1533.111, 1533.32, and 1533.131)

Nonresident permit and license fees

The bill increases, from $74 to $210, the fee for each nonresident deer permit. It also increases fishing license fees charged to a nonresident who is not a resident of a reciprocal state as follows:

1. Annual fishing license fee, from $49 to $74;

2. Three-day tourist fishing license fee, from $24 to $50; and

3. One-day fishing license fee, from $13 to $26.

Gift certificates

The bill expands the allowable uses for hunting and fishing related gift certificates to allow a person to obtain, pay for, or purchase both of the following:

1. Any license, permit, or stamp that the Chief of the Division of Wildlife so designates as gift certificate eligible; and

2. Any user fee or conservation-related item, such as a magazine subscription, that the Chief so designates as gift certificate eligible.

Current law allows gift certificates to be used only for hunting and fishing licenses; fur taker, deer, and wild turkey permits; and wetlands habitat stamps.

The bill also allows, instead of requires, the Chief to adopt rules governing hunting and fishing related gift certificates. Further, it eliminates current law's requirement that the Chief establish fees for gift certificates that equal the total fee for the applicable license, permit, or stamp. Finally, it eliminates the requirement that a gift certificate expire one year after the date of purchase.

Hunting on family land

The bill expands the list of relatives who may hunt and trap on an Ohio landowner's property without purchasing a hunting license, deer or wild turkey permit, or fur taker permit. As used in this context, an Ohio landowner includes:

1. An Ohio resident who owns land in Ohio;

2. An Ohio resident member of an LLC or an Ohio resident partner of an LLP, with three or fewer members or partners, that own land in Ohio; and

3. An Ohio resident trustee or an Ohio resident beneficiary of a trust that has a total of three or fewer trustees and beneficiaries, that own land in Ohio.

Hunting license

The bill allows the parents of an Ohio landowner to hunt on the landowner's property without a hunting license. Under current law, an Ohio landowner's children and the landowner's grandchildren under 18 may do so.

Deer and wild turkey permit

The bill allows an Ohio landowner's parents and grandchildren under 18 to hunt deer and wild turkey on the landowner's property without obtaining a deer or wild turkey permit. Under current law, an Ohio landowner's children may do so.

Fur taker permit

The bill also allows an Ohio landowner's parents and grandchildren under 18 to hunt and trap fur-bearing animals on the landowner's property without obtaining a fur taker permit. Currently, an Ohio landowner's children may hunt or trap fur-bearing animals on the land without obtaining a fur taker permit.

Spouse of an Ohio landowner

The bill allows the spouses of both in-state and out-of-state residents who own land in Ohio to hunt deer or wild turkey and hunt or trap fur-bearing animals on that property without a deer, wild turkey, or fur taker permit. Current law does not explicitly allow the spouse of an Ohio landowner to engage in such hunting activities without a permit.

Wild boar or feral swine definition

(R.C. 1531.01)

The bill revises the definition of "wild boar" or "feral swine" for purposes of the law governing hunting and fishing. Under current law, a "wild boar" or "feral swine" is either of the following:

1. Members of the family suidae, including a wild pig, wild hog, feral hog, and feral pig and an old world swine, razorback, European wild boar, Russian wild boar, and any hybrids or crossbreeds thereof;

2. Members of the family tayassuidae, including collared peccary and javelina, and any hybrids or crossbreeds of members of the family tayassuidae.

The bill adds that a wild boar or feral swine is also a hog, boar, or pig that appears to be untamed, undomesticated, or in a wild state; and a wild pig, wild hog, feral hog, or feral pig that appears contained in a licensed wild animal hunting preserve or a wholly enclosed preserve for hunting or trapping. The bill specifically excludes a domesticated pig of the family suidae that is legally confined or held in captivity from the definition's provisions.

Division of Oil and Gas Resources Management

Permit to plug and abandon fee

(R.C. 1509.13, conforming change in R.C. 1509.071)

The bill eliminates the $250 nonrefundable permit fee that is generally required to be paid when a person applies for a permit to plug and abandon any oil and gas well. Under continuing law, a person must apply for and receive a permit from the Chief of the Division of Oil and Gas Resources Management before plugging and abandoning a well. The bill, however, retains the $500 fee an applicant must pay to receive the permit in an expedited manner, which the Chief must issue within seven days after submission of the request for expedited review, unless the Chief, by order, denies the application.

Oil and Gas Resolution and Remediation Fund

(R.C. 1509.02, 1509.07, 1509.071, 1509.075, and 1509.38)

The bill creates the Oil and Gas Resolution and Remediation Fund (OGRRF) as a custodial fund. It requires the Chief of the Division of Oil and Gas Resources Management to use money in the OGRRF to plug orphaned wells in accordance with current law. The Chief may use the OGRRF for expenses that are critical and necessary for the protection of human health and safety and the environment related to oil and gas production. The Treasurer of State must disburse money, other than interest earnings, from the ORGRRF quarterly on order of the Chief.

Investments

The bill allows the Treasurer of State to invest any portion of the OGRRF not needed for immediate use in the same manner as, and subject to all provisions of law with respect to the investment of, state funds.

Deposits into the OGRRF

Under the bill, the Treasurer of State, at the beginning of each fiscal year, must transfer to the OGRRF the amount of money in the Oil and Gas Well Fund that is in excess of the total amount appropriated to it for that fiscal year. Additionally, the bill requires the following to be credited to the OGRRF, rather than the Oil and Gas Well Fund as in current law:

1. The $50 filing fee for an exempt domestic well or exempt Mississippian well (that may be filed in lieu of posting a surety bond); and

2. Any funds collected by the Chief from the issuance of corrective action orders related to the plugging of oil and gas wells.

Interest earned

Under the bill, interest earned on the OGRRF must be credited to the OGRRF and reserved for use by the ODNR Director for any ODNR-related purpose, subject to the written approval of the Technical Advisory Council on Oil and Gas. If the Council receives a request from the ODNR Director to approve an expenditure from the OGRRF, the Council must vote to approve or deny that expenditure. The Council must then notify the Director in writing of the approval or denial.

The Director must provide the Treasurer of State with written notice of the Council's approval before the Treasurer of State disburses money from the OGRRF.

Oil and gas orders – appeals

(R.C. 1509.36)

The bill allows the Oil and Gas Commission to decide an appeal of an order, or part of an order, of the Chief of the Division of Oil and Gas Resources Management or a rule adopted by the Chief without a hearing when, in its judgment, it is appropriate to do so. The Oil and Gas Commission is a five-member body that receives and hears appeals of any person claiming to be aggrieved or adversely affected by an order of the Chief. Any appeal decided by the Commission is final unless vacated by the Franklin County Court of Common Pleas.

Division of Water Resources

H2Ohio

(R.C. 126.60)

The bill prohibits ODNR from using more than $2.5 million each fiscal year from the H2Ohio Fund to purchase land or a conservation easement or to issue grants for such purposes. The H2Ohio program is Ohio's statewide approach to protect and improve water quality. It is administered by ODNR, the Ohio Lake Erie Commission, the Department of Agriculture, and the Environmental Protection Agency. The H2Ohio Fund, under current law, may be used for various types of water projects; awarding or allocating grants or money for projects designed to address water quality priorities; fund cooperative research; and other purposes that align with a statewide strategic vision and comprehensive periodic water protection and restoration strategy.

Division of Parks and Watercraft

Creation of new funds

(R.C. 1546.25 and 1546.26)

The bill creates the Park Lodges, Maintenance, and Repair Fund and the Parks and Watercraft Holding Fund, both in the state treasury as follows:

DNR fund creation		
Fund	**Money credited to fund**	**Allowable fund uses**
Park Lodges, Maintenance, and Repair Fund	Money that ODNR's Division of Parks and Watercraft receives from contractual agreements with service providers and concessionaires for state park lodges, restaurants, and marinas.	To pay maintenance and repair costs for facilities operated by concessionaires and service providers at state park lodges, restaurants, and marinas.
Parks and Watercraft Holding Fund	Money received by the Division of Parks and Watercraft from gift	Funds are transferred to the appropriate ODNR fund.

DNR fund creation		
Fund	**Money credited to fund**	**Allowable fund uses**
	card sales, credit card sales, and sales conducted at field locations.	For gift card sales, the Division Chief must transfer money in the fund to the appropriate fund after gift certificates and gift cards are redeemed.

Watercraft registration certificate inspection

(R.C. 1547.54; Section 820.70)

Current law generally requires the registration certificate for a watercraft to be on the watercraft and available for inspection at all times the watercraft is in operation. The bill permits the registration certificate to be on the watercraft in either physical or digital form.

Existing law also requires a person operating a canoe, rowboat, or inflatable watercraft on the waters of Ohio that has not been numbered and that is stopped by a law enforcement officer to present a registration certificate to the officer not later than 72 hours after being stopped. The bill allows the registration certificate to be presented to the officer in physical or digital form. It also applies this presentment requirement to kayaks and inflatable watercraft meeting the definition of a paddlecraft.

The bill specifies that the above provisions take effect January 1, 2027.

Rules governing preventing ice on state park's water

(R.C. 1546.04)

Under current law, the Chief of the ODNR Division of Parks and Watercraft, with the approval of the ODNR Director, must adopt rules in accordance with the Administrative Procedure Act that are necessary for the proper management of state parks, bodies of water, and the lands adjacent to them under its jurisdiction and control. The bill states that if the Chief adopts rules for the issuance of a permit for preventing or limiting ice formation on the surface of water that is located in a state park on property owned or managed by the Division, the Chief may not levy a fee for the issuance of the permit.

Division of Natural Areas and Preserves: merchandise sales

(R.C. 1517.11)

The bill allows the Chief of the Division of Natural Areas and Preserves to sell any of the following:

- Items related to, or that promote, Ohio's native plants and animals, unique ecology and geology, and general ecological preservation and conservation such as pins, apparel, stickers, books, bulletins, maps, publications, calendars, and other educational articles and Division-branded merchandise;

- Items pertaining to Ohio's ecology, including native plants and seeds of native plants.

The bill directs all money received from the sale of merchandise for deposit into the state treasury to the credit of the Natural Areas and Preserves Fund, which is created under current law.

Division of Mineral Resources Management

Long-term Abandoned Mine Reclamation Fund

(R.C. 1513.371)

The bill creates the Long-Term Abandoned Mine Reclamation Fund in the state treasury to be administered by the Chief of the Division of Mineral Resources Management. The fund consists of grants awarded by the U.S. Secretary of the Interior from the federal Abandoned Mine Reclamation Fund under the federal "Infrastructure Investment and Jobs Act" (IIJA).[142] All investment earnings of the fund are also credited to the fund.

As specified in the bill, the fund must be used for abatement of the causes and treatment of the effects of acid mine drainage resulting from coal mine practices. The scope of the fund's purpose includes the following:

- The costs of building, operating, maintaining, and rehabilitating acid mine drainage treatment systems;
- The prevention, abatement, and control of subsidence; and
- The prevention, abatement, and control of coal mine fires.

According to the Office of Surface Mining Reclamation and Enforcement within the U.S. Department of the Interior, "acid mine drainage" (also referred to as "acid drainage" or "AMD") is "[w]ater with a pH of less than 6.0 and in which total acidity exceeds total alkalinity, discharged from an active, inactive, or abandoned surface coal mine and reclamation operation or from an area affected by surface coal mining and reclamation operations." "Subsidence" is "[s]urface caving or sinking of a part of the earth's crust due to underground mining excavations."[143]

IIJA

The IIJA reauthorized the coal reclamation fee from coal mine operators under the "Surface Mining Control and Reclamation Act of 1977," and provided emergency appropriations to the Abandoned Mine Reclamation Fund for grants to eligible states and tribes for the

[142] Infrastructure Investment and Jobs Act, Pub. L. No. 177-58, not in the bill.

[143] U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement, "Glossary," available on the Office's website: osmre.gov.

reclamation of abandoned coal mining sites. Under the IIJA, the coal fee may be collected until the end of federal fiscal year 2034.[144]

Other mine reclamation and abatement funds

The bill makes no changes to the ongoing law regarding the Abandoned Mine Reclamation Fund and the Acid Mine Drainage Abatement and Treatment Fund. Both funds are administered by the Chief and are funded by grants from the U.S. Secretary of the Interior.

Current law requires expenditures from the Abandoned Mine Reclamation Fund for certain specified purposes, including reclamation and restoration of land and water resources adversely affected by past coal mining; prevention, abatement, treatment, and control of water pollution created by coal mine drainage; and prevention, abatement, and control of coal mine subsidence. The law establishing the Acid Mine Drainage Abatement and Treatment Fund provides for the comprehensive abatement of the causes and treatment of the effects of acid mine drainage within qualified hydrologic units affected by coal mining practices.[145]

Program Support Fund

(R.C. 1501.47)

The bill codifies the Program Support Fund, which is used by the Director to support centralized service support offices of ODNR. The fund consists of payments from divisions within ODNR and any other payments ODNR receives related to the fund's purposes.

The Program Support Fund was created in uncodified law by H.B. 110 of the 134th General Assembly in 2021.[146]

ODNR contracts with local government for services

(R.C. 1501.022)

The bill requires ODNR to enter into a contract with municipal corporations and townships ("local governments") to reimburse the local governments for expenses incurred in providing for any of the following services on state park land or at facilities owned or managed by ODNR if ODNR does not provide the services:

1. Emergency response services;

2. Garbage and debris removal services;

3. Snow removal services; and

4. Any other service if the ODNR Director requests a local government to provide it.

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[144] Congressional Research Service (CRS), "In Focus: The Abandoned Mine Reclamation Fund: Issues and Legislation in the 117th Congress" (PDF), updated January 7, 2022, available on the CRS website: congress.gov/crs-products.

[145] R.C. 1513.37(A) and (E), not in the bill.

[146] Section 343.20 of H.B. 110, 134th General Assembly (2021).

A contract entered into for such services must include a term providing for ODNR to reimburse the local government for services provided and administrative costs associated with providing the services.

Local consent prior to ODNR altering a historical site

(R.C. 1501.023)

The bill prohibits ODNR from physically working on or altering a historical site that has been designated by the Ohio History Connection with a brown historical marker sign and has a significance with respect to Ohio's oil and gas industry without the consent of every member of all of the following entities:

1. The board of county commissioners of the county in which the historical site is located;

2. The historical society of the county in which the historical site is located; and

3. The Oil and Gas Technical Advisory Council.

BOARD OF NURSING

- Establishes an additional ground upon which the Board of Nursing may impose discipline on the holder of a nursing license or dialysis technician certificate – that the holder failed to cooperate with a Board-conducted investigation.

Disciplinary grounds – failure to cooperate

(R.C. 4723.28)

The bill establishes an additional reason for the Board of Nursing to impose professional discipline on the holder of a nursing license or dialysis technician certificate – that the holder failed to cooperate with an investigation conducted by the Board. Under its existing rulemaking authority, the Board could extend this additional reason for taking disciplinary action to its regulation of medication aides and community health workers.[147]

Failure to cooperate includes (1) failing to comply with a Board-issued subpoena or order or (2) failing to answer truthfully a question presented by the Board in an investigative interview, in an investigative office conference, at a deposition, or in written interrogatories. The bill also clarifies that failure to cooperate does not include failing to comply with a subpoena quashed by a court or, as permitted by court order, withholding evidence or testimony.

[147] See R.C. 4723.652(A) and 4723.88(F), not in the bill.

OIL AND GAS LAND MANAGEMENT COMMISSION

Standard lease

- Requires the standard oil and gas lease used by state agencies to include an option to extend the primary term of the lease for an additional five years (rather than three years as under current law) by tendering to the state agency the same bonus paid when first entering into the lease.
- Requires the standard lease also to include specific provisions governing the payment of rentals and bonus amounts; tolling of the lease term; shut-in royalty payments; and deferments.

Bids and leases for exploration on state-owned land

- Requires a state agency, when entering into a lease with a person for the exploration and development of oil and gas on state-owned land, to fully execute the lease within 30 days after the Oil and Gas Land Management Commission selects the person with the highest and best bid.
- Prohibits a state agency and the Commission from charging any additional fee (that is not specifically authorized or required) to a person bidding or entering into a lease to explore and develop oil and gas on state-owned land.
- Allows the person so bidding to offer an extra gross landowner royalty in addition to the required $1/8$ gross landowner royalty amount and any proposed lease bonus.

Oil and gas leases

(R.C. 155.33 and 155.34)

Standard lease

The bill requires the standard oil and gas lease used by state agencies to include an option to extend the primary term of the lease for an additional five years, instead of three years under current law, by tendering to the state agency the same bonus paid when first entering into the lease. It also requires the standard lease to include a shut-in provision, which is a lease term that allows the lessee to maintain the lease by making specified "shut-in" royalty payments on a well even if well production is halted. Additionally, it requires the standard lease to include the following specific provisions, notwithstanding any other provision of the lease to the contrary:

1. "Lessee is entitled to pay any advanced delay rentals/bonus amounts owed under this Lease within 60 calendar days after Lessee receives a copy of this Lease executed by Lessor."

2. "In the event that a parcel subject to this Lease was acquired or improved through, or is otherwise encumbered by, a federal grant program, the Primary Term of the Lease shall be tolled until the requirements of the program, and any related grant documents, have been fully satisfied by Lessor and Lessor notifies Lessee in writing of same."

3. "In the event that a parcel subject to this Lease was acquired or improved through, or is otherwise encumbered by, a federal grant program, Lessee may defer payment of all sums otherwise due and owing under this Lease until the requirements of the program, and any related grant documents, have been fully satisfied by Lessor and Lessor notifies Lessee in writing of same."

4. "In the event that litigation of any kind or character is filed by a third party that may adversely impact Lessee's ability to conduct operations under the Lease, including an appeal before a court or the oil and gas commission, the Primary Term of the Lease shall be tolled until such time as there is a final, nonappealable order entered in such litigation."

5. "In the event that litigation of any kind or character is filed by a third party that may adversely impact Lessee's ability to conduct operations under the Lease, including an appeal before a court or the oil and gas commission, Lessee may defer payment of all sums otherwise due and owing under this Lease until a final, nonappealable order is entered in such litigation."

Bids and leases for exploration on state-owned land

The bill requires a state agency, when entering into a lease with a person for the exploration and development of oil and gas on state-owned land, to fully execute the lease within 30 days after the Oil and Gas Land Management Commission selects the person with the highest and best bid. Current law requires a state agency to enter into a lease with the person selected by the Commission who submits the highest and best bid, taking into account the financial responsibility of the prospective lessee and the ability of the prospective lessee to perform its obligations under the lease, but does not specify the length of time within which the lease must be executed.

The bill also prohibits a state agency (generally ODNR) and the Commission from charging any additional fee (that is not specifically authorized or required) to a person bidding or entering into a lease to explore and develop oil and gas on state-owned land. However, it allows *the person so bidding* to offer an extra gross landowner royalty in addition to the required ⅛ gross landowner royalty amount and any proposed lease bonus.

STATE BOARD OF PHARMACY

Regulation of wholesale and retail drug distributors

- Expressly requires the State Board of Pharmacy to license out-of-state business operations involved in the retail and wholesale sale of drugs: terminal distributors, wholesale distributors, outsourcing facilities, third-party logistics providers, repackagers, and manufacturers.
- Increases the fees for issuing and renewing licenses for in-state terminal distributors.
- Requires all licensed drug distributors to have a responsible person designated and available at all times, to notify the Board of the person designation, and to pay a fee of $15 to make a change.
- Increases the fees for issuing and renewing registration for pharmacy technicians.

Instruments to reduce drug poisoning

- Expands, beyond fentanyl testing strips, the items that may be lawfully possessed and used to test for the presence of drugs and to prevent drug poisoning, without being considered in violation of the prohibition against drug paraphernalia.
- Requires the Board to adopt rules for approving additional types of instruments that may be possessed and used because they demonstrate efficacy in reducing drug poisoning by determining the presence of specific compounds.

Regulation of retail and wholesale drug distributors

Nonresident operations – licensure and fees

(R.C. 4729.52, 4729.54, and 4729.551, repealed; conforming changes in R.C. 3719.04, 4729.56, 4729.561, and 4729.60)

The bill expressly requires the State Board of Pharmacy to license out-of-state business operations involved in the retail and wholesale drug supply chain: terminal distributors, wholesale distributors, outsourcing facilities, third-party logistics providers, repackagers, and manufacturers. The bill's requirement replaces existing provisions that indirectly require or only authorize the Board to license out-of-state operations.

The bill designates the licenses that are issued to out-of-state operations as "nonresident licenses," which corresponds with existing Board rules addressing out-of-state licensure of terminal distributors.[148] For the remaining types of drug distributors, the bill requires the nonresident license that is issued to include an appropriate subcategory designation, based on the type of business involved: wholesale distributor of dangerous drugs, outsourcing facility,

[148] See O.A.C. Chapter 4729:5-8.

third-party logistics provider, repackager of dangerous drugs, or manufacturer of dangerous drugs.

For a terminal distributor, the fee for issuing or renewing a nonresident license is $500. For the remaining types of drug distributors, the fee for issuing or renewing a nonresident license is $2,000.

Procedures for issuing and renewing a nonresident license are the same as those that the Board uses for licensing in-state operations. Where necessary, the bill makes distinctions between provisions that apply differently to in-state or out-of-state operations.

For terminal distributors, the bill clarifies that the Board's general confidentiality requirements apply when investigatory information is received through agreements with other regulatory agencies. This requirement currently exists under agreements involving investigations of the remaining types of drug distributors.

In-state terminal distributor fees

(R.C. 4729.54)

Regarding the various categories of terminal distributor licenses that the Board issues to in-state operations, the bill increases the fees for initial and renewed licenses as follows:

- $360 (from $320) for a Category II license, including a limited license. (Category II excludes controlled substances.)
- $460 (from $440) for a Category III license, including a limited license and a pain management clinic license. (Category III includes controlled substances.)
- $160 (from $120) for a terminal distributor license that must be obtained by an entity that typically is exempt from licensure, except for that fact that it possesses controlled substances, compounded drugs, or drugs used in compounding.[149]
- $160 (from $120) for a terminal distributor license obtained by a veterinary practice.
- $160 (from $120) for a terminal distributor license obtained by an emergency medical service organization satellite.

Responsible person

(R.C. 4729.52 and 4729.54; conforming changes in R.C. 4729.53 and 4729.80)

The bill requires each type of drug distributor licensed by the Board, both in-state and out-of-state, to designate a person to serve for the licensed location as its responsible person. To qualify, a person must meet the requirements established by the Board in rules. There must be a responsible person available at all times. Along with the license holder, the designated person accepts responsibility for the operation of the licensed location in accordance with state and federal laws and rules.

[149] See R.C. 4729.541.

Each licensed drug distributor must notify the Board of the designated responsible person and any subsequent change that is made. Notice is to be provided in accordance with Board rules. For any change of responsible person, the Board must assess a fee of $15.

To correspond with the statutory requirement to designate a responsible person, the bill modifies provisions of existing law that indirectly acknowledge that the Board has adopted rules establishing a responsible person requirement.[150]

Pharmacy technicians

(R.C. 4729.901, 4729.902, and 4729.921)

Regarding the Board's current regulation of pharmacy technicians in their various categories, the bill increases the fees that are charged as follows:

- $65 (from $50) for initial registration as a registered pharmacy technician or certified pharmacy technician;
- $65 (from $50) for the biennial renewal of registration as a registered pharmacy technician or certified pharmacy technician. (The bill reflects in statute the two-year registration period that is currently established by Board rule.[151])
- $40 (from $25) for registration as a pharmacy technician trainee. (By Board rule, a trainee's registration is valid for 18 months, which the bill reflects by adjusting the existing one-year statutory minimum accordingly.[152])

Instruments to reduce drug poisoning

(R.C. 4729.261 (primary) and 2925.14)

The bill expands the types of items that a person may possess and use to test for the presence of drugs, and thereby prevent drug poisoning, without being guilty of the crime of illegal use or possession of drug paraphernalia. As part of its expansion, the bill maintains the exemption that currently applies only to fentanyl testing strips, and it extends the exemption to other items if they have been approved by the Board.

For purposes of the bill, the Board must adopt rules establishing standards and procedures for its approval of types of instruments that demonstrate efficacy in reducing drug poisoning by determining the presence of a specific compound or group of compounds. The Board is not permitted to approve any type of instrument to the extent that it is intended to measure the purity of a mixture.

[150] See O.A.C. 4729:5-2-01 and 4729:6-2-01.

[151] O.A.C. 4729:3-2-03.

[152] O.A.C. 4729:3-2-01(D).

OFFICE OF PUBLIC DEFENDER

- Allows the Ohio Public Defender (OPD) to contract with private counsel to provide legal representation in parole, probation, community control, and post-release control revocation matters when the Public Defender does not have capacity to handle a matter.
- Creates the Northwest Regional Hub pilot program.
- Requires that each county submit a biannual indigent defense cost projection report to OPD with data on the most current projected costs of the indigent defense services in the county for the next two upcoming fiscal years.

Outside counsel in revocation hearings

(R.C. 120.06 and 120.08)

The bill allows the Ohio Public Defender (OPD) to contract with private counsel to provide legal representation in parole, probation, community control, and post-release control revocation matters when OPD determines it does not have the capacity to provide legal representation. When OPD contracts with private counsel under this provision, OPD must directly pay private counsel's fees and expenses from the Indigent Defense Support Fund. Continuing law requires OPD to provide legal representation in revocation matters involving parole, probation, community control, or post-release control where the alleged violator does not have financial capacity to retain counsel.

Northwest Regional Hub pilot program

(Section 371.30)

The bill creates the Northwest Regional Hub pilot program to allow Allen, Hardin, and Putnam counties to opt in to a system that places responsibility for the counties' indigent defense with OPD. Under the pilot program, in FY 2026 and FY 2027, OPD must establish the program to provide indigent defense services for those counties that elect to join, in lieu of those counties managing those services directly and applying for reimbursement.

Opting in

If a pilot county elects to participate in the program, the county must pass a resolution to become part of the Northwest Regional Hub, thereby transferring administration of the counties' indigent defense system to OPD for the period of the pilot program. If a pilot county opts in, OPD must assume responsibility for representation of indigent persons in those counties, except to the extent where the court appoints outside counsel.

OPD case load

OPD must consult with the county commissioners, judiciary, and local attorneys in counties that have opted to participate in the pilot program to determine the number of cases the public defender will handle directly. Generally, OPD will provide direct representation to indigent defendants in not more than 80% of cases in a participating county, with the remainder

of cases handled by counsel appointed by the court under continuing law. But where OPD, in consultation with county commissioners, judiciary, and local attorneys, determines that there is insufficient local counsel available to fill an appointment, OPD must provide direct representation regardless of the 80% cap.

Transferring employees

When a county transfers indigent defense services to OPD under the pilot program, and the transferring county operates a county public defender office at the time of the transfer, the employees of the transferring county public defender may be appointed as employees of the OPD as the OPD determines to be necessary for successful implementation of the program.

The bill allows OPD, regardless of any other law to the contrary, in consultation with the DAS Director, to do either of the following:

- Assign any employee of the transferring county to a classification that is not subject to Ohio's Public Employee Collective Bargaining Law153 (PECBL) and to assign such an employee to the appropriate compensation, classification, step placement, and step advancement, and to determine appropriate service credit for purposes of vacation and longevity;
- Assign any employee of the transferring county to a bargaining unit classification that is subject to PECBL if the OPD and DAS determines that the bargaining unit classification is the proper classification for that employee.

Employees of a transferring county may be eligible for any state benefit plan administered by DAS with coverage commencing as determined by the DAS Director. Actions taken by the OPD and the DAS Director pursuant to the bill's Northwest Regional Hub pilot program are not subject to appeal to the State Personnel Board of Review.

Withdrawing from the pilot

A county that wishes to withdraw from the pilot program and resume responsibility for the delivery of indigent defense services must provide OPD with a copy of a resolution electing to withdraw and must hold a public meeting regarding the withdrawal, providing notice at least seven days before the meeting to the local bar association, every judge serving in the county, the county prosecutor, the county public defender, and every attorney who is on the court's roster for appointment to provide indigent defense under continuing law.

Indigent defense cost projection report

(Section 371.20)

The bill requires each county, through its county commission, to submit a biannual indigent defense cost projection report to OPD. The report must be submitted on or before July 31, 2026, and must contain data on the most current projected costs of the indigent defense services in the county for the next two upcoming state fiscal years at the time of submission.

[153] R.C. Chapter 4117.

DEPARTMENT OF PUBLIC SAFETY

Motor vehicle registration and title

Additional motor vehicle registration and renewal fees

- Beginning January 1, 2026, increases the additional annual motor vehicle registration and renewal fees from $11 to $16 for noncommercial vehicles and from $30 to $35 for nonapportioned commercial vehicles.

Disabled veterans: registration transfer fee exemption

- Exempts a disabled veteran from the $1 transfer fee that generally applies when a person transfers the registration and license plate from one vehicle to another if the license plate is:
  - A license plate honoring military service or a military award; or
  - A disabled veteran license plate.

Registration fees for veterans with unemployability status

- Expands which disabled veterans are exempt from paying motor vehicle registration and service fees by providing for exempt status for a veteran who has a service-connected disability that is compensated at 100% by the U.S. Veterans Administration in the same manner as if the veteran has a disability rating of 100%.

Deputy registrar/BMV service fee

- Increases from $5 to $8 the service fee charged by the Bureau of Motor Vehicles (BMV) and deputy registrars.
- Requires the Registrar of Motor Vehicles to modify the prorated multi-year registration service fee to account for the increase.
- Allocates the increased portion of the service fee retained by the Registrar to be used exclusively for the State Highway Patrol.

BMV electronic and online transactions

- Authorizes the Registrar and a deputy registrar to accept electronically:
  - Documents that are required to accompany the services and transactions that the BMV conducts electronically or online; and
  - Documents approved by the Registrar for electronic or online submission and acceptance.
- Authorizes a person to apply for an initial motor vehicle registration and a transfer of motor vehicle registration through the online system established by the Registrar, similar to registration renewals under current law.
- Requires the Registrar or deputy registrar to verify and authenticate any associated documents submitted electronically with those registrations.

- Allocates the service fee and postage costs for those online and electronic submissions.

Vehicle registration by telephone

- Eliminates the requirement that the BMV accept motor vehicle registration renewal payments via telephone.

Ohio Natural Energy Foundation license plate

- With respect to the Ohio Natural Energy Foundation license plate, allows the Registrar to pay contributions collected for payment to the now defunct Ohio Oil and Gas Energy Education Foundation and the Ohio Natural Energy Institute to the Ohio Natural Energy Foundation, which currently receives contributions for the license plate.

National Council of Negro Women license plate

- Regarding the contributions for the National Council of Negro Women license plate, which under current law are required to be paid to the National Council of Negro Women, Incorporated, requires the Registrar instead to pay the contributions to the Ohio State Coalition-National Council of Negro Women, Incorporated.

Certificate of title application

- Allows an applicant for a motor vehicle certificate of title to use the last four digits of the applicant's Social Security number on the title application if the application is for either of the following:
  - A salvage certificate for an owner-retained vehicle; or
  - A transfer of title to an insurance company or a nonprofit corporation.

Certificate of title optional fee increase

- Authorizes a board of county commissioners to raise from $15 to $20 the general certificate of title fee required for most motor vehicles, all-purpose vehicles, and off-highway motorcycles for certificates of title issued in that county.
- Allocates the $5 increase to the clerk of a court of common pleas who issues the certificate of title.

Automated Title Processing Board membership

- Adds the President of the Ohio Automobile Dealers Association, or the President's representative, and an additional clerk of court of the common pleas to the Automated Title Processing Board.

Commercial motor vehicle laws

Drug and Alcohol Clearinghouse notifications

- Updates Ohio commercial motor vehicle laws to reflect federal requirements related to the Federal Motor Carrier Safety Administration's Drug and Alcohol Clearinghouse (DAC) notifications to the Registrar, as follows:

- Prohibits a commercial driver's license temporary instruction permit (CLP) or commercial driver's license (CDL) holder from operating a commercial motor vehicle if the holder has violated certain alcohol or controlled substances prohibitions;
- Prohibits the Registrar from issuing, renewing, or upgrading a CLP or CDL if the Registrar receives notice from DAC of that alcohol or controlled substance violation;
- Establishes procedures for the Registrar to downgrade or reinstate, as necessary, a CLP or CDL based on notices from DAC.

Limited term commercial driver's license

- Modifies the law governing a CDL issued to a temporary resident to do all of the following:
  - Exclude the license as a form of photo identification for purposes of voting;
  - Make it consistent with the federal REAL ID Act and state law for the issuance of a standard limited term license;
  - Clarify that the expiration date is either the expiration date of the holder's authorized stay in the U.S. or four years, whichever date is earliest, or is one year if there is no expiration date of the temporary resident's authorized stay in the U.S.;
  - Authorizes the renewal of the limited term CDL within 180 days of its expiration, provided the temporary resident can verify his or her continued lawful status in the U.S.; and
  - Specifies that the renewal may not take place through the BMV's online service, but must be conducted in person at a deputy registrar agency.

Hazardous materials endorsement

- Authorizes issuance of a hazardous materials endorsement for a CDL driver who is 18 to 20 years old, provided:
  - The driver only transports hazardous materials within Ohio; and
  - The driver meets all other federal and state requirements for the endorsement.

Driver's license and state identification card laws

Medically restricted driver's license

- Eliminates the six-month validity period for a medically restricted driver's license and instead requires the Registrar to determine the validity period.

Ohio credential reprints

- Allows a person to obtain from the BMV up to two reprints of an Ohio credential (e.g., driver's license, CDL, identification card) between initial issuance and renewal of the credential or between renewals.

Proof of financial responsibility

Request for administrative hearing

- Extends, from 10 to 15 days, the time by which a person may request an administrative hearing after a driver's license suspension order is issued by the Registrar for failure to have proof of financial responsibility (i.e., motor vehicle insurance).

Uninsured driver report

- Expands who may report a driver or owner of a motor vehicle involved in an accident to the BMV for failure to maintain proof of financial responsibility to include any person involved in the accident, as opposed to only the drivers of the vehicles involved in the accident.

Move Over Law

- Prohibits failing to change lanes or proceeding with caution around a stationary vehicle that is in distress.

Motor vehicle sales laws

Retail installment contracts

- Authorizes an alternative schedule of installment payments for a retail installment contract that arises out of a consumer transaction that may be used in lieu of the existing schedule, which is required to consist of substantially equal payments.
- Specifies that, under the alternative schedule, the scheduled installments may vary, but an individual installment payment cannot be greater than 50% of any other installment payment.

Trailers

- Excludes trailers from the Motor Vehicle Dealers Law, except fifth wheel trailers, park trailers, travel trailers, tent-type fold-out camping trailers, or semitrailers.

Warranty/recall compensation and indemnity for franchisees

- Requires a motor vehicle franchisor to compensate its motor vehicle franchisees for the parts and labor related to diagnosing warranty and recall obligations.
- Modifies the time frame from which additional documentation related to the rate for specified repair orders must originate.
- Requires a franchisor to compensate a franchisee for all of the following:
  - A part or a component provided at a reduced cost in addition to those provided at no cost;
  - Costs related to certain rental vehicles, even if the rental vehicle does not match the line-make, size, or category of vehicle that was originally promised to the customer;

- At least 1.25% of the average trade-in cost of a used motor vehicle that is the subject of a stop-sale or do-not-drive order when the parts and remedy required to make the necessary repairs take more than 30 days to be provided.

- Exempts recreational vehicle franchisors and franchisees from all of the above provisions.
- Indemnifies a franchisee when a franchisor designates motor vehicle features or equipment as optional.

Classic motor vehicle auction exemption

- Creates a temporary exemption (until August 1, 2026) from the Motor Vehicle Sales Law relating to auctions for a person who auctions classic motor vehicles at an auction that meets certain parameters.

Nuclear power plant security

- Excludes certain security personnel and contractors at a commercial nuclear power plant from the continuing law licensure requirement to engage in the business of security services.

Motor vehicle registration and title

Additional motor vehicle registration and renewal fees

(R.C. 4503.10; Section 373.40)

The bill increases the additional annual motor vehicle registration and renewal fees beginning on January 1, 2026, as follows:

1. From $11 to $16 for noncommercial vehicles; and

2. From $30 to $35 for nonapportioned commercial vehicles, which are generally intrastate commercial motor vehicles not subject to international registration plan (IRP) requirements.

Under current law, a motor vehicle owner must pay several different fees at the time of registration. The fees listed above involve one component of the overall cost of registering a motor vehicle, and are used to defray the Department of Public Safety's (DPS) costs associated with the administration and enforcement of Ohio Motor Vehicle and Traffic Laws. This increase is expressly allocated for use by the Ohio State Highway Patrol.

Disabled veterans: registration transfer fee exemption

(R.C. 4503.29 and 4503.41)

The bill exempts a disabled veteran from the $1 transfer fee that generally applies when a person transfers the registration and license plate from one vehicle to another if the license plate is either a license plate honoring military service or a military award or the "Disabled Veteran" license plate.

Under current law, a disabled veteran with a service-connected disability rated at 100% by the federal Veterans' Administration may register the veteran's personal vehicle and obtain a "Disabled Veteran" license plate. Further, the disabled veteran may register their vehicle and obtain specified license plates honoring military service or military awards. In both instances, the disabled veteran is exempt from all fees associated with vehicle registration and license plates, except the transfer fee referenced above.[154]

Registration fees for veterans with unemployability status

(R.C. 4503.41)

The bill expands which disabled veterans are exempt from paying motor vehicle registration and service fees. Under current law, a veteran with a disability rating of 100% is exempt. However, in some instances, a veteran may not have a disability rating of 100%, yet, because of that veteran's condition, the veteran is compensated at 100%. The bill extends the existing exemption to a disabled veteran with a disability that is compensated at 100%.

Deputy registrar/BMV service fee

(R.C. 4503.038)

The bill increases from $5 to $8 the service fee charged by the Bureau of Motor Vehicles (BMV) and deputy registrars. The service fee applies to most BMV-related transactions (e.g., driver's licenses, state identification cards, motor vehicle registrations, motor vehicle inspections, etc.). Relatedly, the Registrar of Motor Vehicles must modify the prorated multi-year registration service fee to account for the increase. If the service fee is collected by a deputy registrar for the subject transaction, the increased amount is retained by that deputy registrar. If the service fee is collected by the Registrar, any portion of the increased amount that is not allocated to the deputy registrars must be deposited into the existing Public Safety – Highway Purposes Fund. That increase must be used exclusively towards funding the Ohio State Highway Patrol. Additionally, since the service fee is established in statute, the bill removes references to the Registrar adopting rules related to the service fees.

BMV electronic and online transactions

(R.C. 4501.027 and 4503.102)

Under current law, the Registrar may conduct, or allow a deputy registrar to conduct, any service or transaction provided by the BMV in an electronic or an online format rather than in person. Initially, BMV's online services involved motor vehicle registration renewals. In recent years, the online services have expanded to include taking the driver's knowledge tests, updating a residential or mailing address, scheduling driving skills tests, and renewing a driver's license or identification card.

The bill further expands the BMV's options for electronic and online transactions by authorizing the Registrar and deputy registrars to accept electronically both:

[154] R.C. 4503.12, not in the bill.

- The documents that are required to accompany the services and transactions that the BMV conducts electronically or online; and
- The documents approved by the Registrar for electronic or online submission and acceptance.

The expansion allows certain services and transactions that require document authentication (e.g., initial motor vehicle registration) to be conducted online or electronically.

Online initial and transfer of motor vehicle registration

Relatedly, the bill authorizes a person to apply for an initial motor vehicle registration or a transfer of a motor vehicle registration through the BMV's online system. As stated above, a person may use the online system for motor vehicle registration renewal, but under current law, initial and transfer registrations must be conducted in person at a deputy registrar agency. The initial and transfer registrations transactions typically involve additional document verifications (e.g., checks of a certificate of title or memorandum of title) that have made it necessary for the transaction to occur in person. However, with the authorization for electronic and online submission of documents, the transactions can also occur through the BMV online system.

The bill requires the Registrar or a deputy registrar to verify and authenticate the associated documents for the initial or transfer registration that are submitted electronically. An applicant who uses the online system will still need to pay the regular costs and fees, including the service fee, postage costs, and any financial transaction device surcharges (i.e., credit card fees). Accordingly, the bill allocates the service fee to the existing Public Safety – Highway Purposes Fund (used for BMV administration of motor vehicle laws) and allocates the postage costs to whoever mails the certificate of registration and any associated license plates to the applicant.

Vehicle registration by phone

(R.C. 4503.102)

The bill eliminates the requirement that the BMV accept motor vehicle registration renewal payments via telephone. The bill retains the requirement that motor vehicle registrations may be renewed by mail or electronic means.

Ohio Natural Energy Foundation license plate

(R.C. 4501.21)

Under current law, the Registrar must pay all contributions for the Ohio Natural Energy Foundation license plate to the Ohio Natural Energy Foundation. Under prior law, those contributions were paid to the Ohio Oil and Gas Energy Education Foundation and the Ohio Natural Energy Institute. Both of those organizations are now defunct. The bill allows the contributions collected by the Registrar for payment to those former organizations that were not distributed to be paid instead to the Ohio Natural Energy Foundation.

National Council of Negro Women license plate

(R.C. 4501.21 and 4503.579)

The bill changes the organization that receives the contributions for the National Council of Negro Women license plate. Under current law those contributions are required to be paid to the National Council of Negro Women, Incorporated. The bill requires the Registrar instead to pay the contributions to the Ohio State Coalition-National Council of Negro Women, Incorporated.

Motor vehicle certificate of title application

(R.C. 4505.07)

The bill allows the applicant for a motor vehicle certificate of title to use the last four digits of the applicant's Social Security number on the title application if the application is for:

1. A salvage certificate for an owner-retained vehicle; or

2. A transfer of title to an insurance company or a nonprofit corporation.

Current law requires the application for a certificate of title, memorandum certificate of title, or salvage certificate of title to include a space for the applicant's full Social Security number or employer's identification number.

Certificate of title optional fee increase

(R.C. 4505.09 and 4519.59)

The bill allows a board of county commissioners, by resolution, to increase the general certificate of title fee from $15 to $20 for certificates of title issued in that county. The $5 increase is allocated to the clerk of a court common pleas who issues the certificate of title. The general certificate of title fee is required for most motor vehicles, all-purpose vehicles, and off-highway motorcycles when the clerk issues the title. The base $15 fee is allocated by statute in specific amounts to the issuing clerk and various state funds.

Commercial motor vehicle laws

Drug and Alcohol Clearinghouse notifications

(R.C. 4506.01, 4506.05, 4506.07, and 4506.13)

The bill updates the Ohio Commercial Motor Vehicle Laws to reflect recent changes to the Federal Motor Carrier Safety Administration's Drug and Alcohol Clearinghouse (DAC) notifications that are sent to the Registrar. Specifically, effective as of November 18, 2024, states must request information from DAC about individuals applying for, renewing, or attempting to upgrade a commercial driver's license temporary instruction permit (CLP) or commercial driver's license (CDL). If in response to the request, DAC notifies the Registrar that the applicant is prohibited from operating a commercial motor vehicle because of a violation of certain alcohol

or controlled substances prohibitions, the Registrar is prohibited from issuing, renewing, or upgrading that CLP or CDL.[155]

Under current federal law and under the bill, a CLP or CDL holder is prohibited from operating a commercial motor vehicle if the holder has violated the federal alcohol or controlled substance prohibitions. The prohibitions relate to using alcohol or prohibited controlled substances before reporting for work, during work, or for a specified time after a motor vehicle accident. Work encompasses both the active driving of a commercial motor vehicle or performing safety-sensitive functions (e.g., inspecting equipment, waiting to be dispatched, loading or unloading a vehicle, or repairing a vehicle).[156]

In addition to the active checks at issuance, renewal, and upgrade, if the Registrar receives a notification from DAC that a current CLP or CDL holder has violated the alcohol and controlled substances prohibitions, the Registrar must take steps to downgrade the holder's CLP or CDL within 60 days of the notice. The bill establishes those downgrade procedures.

Specifically, the Registrar must initiate downgrade procedures within ten calendar days after receiving the notice from DAC. The Registrar must notify the subject CLP or CDL holder that the holder's permit or license will be downgraded if that holder does not resolve the prohibition within 30 days. Resolution of the prohibition involves following federal procedures with a Substance Abuse Professional for evaluation, referral, and education/treatment.[157] If the holder does not resolve the prohibition, the Registrar must:

- Downgrade the CLP or CDL, meaning that while the person may operate a standard motor vehicle, the person is prohibited from operating a commercial motor vehicle;
- Send a second notice to the holder informing the holder of the downgrade and that the holder must take the steps necessary to reinstate the commercial driving privileges; and
- Record the downgrade on the person's Commercial Driver's License Information System (CDLIS) driver record.

Similar to the downgrade procedures, the bill also establishes reinstatement procedures that apply when DAC informs the Registrar that a CLP or CDL holder is no longer prohibited from operating a commercial motor vehicle. Specifically:

- If the Registrar receives the notice before the holder's permit or license has been downgraded, the Registrar must terminate the downgrade process and notify the holder of the termination;
- If the Registrar receives the notice after the downgrade, the Registrar must reinstate the CLP or CDL, provided the person is otherwise eligible for reinstatement and commercial driving privileges;

[155] 49 C.F.R. 383.73

[156] 49 C.F.R. 382, subpart B.

[157] 49 C.F.R. 40, subpart O, as referenced in 49 C.F.R. 382.503.

- If the Registrar receives notice that the holder was erroneously identified by DAC, in addition to reinstating the permit or license, the Registrar must remove any record of the downgrade from the person's CDLIS driver record and motor vehicle driving record.

Limited term commercial driver's license

(R.C. 3501.01, 4506.14, 4507.061, and 4507.09)

The bill modifies the law governing a CDL issued to a temporary resident to make it consistent with current law governing the standard limited term license and limited term identification card issued to temporary residents. Temporary residents generally are persons who are not U.S. citizens or permanent residents but *have legal presence* to reside in the U.S. under federal immigration laws. The changes ensure that these CDLs conform to the federal REAL ID Act.[158] Consistent with that Act and current state law for the limited term license, the bill does the following:

1. Renames the "nonrenewable commercial driver's license" to a "limited term commercial driver's license";

2. Excludes the limited term CDL as a form of photo identification for purposes of voting;

3. Clarifies that the expiration date is either the expiration date of the holder's authorized stay in the U.S. or four years, whichever date is earliest, or is one year if there is no expiration date of the temporary resident's authorized stay in the U.S.;

4. Authorizes the renewal of the limited term CDL within 180 days of its expiration, provided the temporary resident can verify his or her continued lawful status in the U.S.; and

5. Requires the renewal of the limited term CDL to be conducted in person at a deputy registrar agency, rather than through the BMV's online service.

Hazardous materials endorsement

(R.C. 4506.131)

The bill authorizes the Registrar to issue, renew, upgrade, or transfer a hazardous materials endorsement for a CDL to an individual who is under 21 if both of the following apply:

- The individual uses the endorsement for purposes of intrastate commerce of hazardous materials only; and
- The individual meets all other federal and state requirements for issuance of the endorsement.

Federal law generally prohibits a CDL holder who is under 21 from driving a commercial motor vehicle in interstate commerce (i.e., between states). However, CDL holders who are 18 to 20 may drive a commercial motor vehicle in intrastate commerce (i.e., only in Ohio). Nothing in federal law or codified state law prohibits the issuance of a hazardous materials endorsement

[158] "Real ID Act," 49 U.S.C. 30301, *et seq*., 6 C.F.R. Part 37.

to CDL drivers between 18 and 20.[159] While most hazardous materials transport occurs across state lines, some hazardous materials transport occurs exclusively within Ohio. The authorization enables younger CDL drivers to expressly obtain the endorsement to engage in that transport.

Driver's license laws

Medically restricted driver's license

(R.C. 4507.08)

The bill eliminates the six-month validity period for a medically restricted temporary instruction permit or driver's license. Instead, it specifies that the Registrar must determine the validity period of that license. The Registrar may issue a restricted license to a person who is subject to any condition that causes episodic impairment of consciousness or loss of muscular control if that person presents a statement from a licensed physician that the person's condition is dormant or under effective medical control.

Ohio credential reprints

(R.C. 4507.40)

The bill allows a person to obtain from the BMV up to two reprints of an Ohio credential between initial issuance and renewal or between renewals. Current law limits individuals to one reprint during those time periods. Reprinted credentials are generally issued when a credential is lost, destroyed, or mutilated.

Under current law, "Ohio credential" is a temporary instruction permit identification card, driver's license, CDL, motorcycle operator's license, motorized bicycle license, or state identification card issued by the BMV.

Proof of financial responsibility

Request for administrative hearing

(R.C. 4509.101)

Under current law, when the Registrar imposes a driver's license suspension on a person for failure to have proof of financial responsibility, the Registrar is not required to hold a hearing on the suspension in advance of its imposition. However, a person adversely affected by the Registrar's order may request an administrative hearing regarding the suspension. The person must make the request within ten days after the order is issued. The bill extends that time to 15 days to make the timeline consistent with other instances in which a person may request an administrative hearing based on the Registrar's orders.

[159] The PUCO through rule currently prohibits a CDL driver under 21 from transporting hazardous materials (O.A.C. 4901:2-5-05). However, the statute requiring the adoption of rules related to hazardous materials transport does not require a specific age for the CDL drivers transporting those materials (R.C. 4923.04, not in the bill).

Uninsured driver report

(R.C. 4509.06 and 4509.07)

The bill expands who may report a driver or owner of a motor vehicle involved in an accident to the BMV for failure to maintain proof of financial responsibility (i.e., auto insurance). Under current law, the driver of any motor vehicle that is involved in the accident may make a written report on the BMV's established form within six months of the accident alleging that another driver or owner involved in that accident was uninsured at the time of the accident. The Registrar is then required to investigate and notify the subject driver and owner that the person must provide the requisite proof and that it was effective on the accident date. If the driver or owner cannot supply the proof, the driver or owner will be subject to the related penalties for not having proof of financial responsibility.

The bill allows any person who is in any manner involved in the accident, including a property owner or person sustaining bodily injury or property damage, in addition to the other drivers to make the report. Thus, if an uninsured driver crashes into a building, rather than into another vehicle, the building owner or an injured passenger from the vehicle can report that driver to the BMV.

Move Over Law

(R.C. 4511.213)

Current law requires drivers, under certain circumstances, to "move over" to the adjacent lane or to slow down and proceed with caution in the same lane (when moving over is not possible because of the road, weather, or traffic). Specifically, drivers must slow down or provide extra space around public safety vehicles, emergency vehicles, certain utility vehicles, certain weight-enforcement vehicles, waste collection vehicles, and highway maintenance vehicles when those vehicles are stationary and displaying flashing, oscillating, or rotating lights.

The bill requires drivers to similarly slow down or move over for stationary vehicles that are in distress (e.g., a vehicle with a flat tire). A vehicle is in distress when the operator indicates the condition through specified means, including a lit fusee, flares, red lights, red reflectors, red flags, emergency signs, or flashing emergency/hazard lights.

Penalty

The penalty for violating the Move Over Law with respect to a vehicle in distress is a minor misdemeanor. However, the offense does not constitute a criminal record and need not be reported by the offender in response to any inquiries contained in any application for employment, license, or other right or privilege, or made in connection with the person's appearance as a witness.

Motor vehicle sales laws

Retail installment contracts

(R.C. 1317.06)

The bill authorizes an alternative schedule of installment payments for a retail installment contract that arises out of a consumer transaction (e.g., an auto loan). Under current law, these retail installment contracts must have an installment payment schedule wherein the payments are all substantially equal and consecutive. For example, a buyer who signed a $30,000 contract with monthly installment payments over the course of five years could expect to pay $500 each month for 60 consecutive months.

The bill creates an alternative schedule in which the scheduled installment payments may vary, but an individual installment payment cannot be greater than 50% of any other installment payment. The alternative schedule creates more variability in payments; however, it also may shorten the length of a contract (since the slight increases in payments allow a buyer to pay off the total faster).

Both the current law schedule and the bill's alternative schedule exempt from their statutory payment schedule requirements any retail installment contracts that contain a provision allowing the buyer to refinance the contract under terms no less favorable than those of the original contract.

Trailers

(R.C. 4517.01)

The bill specifically excludes the sale of trailers from the Motor Vehicle Dealers Law (MVDL). As a result, a person does not need a motor vehicle dealer's license to sell, display, or otherwise conduct business with respect to trailers. However, the bill specifies that fifth wheel trailers, park trailers, travel trailers, tent-type fold-out camping trailers, or semitrailers remain subject to the MVDL.

Current law requires most motor vehicles to be sold by licensed dealers under the MVDL. Beyond licensing requirements for dealers, the MVDL also establishes requirements for motor vehicle distributors, wholesalers, auction owners, and salespersons and requirements governing motor vehicle dealer franchise agreements.

Warranty/recall compensation and indemnity for franchisees

(R.C. 4517.52, 4517.521, and 4517.60)

The bill modifies the laws relating to warranty and recall compensation between motor vehicle franchisors and franchisees. Specifically, it requires a franchisor to compensate its franchisees for their time and the parts related to diagnostic work, updates to vehicle accessories or functions, and initialization or repair of vehicle parts, systems, accessories, or functions. Under current law, a franchisor must compensate a franchisee for the repair and servicing of the vehicle related to warranty and recall repairs, however, it is unclear whether the diagnostic work related to those repairs is included in that compensation. Diagnostic work includes any time spent by the

franchisee's qualified technician communicating with the franchisor's technical assistance or external source in order to complete the warranty repair.

Related to such compensation, under current law, a franchisor may request that the franchisee supply additional documentation from either 90 days prior to a repair or 90 days after a repair order submitted for compensation if the repair order is substantially higher or lower than the rate on record with the franchisor. The additional documentation is meant to support the franchisee's request in calculating the correct rate for compensation. The bill lowers the time frame from 90 days to 60 days. Similarly, the bill removes the option for a franchisor to object to the retail labor rate or retail parts markup percentage submitted by a franchisee on the grounds that the rate is substantially different from that of other similarly situated, same line-make new motor vehicle dealers in the vicinity.

The bill also requires a franchisor to compensate a franchisee for a part or a component that is provided at a reduced cost, in addition to those provided at no cost, related to warranty and recall repairs. It additionally requires the franchisor to compensate a franchisee for the costs the franchisee incurs related to any rental vehicle provided to a customer, based on the franchisor's promise to provide a rental vehicle. The franchisor must provide that compensation regardless of whether the rental vehicle does not match the line-make, size, or category of vehicle that was originally promised to the customer.

The bill's modifications for warranty and recall repair compensation do not apply to recreational vehicle franchisors or franchisees.

Stop-sale/do-not-drive order repairs

In certain circumstances, a motor vehicle manufacturer issues a notification to its franchised motor vehicle dealers stating that specific used motor vehicles in inventory cannot be sold (either at retail or wholesale), leased, or driven because of a federal safety recall or a federal or state emissions recall. These notifications are called "stop-sale" or "do-not drive" orders. In these circumstances, the franchisees cannot sell any of the used vehicles in inventory until the recall repairs are made on the vehicles so that they are safe to be purchased and driven.

The bill requires a franchisor to compensate a franchisee at least 1.25% of the average trade-in cost of a used motor vehicle that is the subject of a stop-sale or do-not-drive order when the parts and remedy required to make the necessary repairs take more than 30 days to be provided by the franchisor. To receive that compensation, the franchisee must be authorized to sell or perform those recall repairs on motor vehicles that are the same line-make as the motor vehicle that is the subject of the stop-sale/do-not-drive order. The compensation must be paid per month (or prorated, if necessary) and begin starting on the 30th day after the recall notice and stop-sale/do-not-drive order was issued (if the remedy or repair parts have not been delivered to the franchisee). The compensation ends either when the remedy/repair parts are available to the franchisee or the day the franchisee sells, trades, or otherwise disposes of the subject motor vehicle (whichever occurs first). A franchisor is not required to compensate a franchisee for more than the total average trade-in value for the subject motor vehicle. Additionally, the franchisor may use a national recall compensation program to make the required payments to the franchisee.

The franchisor may determine the manner and methods by which a franchisee must demonstrate the inventory status of eligible motor vehicles, but it cannot be unduly burdensome. Additionally, the franchisor cannot attempt to recover its costs for such compensation through reductions in other required compensation or additional charges expected of the franchisees. Similarly, a franchisee cannot "double-dip" and if the franchisee is compensated for lost opportunities to sell a used vehicle through the bill's program, the franchisee cannot combine that compensation with any other state or federal recall compensation remedy for vehicles subject to a stop-sale or do-not-drive order.

The bill's required compensation program does not apply to any motor vehicles purchased by the franchisee after the date the recall notice or stop-sale/do-not-drive order was issued, to motor vehicles purchased outside the ordinary course of business, or to recreational vehicle franchisees/franchisors.

Indemnity

Additionally, the bill indemnifies a franchisee when a franchisor designates certain motor vehicle features or equipment as optional.

Classic motor vehicle auction exemption

(Section 745.10)

The bill creates a temporary exemption (until August 1, 2026) from the Motor Vehicle Sales Law's provisions relating to auctions for a person who auctions classic motor vehicles (i.e., vehicles more than 26 years old), provided the auction meets all the following parameters:

1. All the vehicles that will be auctioned are classic motor vehicles;

2. One or more of the vehicles will be auctioned on behalf of a 501(c)(3) nonprofit organization located in Ohio;

3. At least ¾ of the vehicles will be auctioned at no reserve;

4. The auction only lasts up to three days;

5. The auction will be held at an exposition center in Columbus; and

6. The person requests and receives permission for the auction from the Registrar.

At least 30 days prior to the proposed date of the auction, the auction host must file an application for approval from the Registrar. The application must include the person's name and business address, the location of the auction, evidence showing that the person does not exclusively sell motor vehicles, and any other necessary, reasonable, and relevant information required by the Registrar. The applicant must sign and swear to the veracity of the information contained in the application.

Related to the auction, the host must: (a) ensure that any classic motor vehicle auctioned has a valid Ohio certificate of title, (b) keep records of the classic motor vehicles auctions (e.g., year, make, model, VIN, name and address of the seller and purchaser, purchase price, odometer reading, etc.), and (c) allow for reasonable inspections of the records by the Registrar. Additionally, the host must use the auction services of an auction firm to conduct the auction and

cannot use a nonresident individual who has been granted a one-auction license by the Department of Agriculture to conduct it. The Registrar may refuse permission for a classic motor vehicle auction with the bill's exemptions if the auction host fails to comply with any of the parameters or makes a false statement of material fact in the application.

Nuclear power plant security

(R.C. 4749.01)

The bill excludes security personnel and contractors for a security organization under a federally approved physical protection program at a commercial nuclear power plant while performing duties related to protecting the plant and nuclear material from threats, thefts, and sabotage from the continuing law licensure requirement to engage in the business of security services. Under continuing law, a person generally must hold a license to engage in the business of security services, unless an exception applies.[160]

The U.S. Nuclear Regulatory Commission approves physical protection programs at commercial nuclear power plants as a condition of licensure to operate under federal law.[161]

[160] R.C. 4749.13, not in the bill.

[161] 10 C.F.R. Part 73.

PUBLIC UTILITIES COMMISSION

Broadband internet access service exemption from regulation

- Exempts broadband internet access service from PUCO regulation.
- Prohibits a state agency, commission, or political subdivision from enacting, adopting, or enforcing any provision having the force or effect of law that regulates or has the effect of regulating broadband internet access service.
- Specifies that the above prohibitions do not (1) restrict any authority delegated to PUCO or any state agency to administer a state or federal grant program, (2) restrict the application of a law relating to consumer protection and fair competition concerning broadband internet access service, or (3) restrict the authority of any political subdivision in Ohio to manage access to and use of any public way or public rights-of-way.
- Provides that the broadband internet access service provisions above take effect immediately.

PSB written report

- Reduces the time within which the chairperson of the Power Siting Board (PSB) must submit a written report to PSB and the applicant from not less than 15 days prior to the date the application is set for a hearing to not less than five days prior to that hearing date.

EDU behind the meter electric generation service

- Allows an EDU to supply behind the meter electric generation service if an application for any behind the meter electric generation facilities intended to be used to supply such service was filed with PUCO under former law no later than March 31, 2025.

Heat maps

- Specifies that each public utility, rather than "entity," that owns or controls a transmission facility in Ohio, and is not a regional transmission organization, must create a heat map.
- Repeals the law that explicitly exempts municipally owned electric utilities and electric cooperatives from the requirement that public utilities create a heat map.

CRES variable rate conversion rules exemption

- Corrects a cross-reference error to rules PUCO must adopt governing competitive retail electric service fixed-rate contract conversions to variable rate, which rules are to be exempt from regulatory restriction reduction requirements.

Rural electric company and energy company TPP tax

- Clarifies a provision of recently enacted utility legislation relating to the tangible personal property (TPP) tax assessment rate for a rural electric company's or energy company's

new, repowered, or converted taxable production and new energy conversion equipment.

PUCO final order

- Requires a final order issued by PUCO be affirmed by operation of law if PUCO does not affirm, abrogate, or modify the original order within 90 days of the date a rehearing request was granted.

Motor vehicle exemption for trailers

- Exempts, from the definitions of "motor vehicle" and "for-hire motor carrier," any trailer used exclusively to transport a single boat between a place of storage and a marina, or a place that is in or around a marina, not more than ten miles apart, that is drawn or towed no faster than 25 miles per hour, and does not exceed 26,001 pounds.

Broadband internet access service exemption from regulation

(R.C. 4927.01 and 4927.22; Section 820.20)

The bill exempts broadband internet access service, as defined in federal law, from regulation by PUCO. Further, an Ohio agency, commission, or political subdivision is prohibited from enacting, adopting, or enforcing, either directly or indirectly, any law, rule, regulation, ordinance, standard, order, or other provision having the force or effect of law that regulates, or has the effect of regulating, the rates, terms, or conditions of any broadband internet access service, or otherwise treats providers of broadband internet access services as public utilities or telecommunications carriers.

However, the bill specifies that the above prohibitions are not to be construed to restrict any of the following: (1) any authority deflated to PUCO or any state agency to administer a state or federal grant program under state or federal statute, rule, or order, (2) the application to broadband internet access service, or providers thereof, of any law that applies generally to the conduct of business in Ohio relating to consumer protection and fair competition, and (3) the authority of any political subdivision in Ohio to manage access to and use of any public way or public rights-of-way.

The bill provides that the provisions described above take effect immediately.

Currently, federal law defines "broadband internet access service" as a mass-market retail service by wire or radio that provides the capability to transmit data to and receive data from all or substantially all internet endpoints, including any capabilities that are incidental to and enable the operation of the communications service, but excluding dial-up internet access service, and also encompasses any service that the Federal Communications Commission finds to be providing

a functional equivalent of this service or that is used to evade the protections set forth in federal law.[162]

PSB written report

(R.C. 4906.07)

The bill requires the chairperson of the Power Siting Board (PSB) to produce a written report regarding the investigation of an applicant's PSB certificate application and submit this report to PSB and the applicant not later than five days prior to the date the application is set for a hearing. Under current law, this written report must be delivered to PSB and the applicant not less than 15 days prior to the date the application is set for a hearing.

EDU behind the meter electric generation service

(R.C. 4905.311)

Under current law, beginning August 14, 2025, an EDU may supply behind the meter electric generation service, provided that any behind the meter electric generation facilities that the EDU intends to use to supply such service were filed with PUCO under former law no later than March 31, 2025. The bill instead allows an EDU to supply behind the meter electric generation service, provided that *an application for* any behind the meter electric generation facilities that the EDU intends to use to supply such service *was* filed with PUCO under former law no later than March 31, 2025.

Heat maps

(R.C. 4928.86)

The bill requires each public utility that owns or controls a transmission facility in Ohio, and is not a regional transmission organization, to create a heat map which would include certain information regarding electric transmission infrastructure, and to make this map public if it contains no critical electric infrastructure information. This provision likely only applies to public utilities that are electric light companies supplying electricity to Ohio consumers since they are the only entities likely to own electric transmission.[163] Current law requires each "entity" that owns or controls a transmission facility, and is not a regional transmission organization, to create such a heat map.

Additionally, the bill repeals the explicit current law exemption for municipally owned electric utilities and electric cooperatives from the heat map requirement. As stated above, since the heat map requirement only applies to a public utility, the repeal of this exemption likely would have little effect since municipally owned electric utilities and electric cooperatives are excluded as public utilities under current law.[164]

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[162] 47 C.F.R. 8.1.

[163] R.C. 4905.02(A) and 4905.03(C), not in the bill.

[164] R.C. 4905.02(A)(2) and (3), not in the bill.

CRES variable rate conversion rules exemption

(R.C. 4928.102)

Continuing law establishes certain notice requirements when a competitive retail electric service (CRES) supplier offers a residential or small commercial customer a contract for a fixed introductory rate that converts to a variable rate, and requires PUCO to adopt rules to implement such notice requirements.

The bill corrects a cross-reference error so that such rules are exempt from the current law regulatory restriction reduction requirements. The regulatory restriction reduction requirements prohibit state agencies, including PUCO, from adopting a new regulatory restriction unless the agency simultaneously removes two or more existing regulatory restrictions until June 30, 2025. State agencies are also required to achieve a 30% total regulatory restriction reduction by June 30, 2025. Regulatory restrictions are state agency rules that include words such as "shall," "require," and "prohibit."

"Small commercial customer" is generally defined in current law as any customer that receives electric service pursuant to a nonresidential tariff if the customer's demand for electricity does not exceed 25 kilowatts within the last 12 months.[165]

Rural electric company and energy company TPP tax

(R.C. 5727.111)

Effective August 14, 2025, the tangible personal property (TPP) assessment rate of a rural electric company or energy company's production *or* energy conversion equipment that is first subject to taxation for tax year 2027, or that is repowered or converted production equipment is 7%. The bill clarifies that the 7% TPP rate applies to taxable production *and* energy conversion equipment first subject to taxation for tax year 2027, or that is repowered or converted.

PUCO final order

(R.C. 4903.10)

The bill requires a final order issued by PUCO be affirmed by operation of law if PUCO does not affirm, abrogate, or modify the original order within 90 days of the date a rehearing request was granted.

Under law unchanged by the bill, after PUCO makes an order, any party who has entered an appearance in the proceeding may apply for a rehearing regarding any matter determined in the proceeding. If PUCO, after the rehearing, determines the original order or any part of it is unjust or unwarranted, or should be changed, PUCO may abrogate or modify it; otherwise it must be affirmed.

[165] R.C. 121.95 to 121.952 and 4928.101, not in the bill.

Motor vehicle exemption for trailers

(R.C. 4921.01 and 4923.01)

The bill exempts, from the definition of "motor vehicle" and "for-hire motor carrier," trailers that meet the following requirements: (1) designed and used exclusively to transport a single boat between a place of storage, a marina, or a place that is in and around a marina, (2) drawn or towed within Ohio on a public road or highway at a speed of 25 miles per hour or less, and (3) the gross vehicle weight rating, gross combination weight rating, gross vehicle weight, and gross combination weight or any combination thereof does not exceed 26,001 pounds.

Under current law, "motor vehicle" means any vehicle, machine, tractor, trailer, or semitrailer propelled or drawn by mechanical power and used upon the highways in the transportation of persons or property, or any combination thereof, excluding any vehicle, locomotive, or car operated exclusively on a rail or rails, or a trolley bus operated by electric power derived from a fixed overhead wire, furnishing local passenger transportation similar to street-railway service.

"For-hire motor carrier" means a person engaged in the business of transporting persons or property by motor vehicle for compensation, except when engaged in certain activities including, for example, the transportation of: persons in taxis, pupils in school buses to and from school or school events, farm supplies to the farm or farm products to market, crude petroleum incidental to gathering from wells and delivery to destination by pipeline, and injured, ill, or deceased persons by hearse or ambulance.

PUBLIC WORKS COMMISSION

- Allows a district public works integrating committee to determine how much of its allocation is awarded to political subdivisions in loans and local debt support, rather than setting a defined amount at not more than 10% of the allocation as in current law.
- Updates the type of local debt support available under the State Capital Improvement Program (SCIP) by removing the certain forms of assistance, including a pledge of support for any local bond issue.
- Increases the allocation small villages and townships receive from obligations under SCIP from 10% to 12%.

State Capital Improvement Program

(R.C. 164.05, 164.06, 164.08, and 164.14)

Current law divides the state into districts for the purpose of allocating funds made available to finance public infrastructure capital improvement projects of local subdivisions under the State Capital Improvement Program (SCIP). Each district is governed by a public works integrating committee. The bill makes three changes to the manner and types of support available to committees to award.

First, the bill allows a district committee to determine how much of its allocation is awarded to political subdivisions in loans and local debt support, rather than setting a cap of 10% as provided in current law.

The bill also updates the type of local debt support available under SCIP by removing the following forms of assistance:

1. A pledge of support for any local bond issue;

2. The payment of all or a part of the premium for bond insurance obtained from a private insurer; and

3. A source of revenue pledged in support of revenue bonds issued by a subdivision.

Finally, the bill increases from 10% to 12% the amount of obligations allocated per year to small villages and townships under SCIP. A small village or township refers to an entity with a population under 5,000.

DEPARTMENT OF REHABILITATION AND CORRECTION

Electronic commitment to DRC

- Permits a court of common pleas to enter into an agreement with DRC under which persons may be electronically committed to DRC.
- Specifies that persons sentenced to DRC, or to any institution or place within DRC, must be conveyed by the sheriff initially to an appropriate facility established and maintained by DRC, or committed electronically for reception, examination, observation, and classification.
- Requires the sheriff to convey the sentenced person to DRC or electronically commit the sentenced person to DRC prior to removal of an individual on an out of jurisdiction detainer.
- Requires an offender to be committed to DRC before post-release control may be imposed.

Mandatory drug screens at correctional facilities

- Requires every officer, employee, contractor, or employee of a contractor who is entering the grounds of a state correctional institution be subject to screening to prevent the conveyance of drugs of abuse into the institution.

Body cavity and strip searches

- Prohibits a court or other person from ordering a medical practitioner, or a medical practitioner from otherwise being required, to perform any medical procedure that is inconsistent with the practitioner's expert medical opinion.
- Expands a medical practitioner's, health care institution's, or health care payer's ability to decline to perform, participate in, or pay for any health care service that violates the practitioner's, institution's, or payer's conscience as informed by the moral, ethical, or religious beliefs or principles held by the practitioner, institution, or payer, to include when the procedure is ordered by a court.
- Modifies the definition of "body cavity search," such that it no longer specifies that the search occurs while the person is detained or arrested for the alleged commission of a misdemeanor or traffic offense.
- Removes consideration of the prior conviction record of a person to be searched from what constitutes allowable probable cause for a law enforcement officer to consider before conducting a search.

Intervention in lieu of conviction – placement in CBCF

- Allows for a judge that has determined an offender to have violated an "intervention in lieu of conviction" plan to place the offender under the general control and supervision of a community-based correctional facility.

Population and cost impact statement for legislative bill

- Provides that if the DRC Director determines that a bill introduced in the General Assembly is likely to have more than a de minimis impact on the population or operating cost of any or all state correctional institutions under DRC, DRC must prepare a population and cost impact statement for the bill.

Health care coverage for a deceased correction officer's spouse

- Requires the DAS Director, on receiving notice from the DRC Director that a correction officer was killed in the line of duty, to enroll the deceased officer's surviving spouse in any health benefits offered to state employees.
- Requires DRC to pay DAS for the full cost of a surviving spouse's health benefits, including any administrative costs.
- Requires a surviving spouse to apply to DAS for health care coverage after being approved for death benefits from the Ohio Public Safety Officers Death Benefit Fund.
- Makes a surviving spouse who is a state employee ineligible for health benefits under the bill and specifies that receiving a health benefit does not make the surviving spouse a state employee.

Local jail funding

- Reestablishes DPF Fund 5ZQ0 ALI 501505, Local Jail Grants, with an appropriation of $75 million in FY 2026, and requires those funds to be used by DRC to provide grants for county jail construction and renovation projects.
- Removes provisions requiring DRC and TAX to rank counties based on tax revenues and need, and requiring counties to provide a portion of the basic project cost tied to their rankings.
- Continues to require DRC to accept and review applications and designate the projects involving the construction and renovation of county jails.
    - Directs DRC to target county jails that have the greatest need for construction or renovation work, and projects that would improve substantially the condition, safety, and operational ability of the jail, and benefit jails that are, or will be, used by multiple counties.

Electronic commitment to DRC

(R.C. 2151.311, 2152.26, 2967.28, and 5120.16)

The bill specifies that persons sentenced to DRC, or to any institution or place within DRC, must be conveyed by the sheriff initially to an appropriate facility established and maintained by DRC, or committed electronically, for reception, examination, observation, and classification. Prior to removal of an individual on an out of jurisdiction detainer, the sheriff must convey the sentenced person to DRC or electronically commit the sentenced person to DRC. A court of common pleas is permitted to enter into an agreement with DRC under which persons may be electronically committed to DRC, and an offender must be committed to DRC before post-release control may be imposed.

The problem that this provision is intended to address is not clear. It may be that the intent of this provision is to address situations in which a person who would normally be incarcerated in a prison has instead served the time sentenced in a local jail, and has therefore not formally been committed to DRC prior to the necessity for post-release control procedures. It is unclear that the language in this provision accomplishes that goal. A clarifying amendment may be desired.

Mandatory drug screens at correctional facilities

(R.C. 5145.32)

The bill requires every officer, employee, contractor, or employee of a contractor entering the grounds of a state correctional institution be subject to a screening to prevent the conveyance of drugs of abuse into the institution. Any controlled substance, harmful intoxicant, or dangerous drug is considered a "drug of abuse" under continuing law.

Body cavity and strip searches

(R.C. 2933.32 and 4743.10)

The bill specifies that a court or other person is prohibited from ordering a medical practitioner, or a medical practitioner from otherwise being required, to perform any medical procedure that is inconsistent with the practitioner's expert medical opinion. A medical practitioner, health care institution, or health care payer has the freedom to decline to perform, participate in, or pay for any health care service that violates the practitioner's, institution's, or payer's conscience as informed by the moral, ethical, or religious beliefs or principles held by the practitioner, institution, or payer, including, under the bill, when the procedure is ordered by a court.

The bill removes a person's prior conviction record from the factors considered when determining probable cause for conducting a body cavity or strip search. Additionally, the definition of "body cavity search" is modified to no longer specify that the search occurs while the person is detained or arrested for the alleged commission of a misdemeanor or traffic offense.

Intervention in lieu of conviction – placement in CBCF

(R.C. 2951.041)

The bill allows for a judge who has determined an offender to have violated an "intervention in lieu of conviction" plan to place the offender under the general control and supervision of a community-based correctional facility (CBCF). Similarly, continuing law allows the court to place an offender granted intervention in lieu of conviction during the period commencing on April 4, 2023, and ending on October 15, 2025, under the general control of a CBCF.

Background – intervention in lieu of conviction

Under continuing law, if an offender is charged with a criminal offense and the court has reason to believe that drug or alcohol usage by the offender was a factor leading to the offense, or that the offender had a mental illness, was a person with an intellectual disability, or was a victim of the offense of trafficking in persons or of compelling prostitution and the mental health issue or victimization was a factor leading to the offender's criminal behavior, the court may accept, prior to the entry of a guilty plea, the offender's request for ILC. If a request is approved by the court, the court must accept the offender's plea of guilty and waiver of rights to a speedy trial, preliminary hearing, time period for consideration of an indictment, and arraignment. The court then may stay all criminal proceedings, order the offender to comply with the terms and conditions of a court-ordered intervention plan, and place the offender under a specified type of supervision. If the court finds that the offender has successfully completed the intervention plan, the court must dismiss the proceedings against the offender with no adjudication of guilt or criminal conviction. The court may order records related to the offense in question sealed or expunged under the Record Sealing Law.

Population and cost impact statement for legislative bill

(R.C. 5120.51)

The bill requires that if the DRC Director determines that a bill introduced in the General Assembly is likely to have more than a de minimis impact, instead of a significant impact as stated in current law, on the population or operating cost of any or all state correctional institutions under DRC, DRC must prepare a population and cost impact statement for the bill.

Under current law, unchanged by the bill, when a population and cost impact statement is required for a bill, the statement must include all of the following:

- An estimate of the increase or decrease in the population of the correctional institution that likely would result if the bill were enacted;
- An estimate, in dollars, of the amount by which revenues or expenditures likely would increase or decrease if the bill were enacted;
- A brief explanation of each of the estimates.

Health care coverage for a deceased correction officer's spouse

(R.C. 5120.85)

The bill requires the DAS Director, after being notified by the DRC Director that a correction officer was killed in the line of duty, to enroll the deceased officer's surviving spouse in any medical, dental, or vision benefit (a "health benefit") that DAS contracts for or otherwise provides to state employees.[166] The bill specifies that a surviving spouse receiving health benefits is not a state employee. Additionally, a surviving spouse cannot receive health benefits under the bill if the spouse is eligible to receive them as a state employee or enroll in the federal Medicare program.

Under the bill, DRC must pay DAS the full cost of the surviving spouse's health benefits, including administrative costs. The bill requires a surviving spouse to apply to the DAS Director for health care coverage after the spouse's application for death benefits from the Ohio Public Safety Officers Death Benefit Fund is approved by the Ohio Police and Fire Pension Fund Board of Trustees. The fund pays benefits to the surviving spouse, children, or, in limited cases, surviving parent, of a law enforcement officer (including a correction officer) or firefighter killed in the line of duty. Under continuing law, a spouse or child receiving benefits from the fund may elect to participate in any health benefit that DAS offers to state employees. To pay for benefits, the Board withholds the spouse's cost (an amount equal to the percentage of the cost that would be paid by a state employee for the benefits) from the spouse's death benefit payments and forwards it to DAS and pays DAS the remaining cost of the benefits and any administrative costs.[167]

Local jail funding

(Sections 383.10 and 383.30)

The bill reestablishes DPF Fund 5ZQ0 ALI 501505, Local Jail Grants, which was originally established in H.B. 33 of the 135th General Assembly, with an appropriation of $75 million in FY 2026, and requires those funds to be used by DRC to provide grants for county jail construction and renovation projects. These funds are the same that were appropriated under H.B. 33 – the projects are not complete, and as the H.B. 33 provisions expire in July, these funds are being "re-appropriated" in order to allow the projects to be completed.

But, the bill re-appropriates the funds with different guidelines, removing certain ranking and funding mechanisms from the previous version.

DRC must continue to accept and review applications and designate the projects involving the construction and renovation of county jails and adopt guidelines to accept and review applications and designate projects. The guidelines must require the county or counties to justify the need for the project and comply with timelines for the submission of documentation pertaining to the project and project location.

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[166] By reference to R.C. 124.82 and 742.63, not in the bill.

[167] By reference to R.C. 124.824 and 742.63, not in the bill.

DRC must prioritize applications and projects that do all of the following target county jails that have the greatest need for construction or renovation work, improve substantially the condition, safety, and operational ability of the jail, and benefit jails that are or will be used by multiple counties.

RETIREMENT SYSTEMS

Employer pick-up of STRS and SERS employee contributions

- Prohibits a school district board from paying employee contributions to STRS on behalf of a superintendent employed by the school district board or to SERS on behalf of a treasurer employed by the school district board under a fringe-benefit employer pickup arrangement.

Ohio Public Employees Deferred Compensation Board

- Transfers the administration of the Ohio Public Employees Deferred Compensation Program from the Ohio Public Employees Deferred Compensation Board (DC Board) to the PERS Board, and abolishes the DC Board.

Precinct election officials excluded from PERS

- Excludes from PERS membership a person who is appointed to serve as a precinct election official (election worker) and receives compensation for that service during a calendar year, rather than excluding a person who is paid less than a specified amount as under current law.

Exclusion of persons providing school health services from SERS

- Excludes from SERS membership any person who is employed by a private employer that has contracted with a school district to provide school health services to a child with a disability.

Alternative retirement plan election or provider change

- Permits, beginning one year after the provision's effective date, a public college or university to allow an academic or administrative employee who elects to participate in an alternative retirement plan to sign the election or a form to change providers by electronic signature.

Employer pick-up of STRS and SERS employee contributions

(R.C. 3307.27 and 3309.47)

The bill prohibits a school district board from paying employee contributions to STRS on behalf of a superintendent employed by the school district board or to SERS on behalf of a treasurer employed by the school district board under a fringe-benefit employer pickup arrangement. The school district board may make employee contributions on a superintendent's or treasurer's behalf to the appropriate system under the salary reduction method.

Federal law allows an employer to pay, or "pick up," an employee's contributions to a pension plan and treats the "picked-up" employee contributions as employer contributions for income tax purposes, which means they are not taxable to the employee until the employee receives them either as a refund or as a retirement benefit. There are two types of pension pick-

up plans: (1) salary reduction and (2) fringe-benefit arrangement. Under the salary reduction method, the employer reduces the employee's gross salary by the amount of the employee's contributions to the retirement system. Under the fringe-benefit arrangement, the employer does not deduct the contribution amount from the employee's gross salary and funds the full cost of the employee's contributions. Thus, the employee receives the entire salary and pays taxes on that salary.[168]

Ohio Public Employees Deferred Compensation Program

(R.C. 145.091, 148.02, and 148.021, with conforming changes in R.C. 101.82, 101.83, 145.09, 148.01, 148.04, 148.041, 148.042, 148.05, 148.10, 2329.66, 2907.15, 2921.41, 3105.171, and 3105.63; Section 525.40)

The bill transfers the administration of the Ohio Public Employees Deferred Compensation Program from the Ohio Public Employees Deferred Compensation Board (DC Board) to the PERS Board. The program is a voluntary retirement savings plan that allows public employees to save and invest their payroll contributions to supplement a retirement plan.[169] Currently, the DC Board consists of a member of the House, a member of the Senate, and the PERS Board members. The bill authorizes the PERS Board to use its employees, property, and powers granted to it under continuing law to administer the program. All employees of the DC Board are transferred to PERS and retain their positions and all associated benefits.

The bill abolishes the DC Board on the transfer provision's effective date. Under the bill, whenever the DC Board, its Executive Director, or any variation of those terms are used, referred to, or designated in any statute, rule, contract, grant, or other document, the use, reference, or designation is deemed to refer to the PERS Board or the PERS Executive Director. All records, assets, and liabilities of the DC Board are transferred to the PERS Board. The PERS Board is successor to, and assumes the obligations of, the DC Board. The PERS Board or the PERS Executive Director must complete any business commenced, but not completed by, the DC Board or its Executive Director. The business must be completed in the same manner, and with the same effect, as if completed by the DC Board or its Executive Director. No validation, cure, right, privilege, remedy, obligation, or liability is lost or impaired because of the transfer.

The transfer does not affect any action or proceeding pending on the transfer provision's effective date. Any action or proceeding must be prosecuted or defended in the name of the PERS Board or the PERS Executive Director. In all actions or proceedings, the PERS Board or the PERS Executive Director, on application to the court, must be substituted as a party.

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[168] 26 U.S.C. 414(h)(2), IRS Revenue Ruling 2006-43, Employer "Pick-Up" Contributions to Benefit Plans, which is available by conducting a keyword "Pick-up" search on the IRS website: irs.gov; and Employer Pickup Fact Sheet (PDF), which is available by conducting a keyword "Employer pickup" search on the STRS employer website: strsoh.org/employer.

[169] See Frequently Asked Questions, which may be accessed by selecting the "FAQ" link on the Ohio Public Employees Deferred Compensation Program's website: ohio457.org.

The bill specifies that the Ohio Public Employees Deferred Compensation Receiving Account is a legal entity that is separate from the various funds created under continuing law to pay for retirement and other benefits under PERS.

Precinct election officials excluded from PERS

(R.C. 145.012)

The bill excludes a person from PERS membership if the person is appointed to serve as a precinct election official (election worker) during a calendar year and received compensation for that service during the calendar year.[170] Under current law, a person is not a PERS member if the person is employed as an election worker and paid less than $600 during a calendar year, or less than $1,000 during a calendar year in which more than one primary election and one general election are held.

Exclusion of persons providing school health services from SERS

(R.C. 3309.011)

The bill excludes a person from SERS membership who is employed by a private employer that has contracted with a school district to provide school health services to a child with a disability under the child's individualized education program (IEP).[171]

Under continuing law, a person employed by a private employer who "performs a service common to the normal daily operation" of a school under a contract is a SERS member. Currently, this includes providing school health services as a health aide or IEP nurse.[172] A person who is not a member of one of the state retirement systems and is employed by a private employer must participate in Social Security.[173]

Alternative retirement plan election or provider change

(R.C. 3305.05 and 3305.053; Section 820.100)

The bill permits, beginning one year after the provision's effective date, a public college or university to allow an employee who elects to participate in an alternative retirement plan (ARP) to sign the election or a form to change investment option providers by electronic signature. Under continuing law, a full-time employee of a public college or university may elect to participate in an ARP, rather than the state retirement system that would otherwise cover the employee, by submitting a written election to the designated officer of the college or university. An ARP is a defined contribution plan that provides retirement and death benefits to participants

[170] By reference to R.C. 3501.28 and R.C. 3501.22, not in the bill.

[171] By reference to R.C. 3323.01, not in the bill.

[172] R.C. 3309.01(B)(2), not in the bill. See also Covered Employees, which is available by conducting a keyword "IEP" search on the SERS website: ohsers.org.

[173] See Social Security: Who Is Covered Under the Program?, which is available by conducting a keyword "Social Security" search on the Congressional Research Service website: crsreports.congress.gov.

through investment options. A college or university enters into an agreement with one or more private providers to administer investment options under an ARP.[174]

[174] R.C. 3305.02 and 3305.04, not in the bill.

SECRETARY OF STATE

- Renames the Board of Elections Reimbursement and Education Fund to the Board of Elections Fund in the state treasury.
- Specifies that the Secretary of State can provide advancements, subject to recoupment, to boards of elections using money from the fund.

Board of Elections Fund

(R.C. 111.27)

The bill renames the Board of Elections Reimbursement and Education Fund to the Board of Elections Fund in the state treasury. Under continuing law, the fund can be used by the Secretary of State to reimburse boards of elections for costs of certain special elections or recounts and to provide training and educational programs for boards of elections members and employees. The bill specifies that the Secretary can also provide advancements, subject to recoupment, to boards of elections using money from the fund.

DEPARTMENT OF TAXATION

Income tax

- Phases-down income tax rates to a flat rate of 2.75% over two years, beginning with the 2025 taxable year.
- Suspends the annual inflation indexing adjustment of income tax brackets and personal exemption amounts for the 2025 and 2026 taxable years.
- Limits taxpayers from claiming the joint filer credit and any personal and dependent exemptions if the taxpayer's income is greater than $750,000 in taxable year 2025 or $500,000 in taxable year 2026 or thereafter.
- Requires TAX to adjust employer withholding tables as a result of the income tax rate changes, but caps those adjustments per fiscal year.
- Eliminates a provision that allows certain trusts created before 1972 to elect whether to be subject to the commercial activity tax (CAT). Instead, starting in 2026, subjects such trusts to income tax and excludes them from the CAT.
- Establishes November 3, 2025, as the last date for investments to qualify for the small business investment income tax credit.
- Increases the maximum educator expenses income tax deduction from $250 to $300.
- Expands an existing income tax deduction for military pay to include all members of the U.S. Uniformed Services.
- Repeals an income tax credit for contributions to certain state political candidates.
- Modifies an income tax add-back for contributions to homeownership savings accounts that were spent on ineligible expenses.
- Reduces the income tax withholding rate on lottery, video lottery, sports gaming, and casino winnings from 4% to 2.75%.
- Authorizes a formal mechanism for private retirement plans to withhold income taxes from a retiree's benefits, similar to existing rules for withholding taxes from state retirement benefits.
- Authorizes all retirement plans to withhold school district income taxes.
- Clarifies that income used as the basis for computing the resident and nonresident tax credits is income calculated after taking the business income deduction, conforming with current administrative practice.
- Establishes a formal income tax withholding "bulk file" program, whereby payroll service companies can file employee income tax withholding returns in bulk on behalf of their employer clients.

- Allows pass-through entities (PTEs) that pay an elective tax to allow their investors to circumvent the federal cap on state and local tax (SALT) deductions to claim certain refundable credits available to those investors when calculating the elective tax due.
- Changes the calculation of tax credits allowed to investors in PTEs that pay the elective PTE tax or a composite income tax for all PTE investors from the investors' proportionate share of the tax paid to the lesser of the tax paid or due.
- Establishes that administrative provisions related to Ohio's electing PTE tax apply to pass-through entities with investors comprised exclusively of Ohio residents.
- Moves the due date for payment of the second and third estimated tax payments for electing and withholding PTE taxes up by one month.
- Allows garnishment of income tax refunds to satisfy judgment debts arising from civil lawsuits.
- Authorizes an income tax refund designation ("check-off") to assist low-income individuals in spaying and neutering their pets.
- Creates the Companion Animal Fund, generally consisting of money collected from the check-off, donations, and bequests.
- Requires the nonprofit organization the Ohio Pet Fund to spend money from the Companion Animal Fund primarily for assisting in the spaying and neutering of pets.

School district income tax

- Repeals the school district income tax on estates, beginning in 2026.
- Requires boards of education that approve a resolution to place the question of levying a school district income tax on the ballot to send a copy of the resolution to TAX after it has been certified to the county board of elections.
- Requires boards of elections to send a copy of a petition for an election to repeal a school district income tax to TAX after the board determines the petition is valid.

Municipal income tax

- Clarifies that pay to members of the U.S. Space Force may be deducted from municipal income tax as part of an existing deduction for military pay.
- Makes discretionary a penalty, mandatory under current law, charged by TAX for late estimated payments of centrally administered municipal net profit tax.
- Extends, from six to seven months, the municipal net profits tax return extension filing period for taxpayers that do not request a federal income tax extension.
- Allows a taxpayer who received a valid extension of the tax return due date to file a municipal income tax refund claim within three years after that extended due date or the date the tax is paid, whichever is later.

- Allows a taxpayer with an unextended federal income tax return due date that falls after the taxpayer's regular municipal income tax due date to file on or before the later federal due date.

Electric and telephone company municipal income tax

- Requires electric and telephone utility companies to make municipal income tax payments and estimated payments electronically.
- Makes discretionary the current mandatory interest penalty charged for estimated tax underpayments.
- Requires TAX to automatically grant a filing extension to a company if it has received a federal filing extension and expands the length of the municipal tax extension from six to seven months.
- Requires TAX to grant a seven-month filing date extension in the absence of a federal extension if the company submits a request before the return due date.
- Removes the requirement for a company to include certain information in its annual return to TAX.

Sales and use tax

- Repeals the following sales and use tax exemptions and reductions, beginning January 1, 2026:
  - The exemption for newspapers.
  - The exemption for certain vehicle rental fees provided to the owner or lessee of a motor vehicle that is being repaired or serviced, where the payments are reimbursed by the service provider.
  - The exemption for refrigerated food vending machines.
  - The exemption for advertising material or catalogs and for items that are used in printing advertising material and equipment primarily used to accept orders.
  - The exemption for machinery, equipment, and material used in the production for sale of printed materials.
  - The exemption for property used in acquiring, formatting, editing, storing, and disseminating data or information by electronic publishing.
  - The exemption for the transfer of copyrighted motion picture films that are used for purposes other than advertising.
  - The exemption for the sales of telecommunications services that are used directly and primarily to perform the functions of a qualified call center.
  - The exemption for digital audio sold on juke boxes and similar devices in commercial establishments.

- The 25% refund of the sales tax paid by electronic information service providers to purchase computers and related electronic equipment.

- Prohibits the Tax Credit Authority from entering into an agreement to award a sales and use tax exemption for sales of certain materials used in computer data centers after October 1, 2025.
- Beginning January 1, 2026, caps the prompt payment sales and use tax vendor discount, for sales other than the sales of motor vehicles, at $750 per vendor 's license per month.
- Requires a clerk of court to remit sales and use tax from the sale of titled watercraft and outboard motors to the Registrar of Motor Vehicles instead of to TAX.
- Requires TAX to consult with DPS on the form of the remittance reports that must accompany the taxes collected.
- Clarifies the definition of a casual sale for sales tax purposes.
- Eliminates interest on sales and use tax refunds for payments made pursuant to a direct payment permit, through which a purchaser pays the tax directly to the state instead of to the vendor making the sale.
- Disallows interest on county sales tax refunds.
- Allows TAX to cancel a sales tax vendor's license obtained while another of the vendor's licenses is suspended.

Resort area gross receipts tax

- Allows municipalities and townships to increase resort area taxes by 0.5% intervals to 2% or 2.5% if approved by electors.

Lodging taxes

- Allows a board of county commissioners to increase the rate of its general lodging tax by not more than 1%, so long as the total rate does not exceed 5%, to fund public safety services in a designated resort area.
- Requires Ashtabula County to repeal a 2% special lodging tax used to fund the costs of a convention center.
- Allows a convention and visitors' bureau (CVB) in a county with a population of less than 100,000 with annual lodging tax collections of greater than $500,000 to spend county lodging taxes on public safety services or economic development or infrastructure projects that impact tourism.
- Authorizes the Fairfield County commissioners to renew a special lodging tax, currently scheduled to expire in 2028, for up to 15 additional years at a time.

Commercial activity tax

- Makes a commercial activity tax (CAT) credit for certain net operating losses nonrefundable after 2029, instead of it becoming refundable.
- Eliminates two dedicated CAT funds used to make tangible personal property reimbursement payments to local governments, and instead requires that those payments be made directly from the GRF.

County sin taxes

- Authorizes Cuyahoga County to expand its existing liquor, alcohol, and cigarette taxes, and levy a new tax on vapor and other tobacco products, to finance sports facilities, subject to voter approval of the tax expansion.
- Requires the newly authorized taxes to be equally divided among the major league sports facilities existing in the county during the period that the taxes are levied.
- Allows the newly authorized taxes to cover more than 50% of the total costs of a sports facility and to contribute to the project for more than 20 years, unlike existing alcohol and tobacco taxes upon which those limitations are imposed.
- Expands authority to levy a county cigarette tax for the benefit of an arts and cultural district from only Cuyahoga County to also include Summit and Hamilton counties.

Marijuana excise tax

- Levies a 10% excise tax on the illegal sale of marijuana by an unlicensed seller.
- Reallocates a portion of the revenue, including from the existing 10% excise tax on legal sales, to temporarily fund certain dispensary host communities, with all remaining revenue credited to the GRF.
- Requires TAX, upon the request of COM, to share pertinent information about the tax violations of an existing adult use cannabis licensee.

Public utility excise tax

- Applies taxpayer refunds owed for certain public utility excise taxes first to any outstanding state tax debt and any related penalty or interest.

Financial institution tax

- Removes the requirement that TAX post financial institution tax annual report forms on its website.

Insurance premium tax

- Transfers the responsibility of certifying unpaid foreign insurance company premium taxes to the Attorney General for collection from INS to the Treasurer of State.

Severance tax

- Reduces the severance tax rate on coal from 10¢ to 8¢ per ton.

Corporation franchise tax

- Removes the requirement that a corporation identify its statutory agent in an annual report filed under the now-defunct corporation franchise tax.

Tax credits

- Sunsets the Ohio historic building preservation tax credit, film and Broadway theater production tax credit, and Ohio opportunity zone tax credit by prohibiting the award of new credits after FY 2027.
- Permanently increases the annual cap on the Ohio historic building preservation tax credit, from $60 million to $90 million per fiscal year.
- Increases the percentage of rehabilitation costs certificate owners may claim as credits from 25% to 35% for projects located outside of the state's three largest cities.
- Prohibits DEV from using building vacancy or underutilization as part of the criteria for awarding historic rehabilitation tax credits.
- Repeals the film and Broadway theater capital improvement tax credit, but allows credits issued before the repeal to be claimed.
- Sunsets the film and Broadway theater production tax credit by prohibiting the award of new credits after the end of FY 2027.
- Specifically allows companies that "present," but do not produce, a Broadway theater production to qualify for the film and theater production tax credit.
- Allows an applicant for the film and theater tax credit to provide an investment intent letter to demonstrate that it has secured funding equal to at least 50% of its total production budget.
- Replaces the current two-round application and award process for the film and theater tax credits with a rolling process, eliminating much of the current ranking criteria.
- Modifies reporting requirements for recipients of state-funded low-income housing tax credits and single-family housing development tax credits.
- Increases the annual cap for transformational mixed-used development (TMUD) tax credits from $100 million to $150 million, beginning in FY 2026, allows awards of credits through FY 2027, and makes numerous other changes to the TMUD program.
- Increases the amount of opportunity zone credits that DEV may award in fiscal years 2026 and 2027, from $25 million to $50 million per fiscal year, sunsets the credit after FY2027, and makes several other changes to the credit program.

Tax administration

- Allows TAX to not impose, or to refund or forgive, penalties and interest charged for failure to pay sufficient estimated state, school district, or certain pass-through entity income taxes.
- Extends the time for state recovery of amounts of refunded taxes from local subdivisions from three to six years.
- Authorizes TAX, without violating the prohibition against divulging personal tax information, to disclose either of the following:
  - The amount of revenue distributed to local governments from any tax or fund administered by TAX.
  - Employer income tax withholding account numbers to permit a current or former employee to prepare the employee's tax return.
- Prescribes a process for handling tax notices that are sent by ordinary mail, but returned as undeliverable.
- Removes the requirement that taxpayers submit petitions for reassessment to TAX through personal service or certified mail.
- Modifies the manner by which TAX may serve public utility tangible personal property and excise tax assessments and notices.
- Allows a public utility to submit a 30-day extension request to file a public utility tangible personal property or excise tax report or statement by a manner other than in writing that is approved by TAX.
- Repeals the requirement that TAX adopt a rule defining the term "primarily" for purposes of describing who qualifies for the defunct dealers in intangibles tax.
- Removes TAX from a procedure through which the designer of a public building may request allocation of a federal income tax deduction for the design and installation of energy-efficient building systems.
- Makes various technical corrections to the laws governing state taxation.

Property tax

- Requires reduction of current expense property taxes levied by certain school districts to reduce collections by the amount of the district's carry-over balance in its general operating budget in excess of 50% of its general fund expenditures in the preceding year, excluding amounts reserved for near-term permanent improvements.
- Prohibits a school district from submitting any new current expense levy to voters if it has a general fund carry-over balance of more than 100% of its general fund expenditures for the preceding fiscal year.

- Prohibits school districts from levying any new emergency levy, substitute levy, or combined school district income tax and property tax levy.
- Eliminates the authority of school districts to renew and increase any existing levy.
- Requires that all property tax levy proposals be approved by two-thirds of the school board before the levy is submitted to voters.
- Eliminates the authority of political subdivisions to levy replacement property tax levies.
- Changes the term used in property tax ballot language and election notices to describe the true value of property from "the county auditor's appraised value" to "market value."
- Requires that emergency and substitute tax levies be included in the calculation of a school district's 20-mill floor or a joint vocational school district's 2-mill floor for property tax purposes.
- Increases the amount of the standard property tax homestead exemption from $28,000 to $32,000 and of the enhanced homestead exemptions for disabled veterans and the surviving spouse of a public service officer killed in the line of duty from $56,000 to $59,000.
- Increases the income threshold to qualify for the standard homestead exemption from $40,000 to $42,500 for property taxes generally payable in calendar year 2026.
- Requires TAX to establish and implement a property tax relief screening system to evaluate the eligibility of property owners for the 2.5% rollback and homestead exemption.
- Requires TAX to notify county auditors of any improperly granted tax reductions discovered through the system.
- Allows county budget commissions (CBCs) to reduce millage on any voter-approved tax levy aside from a debt levy if the commission finds it reasonably necessary or prudent to avoid unnecessary, excessive, or unneeded property tax collections.
- If the tax is levied by a body with a majority of members who are elected local officials, any such reduction is subject to two limitations:
  - CBCs may not reduce a levy such that it would collect less revenue than in the preceding year unless funds are available from reserve balance accounts, nonexpendable trust funds, or carryover amounts to offset a reduction below that level.
  - CBCs may not reduce school district levies such that the school district would collect below the 20 mills in revenue, except as required to comply with the House-added provision limiting accrual of general fund carry-overs.
- Removes prohibitions on CBCs considering the status of reserve balance accounts or other certain unexpended funds when determining whether to reduce a political subdivision's taxing authority.

- Requires school districts to obtain approval from the CBC before adjusting inside millage in a manner that increases tax rates.
- Requires CBCs to offer, during at least one public meeting annually, testimony describing the concept and function of inside millage, how it is allocated to various jurisdictions in the county, and the fiscal impact of inside millage.
- Requires political subdivisions to disclose all funds in their control the inclusion of which is not already required by law for annual tax budgets.
- Modifies the requirements governing when political subdivisions can file property tax complaints and countercomplaints.
- Authorizes the board of trustees of a state community college to levy a property tax for operating expenses, but only in the county in which its main campus is located.
- Requires revenue from the tax to be used to support college operations in that county.
- Requires that, if voters approve an operating levy, the board of trustees must charge a lower tuition rate to students who reside in the county in which the tax is levied.
- Expands a current property tax exemption for parking structures owned by certain local governments.
- Allows a subdivision to amend an existing community reinvestment area (CRA) agreement to extend the term of a CRA tax exemption to a total of 30 years for an existing building that is expected to be a megaproject or owned or occupied by a megaproject supplier.
- Allows a building to qualify for a longer than typical CRA tax exemption as part of a megaproject so long as it is owned or occupied, as opposed to owned and occupied, by a megaproject operator or supplier.
- Exempts agricultural land converted to certain conservation uses from CAUV tax recoupment charges, until the land is no longer used for conservation.

Local Government Fund

- Permanently increases, from 1.70% to 1.75%, the percentage of most state tax revenue that the Local Government Fund receives monthly.
- Terminates LGF reductions for townships and counties that have employed traffic cameras to issue citations.

Public Library Fund

- Discontinues dedicating a share of GRF tax revenue to the Public Library Fund, instead funding public libraries through a direct GRF appropriation.

Income tax

Rate reduction

(R.C. 5747.02)

The bill phases-down the income tax rates applicable to nonbusiness income to a flat rate of 2.75% over two years. For 2025, the bill reduces the rate of the top bracket from 3.5% to 3.125%. For 2026, the bill further reduces the rate of the top bracket so that a flat rate of 2.75% applies to all income over $26,050.

In addition, the bill reduces the tax due on a taxpayer's first $26,050 of income. Under current law, taxpayers with income less than $26,050 pay no tax, but taxpayers with income greater than that amount do pay tax on that income. This tax amount is reduced in 2025 for taxpayers with less than $100,000 of income, and for all taxpayers in 2026, as shown below.

The tax table for the 2024 taxable year compared to the 2025 tax table, as modified by the bill, is as follows:

TY 2024		TY 2026, as modified by the bill	
Ohio taxable income	**Tax rate**	**Ohio taxable income**	**Tax rate**
$26,050-$100,000	$360.69 plus 2.75% of the amount over $26,050	$26,050-$100,000	$342 plus 2.75% of the amount over $26,050
More than $100,000	$2,394.32 plus 3.5% of the amount over $100,000	More than $100,000	$2,394.32 plus 3.125% of the amount over $100,000

The tax table for the 2026 taxable year, as modified by the bill, is as follows:

Ohio taxable income	TY 2026 marginal tax rate, as modified by the bill
More than $26,050	$332 plus 2.75% of the amount over $26,050

Inflation indexing adjustments

(Section 757.120(A))

Continuing law requires the Tax Commissioner to adjust the income tax brackets and personal exemption amounts for inflation on an annual basis. The bill suspends these adjustments for taxable years 2025 and 2026.

Joint filer credit and personal exemption

(R.C. 5747.025 and 5747.05(E); Section 757. 120(A))

The bill limits eligibility, in 2025, for both the joint filer income tax credit and personal, spousal, and dependent exemptions to taxpayers with a modified adjusted gross income (MAGI) of $750,000 or less. In 2026, the bill further reduces eligibility to taxpayers with a MAGI of $500,000 or less. Under current law, neither credit has an income cap.

Withholding rate adjustments

(Section 757.120(B))

The bill requires TAX to adjust employer withholding tables as a result of the income tax rate changes, but to limit its adjustment such that no more than $100 million of GRF revenue is forgone in FY 2026 and no more than $215 million is forgone in FY 2027.

Pre-1972 trusts tax election

(R.C. 5747.01(EE) and 5751.01(E)(7); Section 801.250)

Current law allowed certain trusts created at least 53 years ago, before 1972, to elect, no later than April 15, 2006, whether the trust and any pass-through entities in which it owns at least 5% of ownership interests, to be subject to the commercial activity tax (CAT) rather than the trust income tax. The election continues to apply until revoked by the trustee.

The bill discontinues this election, beginning on and after January 1, 2026. Instead, under the bill, such trusts will be subject to trust income tax and excluded from the CAT on that date.

Small business investment credit

(R.C. 122.86)

The bill establishes November 3, 2025, as the last day for investments to qualify for the small business investment tax credit against the income tax. It retains the 60-day period after the investment is made in which the investor may apply for the credit. As a result, applications may be submitted through January 2, 2026. After that date, the credit is effectively sunset, though credits issued on applications submitted by January 2, 2026, may be claimed as under current law.

Educator expenses tax deduction

(R.C. 5747.01(A)(31); Section 801.20(C))

The bill increases, from $250 to $300, the amount of unreimbursed expenses incurred each year for professional development and classroom supplies Ohio teachers may deduct from state income tax. This deduction supplements a federal income tax deduction for such expenses, which, in 2022, also increased from $250 to $300.[175] This deduction applies to expenses that

[175] 26 U.S.C. 62.

exceed what the teacher may claim under the federal deduction. The increase applies to taxable years ending on or after the bill's 90-day effective date.

Military pay deduction

(R.C. 5747.01(A)(21); Section 801.20(C))

The bill expands a personal income tax deduction for the military pay of members of the U.S. armed forces to include all members of the U.S. Uniformed Services, which includes the U.S. Space Force, the Commissioned Corps of the National Oceanic and Atmospheric Administration (NOAA), and the Public Health Service (PHS). The bill also specifies that the deduction should apply to members of any military service branches added in the future. Under current law, the deduction only applies to the United States Army, Air Force, Navy, Marine Corps, Coast Guard, their reserves, or the National Guard.

Campaign contribution credit

(R.C. 5747.29. repealed and 5747.98)

The bill repeals an income tax credit for contributions to certain state political candidates, beginning in 2026. The credit may equal up to $50, or $100 for joint filers, for the total contributions made per year to the campaign committee of candidates for Governor, Lieutenant Governor, Secretary of State, Auditor of State, Treasurer of State, Attorney General, member of the State Board of Education, justice of the Supreme Court, or member of the General Assembly.

Add-back for homeownership savings accounts

(R.C. 135.70 and 5747.01(A)(43); Section 801.330)

The bill modifies an income tax add-back for contributions to homeownership savings accounts that were invalidly spent. An individual may open one of these accounts, and deduct contributions to them, in order to use account proceeds to pay the down payment and closing costs associated with purchasing a home.

Under continuing law, individuals can deduct up to $5,000 of contributions to a homeownership savings account each year ($10,000 in the case of joint filers). However, if an individual uses account funds for a purpose other than purchasing a home, the individual must add those amounts back to their taxable income.

The bill makes several changes to this add-back requirement. First, the bill provides that an individual can transfer money between two different homeownership savings accounts without triggering the add-back, so long as both accounts are owned by the same individual. Current law allows such transfers but does not require that the individual own both accounts. Second, the bill allows an account owner to withdraw funds from an account if the owner redeposits those funds back into the account or into another of the owner's homeownership savings accounts, provided the redeposit is made within 90 days.

Third, the bill specifies that, if an account owner spends funds for ineligible expenses, the owner is only required to add-back amounts that were previously deducted, plus any amounts contributed to the account by others. This latter provision applies retrospectively to taxable year

2024. The bill temporarily allows taxpayers to file an amended return and claim a refund based on the change.

Withholding from gambling winnings

(R.C. 5747.062, 5747.063, and 5747.064; Section 801.120)

Under continuing law, gambling winnings are income subject to the personal income tax. Proprietors such as casino operators, sports gaming proprietors, lottery sales agents, and the State Lottery Commission are required to withhold an amount of a person's winnings when certain conditions are met, namely winning $600 or more – the amount that triggers an Internal Revenue Service reporting requirement.[176] The withheld amount is remitted to the state, similar to the withholding requirement placed upon employers.

Over the past decade, the General Assembly has enacted a series of reductions to Ohio's income tax rate and tax brackets. The bill reduces the withholding rate on lottery, video lottery, sports gaming, and casino winnings income to keep pace with these reductions, from 4% to 2.75% beginning in 2026.

Withholding from retirement benefits

(R.C. 5747.071; Section 801.130)

The bill authorizes a formal mechanism for private retirement plans to withhold income taxes from a retiree's benefits. Currently, a withholding tax mechanism exists for benefits paid from state retirement systems (e.g., OPERS and STRS). Private retirement plans may withhold taxes on behalf of its retirees, but there is no formal protocol for them to follow.

The bill's rules for private retirement benefit withholding are similar to those that exist for public retirement benefits. Beginning in 2027, a retiree may request that their retirement plan withhold taxes from the retiree's benefits. Upon receiving such a request, the plan must begin withholding no later than the following year. The plan must file withholding returns with TAX and is subject to penalties and interest for failing to remit withheld taxes. The plan must also provide retirees with an annual statement showing the amount of taxes withheld.

The bill also explicitly allows retirement systems and plans to withhold school district income taxes. Currently, the rules for withholding taxes from public retirement benefits only reference state income taxes.

Resident and nonresident credit computation

(R.C. 5747.05; Section 757.10)

Under continuing law, Ohio residents and nonresidents with income earned in Ohio are subject to Ohio's individual income tax on all income. A resident taxpayer is allowed a "resident" credit for the lesser of income subject to taxation in another state, or the amount of tax paid to another state on that income. If the income is from a state that imposes no tax, a resident

[176] See 26 U.S.C. § 6041.

receives no credit. A nonresident taxpayer is allowed a "nonresident" credit for all income not earned or received in Ohio.

Also under continuing law, the first $250,000 of business income earned by taxpayers filing single or married filing jointly, and included in federal adjusted gross income, is 100% deductible. For taxpayers who file married filing separately, the first $125,000 of business income included in federal adjusted gross income is 100% deductible.

The bill clarifies that income used as the basis for computing the resident and nonresident tax credits is income calculated after taking the business income deduction, conforming the law with current administrative practice.

Withholding tax bulk file program

(R.C. 5747.01(KK) and (LL), 5747.07, and 5747.073; Section 801.150)

The bill establishes a formal income tax withholding "bulk file" program within TAX. Beginning in 2026, payroll service companies may enroll in the program to file employee income tax withholding returns, in bulk, on behalf of their employer clients. TAX currently allows such companies to submit withholding returns through bulk file uploads, but the procedures and requirements for the option are not codified.

Under the program, a payroll service company must register with TAX as a "bulk filer" before filing withholding tax returns on behalf of its clients. TAX will prescribe the program conditions, including standards of conduct and format requirements. TAX must also maintain a list of approved bulk filers on its website.

Bulk filers must file all withholding returns electronically, regardless of the number of clients or returns. Both the bulk filer and the employer may be held liable for unpaid or late taxes. TAX may collect unpaid taxes from a bulk filer, and charge penalties and interest, in the same manner it would against an employer.

Each bulk filer must also file quarterly reports with TAX that identify the company's clients and each client's contact information. In addition, an employer must notify TAX when it engages a bulk filer to submit withholding returns on its behalf. Employers must also maintain their withholding registration with TAX. If a bulk filer's registration is rescinded for any reason, the employer immediately becomes responsible for withholding taxes on behalf of its employees.

Pass-through entity investor taxation

(R.C. 5747.08(I), 5747.38, and 5747.39; Sections 757.60 and 801.180)

The bill changes the law with respect to two taxes that pass-through entities (PTEs) may pay for the benefit of their investors. Those are a composite tax, in which a PTE files a single return for the income tax due from all its investors on the PTE's income and an elective tax designed to increase the PTE owners' federal tax deductions for state and local taxes (SALT). The federal SALT deduction is typically capped at $10,000 but because of the order in which federal taxes are computed, state taxes paid by a PTE are not subject to that cap.

When a PTE files a composite return, its investors will often not need to file their own income tax returns. If an investor has other income or another investor elects to file a return,

however, the investor will need to file an income tax return with the state on the investor's own behalf. When that happens, the investor may claim the amount the PTE paid on the investor's behalf on the investor's own return as a credit. This avoids duplicate payment of taxes, once on the composite return made on behalf of all the PTE's investors and once on the investor's own return. Under current law, the credit equals the investor's proportionate share of the tax paid by the PTE on behalf of the investor. The bill changes that amount to the lesser of the investor's share of the tax due on the composite return or the tax actually paid.

The bill makes a near-identical change with respect to a credit for investors in PTEs that pay the elective PTE tax. The credit currently equals the investor's proportionate share of the elective tax levied on the PTE's qualifying taxable income. The bill changes the credit to the lesser of the amount due or paid under that elective tax. The bill also changes the elective PTE tax by allowing a PTE that elects to pay it to claim certain refundable credits available to its investors as if the PTE were the investors. Those are the credits for taxpayers filing an individual return after a PTE has filed a composite return for the taxpayer and the electing PTE credit. Under current law, any credits or deductions available to a PTE's investors are disregarded when calculating the PTE's elective tax liability.

The bill expresses that the changes regarding credits being the lesser of the amount due or paid, rather than simply the amount due, do not change the law in any way, and only clarify them as they already existed. The bill's changes allowing credits available to investors to be included in calculation of the elective PTE tax apply to taxable years ending on or after January 1, 2025.

Electing pass-through entity taxation

(R.C. 5747.40; Section 757.20)

Under continuing law, Ohio's personal income tax applies to an individual investor's distributive share of a business structured as a PTE. S.B. 246 of the 134th General Assembly (effective June 2022) levied an income tax directly on PTE income. As discussed above, the tax was optional but was designed to allow a PTE investor to fully deduct state income taxes for federal tax purposes to avoid the SALT cap.

S.B. 246 not only levied this tax, it created a system to administer the tax nearly identical to the procedures that had already applied to a separate tax – Ohio's withholding tax for a PTE with nonresident investors. Those administrative provisions, now applicable to the electing PTE tax, expressly do not apply to PTEs with exclusively Ohio investors. This limitation made sense before S.B. 246 because those provisions only applied to the nonresident PTE withholding tax. But now, since those provisions apply to the electing PTE tax, that limitation is out of place as PTEs with exclusively Ohio resident investors are eligible for that tax. Thus, the bill scales back that limitation and no longer applies it to the electing PTE tax. This ensures that the administrative provisions can adequately apply to both taxes.

The bill states that this is a clarification of law rather than a change.

Pass-through entity tax estimated payment dates

(R.C. 5747.43; Section 801.90)

Beginning for taxable year 2026, the bill moves the due date for payment of the second and third estimated tax payments for electing and withholding PTE taxes up by one month. This results in those payments generally being due on June 15 and September 15, respectively, aligning the PTE tax payment schedule with the personal income, school district income, and fiduciary income tax payment schedules.

Refund garnishment for private judgment debts

(R.C. 5747.124)

The bill allows garnishment of income tax refunds to satisfy judgment debts arising from private civil lawsuits. It does so by requiring TAX to apply income tax refunds to such debts if the judgment creditor, i.e., the person owed the money, files an order of garnishment with TAX. To qualify, the debt must be at least $250, the creditor must have made reasonable efforts to collect the debt, and the judgment underlying the garnishment order must have been issued at least one, but not more than seven, years ago. A $15 fee is required from each creditor seeking garnishment.

The bill gives priority in collection from income tax refunds to debts owed the state and to unpaid child support.

Income tax check-off: pet spaying and neutering

(R.C. 955.201, 955.202, and 5747.113)

The bill authorizes an income tax refund designation (often referred to as a "check-off") to assist low-income individuals in spaying and neutering their pets. Under this check-off, which joins others authorized under continuing law, taxpayers may contribute all or part of their Ohio income tax refund for this purpose. The contribution is made on the taxpayer's annual income tax return.

The bill creates the Companion Animal Fund in the state treasury. The fund must consist of money credited to it from the check-off, donations, gifts, bequests, and any other money received for the purposes of distribution by the Ohio Pet Fund. The Ohio Pet Fund is a nonprofit organization that consists of humane societies, veterinarians, animal shelters, companion animal breeders, dog wardens, or similar individuals and entities.

The Ohio Pet Fund must use money in the Companion Animal Fund for purposes established in current law, including, as stated above, assisting low-income individuals in spaying and neutering their pets.

School district income tax

Repeal of school district income tax on estates

(R.C. 5747.021, 5748.01, 5748.02, 5748.021, 5748.03, 5748.04, 5748.08, 5748.081, and 5748.09; Section 801.100)

The bill repeals the school district income tax on estates. Under continuing law, school districts may levy income taxes with voter approval. Currently, state law requires that school districts use one of two tax bases: a "traditional" tax base, which generally applies to an individual's adjusted gross income and to the taxable income of estates, or an "earned income" tax base, which applies only to individuals' wages and self-employment earnings.

Under the bill, beginning in 2026, school district income taxes with a "traditional" tax base may no longer tax estates. (School districts with an "earned income" tax base already do not tax estates.) Currently, similar to the state income tax, taxes with a "traditional" base apply to an estate's income received during the year, such as earnings from investments like stocks, bonds, or rental property. They do not apply to the estate's assets or its net value.

Notices to TAX

(R.C. 5748.02, 5748.021, 5748.04, 5748.08, and 5748.09; Section 801.70)

Under continuing law, when seeking to levy a school district income tax, a district's board of education must adopt a series of resolutions or ordinances to place the levy on the ballot. The first of these must be certified to TAX, which produces estimated rates for the district. Based on those rates, the board may adopt another resolution detailing the proposed levy and certify it to the county board of elections for placement on the ballot. The bill requires the board of education to send a copy of this final resolution to TAX after it has been certified to the board of elections.

Also under continuing law, the repeal of certain school district income taxes may be initiated by a voter petition submitted to the board of elections. The bill requires a board of elections that determines such a petition to be valid to send a copy of it to TAX.

Municipal income tax

Military pay exemption

(R.C. 718.01; Section 801.190)

Continuing law requires municipal corporations to exempt from municipal income tax the military pay and allowances of members of the U.S. Army, Navy, Air Force, Coast Guard, or Marine Corps, their respective reserve components, or the national guard. The bill clarifies that pay to members of the U.S. Space Force may be deducted from municipal income tax as part of this existing deduction for military pay by defining "armed forces" in reference to federal law. That definition encompasses the Army, Navy, Air Force, Marine Corps, Space Force, and Coast Guard.

This clarification applies to taxable years ending on or after the bill's 90-day effective date.

Discretionary interest penalty

(R.C. 718.88)

Under continuing law, a business may elect to have TAX serve as the sole administrator of each municipal income tax the business is liable for on the basis of its net profits.[177] Generally, each taxpayer that makes this election must file a declaration of estimated taxes and remit the estimated amounts to TAX four times each year. In the event of an underpayment, TAX must charge the taxpayer an interest penalty on the underpayment under current law. The bill makes this penalty discretionary.

Extension request

(R.C. 718.85)

Under continuing law, a municipal net profit taxpayer who has made the election described above and who has requested an extension for filing their federal income tax return is entitled to an automatic extension of the net profit tax filing deadline from April 15 to November 15. A taxpayer who has not made the federal request may still request that TAX extend their municipal income tax filing deadline, however, TAX may grant only a six-month extension. The bill extends this extension filing period for such taxpayers to seven months, matching the extension period afforded to taxpayers who request a federal income tax extension.

Refund and assessment periods

(R.C. 718.12, 718.19, 718.90, and 718.91)

Current law prohibits a taxpayer from filing a municipal income tax refund claim more than three years after the date the tax was originally due or paid, whichever is later. For a taxpayer that files for and receives an extension but pays all amounts due by the original due date of the return, the taxpayer is only able to file a refund claim within three years after the original due date of the return. In contrast, to pursue a taxpayer for an alleged underpayment, under continuing law municipalities have until three years after the date the tax was due, including any extension, or the return was filed, whichever is later. The bill equalizes these due dates, allowing a taxpayer who received a valid extension to file a municipal income tax refund claim within three years after that extended due date or the date the tax is paid, whichever is later. The bill also applies the same date commencement to the three-year deadline for tax administrators or the Tax Commissioner to make municipal income tax assessments.

Extended due date

(R.C. 718.05 and 718.85(A)(1); Section 801.340)

The bill allows a taxpayer with an unextended federal income tax return due date that falls after the taxpayer's regular municipal income tax due date to file the taxpayer's municipal return on or before the later federal due date. Generally, municipal income tax returns are due

[177] R.C. 718.80, not in the bill.

on the fifteenth day of the fourth month following the end of the taxpayer's taxable year. The provision applies to returns required to be filed on or after January 1, 2026.

Electric and telephone company municipal income tax

Electric light and local exchange telephone companies having property, payroll, or sales sitused to an Ohio municipal corporation is subject to that municipality's income tax. Unlike municipal income taxes levied on individuals, the utility income taxes are paid to and totally administered by TAX. The bill makes a number of administrative changes related these taxes.

Electronic payments

(R.C. 5745.03(A) and 5745.04(E))

The bill requires companies to remit all municipal income tax payments and estimated payments electronically. Current law only requires electronic payments for payments of $1,000 or more.

Underpayment penalty

(R.C. 5745.09)

The bill makes discretionary the current mandatory interest penalty charged to companies that underpay their estimated payments. The penalty for underpayment equals the rate applicable to other state tax delinquencies, i.e., the rounded federal short-term rate plus 3%.[178]

Filing extensions

(R.C. 5745.03(B) and (C))

The bill requires TAX to automatically grant a filing extension to a company if it has been granted a federal filing extension. Under current law, the company must file an application, with a copy of the federal extension request, to receive the municipal extension. The bill further expands the length of that extension from six to seven months.

The bill also requires TAX to grant a seven-month filing date extension without requiring a federal extension if the company submits a request before the return due date.

Required documentation

(R.C. 5745.03(D))

The bill removes the requirement for a company to include in its annual return to TAX statements of the company's:

- Location of incorporation;
- Location of principal office or place of business in Ohio; and
- Officers' and statutory agent's names and addresses.

[178] R.C. 5703.47, not in the bill.

Sales and use tax

Exemption and reduction repeals

(R.C. 5739.01, 5739.02, 5703.70, and 5739.071; Sections 801.260 and 801.270)

The bill repeals the following sales and use tax exemptions and reductions, beginning on January 1, 2026:

- Exemption for sales of newspapers.
- Exemption for sales of certain vehicle rental fees provided to the owner or lessee of a motor vehicle that is being repaired or serviced, where the payments are reimbursed by the service provider.
- Exemption for sales of refrigerated food vending machines.
- Exemption for sales of advertising material or catalogs that price and describe property offered for retail sale and for items that are used in printing advertising material and equipment primarily used to accept orders.
- Exemption for sales of machinery, equipment, and material used in the production for sale of printed materials.
- Exemption for sales of property used in acquiring, formatting, editing, storing, and disseminating data or information by electronic publishing.
- Exemption for the transfer of copyrighted motion picture films that are used for purposes other than advertising. Under continuing law, transfers of films used solely for advertising purposes are already taxable.
- Exemption for the sales of telecommunications services that are used directly and primarily to perform the functions of a qualified call center.
- Exemption for sales of digital audio sold on juke boxes and similar devices in commercial establishments.
- The 25% refund of the sales tax paid by electronic information service providers to purchase computers and related electronic equipment.

Data center exemption repeal

(R.C. 122.175(D))

Under current law, the Tax Credit Authority may enter into agreements with proposed data centers to offer a complete or partial sales and use tax exemption, over a period of years, for sales of certain computer data center equipment. The bill prohibits the Tax Credit Authority from entering into an agreement to award an exemption on or after October 1, 2025, which effectively sunsets the exemption but allows existing exemption agreements to remain in effect.

Vendor discount cap

(R.C. 5739.12(B)(1); Section 801.240)

Continuing law authorizes a discount for sales tax vendors who make on-time payments equal to 0.75% of the amount due on the vendor 's return. The bill caps this prompt payment discount, for sales other than the sales of motor vehicles, at $750 per vendor 's license per month. For the sale of motor vehicles, the 0.75% discount would be unlimited.

Watercraft and outboard motors tax remittance

(R.C. 1548.06)

Under continuing law, sales and use taxes on the sale of titled watercraft and outboard motors are paid at the time owners receive their title from the appropriate clerk of courts. The bill requires clerks to remit sales and use tax from the sale of titled watercraft and outboard motors to the Registrar of Motor Vehicles instead of directly to TAX. The bill also requires TAX to consult with DPS on the form of the remittance reports that must accompany the collected taxes. Under current law, TAX is solely responsible for determining the form of the remittance reports.

Casual sale definition

(R.C. 5739.01; Section 801.350)

Continuing law authorizes a sales and use tax exemption for certain items sold at a casual sale, which is, in general, a sale of used items sold by either the user or an auctioneer. The bill clarifies that a casual sale can include either in-person or online sales, except in the case of sales by an auctioneer. In those instances, only sales made at the auctioneer's physical place of business may qualify for exemption.

Interest on direct pay refunds

(R.C. 5739.07; Section 801.160)

The bill eliminates interest on sales and use tax refunds for payments that were made pursuant to a direct payment permit. Those permits allow a purchaser to pay sales and use tax directly to the state instead of to the vendor who makes the sale. Direct payment permits are issued by TAX, upon application, if direct payment of the tax will improve compliance and efficiency or if the purchaser is awarded a sales and use tax exemption for a data center project.[179]

County sales tax refunds

(R.C. 5739.132; Section 801.170)

Under current law, when a person overpays state or local, i.e., county or transit authority, sales or use tax, that person is entitled to a refund with statutory interest calculated from the date of the overpayment. The bill eliminates interest on refunds of county sales and use tax but

[179] R.C. 122.175 and 5739.031, not in the bill.

continues to allow interest for refunds of state and transit authority taxes. The change applies to refunds allowed on and after the bill's 90-day effective date.

Vendor's license suspensions

(R.C. 5739.31)

Continuing law requires every retail vendor to obtain a vendor's license from TAX or a county auditor and collect and remit state and local sales taxes. TAX may suspend the license of a vendor that repeatedly fails to timely file sales tax returns or remit taxes.[180] A vendor with a suspended vendor's license is prohibited from obtaining another vendor's license from TAX or seemingly the county auditor that issued the suspended license during the suspension period. The bill clarifies that the prohibition on duplicate licenses applies to those obtained from any county auditor – as opposed to just the auditor that issued the suspended license. The bill also allows TAX to cancel any duplicate vendor's license obtained by a vendor during the suspension period.

Resort area gross receipts tax

Rate increase

(R.C. 5739.101)

The bill allows municipalities and townships to increase resort area gross receipts taxes by 0.5% intervals to 2% or 2.5% if approved by electors. Municipalities and townships could continue to levy a resort area tax up to the current maximum rate, 1.5% of gross receipts, without an election.

Under continuing law, a municipality or township that meets all of the following criteria may declare itself a resort area and levy a tax on certain gross receipts of businesses operating within the area:

- At least 62% of total housing units in the municipal corporation or township are for seasonal, recreational, or occasional use.
- Entertainment and recreation facilities are provided that are primarily intended to provide seasonal leisure time activities for tourists.
- The area experiences seasonal peaks of employment and demand for government services as a direct result of a seasonal population increase.

The only three declared resort areas are located on Lake Erie islands.

[180] R.C. 5739.30(B)(2), not in the bill.

Lodging taxes

County lodging taxes for resort area public safety

(R.C. 5739.09(Y))

The bill allows a board of county commissioners to increase the rate of its general lodging tax by not more than 1%, so long as the total rate does not exceed 5%, to fund public safety services in a designated resort area.

Ashtabula County convention facility

(R.C. 5739.09(D)(4))

The bill requires Ashtabula County to repeal a 2% special lodging tax used to fund the costs of a convention center, i.e., the Lodge at Geneva-on-the-Lake.

Convention and visitors' bureau

(R.C. 5739.092)

The bill authorizes additional purposes for which a convention and visitors' bureau (CVB) in a county with a population of less than 100,000 with annual lodging tax collections of greater than $500,000 may spend its county lodging taxes. Those new purposes include funding public safety services or economic development or infrastructure projects that impact tourism.

Special lodging tax extension

(R.C. 5739.09)

All counties, townships, municipal corporations, convention facilities authorities, and lake facilities authorities are authorized to levy lodging or "bed" taxes for certain purposes. The rates of these general taxes are subject to various limitations. Along with these, several additional levies have been authorized that are narrowly tailored to permit certain counties, municipalities, and convention facilities authorities to levy increased lodging tax rates and use the revenue for alternative purposes. The bill authorizes the Fairfield County commissioners to renew one such special lodging tax, levied to finance a municipal educational and cultural facility, for up to 15 additional years at a time. Currently, the tax is scheduled to expire in 2028 and cannot be extended further.

Commercial activity tax

Net operating loss tax credit

(R.C. 5751.53 and 5751.98)

The bill modifies a commercial activity tax (CAT) credit for certain net operating losses (NOLs) accrued under the defunct corporation franchise tax. Under continuing law, corporations subject to the CAT may claim the credit for NOLs that accrued under that tax, but that the corporation could not claim when that tax was phased-out for most taxpayers between 2006 and 2010.

Under continuing law, the NOL credit is nonrefundable, so cannot exceed the corporation's tax liability. However, the credit can be carried forward indefinitely, until it is fully

used. Current law specifies that any remaining credit will become refundable in 2030. The bill requires, instead, that the credit remain nonrefundable in 2030, with the same unlimited carry-forward as allowed in continuing law.

Elimination of TPP replacement payment funds

(R.C. 5709.93 and 5751.02)

The bill eliminates two separate funds used to reimburse local governments for their revenue loss from the state's repeal of the tax on business tangible personal property (TPP). Currently, revenue from the CAT is credited to the School District Tangible Property Tax Replacement Fund and the Local Government Tangible Property Tax Replacement Fund as necessary to make those payments.

Under the bill, the reimbursement payments will be made directly from the GRF. Any CAT revenue that is currently credited to the reimbursement funds will, like most CAT revenue, be credited to the GRF. The change does not affect the amount or frequency of any TPP replacement payments.

County sin taxes

Cuyahoga County sin taxes for sports facilities

(R.C. 9.681, 307.673, 307.696, 307.697, 3381.17, 4301.421, 5743.024, 5743.323, 5743.511, 5743.52, 5743.521, 5743.54, 5743.55, 5743.56, 5743.57, 5743.59, 5743.60, 5743.62, 5743.621 5743.63, 5743.631, and 5743.64; Section 801.320)

The bill authorizes Cuyahoga County to expand its existing liquor, alcohol, and cigarette taxes, and levy a new tax on vapor and other tobacco products, to finance major league sports facilities, subject to voter approval of the tax expansion. The new or increased limits on each tax are set as follows:

- 32 cents per gallon for beer (up from 16 cents);
- 48 cents per gallon for cider (up from 24 cents);
- 64 cents per gallon for wine and mixed beverages (up from 32 cents);
- $6 per gallon of liquor (up from $3);
- 9 cents per pack of cigarettes (up from 4.5 cents);
- 0.85% for other tobacco products;
- 1.85% for little cigars;
- 0.05 cents per 1/10 of a gram or milliliter for vapor products.

The newly authorized taxes are required to be equally divided among the major league sports facilities existing in the county during the period that the taxes are levied. Revenue can be used to cover more than 50% of the total costs of a sports facility and to contribute to the project for more than 20 years, unlike existing alcohol and tobacco taxes upon which those limitations are imposed.

Cigarette taxes for arts and cultural districts

(R.C. 5743.021)

The bill allows any county with a population between 800,000 and 1,000,000 and any charter county to, with voter approval, enact a cigarette tax for the benefit of an arts and cultural district. Current law allows Cuyahoga County to enact such a tax through population requirements only it meets. The bill's changes allow Summit and Hamilton counties to enact a cigarette tax for an arts or cultural district as well, and leaves Cuyahoga County's authority unchanged.

Marijuana excise tax

Levy and distribution

(R.C. 3780.02, 3780.03, 3780.10, 3780.18 (repealed), 3780.19 (repealed), 3780.22, 3780.23 (repealed), 3780.24, 3780.25, 3780.26, and 3780.30; Section 801.60)

Beginning July 1, 2025, the bill imposes a 10% excise tax on the illegal sale of marijuana by an unlicensed seller, matching the rate and revenue allocation of the excise tax levied on sales of adult-use marijuana from licensed dispensaries under continuing law.

Revenue from the adult-use tax, under current law, is distributed as follows:

- 36% to DEV's Cannabis Social Equity and Jobs Program;
- 36% for the benefit of municipal corporations or townships that have adult-use dispensaries, based on the percentage of tax attributable to each municipal corporation or township;
- 25% to support the efforts of the Department of Mental Health and Addiction Services (OMHAS) to alleviate substance abuse and related research;
- 3% to support the operations of the Division of Cannabis Control and to defray the cost of TAX in administering the tax.

The bill reduces and sunsets allocations of the tax revenue for local governments that host adult use marijuana dispensaries and repeals allocations for DEV's Cannabis Social Equity and Jobs Program and OMHAS' substance abuse alleviation and research programs, which the bill also sunsets. It also discontinues the 3% administrative earmark. For host communities, the bill reduces the allocation from 36% of adult-use marijuana tax revenue to 20%. The reduced amount is allocated for five years and then eliminated. To qualify for funding, a municipality or township must have within its territory, as of June 30, 2025, at least one adult-use dispensary or location for which a provisional dispensary license has been issued. If, during the five years these allocations are made, a host community ceases to have a dispensary operating in its territory, the allocation to that community ends. All remaining unallocated receipts are credited to the GRF.

Tax information exchange

(R.C. 3780.06)

The bill requires TAX, on the request of COM, to share pertinent information about the tax violations of an existing adult use cannabis licensee. Under current law, COM is only allowed to request this information for applicants seeking a license. This information may include information about tax law violations or resulting penalties.

Public utility excise tax

Refunds applied to tax debt

(R.C. 5727.42)

Continuing law levies a 6.75% excise tax on the gross receipts of certain public utilities, namely a telegraph, pipe-line, water-works, or water transportation company. Any such utility may request a refund of any amounts it overpays. However, current law bars a refund to a utility that has a delinquent claim for this excise tax.

The bill removes this prohibition and instead requires the refund to first be applied to the outstanding excise tax debt. The bill also allows the refund to be applied to any other outstanding debt for a tax or fee administered by TAX, including related penalties and interest.

The bill's changes results in a mechanism that mirrors tax debt application provisions applicable to other state taxes.[181]

Financial institution tax

Online forms

(R.C. 5726.03)

Under continuing law, each taxpayer subject to the financial institutions tax is required to file a written annual report in a form that TAX may prescribe. TAX, as a matter of practice, requires taxpayers to file the report and pay the tax electronically and not on paper forms, but current law continues to require TAX to post those forms on its website. The bill removes this online posting requirement.

Insurance premium tax

Certification of nonpayment

(R.C. 5729.10)

Under continuing law, a foreign insurance company that fails to pay insurance premium taxes is subject to a collection action upon certification of the delinquency to the Attorney General. The bill requires the Treasurer of State to make this certification, replacing the Superintendent of Insurance's authority to do so under current law.

[181] E.g., R.C. 5739.072, 5747.12, and 5751.091, not in the bill.

Severance tax

Coal tax rate

(R.C. 5749.02(A)(1); Section 801.210)

The bill reduces the severance tax rate on coal from 10¢ to 8¢ per ton. The reduction applies to calendar quarters ending on or after the bill's 90-day effective date. Under continuing law, revenue from this severance tax is credited to DNR's Mining Regulation and Safety Fund.

The bill does not modify the rate of two other severance tax coal levies that apply to only certain coal – one a variable rate tax on coal produced from an area under a reclamation permit and the other a 1.2¢ per-ton tax on surface-mined coal.

Corporation franchise tax

Statutory agent

(R.C. 1701.04, 1701.07, and 1703.041)

The bill removes a requirement placed on corporations to include the name and address of the corporation's statutory agent in its annual report filed with TAX under the now-defunct corporation franchise tax. The corporation franchise tax was repealed for most businesses in 2009 and for financial institutions in 2013, meaning corporations are no longer required to file a report with TAX.

Tax credits

Historic building rehabilitation tax credit

(R.C. 149.311)

The bill sunsets the Ohio historic building preservation tax credit after FY 2027 by prohibiting DEV from approving any further credits unless specifically authorized to do so by the General Assembly.

The Ohio historic preservation tax credit offers owners and long-term lessees of qualifying historically designated buildings state tax credits equal to a percentage of qualified rehabilitation expenses, up to $5 million. The tax credit is partially refundable and can be applied against the financial institution, foreign and domestic insurance premium, or income tax. The bill increases the percentage of qualified rehabilitation expenditures that may be claimed as a credit from 25% to 35% for projects located in the unincorporated area of a township or in a municipal corporation with a population less than 300,000. This applies to all areas in the state outside of its three largest cities.

The bill also prohibits DEV from considering building vacancy or underutilization when ranking applications and awarding credits.

Film and theater capital improvement tax credit

(Repealed R.C. 122.852, 5726.59, 5747.67, and 5751.55; conforming amendments in R.C. 122.85, 5726.98, 5747.98, and 5751.98; Section 757.140)

The bill repeals the film and Broadway theater capital improvement tax credit. Current law authorizes a refundable and transferable commercial activity tax (CAT), financial institutions tax (FIT), or income tax credit for a motion picture or Broadway theatrical production company that completes a capital improvement project in Ohio with a positive economic impact. Eligible projects include the construction, acquisition, repair, or expansion of facilities or equipment that will be used in motion picture or Broadway productions or for postproduction.

Generally, the credit equals 25% of either the company's actual qualified expenditures, or the amount of such expenditures estimated on the company's application, whichever is less. Qualified expenditures are expenditures for goods and services purchased and consumed directly for a capital improvement project, and include the purchase of goods or services directly for use in a capital improvement project, as well as any accounting and auditing expenses incurred to comply with reporting requirements. They do not include expenses on the basis of which a motion picture and theater credit has been awarded.

The credit is capped at $5 million per project, $5 million per county, and $25 million per fiscal year overall. If DEV does not issue the full $25 million allotment in a particular fiscal year, the excess allotment can be carried forward to the next fiscal year. Additionally, DEV may reduce the maximum amount for any fiscal year and increase the maximum amount for the film and theater production tax credit (described below) by a corresponding amount.

The bill specifies that credits issued before the repeal may be claimed under the pre-repeal procedure and terms.

Film and theater production tax credit sunset and administration

(R.C. 122.85)

Continuing law allows a refundable tax credit for companies that produce all or part of a motion picture or Broadway theatrical production in Ohio and incur at least $300,000 in production expenditures. The credit currently equals 30% of the company's actual or budgeted expenditures, whichever is less, for goods, services, and payroll involved in the production. A company can claim the credit against the CAT, FIT, or income tax. To obtain a credit, a company must first submit an application to DEV.

The bill sunsets the program after FY 2027 by prohibiting DEV from approving any further credits unless specifically authorized to do so by the General Assembly.

The bill also makes several other changes to the existing program. For one, it allows companies that "present" a Broadway theatrical production to qualify for the credit and makes related presentation expenses eligible for the credit. Under current law, the credit is only allowed for "production" companies and production expenses. In addition, the bill replaces the current process for reviewing and approving applications for the credit, which is executed in two rounds, with a rolling review and award process. Most of the review criteria that currently apply, requiring ranking based on economic impact and the likelihood a project will help develop a

permanent film and theater workforce, are eliminated. The bill retains, however, a requirement that priority be given to awarding the credit to television and miniseries productions due to their long-term nature.

Finally, the bill allows companies to provide an "investment intent letter" to satisfy continuing law's requirement that the company prove that it has secured funding equal to at least 50% of its total production budget. The letter must state the amount of the expected investment and the date on which the investment will be made.

Housing tax credits reporting

(R.C. 175.16 and 175.17)

The bill modifies the reporting requirements for a recipient of a state-funded low-income housing tax credit or a single-family housing development tax credit, which may both be awarded against the domestic or foreign insurance premium tax, financial institutions tax, or income tax. First, the bill makes TAX the sole recipient of required annual reports from taxpayers who are awarded these credits. Under current law, these reports must be delivered to both TAX and INS for the low-income housing tax credits and, for single-family housing development tax credits, OHFA, which must forward them to TAX and INS. Under the bill, TAX must share the submitted reports with INS.

Transformational mixed-use development credits

(R.C. 122.09)

The bill extends the sunset date for the awarding of transformational mixed-use development (TMUD) tax credit and increases the award cap. A TMUD credit may be claimed against insurance premium tax liability and is based on capital contributions to TMUDs. Those are multi-purpose construction projects that meet certain minimum building height, square footage, or payroll criteria and that are expected to have a transformational economic impact on the surrounding area. The Tax Credit Authority is currently authorized to award up to $100 million in tax credits annually through the end of FY 2025. The bill extends allowance of new awards through FY 2027 and increases the annual cap to $150 million. It also makes the following changes to the TMUD program:

- Prohibits the award of TMUD tax credits for a project in a municipal corporation with a population between 15,000 and 20,000 that has within, or within 2,000 feet of, its boundaries a NASA research facility and an airport with at least two 9,000-foot runways.
- Eliminates the ability of an insurance company that contributes capital to a project to apply for a TMUD tax credit. As a result, only the property owner may apply.
- Allows the amount of previously awarded TMUD tax credits subsequently rescinded to be available for award again in the FY following rescission.
- Transfers responsibility for reviewing and approving TMUD applications from the Ohio Tax Credit Authority to DEV.

- Increases the reserved amount of credits for TMUD projects located more than ten miles from a major city from $20 million, as under current law, to $50 million plus 1/3 of any tax credits previously awarded but rescinded in the prior fiscal year.
- Increases the maximum amount of credits for TMUD projects within ten miles of a major city each fiscal year from $80 million, as under current law, to $100 million plus 2/3 of any tax credits previously awarded but rescinded in the prior fiscal year and any amount reserved but not awarded for projects located more than ten miles from a major city.
- Reduces the maximum amount of tax credit that can be awarded for a single project from $40 million to $20 million.
- Expands the costs eligible to be considered when determining credit amounts to include due diligence costs, acquisition costs, architectural and engineering fees, and construction hard and soft costs.
- Excludes expenditures made before certification as a TMUD credit eligible project from being considered eligible expenditures upon which a tax credit may be calculated.
- Eliminates the option for a portion of a project completed in phases to be considered a TMUD project so long as all phases together meet the definitional requirements.
- Replaces the current considerations for ranking applications which look to return on investment, considered according to projected tax collections against tax credits, economic impact, impact on physical features, and project timelines. The modified ranking system utilizes a point scale based on the physical scope of projects, density, distribution of uses in projects, government approvals, local support, committed funding, lease or purchase commitments from end users, walkability, retail, entertainment, and restaurant sales to be generated, payroll to be generated, taxes to be generated, and community impact.
- Requires the economic analysis completed for application ranking and credit calculation to exclude previously completed and future phases of a development and to exclude consideration of any pre-existing or impact on the surrounding area.
- Allows persons with contracts to purchase project sites conditioned on the provisional award of a TMUD tax credit to apply for the award as if they owned the property.
- Changes the mix and number of uses required in the definition of "transformational mixed use development" from some combination of retail, office, residential, recreation, structured parking and other similar uses to require at least two uses from the office, residential, hotel and hospitality, recreation, and retail categories, which may include restaurants.
- Disqualifies a party from being considered to have contributed capital to a TMUD project without receiving anything in return.

- Increases projected payroll, which may be used as an alternative to a building size requirement for projects seeking TMUD credits within ten miles of major cities, from $4 million to $5 million.
- Makes several changes to required application materials for TMUD certification by:
  - Modifying the plans and drawings expected in a TMUD certification application;
  - Requiring proposed project budgets, which are already required to be submitted with applications, to be organized by line item and include an estimate of hard costs;
  - Requiring viable financial plans showing at least 51% committed funding and a strategy for obtaining any remaining funding as a new application requirement;
  - Requiring projected economic impact assessments, which are already required with applications, to project the "direct" economic impact and be prepared by an economic impact consultant with experience performing economic impact studies in Ohio;
  - Adding a standard to evaluate currently required evidence that a project will not be completed without the award of tax credits. Specifically, establishing that if any portion of the applicant's project has commenced construction, excluding brownfield remediation and demolition, or has closed on construction financing, the applicant cannot demonstrate that the project will not be completed and is ineligible for a credit.
- Requires DEV to retain an expert to review projected economic impact.
- Prohibits a TMUD tax credit from being awarded in an amount greater than that applied for as a result of certification of actual development costs. Under continuing law, a credit amount may be reduced after cost certification.
- Reduces the number of credit calculation methods to one, which results in a credit for property owners that is the lesser of the amount preliminarily approved or 10% of actual eligible expenditures.
- Changes the credit amount calculation method by excluding any consideration or calculation of the project's impact beyond the project site.
- Changes the amount of credit awarded to a person other than the property owner to the lesser of 10% of estimated eligible expenditures upon certification or 10% of actual eligible expenditures. Current law sets the credit amount for insurance companies that contribute capital to 10% of the capital contributions.
- Makes several changes to the law regarding the initial issuance, sale, or transfer of TMUD credits:
  - Eliminates a requirement that credits be sold to raise capital for a project, allowing them to be sold for any purpose;
  - Allows credits to be sold by insurance companies that invest in a TMUD, as opposed to current law which only allows TMUD property owners to sell credits;

- Allows credits to be sold more than once;
- Eliminates a requirement that the appropriate state agency be notified when the right to claim credits is transferred or sold;
- Expands, for credits approved after the effective date, the taxes TMUD tax credits may be claimed against to include the financial institutions tax and the income tax and eliminates a requirement that only insurance companies may claim TMUD tax credits. Credits approved before that date can still only be claimed against taxes on foreign and domestic insurance companies.
- Allows applications for certification as a transformational mixed use development project to identify financial institutions and other persons, apart from property owners and insurance companies, that should be awarded tax credit certificates and allows a subsequent direct award to those persons.
- Generally gives tax credit certificate holders an additional year within which to begin claiming the credits.

- Requires DEV to certify information about issued TMUD tax credit certificates to the Tax Commissioner. Currently, information is certified only to INS.

Opportunity zone investment tax credit

(R.C. 122.84, 5725.38, 5726.61, 5729.21, and 5747.86)

Under continuing law, a taxpayer may apply to DEV for a nonrefundable tax credit on the basis of investments made in Ohio "opportunity zones," which are geographic areas authorized under federal law and designated by the state that meet certain economically distressed criteria. The credit generally equals 10% of the taxpayer's investment, and not more than $25 million in credits may be awarded in each fiscal year.

The bill makes the following changes to the opportunity zone investment credit:

- Prohibits the award of opportunity zone investment credits after fiscal year 2027 unless specifically authorized by the General Assembly.
- Increases the amount of such credits that DEV may award in fiscal years 2026 and 2027, from $25 million to $50 million per fiscal year.
- Requires excess funds from the first year of the fiscal biennium to be carried forward to the second year.
- Allows credits issued in the July application round each year to be claimed for the preceding year with the filing of an amended return or an original return.
- Shortens the application period for the credit, from 22 days to seven days.
- Limits the total amount that can be issued for a single project to $5 million.
- Defines an "investment," for purposes of the tax credit, as money from any source other than grant funds that is invested to improve property located in an Ohio opportunity zone with the expectation of receiving a profit.

Tax administration

State recovery of refunded local taxes

(R.C. 5703.052)

Under continuing law, when a local government receives revenue from a tax or fee collected by TAX that turns out to have been illegally or erroneously collected, the taxpayer is entitled to a refund that is paid out of the state Tax Refund Fund. To recover the amount of local tax refunded, TAX takes that amount out of the next distribution of taxes to that local government. However, if that recovery amount is greater than 25% of the distribution, the Commissioner may spread the recovery over multiple distributions. Under current law, this recovery period cannot exceed three years. The bill extends the recovery period to not more than six years.

Disclosure of tax information

(R.C. 5703.21)

The bill permits an agent of TAX to publish or disclose the amount of revenue distributed to a political subdivision from any tax or fund administered by TAX.

The bill additionally authorizes disclosure of an employer's state income tax withholding account number for the purpose of allowing a current or former employee to complete the employee's income tax return. TAX may require the employee to provide evidence of current or past employment before making that disclosure.

This disclosure authority is created in exception to the prohibition in continuing law against TAX agent disclosure on taxpayer transactions, property, or business.

Undeliverable tax notices

(R.C. 5703.37)

The bill prescribes a process for handling tax notices that are sent by ordinary mail, but that are returned as undeliverable. The process mirrors an existing process for undeliverable tax notices that were sent by certified mail.

In 2023, the most recent biennial budget bill, H.B. 33 of the 135th General Assembly, allowed TAX to send any tax notice by ordinary mail or electronically, rather than by certified mail. However, the law does not specify how to treat ordinary mail that is returned as undeliverable. The bill requires that such mail be treated the same as undeliverable, certified mail. The process involves, in some situations, a follow-up mailing, and a requirement that TAX try to determine an alternative address for the taxpayer. If those measures fail, the notice becomes final 60 days after it was first returned.

Petitions for reassessment

(R.C. 128.46, 718.90, 3734.907, 3769.088, 4305.131, 5726.20, 5727.26, 5727.47, 5727.89, 5728.10, 5735.12, 5736.09, 5739.13, 5743.081, 5743.56, 5745.12, 5747.13, 5749.07, 5751.09, and 5753.07)

Continuing law authorizes TAX to issue assessments against taxpayers to enforce and collect delinquent taxes. Similar assessment procedures apply across all taxes and fees administered by TAX. One step in the assessment process is that a taxpayer that receives an assessment may file a petition containing the taxpayer's objections and requesting that TAX make a reassessment based on them. Current law generally requires that these petitions for reassessment be submitted to TAX through personal service or certified mail. The bill removes these service requirements, potentially authorizing different or additional manners of submission.

Public utility taxes: service of notices

(R.C. 5727.38, 5727.42, and 5727.47)

The bill expands the options TAX has for serving assessments and appeal notices to taxpayers for public utility TPP taxes and the public utility excise taxes. Current law requires those assessments and notices to be served by mail. The bill adds to that option other methods provided in continuing law governing other notices or orders served by TAX. Those other options are personal service, certified mail, authorized delivery service, ordinary mail, and secure electronic notification (but only with the person's consent).[182]

Public utility taxes: extension request

(R.C. 5727.48)

The bill allows a public utility additional options to request a 30-day extension, authorized under continuing law, to file a report or statement required for public utility TPP or excise taxes. Under current law, the extension application must be filed in writing. The bill instead requires the public utility to request the extension in the form and manner prescribed by TAX.

Dealers in intangibles rule requirement

(R.C. 5725.01)

Although the dealers in intangibles tax was repealed beginning in 2014, certain related requirements still exist under current law. One such requirement is for TAX to adopt a rule defining the term "primarily" for purposes of describing who is subject to the tax as a person engaged in a business that "consists primarily of lending money, or discounting, buying, or selling" various evidences of indebtedness or securities. The bill repeals that rulemaking requirement for the defunct tax.

[182] R.C. 5703.37.

Energy-efficient building federal tax deduction

(R.C. 9.239)

The bill removes TAX from a procedure through which the designer of a public building may request allocation of a federal income tax deduction for the design and installation of certain energy-efficient systems.[183] The designer may still request such an allocation under the bill, but only from the public entity that owns the building.

Technical corrections

(R.C. 5747.01, 5747.02, 5747.10, and 5725.23; Section 801.20)

The bill makes the following technical corrections to the laws governing state taxation:

- Corrects two erroneous cross-references in the income tax law.
- Removes an outdated reference to the intangible property tax, which is no longer levied.

Property tax

School district limits related to carry-over balances

(R.C. 323.131, 3317.01, 4503.06, 5705.03, 5705.17, 5705.31, 5705.316; Section 757.110)

The bill imposes new property tax limits on school districts that have a carry-over balance in its general operating budget above a particular threshold. Under continuing law, taxing units, including school districts, are required to certify their operational revenues and expenditures to the county auditor on or about the first day of each fiscal year, i.e., July 1. The bill requires each city, local, and exempted village school district, with certain exceptions, to make this certification by July 15 of each year to the county auditor of each county in which the district has territory. Each county budget commission or, if the district crosses county boundaries, joint budget commission must then convene to review these certifications by the following August 15. (A county budget commission is a local body that reviews local government revenue estimates and budgets. It is generally comprised of the county auditor, county treasurer, and county prosecuting attorney. A joint county budget commission is comprised of the officers of each participating county.)

Reductions for excess carry-over

The bill reduces the current expense property taxes levied by a school district that has a carry-over balance of more than 50% of its general fund expenditures made in the preceding fiscal year. If a budget commission determines that a district's carry-over balance exceeds that threshold, the commission must reduce the authorized rates of property tax levied by the district for current expenses so as to reduce collections by the amount of the excess carry-over balance. A district may adopt a resolution reserving an amount of carry-over balance for current or future permanent improvement expenses to be used within the next three years that is not counted towards the 50% threshold. The reduction applies to that following tax year only. The reduction

[183] 26 U.S.C. 179D.

mechanism does not apply to an island school district or a joint state school district, i.e., the College Corner Local School District.

In order to provide a reduction for real property for tax year 2025, and tax year 2026 for manufactured and mobile homes, the bill requires each budget commission to convene no later than October 31, 2025, to perform the review of each district's carry-over balance.

Notice on tax bill

The bill requires that tax bills for a property or manufactured home, the tax liability of which has been reduced due to a school district's excess carry-over balance, include a notice stating the reason for the reduction and that the reduction applies only to the current tax year.

20-mill minimum levy requirement

The bill exempts a school district whose levies have been reduced by this mechanism from the requirement that it levy at least 20 mills in property and income taxes to receive state foundation aid, so long as the reductions are the sole cause of the district levying less than the required amount.

Levy restrictions due to excess carry-over

The bill also prohibits a school district from submitting any new current expense levy to voters if it has a general fund carry-over balance of more than 100% of its general fund expenditures for the preceding fiscal year. In addition, when a current expense levy is placed on the ballot by a school district with a carry-over balance under the 100% threshold, the election notice and ballot language for that levy must state the percentage and amount of the district's general fund carry-over balance.

These new limits apply to levies that will be placed on the ballot at elections held on or after January 1, 2026.

Additional limitations on school district levies

The bill imposes several additional limitations on school district property taxes, all of which apply to elections held on or after January 1, 2026.

Emergency and substitute levies

(R.C. 5705.03, 5705.194, 5705.195 (repealed), 5705.196 (repealed), 5705.197 (repealed), 5705.199, 5705.219, 5709.92, and 5748.09; Section 801.310)

The bill prohibits school districts from levying any new emergency levy, substitute levy, or combined school district income tax and current expense property tax levy. An emergency levy is a tax designed to raise a fixed amount each year, i.e., a "fixed-sum" levy, for the emergency requirements of the school district or to avoid an operating deficit. A substitute levy is a tax that "substitutes" for an emergency levy. It raises a fixed sum in the first year, but that sum also grows each year as new property is added to the tax base.

The third discontinued levy option authorizes a district to combine a school district income tax with a fixed-sum current expense property tax.

Renewal and increase levies

(R.C. 5705.21, 5705.212, 5705.217, 5705.2114, and 5705.25; Section 801.310)

The bill also prohibits school districts from proposing to renew and increase an existing levy. Under current law, renewal levies can extend the term of an existing levy at its current effective millage rate, or at its current rate with either an increase or decrease. Under the bill, a school district could only renew a levy at its current effective rate or at a lesser rate.

Approval threshold

(R.C. 133.18, 3318.06, 3318.061, 3318.062, 3318.063, 3318.36, 3318.45, 5705.194, 5705.21, 5705.215, 5705.2111, and 5705.2113; Section 801.300)

In addition, the bill requires that all property tax levy proposals must be approved by two-thirds of the school board before they are submitted to voters. Current law already requires a two-thirds threshold for certain types of education levies, but not all. This two-thirds requirement also extends to other types of education-related taxing authorities, i.e., joint vocational school districts, regional student education districts, career-technical cooperative education districts, and qualifying school district partnerships.

Replacement property tax levies

(R.C. 319.301, 319.302, 523.06, 1545.21, 3316.041, 3316.06, 3358.11, 3505.06, 5705.03, 5705.192 (repealed), 5705.218, 5705.2111, 5705.221, 5705.233, 5705.261, and 5705.412; Section 801.310)

The bill eliminates the authority of political subdivisions to levy replacement property tax levies, beginning with elections held on or after January 1, 2026.

Under current law, a subdivision may propose a replacement levy to extend the term of an existing levy. A replacement levy is imposed at the same original millage rate of the levy it is replacing. By contrast, renewal levies extend the term of an existing levy at its current effective millage rate – i.e., its rate after reductions resulting from the H.B. 920 tax reduction factors. The tax reduction factors have the effect of lowering a levy's effective millage over time, since they are designed to prevent a subdivision's tax revenue from growing at the same rate as property values. Consequently, unlike a renewal levy, a replacement levy allows subdivisions to receive the benefit of any growth in property tax values that occurred during the life of the existing levy.

Tax levy ballot language

(R.C. 133.18, 306.32, 306.322, 345.01, 345.03, 345.04, 505.37, 505.48, 505.481, 511.28, 511.34, 513.18, 755.181, 1545.041, 1545.21, 1711.30, 3311.50, 3318.01, 3318.06, 3318.061, 3318.062, 3318.063, 3318.361, 3318.45, 3381.03, 4582.024, 4582.26, 5705.01, 5705.03, 5705.21, 5705.213, 5705.215, 5705.218, 5705.219, 5705.233, 5705.25, 5705.251, 5705.261, 5705.55, 5748.01, 5748.02, 5748.03, 5748.08, and 5748.09; Section 801.310)

The bill modifies the language used on property tax ballots and election notices to describe a property's value. Current law requires that the true value of property, or the price at which it would be sold between a willing buyer and seller, be described as the "county auditor's

appraised value." The bill instead requires that, beginning with elections held in 2026, ballots and election notices use the term "market value."

20-mill floor limits

(R.C. 319.301; Section 801.280)

The bill modifies the calculation of the 20-mill floor that guarantees school districts a certain level of property tax revenue. Specifically, the bill adds emergency and substitute levies to the calculation of the floor. Although the bill also prohibits schools from levying new emergency or substitute levies after January 1, 2026, this addition would apply to all such taxes levied before that date.

20-mill floor: overview

Continuing property tax law applies a "tax reduction factor" to real property, with the goal of preventing property taxes from increasing at the same rate as property values. Basically, each year when property values increase, property tax collections are adjusted downward so that taxing districts receive the same amount of revenue they received in the previous year. These reductions are converted to an "effective tax rate."

The tax reduction factor, under the Ohio Constitution, cannot apply to unvoted, or "inside" millage, or certain other types of operating levies, like fixed-sum levies, i.e., levies intended to raise a fixed amount of revenue each year.[184] Emergency and substitute levies are two of the most common voter-approved fixed-sum levies imposed by school districts.

There are some exceptions to the tax reduction factor – one of which is the 20-mill floor, which guarantees that a school district's effective tax rate for operating expense levies cannot fall below 20 mills. Instead, the tax reduction factor can only reduce a school district's operating levy collections to 20 mills – once that "floor" is reached in a school district, the reduction factor cannot reduce effective tax rates any further. Consequently, any growth in property tax values will produce a corresponding increase in taxes from those 20 mills. If property values increase 35% in a school district that is "on" the 20-mill floor, homeowners will generally see a larger tax increase than in other districts that are not on the 20-mill floor. The tax increase will very likely be less than 35%, since the tax reduction factor will still apply to other local tax levies (e.g., county and township levies), but since school district levies typically make up a majority of a homeowner's property taxes, the 20-mill floor will have a significant impact.

Under continuing law, a similar 2-mill floor applies to joint vocational school districts (JVSDs).

Emergency and substitute levies included in 20-mill floor calculation

Under current law, the calculation of a school district's 20-mill floor includes only inside millage used for operating expenses and voted, fixed-rate operating expense levies. Fixed-sum

[184] Ohio Constitution, Article XII, Section 2a; R.C. 319.301.

levies are not included in the calculation, even if the revenue from those levies is used for operating expenses.

The bill requires that emergency and substitute levies be included in a school district's 20-mill floor calculation, beginning in tax year 2026. These levies will continue to be excluded from the tax reduction factors, since that mechanism cannot reduce the amount of money raised from such levies. JVSDs are also authorized to levy an emergency or substitute levy, even though it appears that currently none of them do. Regardless, the bill also includes any emergency or substitute levies in the computation of a JVSD's 2-mill floor.

The effect of these changes, for school districts that impose one or more of these levies, is to increase the total millage that is compared to the 20-mill floor. If the district was previously on the floor, the new calculation may push the district above the floor, with the result that the district will not see full revenue growth from its voted property tax levies that are affected by the tax reduction factor until the district falls back to the 20-mill floor.

Homestead exemptions: increase and expansion

(R.C. 323.152 and 4503.065; Section 757.130)

Continuing law provides a property tax credit for the residence, or "homestead," of certain qualifying individuals. To qualify, an individual must be a homeowner who is 65 years of age or older, permanently and totally disabled, or at least 59 years old and the surviving spouse of an individual who previously received the exemption. Under continuing law, special "enhanced" exemptions are available for homes of military veterans who are totally disabled and for the homes of surviving spouses of public service officers killed in the line of duty.

The bill increases the amount of the standard homestead exemption from $28,000 to $32,000 and of the enhanced homestead exemptions from $56,000 to $59,000. The bill also increases the income threshold to qualify for the standard homestead exemption from $40,000 to $42,500 for property taxes generally payable in calendar year 2026. The bill suspends the annual inflation adjustments TAX is required to make to the income threshold and reduction amounts for tax years 2025 and 2026 (or tax years 2026 and 2027 for manufactured home taxes).

The bill's homestead exemption modifications apply beginning in tax year 2025 for real property and tax year 2026 for manufactured or mobile homes. (The difference accounts for the fact that property taxes are paid one year in arrears, while manufactured and mobile home taxes are paid in the current year.)

Tax relief screening system

(R.C. 319.202, 5323.02, 5703.21, and 5703.83; Section 757.150)

The bill creates a statewide screening system, administered by TAX, to evaluate the eligibility of owners of real property and manufactured and mobile homes that receive the 2.5% owner-occupancy credit or a homestead exemption. TAX is required to notify county auditors of any improperly granted tax reductions discovered through the system.

The bill provides an amnesty from any charges, penalties, or interest in the first year of the system's operation for taxpayers found to be ineligible for a reduction, unless the county

auditor determines the reduction was procured through fraud, a false statement, or a knowing omission. During this amnesty year, tax bills will notify recipients of the homestead exemption or owner-occupancy credit that they are eligible for amnesty if they self-report their ineligibility within that year. The bill also requires potential homeowners be advised of the eligibility requirements for the owner-occupancy credit and of the duty to report subsequent ineligibility prior to signing closing documents.

The bill requires TAX to annually report to the General Assembly the number of properties whose ineligibility was flagged by the system.

County budget commissions

(R.C. 5705.01, 5705.13, 5705.131, 5705.132, 5705.222, 5705.27, 5705.29, 5705.31, 5705.314, 5705.32, 5705.321, 5705.35, 5705.36, 5705.40, and 5747.51)

Every county has a county budget commission (CBC) generally consisting of the county prosecuting attorney, auditor, and treasurer. CBCs are discussed in detail in the LSC Members Brief, *Political Subdivision Budgeting Process*.[185] Generally, they are responsible for annually reviewing local government tax budgets, adjusting those budgets if property tax revenue is insufficient to fund them, and approving properly authorized property tax levies with limited options to adjust their rates.

In other words, under current law and traditionally, CBCs have had broad authority to limit local government spending to available revenue but have had little authority to adjust revenue itself. The bill makes the following changes that expand CBC authority:

- Allows CBCs to reduce millage on any voter-approved tax levy aside from a debt levy if the commission finds it reasonably necessary or prudent to avoid unnecessary, excessive, or unneeded property tax collections.
- If the tax is levied by a body with a majority of members who are elected local officials, any such reduction is subject to two limitations:
  - CBCs may not reduce a levy such that it would collect less revenue than in the preceding year unless funds are available from reserve balance accounts, nonexpendable trust funds, or carryover amounts to offset a reduction below that level. Under current law, reserve balance accounts and nonexpendable trust fund sources are generally exempt from CBC consideration.
  - CBCs may not reduce school district levies such that the school district would collect below the 20 mills in revenue, except as required to comply with the bill's provision limiting accrual of general fund carry-overs (see "**Reductions for excess carry-over**," above).

[185] LSC Political Subdivision Budgeting Process (PDF) Members Brief, which is available on LSC's website: lsc.ohio.gov/publications.

- Removes prohibitions on CBCs considering the status of reserve balance accounts or other certain unexpended funds when determining whether to reduce a political subdivision's taxing authority.
- Requires school districts to obtain approval from the CBC before adjusting unvoted, or "inside," millage in a manner that increases tax rates.
- Requires CBCs to offer, during at least one public meeting annually, testimony describing the concept and function of inside millage, how it is allocated to various jurisdictions in the county, and the fiscal impact of inside millage.
- Requires political subdivisions to disclose all funds in their control the inclusion of which is not already required by law for annual tax budgets.

Limitations on property tax challenges

(R.C. 5715.19 and 5717.01; Section 757.90)

The bill modifies a recent law that imposed limits on the filing of property tax complaints by parties other than property owners. Among other changes, H.B. 126 of the 134th General Assembly limited the situations in which political subdivisions can file property tax complaints or appeal the decisions of a board of revision (BOR) regarding those complaints.

Filing of property tax complaints

Sale requirement

Under current law, as enacted in H.B. 126, political subdivisions may only file a property tax complaint with respect to property the subdivision does not own if (a) the property was sold in an arm's length transaction before the tax year for which the complaint is filed and (b) that sale price was at least 10% and $500,000 more than the auditor's current valuation. The $500,000 threshold increases each year for inflation, beginning in tax year 2023. These limits also apply to third party property owners in the county who do not own or lease the property in question ("third party complainants").

The bill further narrows this sale requirement, by specifying that a conveyance fee statement for the sale must have been filed with the county auditor within the two years preceding the year for which the complaint is filed. Current law requires that the property was sold before that year but does not expressly include any limit on when that sale occurred.

Resolution

Existing law also requires that, before filing a complaint, a subdivision must adopt a resolution authorizing the complaint. The bill specifies that such a resolution is also required if the complaint is filed by a third party complainant who is "acting on behalf of a subdivision." A person is considered to be "acting on behalf of a subdivision" if the person is an official or employee of the subdivision or was directed to file the complaint by an official or employee.

Under the bill, all third party complainants must submit an affidavit, with the complaint, certifying whether the person is or is not acting on behalf of a subdivision. The falsification of such an affidavit is a first degree misdemeanor.

Application

The bill's new complaint filing limits apply to complaints filed on or after the bill's 90-day effective date.

Countercomplaints

Under continuing law, if a property tax complaint alleges a change in value of at least $50,000 in fair market value ($17,500 in taxable value), a school district may join the case by filing a countercomplaint. The bill provides that a school district may only file such a countercomplaint if the original complaint was filed by the owner or lessee of the property. Essentially, the bill prohibits school districts from filing countercomplaints when the original complaint is filed by another political subdivision or by a third party complainant. This change applies to countercomplaints filed with respect to tax year 2022 and after.

Appeals of BOR decisions

The bill expands an existing law, also enacted in H.B. 126, that prohibits political subdivisions from appealing BOR decisions on property they do not own to the Board of Tax Appeals (BTA). Under the bill, these appeal limitations also apply to third party complainants. In addition, the bill expressly prohibits a subdivision from appealing a BOR decision regarding a complaint filed by a third party complainant. This latter prohibition applies to appeals of BOR decisions issued on or after July 21, 2022 (H.B. 126's effective date). The limit on third party complainants applies to appeals of BOR decisions issued after the bill's 90-day effective date.

Private payment agreements

Continuing law prohibits a political subdivision from entering into a private payment agreement with a property owner whereby the owner agrees to pay the political subdivision to dismiss, not file, or settle a complaint or countercomplaint. The bill extends this prohibition to any agreement that a property owner would enter into with a person who is acting on behalf of a political subdivision. This prohibition applies to complaints filed on or after the bill's 90-day effective date.

State community college tax operating levy

(R.C. 3358.08 and 3358.11)

The bill authorizes a state community college to submit to certain of its voters a property tax levy to pay for its operating expenses. Specifically, the district, even though it may encompass territory in several counties, must submit the question only to voters in the county in which the district's main campus is located. The tax may be levied for any specified number of years, or for a continuing period of time, and may be renewed or replaced before its expiration. If county voters approve the levy, then the district may only use revenue from the tax to support its operations in that county and the district's board of trustees must charge a lower tuition rate to students who reside in that county.

Under continuing law, a state community college district is a political subdivision created by the Chancellor of Higher Education upon receiving a proposal from a technical college district or a state university or upon a proposal by boards of county commissioners or initiative petition.

The purpose of the district is to establish, own, and operate a state community college. It is governed by a board of trustees consisting of nine members appointed by the Governor. The territory of the district is composed of the territory of a county, or of two or more contiguous counties. The district must have a population of at least 150,000.[186]

The tax levy authorized by the bill is nearly identical to the operating levy authorized under continuing law for community college districts, except a community college district is not able to limit its levy to only a portion of its territory.[187] Community college districts and state community college districts perform similar functions but there are some administrative differences between the two, such as how they are formed and how trustees are appointed.

Constitutional consideration

The Ohio Constitution requires that land and improvements must be taxed by uniform rule.[188] This has long been interpreted to mean, in part, that a taxing authority may not levy a property tax within only a portion of its territory.[189] Accordingly, limiting a state community college district, whose territory may span multiple counties, to imposing an operating levy in only one of those counties may conflict with the uniform rule.

Parking garage tax exemption

(R.C. 717.051)

The bill expands a property tax exemption for parking structures owned by certain local governments. Currently, the exemption applies to structures owned by municipal corporations that are "impacted cities," i.e., have certain distress criteria, or by counties encompassing such municipalities. The bill expands the exemption by:

- Eliminating the requirement that the municipal corporation in which the garage is located be an "impacted city," so any municipal corporation or county qualifies;
- Extending the exemption to garages owned by a port authority or new community authority;
- Extending the exemption to the land on which the garages are located, as opposed to just the structures as allowed under current law;
- Making the exemption permanent in lieu of the current 20-year maximum;
- Eliminating a requirement that the parking spaces be available to the general public.

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[186] R.C. 3358.01, 3358.02, and 3358.03, not in the bill.

[187] R.C. 3354.12, not in the bill.

[188] Article XII, Section 2, Ohio Constitution.

[189] See *Exchange Bank v. Hines, 3 Ohio St. 1, 15 (1853)* ("The uniformity must be coextensive with the territory to which it applies. If a State tax, it must be uniform over all the State; if a county, town, or city tax, it must be uniform throughout the extent of the territory to which it is applicable.").

Community reinvestment area agreements and exemptions

(R.C. 3735.67 and 3735.671; Section 801.220)

The bill allows counties, home-rule townships, and municipal corporations, through their legislative authorities, to amend existing community reinvestment area (CRA) agreements to extend a tax exemption to a total of 30 years when a megaproject becomes involved. Typically, a new or remodeled commercial structure in a CRA can receive a tax exemption on the value of a new structure or the increased value of a remodeled structure for up to 15 years.

Structures on the site of a megaproject and owned and occupied by a megaproject operator or off the site of a megaproject and owned and operated by a megaproject supplier, however, can receive exemptions for up to 30 years. In any case, CRA exemptions for commercial and industrial property must be governed by an agreement between the local government that created the CRA and the property owner. Those agreements establish the length and percentage of exemption, often subject to school district approval.

The bill changes two aspects of the CRA law with respect to megaprojects. First, it establishes that the structures in question need only be owned or occupied, rather than owned and occupied as under current law, by a megaproject operator or supplier to be eligible for a 30-year exemption. Second, the bill allows an existing CRA agreement to be modified to the maximum 30-year term when a megaproject operator or supplier is expected to become the owner or occupier of the building in question. In other words, a building with a 15-year CRA exemption can become subject instead to a 30-year CRA exemption if a megaproject operator or supplier is expected to own or occupy the building at some time after the initial CRA agreement was executed.

The bill also changes the CRA law with respect to commercial and industrial projects, generally. Recall that those projects receive CRA exemptions only pursuant to a negotiated agreement with the subdivision that designated the CRA. The bill establishes that no political subdivision other than the designating board of township trustees, the board of county commissioners, or legislative authority of the municipal corporation needs to be a party to a CRA agreement unless that subdivision is a fee simple owner of the property in question that would otherwise be obligated to pay real property taxes for the property.

The bill's megaproject-specific changes apply to all CRA agreements entered on or after January 1, 2025. The bill's general change for all commercial and industrial CRA projects applies regardless of when the agreement was or is executed.

CAUV recoupment exemption for conservation land

(R.C. 5713.34; Section 801.290)

Under continuing law, farmland is valued at its current agricultural use value (CAUV) – i.e., its value considering only its use as agriculture – rather than its fair market value. The CAUV formula typically results in a lower tax bill for farm owners because the land is often valued below its market value, particularly in areas where farmland is in demand for development purposes.

Continuing law requires that, if farmland is converted to a nonfarming use, it is typically subject to a recoupment charge equal to the previous three years of tax savings the farmland

received because it was valued at its CAUV. However, there are a few exceptions, including for land that is acquired by local governments and used for conservation or outdoor recreation.

The bill authorizes an additional exception from the recoupment charge for land that is acquired by a conservation organization and that qualifies for a property tax exemption because of its use for an H2Ohio environmental response project or a nature water project. When farmland that meets those qualifications is transferred, the recoupment charge will not be levied. However, if the land is later converted to a nonconservation use, the charge would apply at that time.

Local Government Fund

Allocation amount

(R.C. 131.51(A); Sections 387.10 and 387.20)

The bill permanently increases, from 1.70% to 1.75%, the percentage of state tax revenue deposited to the GRF each month that is then transferred to the Local Government Fund (LGF).

The budget enacted by the 135th General Assembly in 2023 increased the percentage the LGF receives from the GRF to 1.70%, beginning with FY 2024. Prior to that, the permanent percentage was 1.66%, beginning in FY 2014, though the General Assembly had authorized several temporary increases ranging from 1.68% to 1.70% between FY 2014 and FY 2021.[190]

Reductions for traffic camera fines

(R.C. 5747.502)

The bill terminates LGF reductions for townships and counties that have employed traffic cameras to issue citations. H.B. 54 of the 136th General Assembly, the most recent biennial transportation budget, prohibited counties and townships from using those cameras, but it also preserved reductions in the LFG distributions to counties and townships that have employed them. As a result, under the transportation budget, outstanding LGF reductions from previous county and township traffic camera reductions are set to be deducted until they are fully withheld. The bill eliminates those reductions as of its 90-day effective date.

Public Library Fund

Allocations

(R.C. 131.51(B) and (C); Sections 387.10 and 820.20)

Beginning for FY 2026, the bill no longer dedicates a 1.70% share of GRF tax revenue to the Public Library Fund (PLF), instead funding public libraries through a direct GRF appropriation ($490 million in FY 2026 and $500 million in FY 2027). Under current law, OBM transfers this

[190] Section 387.20 of H.B. 110 of the 134th General Assembly (2021), Section 387.20 of H.B. 166 of the 133rd General Assembly (2019), Section 387.20 of H.B. 49 of the 132nd General Assembly (2017), and Section 375.10 of H.B. 64 of the 131st General Assembly (2015).

1.70% share to the PLF monthly, while, under the bill, OBM transfers $^{1}/_{12}$ of the PLF's appropriation for the fiscal year from the GRF to the PLF.

Similar to trends with the LGF, the budget enacted by the 135th General Assembly in 2023 increased the percentage the PLF receives from the GRF to 1.70%, beginning with FY 2024. Prior to that, the permanent percentage was 1.66%, beginning in FY 2014, though the General Assembly had authorized several temporary increases ranging from 1.68% to 1.70% between FY 2014 and FY 2021.[191]

Under continuing law, money in the PLF is distributed monthly to each county's public library fund according to a formula, administered by TAX, which is predominately based on each county's share of the PLF in the preceding calendar year, plus an inflation factor. Each county distributes its share among libraries according to a locally approved formula or, in some counties, a statutory formula.

[191] Section 387.20 of H.B. 110 of the 134th General Assembly (2021), Section 387.20 of H.B. 166 of the 133rd General Assembly (2019), Section 387.20 of H.B. 49 of the 132nd General Assembly (2017), and Section 375.10 of H.B. 64 of the 131st General Assembly (2015).

DEPARTMENT OF TRANSPORTATION

Maintenance and repair agreements

- Clarifies that the Department of Transportation (ODOT) may not unilaterally terminate or modify certain highway maintenance and repair agreements without the consent of the participant municipal corporation, unless the original agreement stipulates otherwise.

Regional transportation improvement projects (RTIP)

- Authorizes the expansion of the membership of an RTIP governing board to include the Chief Executive Officer (CEO) of the JobsOhio network partner that covers the majority of the area encompassed by the RTIP or the CEO's designee.

Data analysis

- Requires ODOT to collect and analyze data on certain building permits to assess if ODOT's current transportation facilities are adequate to handle the increased traffic resulting from new development.

Ohio Maritime Assistance Program

- Expands the grant eligibility criteria under the Ohio Maritime Assistance Program.

Rail infrastructure funding

- Appropriates $6 million, from the Ohio Highway and Transportation Safety Fund, to fund short-line rail development infrastructure projects that enhance capacity and improve safety.

U.S. Route 23 and I-71 connector

- Modifies the requirement that ODOT and the Ohio Turnpike and Infrastructure Commission create a joint plan regarding the feasibility of connecting U.S. Route 23 and I-71 that was enacted through H.B. 54 of the 136th General Assembly.

Maintenance and repair agreements

(R.C. 5521.01)

The bill alters a provision of law that states that any written agreement for street maintenance and repairs with a municipal corporation that was entered into by the former Ohio Department of Highways is binding on the Department of Transportation (ODOT). It does so by clarifying that ODOT may not terminate or modify the agreement without the consent of the municipal corporation, unless the agreement stipulates that ODOT may terminate the agreement.

Regional transportation improvement projects (RTIP)

(R.C. 5595.02)

Current law authorizes the boards of county commissioners of two or more counties to enter into a cooperative agreement creating a regional transportation improvement project (RTIP). To administer the cooperative agreement that creates an RTIP, current law requires the creation of a governing board made up of a county commissioner and county engineer from each participating county, or their designees. The bill allows for the expansion of the governing board's membership by authorizing the participation of the Chief Executive Officer (CEO) of the JobsOhio network partner that covers the majority of the area encompassed by the RTIP, or that CEO's designee.

Data analysis

(R.C. 5501.57)

The bill requires ODOT to collect and analyze data regarding building permits that have been issued for residential and commercial developments constructed after the bill's effective date. ODOT must collect and analyze the data to assess whether ODOT's existing transportation facilities impacted by the new developments are adequate to properly handle any increased traffic resulting from the area's anticipated growth. ODOT must use the data in its general transportation construction planning.

Ohio Maritime Assistance Program

(R.C. 5501.91)

The bill expands the grant eligibility criteria under the Ohio Maritime Assistance Program by doing both of the following:

- Allowing a port authority to apply for a grant without owning an active marine cargo terminal, provided the port authority is a co-applicant with an owner of such a terminal; and
- Allowing an applicant active marine cargo terminal to be located on an Ohio River tributary.

Under current law, the grants under the program are only available to a port authority that owns an active marine cargo terminal on the shore of Lake Erie, the shore of the Ohio River, or on a Lake Erie tributary or the port authority is located in (or has jurisdiction within) a federally qualified opportunity zone with an active marine cargo terminal with a stevedoring operation located on the shore of Lake Erie or the Ohio River.

Rail infrastructure funding

(R.C. 5747.502; Sections 411.10 and 411.20)

The bill appropriates $6 million for ODOT, in conjunction with the Ohio Rail Commission, to identify and fund short-line rail development infrastructure projects that enhance capacity and improve safety. The funds are transferred from the Ohio Highway and Transportation Safety

Fund (Fund 5XI0), which consists of Local Government Fund (LGF) money withheld from local governments that collect traffic camera fines.

U.S. Route 23 and I-71 connector

(Sections 610.20 and 610.21)

The bill modifies the requirement, enacted earlier in 2025, that ODOT and the Ohio Turnpike and Infrastructure Commission (OTIC) create a joint plan regarding the feasibility of connecting U.S. Route 23 and I-71. The modifications to the plan include all the following:

- Splitting the plan into two components, an interim report and a final joint plan;
- Specifying that the interim report must conceptually identify and evaluate the corridor alternatives and alignments;
- Authorizing ODOT and OTIC to consider alignments that were not part of the original specific list;
- Making the interim report due October 1, 2025, rather than the full plan due by September 30, 2025;
- Requiring the final joint plan to identify a preferred route for the connecting corridor, include all preliminary engineering assessments (design, cost estimates, right-of-way, and environmental impacts, etc.), and recommend whether final implementation should be through ODOT or OTIC; and
- Extending the deadline for the final joint plan to October 1, 2026.[192]

[192] For more information about the joint plan, see the end of page 22 of the LSC Final Analysis for H.B. 54 (PDF), which is available on the General Assembly's website: legislature.ohio.gov.

TREASURER OF STATE

Prohibit ideological investment decisions

- Prohibits investing public money with the primary purpose of influencing environmental, social, personal, or ideological policy, unless expressly authorized by Ohio law.

Investment of interim funds

- Allows the Treasurer of State (TOS), by rule, to reduce the amount of collateral a financial institution must pledge when holding public funds as investments in certificates of deposit, savings accounts, and deposit accounts by up to 10% as compared to current law.
- Reduces the rating in allowable debt interest investments, other than commercial paper, from the three highest categories by two nationally recognized statistical rating organizations to the four highest categories.
- Prohibits investments in debt interests rated in the fourth highest category from exceeding 10% of the state's portfolio.

Homeownership Savings Linked Deposit Program

- Requires the report on the Homeownership Savings Linked Deposit Program from the TOS to include the average premium savings rate paid on the accounts, rather than the average yield on the accounts.

Ohio ABLE accounts

- Exempts funds in an ABLE account from collection under the Ohio Medicaid Estate Recovery Program to the extent permitted under federal law.
- Requires the TOS to pay account fees associated with an ABLE account on behalf of an Ohio account owner or beneficiary.

Payment by check

- Permits the TOS to make a payment using a check.
- Defines a "check" as a negotiable financial instrument, payable upon demand, directing a financial institution to transfer money from the payer's account to the payee.

Investment in certificates of deposit (CDs)

- Repeals a law, which largely duplicates another, regarding investment of interim moneys in federally insured certificates of deposit (CDs).

Satellite offices

- Repeals authorization for TOS to open receiving offices for the payment of taxes and fees.

Crime Victims Recovery Fund

- Removes the responsibility of TOS to credit revenue to the Crime Victims Recovery Fund.

Assurance fund

- Eliminates the Torrens Law Assurance Fund and all related statutory content.

Technical correction regarding inactive accounts

- Removes an outdated reference to inactive accounts regarding TOS's statement of balances upon the request of the Governor or OBM Director.

Prohibit ideological investment decisions

(R.C. 135.143, 135.1411, and 135.35)

The bill prohibits any of the following from making an investment decision with the primary purpose of influencing environmental, social, personal, or ideological policy, unless expressly authorized by Ohio law:

- The Treasurer of State (TOS);
- The treasurer of a municipal corporation;
- The governing board of a municipal corporation;
- The investing authority of a county.

Furthermore, if any of the persons or entities described above delegate the management of the investment of public money to a third party, the bill prohibits the persons or entities from permitting the third party to make investment decisions with state money with the primary purpose of influencing any environmental, social, personal, or ideological policy, unless expressly authorized by Ohio law.

In addition, the bill prohibits the State Board of Deposit (BDP) from ordering TOS to sell or liquidate investments or deposits with the primary purpose of influencing any environmental, social, personal, or ideological policy unless expressly authorized by Ohio law.

Investment of interim funds

(R.C. 135.143)

Interim funds are public moneys held in the state treasury that are not needed for immediate obligations. Continuing law authorizes the TOS to invest interim funds in several ways, including in certificates of deposit, savings accounts, or deposit accounts in eligible institutions applying for interim moneys, including linked deposits. Under continuing law, financial institutions that hold public deposits must pledge collateral for any uninsured amount of the deposits. The bill specifies that, for such investments, the pledging requirements may be reduced by up to 10% in accordance with rules adopted by the TOS.

Continuing law also authorizes the TOS to invest in debt interests, other than commercial paper. Under current law, these debt interests must be rated in the three highest categories by two nationally recognized statistical rating organizations. The bill reduces the investment rating to the four highest categories, as rated by two nationally recognized statistical rating

organizations. The bill prohibits the investments in debt interests rated in the fourth highest category from exceeding 10% of the state's portfolio.

Homeownership Savings Linked Deposit Program

(R.C. 135.71)

The bill changes an existing reporting requirement for a report on the Homeownership Savings Linked Deposit Program, due from TOS and the Tax Commissioner to the Governor and General Assembly by January 31, 2027.

The program is designed to make home ownership more attainable by making available premium rate savings accounts for the down payment and closing costs associated with the purchase of a home. Continuing law requires TOS and Tax Commissioner to issue a report regarding the efficacy of the program, including the number of accounts created and the total amount contributed to the accounts, as well as the number of participating savings institutions.

Current law also requires the report to include the average yield on the accounts. The bill changes this to the average premium savings rate paid on the accounts.

Ohio ABLE accounts

(R.C. 113.51 and 113.53)

An Achieving a Better Life Experience (ABLE) account is a tax-exempt account created by the federal Internal Revenue Service (IRS), and established by the state, to help individuals with disabilities pay for the cost of qualified disability expenses. In Ohio, the program authorizing and overseeing ABLE accounts is administered by TOS. Current law authorizes TOS to impose and collect administrative fees and charges associated with an ABLE account. The bill requires TOS to pay these account fees on behalf of an Ohio account owner or beneficiary.

Additionally, the bill exempts funds in an ABLE account from the Ohio Medicaid Estate Recovery Program, to the extent permitted under federal law. The Medicaid Estate Recovery Program is a mechanism by which the state seeks to recoup funds spent on Medicaid services from the estates of certain deceased Medicaid recipients, in accordance with federal law,[193] which requires states to recover the following amounts from an estate:

- Expenses for nursing facility services, home and community-based services, and related hospital and prescription services paid on behalf of a Medicaid recipient over age 55;
- All medical assistance paid on behalf of a Medicaid recipient receiving long-term services and supports in a facility permanently (referred to as "permanently institutionalized" individuals).

States may elect to apply estate recovery under additional circumstances, for example, by recovering all medical assistance paid on behalf of a Medicaid recipient over age 55, not just for nursing facility and associated expenses as described above. ODM has elected to exercise that

[193] 42 U.S.C. 1396p(b).

option. Because federal law requires states to exercise Medicaid estate recovery for the amounts described above, despite the bill's prohibition, it appears that ABLE accounts would remain recoverable under the Medicaid Estate Recovery Program against certain individuals; however, the bill's prohibition would apply regarding other individuals currently subject to Medicaid estate recovery by state option.

Payment by check

(R.C. 131.01)

The bill permits TOS, when an order has been drawn upon TOS by an authorized state entity to pay a specified amount to one or more specified payees, to pay using a check. This is in addition to the continuing law payment methods of paper warrants, stored value cards, direct deposit to the payee's bank account, or the drawdown of funds by electronic benefit transfer.

The bill defines "check" under the relevant law as a "negotiable financial instrument, payable upon demand, directing a financial institution to transfer money from the payer's account to the payee."

Investment in certificates of deposit (CDs)

(R.C. 135.18; R.C. 135.144, repealed)

The bill repeals a law that largely duplicates another law regarding investment of interim moneys in federally insured certificates of deposit (CDs).[194] As CDs are still purchasable under R.C. 135.145, the only effect of the statute's repeal is the pledging requirements attached to deposits; namely, if the amount held by the bank exceeds the amount insured by the federal deposit insurance corporation, the excess amount is subject to specific pledging requirements.[195]

The continuing law section is broader and can be used to accomplish what is in the repealed provision. The repealed provision is strictly for the purchase of CDs by public depositories using interim moneys. The CDs can be purchased from depositories that are not public depositories as long as the CD principal and interest is federally insured.

Continuing law, on the other hand, allows a public depository to redeposit money into other depositories that are federally insured (and are not public depositories). This includes interim money as well as active and inactive deposits. It is the same as the repealed provision, except the deposit and interest need to be insured and are subject to pledging requirements. This can include purchasing a CD but also includes a checking or savings account and other deposit accounts.

[194] R.C. 135.145, not in the bill.

[195] Located in R.C. 135.18, 135.181, and 135.182.

Satellite offices

(R.C. 113.05; R.C. 113.06, repealed)

The bill repeals law permitting TOS to open receiving offices as necessary for the expedient collection of taxes and fees. The provision requires these offices to have adequate security and open the offices in counties exceeding one million in population only. It permits TOS to appoint a financial institution as the TOS's agent or deputy to collect taxes or fees and permits the TOS to make deposits with these institutions.

Crime Victims Recovery Fund

(R.C. 2969.13)

Ohio law established the Crime Victims Recovery Fund where all moneys paid in satisfaction of certain fines imposed upon an offender by a sentencing court are deposited. Any interest earned on the money in the fund is also credited to the fund.

Under current law, it is the duty of TOS to credit money collected to the fund. However, current practice is that courts remit funds collected for the Crime Victims Recovery Fund directly to the Ohio Supreme Court, and the Clerk of the Ohio Court of Claims administers the fund.

This bill removes the responsibility of TOS to credit revenue to the Crime Victims Recovery Fund so the Revised Code more accurately reflects the current practice of the courts.

Assurance fund

(R.C. 5310.05, 5310.06, 5310.07, 5310.08, 5310.09, 5310.10, 5310.11, 5310.12, 5310.13, and 5310.14, repealed; R.C. 5310.47)

The bill eliminates the Torrens Law Assurance Fund previously used by TOS to compensate owners of registered land who suffer damages or are otherwise deprived of their land due to fraud, mistake, or error relating to the registration.

Technical correction regarding inactive accounts

(R.C. 113.13)

The bill removes an outdated reference to inactive accounts regarding TOS's statement of balances. Continuing law requires TOS, upon the request of the Governor or OBM Director, to transmit the amount in an active account and amount of cash on hand.

DEPARTMENT OF VETERANS SERVICES

Clinician Recruitment Program

- Replaces the Physician Recruitment Program with the Clinician Recruitment Program and expands program eligibility.
- Establishes new eligibility requirements for the program.
- Makes changes to the required contract terms.
- Permits the Director of Veterans Services (DVS Director) to allocate funds.

Resident benefit funds

- Eliminates the requirement that the Superintendent of the Ohio Veterans' Homes establish rules for the operation of the residents' benefit funds.

Veteran peer counseling network

- Eliminates the Veteran Peer Counseling Network.

Claims register

- Eliminates the DVS Director's duty to keep a register of all claims filed by DVS.

Veterans' home site survey

- Requires the DVS Director to survey potential sites in central Ohio for the construction of a new state veterans home.

Clinician Recruitment Program

(R.C. 5907.17)

Eligibility

The bill renames the existing Physician Recruitment Program as the Clinician Recruitment Program. The change in name reflects the bill's expansion of program eligibility from just physicians to physicians, advanced practice registered nurses, licensed practical nurses, physician's assistants, registered nurses, registered nurse aides, and any Ohio Veterans' Home employee who is a licensed medical professional in Ohio and is not exempt from a student loan program under a union contract or other law.

To be eligible for the program under the bill, a clinician must:

- Be licensed in Ohio by an appropriate licensing authority and work in that discipline at an Ohio Veterans' Home;
- Have worked at an Ohio Veterans' Home for at least one year;
- Not have been subject to formal discipline while employed at an Ohio Veterans' Home;

- Provide sufficient evidence to determine that the clinician attended a school or medical program accredited by a national or regional accrediting organization; and
- Agree to the terms of the contract provided under the provision.

These eligibility requirements replace existing, physician-specific requirements.

Contract

The bill makes changes to the terms of the contract to require clinicians to agree to maintain appropriate licensure and to provide services for a specified number of years of one or more years.

Scope of program

The bill changes the category of individuals served by the program to "residents of the Ohio veterans' homes." Under existing law, the category of individuals served by the program are "patients of one or more specified institutions administered by the department (of veterans services)" (DVS).

Allocation of funds

The bill permits the DVS Director or a designee to allocate funds among clinicians recruited under the program for any purpose considered necessary to best serve clinician staffing needs.

Resident benefit funds

(R.C. 5907.11)

The bill eliminates the requirement that the Superintendent of the Ohio Veterans' Homes establish rules for the operation of the residents' benefit funds. Under continuing law, the Superintendent may, with the approval of DVS, establish local funds for each veterans' home. Each fund must be used for the entertainment and welfare of the residents and is operated for the exclusive benefit of the residents of the associated home. The funds generate revenue from donations and the sale of commissary items at the associated home.

Veteran peer counseling network

(R.C. 5902.20)

The bill eliminates the Peer Counseling Network and the DVS Director's duty to adopt rules for it. Under current law, the Veteran Peer Counseling Network offers Ohio veterans the opportunity to work with other veterans to help overcome issues unique to veterans. The DVS Director is charged with adopting rules to administer the Network.

Claims register

(R.C. 5902.06)

The bill eliminates the DVS Director's duty to keep a register showing the situation and disposition of any claim filed by DVS. Current law requires the DVS Director to keep such a register.

Veterans' home site survey

(Section 759.10)

The bill directs the DVS Director to investigate sites in or near the Columbus metropolitan area for the construction of a state veterans' home and to issue a report on the Director's findings to the General Assembly and Governor no later than September 30, 2026. The report must include an evaluation of the relevant grant approval criteria for priority-one funding under the State Veterans Home Construction Grant Program Operated by the U.S. Department of Veterans Affairs, as well as an estimate of the state's share of facility construction and land acquisition costs under the grant program for each site.

OHIO VETERINARY MEDICAL LICENSING BOARD

- Generally allows a licensed veterinarian to conduct the practice of veterinary medicine via veterinary telehealth services with a client and the client's animal if:
  - The veterinarian obtains the informed consent from the client, including an acknowledgement that the standards of care prescribed by the law governing veterinarians equally apply to in-person and telehealth visits;
  - The veterinarian provides the client with the veterinarian's name and contact information and secures an alternate means of contacting the client if the telehealth visit is interrupted; and
  - Before conducting an evaluation of a patient via a telehealth visit, the veterinarian advises the client concerning certain information, including that the veterinarian may ultimately recommend an in-person visit.
- Specifies that, with respect to veterinary telehealth services, the practice of veterinary medicine occurs in the state in which the patient is located.
- Generally prohibits a licensed veterinarian whose client is engaged in the raising of livestock for human food products from using telehealth services for those livestock unless the veterinarian has established a veterinary-client-relationship in person with respect to those livestock prior to the use of telehealth services.
- Allows a licensed veterinarian whose client is engaged in the raising of livestock for human food products to conduct tele-advice services prior to the veterinarian establishing a veterinary-client-relationship in person.
- Allows a licensed veterinarian to prescribe drugs or medications after establishing a veterinary-client-patient relationship via telehealth services with several provisos, including that the veterinarian may issue an initial prescription for up to 14 days and, after a subsequent telehealth visit, one refill for up to 14 days.
- Regarding establishing a veterinary-client-patient relationship and demonstrating knowledge of a patient to establish that relationship, adds to that the demonstration may include an examination of the patient in real time via telehealth services.

Veterinary telehealth services

(R.C. 4741.04 and 4741.041)

The bill establishes requirements and procedures for a veterinarian licensed to practice in Ohio to conduct veterinary telehealth services with a client and the client's animal. A licensed veterinarian may conduct the practice of veterinary medicine via telehealth services if all the following apply:

1. The veterinarian obtains the informed consent from the client, including an acknowledgement that the standards of care prescribed by the law governing veterinarians

equally apply to in-person and telehealth visits. The veterinarian must maintain documentation of the consent for at least three years after receiving the informed consent.

2. The veterinarian provides the client with the veterinarian's name and contact information and secures an alternate means of contacting the client if the telehealth visit is interrupted. Following the telehealth visit, the veterinarian must make available to the client an electronic or written record of the visit. The record must include the veterinarian's license number.

3. Before conducting an evaluation of a patient via a telehealth visit, the veterinarian advises the client of all the following:

a. The veterinarian may ultimately recommend an in-person visit with the veterinarian or another licensed veterinarian;

b. The veterinarian is prohibited under federal law from prescribing certain drugs or medications based only on a telehealth visit; and

c. The appointment for a telehealth visit may be terminated at any time.

For purposes of the bill, with respect to telehealth services, the practice of veterinary medicine occurs in the state in which the patient is located.

Telehealth for livestock

A licensed veterinarian whose client is engaged in the raising of livestock for human food products may not use telehealth services for those livestock unless the veterinarian has established a veterinary-client-relationship (see below) in person with respect to the livestock prior to the use of telehealth services. However, a licensed veterinarian whose client is engaged in the raising of livestock for human food products may conduct tele-advice services for those livestock prior to the veterinarian establishing a veterinary-client-patient relationship in person with the client. The bill states that these provisions apply to the extent permitted under federal law.

The bill defines all of the following terms:

1. "Human food product" means livestock raised for human consumption or livestock whose products are used for human consumption;

2. "Livestock" means porcine animals, bovine animals, caprine animals, ovine animals, and poultry; and

3. "Tele-advice" means the provision of any health information, opinion, or guidance by a veterinary professional that is not intended to diagnose, treat, issue certificates of veterinary inspection, or issue prognoses of the physical or behavioral illness or injury of an animal or issue. A veterinarian-client-patient relationship as required under current law (see below) is not required to provide tele-advice.

Telehealth drug prescriptions

The bill allows a licensed veterinarian to prescribe drugs or medications after establishing a veterinary-client-patient relationship via telehealth services (see below), except that all the following apply:

1. The veterinarian may issue an initial prescription for up to 14 days. The veterinarian may issue one refill for up to 14 days if the veterinarian sees the patient for another telehealth visit. For additional refills, the patient must visit the veterinarian in person.

2. The veterinarian must notify the client that certain prescription drugs or medications may be available at a pharmacy and, if requested, the veterinarian will submit a prescription to a pharmacy of the client's choosing; and

3. The veterinarian must not order, prescribe, or make available a controlled substance unless the veterinarian has performed an in-person physical examination of the patient.

Veterinary-client-patient relationship

Current law establishes conditions under which a veterinary-client-patient relationship serves as the basis for interaction between a veterinarian, their client, and the client's animal (patient). One of those conditions requires the veterinarian to have sufficient knowledge of the patient to initiate at least a general or preliminary diagnosis of the patient's medical condition. To demonstrate that knowledge, the veterinarian must have seen the patient recently and be acquainted personally with the keeping and care of the patient by (1) examining the patient, or (2) making medically appropriate and timely visits to the premises where the patient is kept.

The bill adds that the demonstration may include an examination of the patient in real time via telehealth services in accordance with the bill.

High-volume dog breeders and pet stores

The bill states that nothing in the bill's provisions governing telehealth services can be construed to invalidate or overrule the provisions of the law governing high-volume dog breeders and pet stores.

VISION PROFESSIONALS BOARD

- Eliminates an obsolete statutory provision relating to ocularist licensure.

Ocularist licensure – obsolete statutory requirement

(R.C. 4725.28)

The bill eliminates an obsolete statutory requirement that the State Vision Professionals Board issue ocularist licenses by endorsement. The provision is obsolete because the Board is no longer authorized to issue ocularist licenses generally. The Board's authority to license ocularists was removed as part of H.B. 509 of the 134th General Assembly, the 2022 biennial occupational regulation act.

BOARDS AND COMMISSIONS

Abolition of special commissions, committees, and task forces

- Abolishes various commissions, committees, and a task force.
- Abolishes the Board of Directors of the Center for Community Health Worker Excellence and abolishes the statutory authority for the Center as a public-private partnership.

Correctional Institution Inspection Committee

- Modifies procedures for the Correctional Institution Inspection Committee to select a chairperson.

Governor's Office of Faith-based and Community Initiatives, Advisory Board

- Specifies terms and chairpersons for the Advisory Board to the Governor's Office of Faith-based and Community Initiatives.

Multi-Agency Radio Communication System (MARCS) Steering Committee

- Codifies the MARCS Steering Committee in permanent law.

Rail Development Commission

- Increases, from one to two, the number of members appointed to the Ohio Rail Development Commission by the Governor who represent the interest of freight rail companies.
- Specifies that one such member must represent a Class I railroad and the other member must represent a Class II or Class III railroad.
- Exempts those two members from the requirement that they be Ohio residents, provided they have a substantial connection to freight rail operations in Ohio.
- Removes the member appointed by the Governor who represents the interests of passenger rail service.

Other provisions

- Eliminates the requirement that the Director of Health, every two years, produce a report on rare diseases in Ohio.
- Modifies the General Assembly membership of the Student Tuition Recovery Authority.
- Removes the authority of the Speaker of the House to make a discretionary appointment to a Transportation Improvement District.
- Removes a residency requirement regarding members of the House and Senate who serve on the Ohio Turnpike and Infrastructure Commission.

- Modifies the commencement schedule for the Sunset Review Committee.
- Modifies membership of the Emergency Response Commission.
- Eliminates a position on the Ohio Environmental Education Fund Advisory Council for a member of the Senate.
- Removes the representative of the JFS Bureau of Child Care from the Ohio Lead Advisory Council.

Abolition of special commissions, committees, and task forces

The bill abolishes the following entities:

Joint Committee on Property Tax Review and Reform

(Section 620.30 (Section 757.60 of H.B. 33 of the 135th G.A., repealed))

The bill abolishes the Joint Committee on Property Tax Review and Reform. The Joint Legislative Committee was established in 2023 by the 135th General Assembly and issued a final report of recommendations.

Joint Legislative Committee on Adoption Promotion and Support

(R.C. 2919.1910, repealed; R.C. 2919.19 (conforming amendment))

The bill abolishes the Joint Legislative Committee on Adoption Promotion and Support, which was established in 2019.

Legacy Pain Management Study Committee

(Section 620.30 (Section 335.20 of H.B. 33 of the 135th G.A., repealed))

The bill abolishes the Legacy Pain Management Study Committee. The Committee was established in 2023 by the 135th General Assembly to study and evaluate the care and treatment of patients suffering from chronic or debilitating pain, in particular those who have been prescribed opioids for lengthy periods of time, often referred to as legacy patients.

Nursing Facility Payment Commission

(R.C. 5165.261, repealed)

The bill abolishes the Nursing Facility Payment Commission. It was established in 2021 and was required to submit a report by August 31, 2022.

Ohio Cystic Fibrosis Legislative Task Force

(R.C. 101.38, repealed)

The bill abolishes the Ohio Cystic Fibrosis Legislative Task Force. The Task Force was established in 2005.

Rare Disease Advisory Council

(R.C. 103.60 (future repeal); Sections 105.40 and 701.100)

The bill abolishes the Rare Disease Advisory Council effective December 31, 2025, and requires the Council to submit its final report to the General Assembly by that date.

Scholarship Rules Advisory Committee

(R.C. 3333.373, repealed; R.C. 3333.374 (conforming amendment))

The bill abolishes the Scholarship Rules Advisory Committee. The Committee provides recommendations to the Chancellor of Higher Education as to rules, criteria, and guidelines necessary and appropriate to implement certain scholarship and fellowship programs. It was established in 2000.

Task Force to Study Ohio's Indigent Defense System

(Section 630.10 (Section 6 of H.B. 150 of the 134th G.A., repealed))

The bill abolishes the Task Force to Study Ohio's Indigent Defense System. It was established in 2023 to provide recommendations to the General Assembly regarding the delivery, structure, and funding of indigent defense.

Task Force on Bail

(Section 630.20 (Section 5 of S.B. 202 of the 134th G.A., repealed))

The bill abolishes the Task Force on Bail. It was established in 2023 to collect and evaluate data regarding the usage of bail in Ohio. It was required to submit a report to the General Assembly.

Turnpike Legislative Review Committee

(R.C. 5537.24, repealed; R.C. 5537.01, 5537.03, and 5537.27 (conforming amendments))

The bill abolishes the Turnpike Legislative Review Committee. The Committee was established in 1996, and considers reports made by the Turnpike and Infrastructure Commission including financial and budgetary matters and proposed and on-going construction, maintenance, repair, and operational projects of the Commission.

Center for Community Health Worker Excellence

(R.C. 3701.0212, repealed)

The bill abolishes the Board of Directors of the Center for Community Health Worker Excellence and abolishes the statutory authority for the Center as a public-private partnership. The Center was established in law as a public-private partnership in 2023. Its stated purpose is to support and foster the practice of community health workers and improve access to community health worker services across Ohio.

State Information Technology Investment Board

(R.C. 125.181, repealed)

The bill repeals the law requiring the DAS Director to establish the State Information Technology Investment Board within DAS. Under current law, the Board consists of representatives from various state elective offices and state agencies, including OBM. The Board must recommend opportunities for consolidation and cost-saving measures relating to information technology to the State Chief Information Officer.

Prescription drug affordability advisory council

(R.C. 125.95, repealed)

The bill formally abolishes the Prescription Drug Transparency and Affordability Advisory Council. The Council was created within DAS by the General Assembly in 2019 and tasked with producing a report with recommendations for achieving prescription drug price transparency. After submitting its report, the Council was required to meet at least quarterly to provide guidance. In 2021, the Council was abolished, and the Joint Medicaid Oversight Committee was authorized to examine any of the topics described in the Council's report. The bill repeals the authorizing statute for the abolished Council.

Correctional Institution Inspection Committee

(R.C. 103.71; R.C. 103.72 and 103.73, repealed and recodified; R.C. 9.07, 103.76, 103.77, and 103.78 (conforming amendments))

The bill requires the Correctional Institution Inspection Committee (CIIC) to select from its membership a chairperson and a vice-chairperson within 60 days after the commencement of the first regular session of each General Assembly.

The bill requires a majority vote of members to select a chairperson, vice-chairperson, and secretary, and requires a Senate member to be the chairperson and a House member to be the vice-chairperson during the first regular session of a general assembly, and vice-versa during the second regular session.

The bill also recodifies several provisions within CIIC Law.

Governor's Office of Faith-based and Community Initiatives, Advisory Board

(R.C. 107.12)

The bill specifies that members of the House and Senate, who are appointed to serve on the Advisory Board, may serve on the Board for the duration of the General Assembly during which they were appointed.

The bill specifies that the member of the Senate must be the chairperson during the first regular session of a general assembly and the member of the House must be the chairperson during the second regular session of the General Assembly.

Multi-Agency Radio Communication System (MARCS) Steering Committee

(R.C. 4501.302; Section 620.20 (Section 363.10 of H.B. 2 of the 135th G.A.))

The bill codifies the MARCS Steering Committee and subcommittee in permanent law. Upon the bill's effective date, members of the MARCS Steering Committee and the subcommittee may continue service, their terms unaffected by the codification.

Under the bill, the Steering Committee consists of the following members:

- The Directors, or their designees, of Administrative Services, Public Safety, Natural Resources, Transportation, Rehabilitation and Correction, and Budget and Management, and the State Fire Marshal or the State Fire Marshal's designee;
- The following members appointed by the Governor:
  - One representative of the Ohio chapter of the Association of Public Safety Communications Officials or its successor organization;
  - One representative of the Buckeye State Sheriff's Association or its successor organization;
  - One representative of the Ohio Association of Chiefs of Police or its successor organization;
  - One representative of the Ohio Fire Chiefs' Association or its successor organization.
- Two members of the House appointed by the Speaker, one from each party;
- Two members of the Senate appointed by the Senate President, one from each party.

The Director of Administrative Services (DAS) or the Director's designee must chair the committee.

The MARCS Steering Committee must assist the DAS Director to effectively and efficiently implement MARCS, as well as develop policies for the ongoing management of the system. The Steering Committee must report to the DAS Director and the Director of Budget and Management on the progress of MARCS implementation and the development of policies related to the system.

The Steering Committee must establish a subcommittee to represent MARCS users on the local government level. The subcommittee chairperson must serve as a member of the Steering Committee.

Automated Title Processing Board

(R.C. 4505.09)

The bill adds the following two additional members to the Automated Title Processing Board:

- The President of the Ohio Automobile Dealers Association, or the President's representative; and

- A third clerk of court of the common pleas, appointed by the Governor.

The bill also removes the OBM Director as a nonvoting member.

The Board facilitates the operation and maintenance of an automated title processing system and approves the procurement of automated title processing system equipment and ribbons, cartridges, or other devices necessary for to operate the equipment. Under continuing law, the Chief of the Division of Parks and Watercraft in DNR or the Chief's designee and the Tax Commissioner or Commissioner's designee are nonvoting members of the Board. The Board also consists of five voting members, which includes the Deputy Registrar or Registrar's representative, a person selected by the Registrar, the President of the Ohio Clerks of Courts Association or the President's representative, and two clerks of courts of common pleas appointed by the Governor.

Rail Development Commission

(R.C. 4981.02)

The bill increases, from one to two, the number of members appointed to the Ohio Rail Development Commission by the Governor who represent the interests of freight rail companies. The bill further specifies that one of the two members must represent a Class I railroad and the other member must represent a Class II or Class III railroad. The bill exempts both members from the requirement that they be residents of Ohio and allows those members to be residents of another state. However, if a member is from another state, the member must have a substantial connection to freight rail operations in Ohio.

Finally, the bill removes a member appointed by the Governor who represents the interests of passenger rail service. Current law authorizes the Governor to appoint one member who represents the interests of a freight rail company and another member that represents the interests of a passenger rail service. Thus, there will no longer be a member of the Commission representing the interests of passenger rail.

Report on rare diseases

(R.C. 3701.051, repealed)

The bill eliminates the requirement that the Director of Health, every two years, produce a report on rare diseases in Ohio.

Student Tuition Recovery Authority

(R.C. 3332.081)

The bill modifies the General Assembly membership of the Student Tuition Recovery Authority to be members of the House and Senate appointed by the Speaker of the House or Senate President, instead of the members who chair education committees.

Transportation Improvement Districts

(R.C. 5540.02)

The bill removes the authority of the Speaker of the House to make a discretionary appointment to a Transportation Improvement District.

Ohio Turnpike and Infrastructure Commission

(R.C. 5537.02)

The bill removes a requirement that the members of the House and Senate who serve on the Commission represent either a district that is part of the Ohio turnpike system or a district located in the vicinity of a turnpike project that is part of the Ohio turnpike system.

Sunset Review Committee

(R.C. 101.84)

The bill changes the number of days by which the Committee must meet to not later than 90 instead of 30 days after commencement of the General Assembly, for the purpose of choosing a chairperson and establishing the schedule for agency review.

Emergency Response Commission

(R.C. 3750.02)

The bill adds the DAS Director to the Emergency Response Commission. With this addition, the Commission will consist of ten ex-officio members, ten appointed members, and two members of the General Assembly who serve as nonvoting members. The affirmative vote of a majority of the voting members is necessary for any action taken by the Commission.

The bill also modifies legislative representation on the Commission by requiring the Speaker of the House to appoint one member of the House and the Senate President to appoint one member of the Senate, instead of designating the chairpersons of the standing committees primarily responsible for environmental issues as members of the Commission.

Ohio Environmental Education Fund Advisory Council

(R.C. 3745.21)

The bill eliminates a membership position on the Ohio Environmental Education Fund Advisory Council, specifically a member of the Senate appointed by the Senate President.

Ohio Lead Advisory Council

(R.C. 3742.32)

The bill removes the representative of the JFS Bureau of Child Care from the Ohio Lead Advisory Council. The Department of Children and Youth assumed responsibility for child care on January 1, 2025, and the Council already includes a representative from that Department.

LOCAL GOVERNMENT

County officials present in office

- Requires a county officer to appear at the officer's principal office location at least one day out of any 30-day period to satisfy the officer's duties.
- Decreases from 90 to 30 the number of days after which the office of county auditor or county treasurer becomes vacant if the auditor or treasurer fails to perform their duties.

County employee cash awards

- Limits the total amount of cash awards per county employee per calendar year to 10% of the employee's annual compensation, but permits the board of county commissioners to approve a higher amount.

County engineer

- Changes, from 100% to a range of 80-100%, the supplemental compensation amount a county engineer receives to perform the duties of county engineer in another county during a vacancy.

County sheriff

- Requires a county sheriff to provide a successor with a certificate of transition including an inventory of items and other information.

County nonemergency patient transport services

- Increases the population limit of a county at or under which a county may operate a nonemergency medical transport service organization.

Village dissolution

- Modifies the village dissolution process for small villages by eliminating the acreage maximum (currently two square miles) and increasing the population maximum from 150 to 500.
- Adds electric services to the list of services that may be counted when evaluating whether a village has provided the necessary number of services, and therefore, may not be subject to an automatic ballot question on village dissolution.

Local referenda

- For municipal corporations and limited home rule townships, increases the referendum signature requirement from 10% to 35%.

Local zoning

- For townships only, increases from 15% to 35% the number of signatures required on a referendum petition related to zoning amendments.

- Requires a referendum petition for local zoning amendments about planned-unit development regulations to include 35% of electors in the area to which the proposed amendment would apply.

Local fiscal emergency receivership

- Establishes a process for the creation of a receivership for counties, townships, and municipal corporations in fiscal emergency.

Local option election for alcohol sales

- Requires a petitioner of a local option election for alcohol sales to pay the entire cost of an election if it is held on a day other than the day of a primary election, general election, or special election of a political subdivision for a question or issue, nomination for office, or election to office.

Political subdivision communications

- Subjects chartered counties and municipal corporations to the requirements of an existing law that prohibits a political subdivision from using public funds to finance certain communications or from paying its staff for time spent on certain political activities.

Cybersecurity program

- Requires political subdivisions to adopt a cybersecurity program.
- Prohibits a political subdivision experiencing a ransomware incident from paying or otherwise complying with a ransom demand unless the political subdivision's legislative authority formally approves the payment or compliance.

New community districts

- Modifies the criteria that determine the organizational board of commissioners of a new community district.
- Modifies the criteria for qualification as a proximate community and a developer under New Community Organization Law.

Eminent domain, parkways, and recreational trails

- Establishes that the taking of property for parkways or recreational trails does not satisfy the public use requirement of Ohio's eminent domain law if the property sought to be acquired was previously the subject of a failed and final eminent domain action.

Battery-charged fences

- Eliminates state law requirements concerning the installation and operation of battery-charged fences on private nonresidential property.
- Prohibits local governments from adopting or enforcing battery-charged fence regulations that expressly, implicitly, or functionally prohibit the installation, operation, or use of battery-charged fences that meet certain criteria.

Port authority common bond fund program

- Allows a port authority to establish a common bond fund program to finance port authority facilities and enhance the credit of port authority obligations using credit enhancement facilities, cash reserves, or other money available for that purpose.

Port authority capital leaseback and construction agreements

- Prohibits a port authority from entering into a capital leaseback agreement with a nonpublic entity for projects involving property located outside of the port authority's jurisdiction without approval from the board of county commissioners in which the property is located.
- Prohibits a port authority from contracting with a nonpublic entity for construction or renovation of such property without approval from the board of county commissioners in which the property is located when certain criteria are met.
- Provides that if the property is located in more than one county, the board of county commissioners of each county in which the property is located must approve the capital leaseback, construction, or renovation agreement.
- Defines "capital leaseback agreement" to mean the sale or transfer of property by a port authority to another person contemporaneously followed by the leasing of the property to the port authority.

Conservancy district maintenance assessments

- For purposes of the annual maintenance assessment levied by a conservancy district, eliminates the $2 minimum annual maintenance assessment on the total appraisal of benefits on a property.

County officials present in office

(R.C. 305.03)

The bill modifies the law regarding vacancy in county offices. Currently, if a county officer fails to perform the duties of their office for 90 consecutive days (30 consecutive days in the case of county auditors and county treasurers), the office is deemed vacant by operation of law. The bill modifies this in two ways. First, the bill subjects all county officials to the 30-day standard. Second, the bill specifies that appearing at the officer's principal office location on at least one day out of 30 consecutive days is a duty of office, thus requiring an officer to appear at their principal office location at least one day out of any 30-day period to avoid vacating the office.

County employee cash awards

(R.C. 325.25)

Continuing law allows county departments to establish programs to recognize outstanding employee performance. The bill places an annual limit on the total amount of cash

awards given to an employee under a program: 10% of an employee's annual compensation. The board of county commissioners can approve a higher amount.

County engineer

(R.C. 305.021)

Continuing law allows a county engineer to perform the duties of county engineer in another county when that county is experiencing a vacancy. The bill changes the supplemental compensation amount a county engineer receives from the county, from 100% under current law to a range of 80%-100% under the bill.

County sheriff

(R.C. 311.14)

The bill requires a county sheriff, before leaving office, to prepare a certificate of transition. The purpose is to provide a successor with an inventory of items being delivered to the successor and with other information prescribed by AOS. AOS also must prescribe the form and substance of the certificate. Before prescribing the information to be contained in the certificate, AOS must solicit input from county sheriffs.

County nonemergency patient transport services

(R.C. 307.05)

The bill increases the population limit to 60,000 or less for which a county may operate a nonemergency transport service organization, contract for nonemergency patient transport services, and furnish or obtain the interchange of such services. Under current law, a county with a population of 40,000 or less may do so.

Village dissolution

(R.C. 703.34 and 703.331)

Continuing law provides various pathways to dissolving a village, including one pathway to dissolve smaller villages. The bill modifies this pathway by eliminating the acreage maximum (currently two square miles) and increasing the population maximum from 150 to 500.

Another pathway to dissolution involves the provision of services. The bill adds electric services to the list of services that may be counted when evaluating whether a village has provided the necessary number of services, and therefore, may not be subject to an automatic ballot question on village dissolution. Under continuing law, a village must provide, contract with a private nongovernmental entity or a regional council of governments that includes three or more political subdivisions at least two of which are municipal corporations, to provide, at least five specified services. Other eligible services under current law are police protection; fire-fighting services; garbage collection; water service; sewer service; emergency medical services; road maintenance; park services or other recreation services; human services; and a public library established and operated solely by the village. Under continuing law, in order to avoid an automatic ballot question, a village must also have at least one candidate on the ballot for each elected village position.

For more information about village dissolution and the various pathways to dissolving a village, see LSC's Village Dissolution Members Brief (PDF), available at lsc.ohio.gov.

Local referenda

(R.C. 504.14 and 731.29)

The bill increases the signature requirement for referendum petitions from 10% to 35% (of the total votes cast for Governor in the last election) for municipal corporations and limited home rule townships. This also applies to initiative petitions in limited home rule townships. Under local self-government home rule authority, a municipality that has adopted a charter probably can deviate from the petition percentage requirement.[196]

Local zoning

(R.C. 303.12, 519.12, 731.29, and 731.291)

Continuing law subjects township county and township zoning amendments to a referendum process; a proposed amendment takes effect in 30 days unless a referendum petition with sufficient signatures (15% of the total votes cast for Governor in that area in the last election), forces a ballot issue to approve or deny the proposed amendment. For townships only, the bill increases this from 15% to 35%. The bill does not modify the nearly identical county provision, R.C. 303.12.

Additionally, the bill modifies the referendum process in counties, townships, and municipalities for petitions about zoning changes related to planned-unit developments (PUD). First, a petition for PUD-related regulations must include 35% of electors in the area to which the proposed amendment would apply (the default county zoning referendum percentage is 15% while the general statutory referendum percentage for municipalities is 10%; the bill already makes the township zoning referendum percentage 35%). Second, the bill specifies that the board of elections must determine the sufficiency and validity of the petition not later than 30 days after the petition is certified to the board of elections (the full referendum period itself is 30 days). Third, the bill gives an additional ten days to provide additional valid signatures if the initial signatures were insufficient. Under local self-government home rule authority, a municipality that has adopted a charter probably can deviate from the petition percentage requirement.[197]

Local fiscal emergency receivership

(R.C. 118.29 and 2743.03)

Continuing law provides a framework for identifying and addressing financial crises in counties, townships, and municipalities by outlining conditions for fiscal watch, fiscal caution, and fiscal emergency status and efforts to overcome those conditions. The bill establishes a process for the creation of a receivership for a county, township, or municipal corporation that

[196] *Youngstown v. Craver*, 127 Ohio St. 195 (1933).

[197] *Youngstown v. Craver*, 127 Ohio St. 195 (1933).

is in fiscal emergency. The process begins with a referral from the financial supervisor, or the board of county commissioners, board of township trustees, or legislative authority to the Attorney General if both of the following conditions are met:

- The county, township, or municipal corporation has been in a state of fiscal emergency for a continuous period of ten years, or it has been in a state of fiscal emergency at least twice in a period of ten years and the combined period of fiscal emergency is at least five years.
- The county, township, or municipal corporation, has demonstrated one or more of the following, as determined by the financial supervisor (these can be retroactive):
  - Failure to comply with the Ohio's budgetary and spending laws;
  - Failure to ensure that appropriations comply with the financial plan;
  - Assuming debt without the approval of the financial planning and supervision commission;
  - Undertaking administrative or legislative action that is not in accordance with the terms of the financial plan or, when applicable, without permission of the commission.

Upon receiving a referral, the Attorney General promptly must file a petition for a receivership with the court of claims. The judge that has served the longest on the court as of the date the petition is filed promptly must appoint a receiver. With the approval of the court, the receiver can request reasonable fees for work performed, specifically including costs associated with retaining legal counsel, accountants, or other similar advisors that the receiver considers necessary in the performance of the receiver's duties. The fees must be paid from funds appropriated to OBM during the period of fiscal emergency.

A receiver appointed under this section has all of the following powers and duties:

- Consult with the board of county commissioners, board of township trustees, or legislative authority of the municipal corporation to make recommendations or, if necessary, to assume responsibility for implementing cost reductions and revenue increases to achieve a balanced budget and carry out the financial plan, and to make reductions in force or spending to resolve the fiscal emergency conditions;
- Ensure the county, township, or municipal corporation in fiscal emergency complies with all aspects of the financial plan or, if no financial plan has been approved by the commission, the receiver must consult with the county, township, or municipal corporation and make recommendations, or assume, if necessary, the responsibility for crafting and submitting the financial plan to the commission;
- Ensure the county, township, or municipal corporation complies with any other relevant aspects of the fiscal emergency laws;
- Provide monthly, written reports about the progress toward resolving the conditions of fiscal emergency to the commission to the board of county commissioners, board of

township trustees, or legislative authority and mayor or city manager of the municipal corporation;

- Appear at least quarterly to present information about progress toward resolving the conditions of fiscal emergency at an open meeting and, if allowable under the Ohio Open Meetings Law, in executive session, of the board of county commissioners, board of township trustees, or legislative authority of the municipal corporation;
- Appear at least quarterly to present information about progress toward resolving the conditions of fiscal emergency at an open meeting and, if allowable under the Ohio Open Meetings Law, in executive session, of the financial planning and supervision commission of the county township, or the municipal corporation in fiscal emergency;
- At the receiver's initiative or upon invitation, attend executive sessions of the board of county commissioners, board of township trustees, or legislative authority of the municipal corporation;
- Exercise any other powers granted to the receiver by the court necessary to perform these duties.

If, in the judgment of the receiver, the criteria required to file for bankruptcy under the Federal Bankruptcy Act are satisfied and no reasonable alternative exists to eliminate the fiscal emergency condition within three years, the receiver can present findings and submit a written recommendation on filing for bankruptcy to the financial planning and supervision commission and the board of county commissioners, board of township trustees, or legislative authority of the municipal corporation. Beginning 60 days after submitting the recommendation, the receiver can initiate bankruptcy proceedings unless: (1) the board or legislative authority adopts an ordinance or resolution opposing the recommendation, which must include a plan to satisfy and discharge the debts and liabilities within seven years and promptly alleviate the fiscal emergency conditions using expenditure reductions or available and future tax revenue, and (2) the financial planning and supervision commission determines the plan is sufficient to satisfy and discharge the debts and liabilities included in the receiver's recommendation for bankruptcy within seven years of the adoption of the resolution and promptly alleviate the fiscal emergency conditions. If the commission determines that the plan is not sufficient, the receiver can initiate bankruptcy proceedings.

If the commission determines the plan is sufficient and the plan requires voted taxes, the board of county commissioners, board of trustees, or legislative authority of the municipal corporation must direct the board of elections to submit the tax question to the electors at the next general election or at a special election conducted on the day of the next primary election in the county, township, or municipal corporation occurring not less than 90 days after the resolution is certified to the board, as applicable under the provision authorizing the tax question. If the taxes are not approved by the electors, the receiver can initiate bankruptcy proceedings. If the taxes are approved by the electors, the board of county commissioners, board of trustees, or legislative authority of the municipal corporation must implement the plan to satisfy and discharge the debts and liabilities within seven years and promptly alleviate the fiscal emergency conditions.

The court terminates the receivership when the county, township, or municipal corporation has corrected and eliminated the fiscal emergency conditions and no new fiscal emergency conditions have occurred.

Local option election for alcohol sales

(R.C. 3501.17)

A political subdivision must pay the entire cost of a special election held on a day other than on the day of a primary or general election and a share of the cost of conducting an election at which it has an item on the ballot if held on the day of a primary or general election. Costs are shared among the entities placing items on the ballot based on a statutory formula. The bill creates an exception to paying the cost of an election and requires a petitioner of a local option election for alcohol sales to pay the entire cost of an election if it is held on a day other than the day of a primary election, general election, or special election of a political subdivision seeking to submit a question or issue, nomination for office, or election to office.

Political subdivision communications

(R.C. 9.03)

The bill subjects chartered counties and municipal corporations to the requirements of an existing law that prohibits a political subdivision from using public funds to finance certain communications. Currently, the law applies to all political subdivisions other than chartered counties and municipal corporations.

The statute, which the bill does not otherwise change, prohibits the governing body of a political subdivision from using public funds to publish, distribute, or otherwise communicate information that does any of the following (as noted below, existing law already prohibits a chartered subdivision from engaging in some of those actions):

- Contains defamatory, libelous, or obscene matter. Currently, officials of a chartered subdivision that did so could be sued for defamation (which includes libel) or prosecuted for pandering obscenity.[198]
- Promotes alcohol, tobacco, or any illegal product, service, or activity.
- Promotes illegal discrimination on the basis of race, color, religion, national origin, disability, age, or ancestry. Under existing law, a chartered subdivision that did so might be vulnerable to a discrimination action by its employees.[199]
- Supports or opposes any labor organization (union) or any action by, on behalf of, or against any labor organization. Depending on the circumstances, a chartered subdivision

[198] R.C. 2907.32, not in the bill.

[199] R.C. 4112.02, not in the bill.

that did so with respect to its employees already might run afoul of Ohio's Public Employee Collective Bargaining Law.[200]

- Supports or opposes the nomination or election of a candidate for public office or the investigation, prosecution, or recall of a public official. A separate provision of continuing law prohibits any person, including the governing body of a chartered subdivision, from knowingly conducting a direct or indirect transaction of public funds to the benefit of a candidate or a political entity.
- Supports or opposes the passage of a levy or bond issue. As is mentioned above, continuing law prohibits a chartered county or municipal corporation from giving public funds to a political entity, such as a political action committee (PAC) organized to support a ballot issue. But, existing law *does* appear to allow a chartered county or municipal corporation to spend public funds on its own advertising regarding a levy or bond issue without going through a PAC. The bill prohibits that activity.

Additionally, the law prohibits the governing body of a political subdivision from compensating its employees for time spent on any activity to influence the outcome of an election regarding any candidate or any levy or bond issue.

- The home rule provisions of the Ohio Constitution give all municipal corporations, regardless of whether they are chartered, and all chartered counties the authority to exercise all powers of local self-government.[201] Under the Constitution, a municipal corporation or a chartered county might have the right to spend its funds for certain purposes, despite a state law to the contrary. It appears that Ohio's courts have not considered whether, for example, a city may use its home rule authority to spend public funds to promote a levy or bond issue. By eliminating the exemption for chartered subdivisions, the bill might make such a case more likely to come before the courts.

Cybersecurity program

(R.C. 9.64)

The bill requires that the legislative authority of each political subdivision (a county, township, municipal corporation, or other body corporate and politic responsible for governmental activities in a geographic area smaller than that of the state) adopt a cybersecurity program that safeguards the political subdivision's data, information technology, and information technology resources to ensure availability, confidentiality, and integrity. The program must be consistent with generally accepted best practices for cybersecurity, such as the National Institute of Standards and Technology Cybersecurity Framework, and the Center for Internet Security Cybersecurity Best Practices. The program should do at least all of the following:

[200] R.C. 4117.11, not in the bill.

[201] Ohio Const., art. X, sec. 3 and art. XVIII, sec. 3.

- Identify and address the critical functions and cybersecurity risks of the political subdivision.
- Identify the potential impacts of a cybersecurity breach.
- Specify mechanisms to detect potential threats and cybersecurity events.
- Specify procedures for the political subdivision to establish communication channels, analyze incidents, and take actions to contain cybersecurity incidents.
- Establish procedures for the repair of infrastructure impacted by a cybersecurity incident, and the maintenance of security after the incident.
- Establish cybersecurity training requirements for all employees of the political subdivision; the frequency, duration, and detail of which must correspond to the duties of each employee. The bill specifies that annual cybersecurity training provided by the state, and training provided for local governments by the Ohio Persistent Cyber Initiative Program of the Ohio Cyber Range Institute, satisfy this requirement.

Under the bill, "cybersecurity incident" means any of the following:

- A substantial loss of confidentiality, integrity, or availability of a covered entity's information system or network;
- A serious impact on the safety and resiliency of a covered entity's operational systems and processes;
- A disruption of a covered entity's ability to engage in business or industrial operations, or deliver goods or services;
- Unauthorized access to an entity's information system or network, or nonpublic information contained therein, that is facilitated through or is caused by:
  - A compromise of a cloud service provider, managed service provider, or other third-party data hosting provider; or
  - A supply chain compromise.

"Cybersecurity incident" does not include mere threats of disruption as extortion; events perpetrated in good faith in response to a request by the system owner or operator; or lawfully authorized activity of a U.S., state, local, tribal, or territorial government entity.

Ransomware incident

The bill prohibits a political subdivision experiencing a ransomware incident from paying or otherwise complying with a ransom demand unless the political subdivision's legislative authority formally approves the payment or compliance with the ransom demand in a resolution or ordinance that specifically states why the payment or compliance with the ransom demand is in the best interest of the political subdivision.

If the requirements regarding a political subdivision's response to a ransom demand were challenged, a court might examine it with respect to home rule.[202] Municipal corporations and charter counties have local self-government authority, which according to the Ohio Supreme Court includes powers of government that are local in nature, or stated differently, that relate solely to the government and administration of the internal affairs of the municipality or charter county.[203] A court might examine whether managing the response to an incident regarding data and information technology falls within this authority.

Under the bill, a "ransomware incident" means a malicious cybersecurity incident in which a person or entity introduces software that gains unauthorized access to or encrypts, modifies, or otherwise renders unavailable a political subdivision's information technology systems or data and thereafter the person or entity demands a ransom to prevent the publication of the data, restore access to the data, or otherwise remediate the impact of the software.

Notification of cybersecurity incident or ransomware incident

The bill requires the legislative authority of a political subdivision, following each cybersecurity incident or ransomware incident, to notify both of the following:

- The Executive Director of the Division of Homeland Security within the DPS, in a manner prescribed by the Executive Director, as soon as possible but not later than seven days after the political subdivision discovers the incident;
- The AOS, in a manner prescribed by the Auditor, as soon as possible but not later than 30 days after the political subdivision discovers the incident.

Public records

The bill specifies that any records, documents, or reports related to the cybersecurity program and framework, and the reports of a cybersecurity incident or ransomware incident, are not public records, and are not subject to the disclosure requirements of Ohio Public Records Law.[204] A record identifying cybersecurity-related software, hardware, goods, and services, that are being considered for procurement, have been procured, or are being used by a political subdivision, including the vendor name, product name, project name, or project description, is a security record and also not subject to disclosure.[205]

New community districts

(R.C. 349.01)

The bill modifies the criteria that determine the organizational board of commissioners of certain new community districts. Under continuing law, the board of township trustees of a

[202] Ohio Const., art. XVIII, sec. 3 and art. X, sec. 3.

[203] *Beachwood v. Bd. of Elections of Cuyahoga Cty*., 167 Ohio St. 369 (1958) and *State ex rel. Toledo v. Lynch*, 88 Ohio St. 71 (1913).

[204] See R.C. 149.43.

[205] See R.C. 149.433, not in the bill.

township serves as the organization board of commissioners of a new community district that is comprised entirely of unincorporated territory within the boundaries of a township that has a population of at least 5,000, and that is located in a county with a population of at least 200,000 and not more than 400,000. Under the bill, the board of township trustees will also serve as the organizational board of commissioners if the new community district is located within the boundaries of a limited home rule township that adopted a resolution creating an incentive district before January 1, 1995, and that is located in a county with a population of more than 400,000. Under the bill, such a township also will qualify as a proximate community and a developer under New Community Organization Law.

Eminent domain, parkways, and recreational trails

(R.C. 163.01)

Under continuing law, property can only be taken by appropriation, i.e., eminent domain, if necessary for a public use.[206] The bill alters the definition of public use by establishing that the taking of property for parkways or certain recreational trails for nonmotorized travel does not satisfy this public use requirement when two conditions are met:

- The property to be acquired was previously the subject of an eminent domain action that was dismissed, on or after January 1, 2024, because the agency that sought to use eminent domain lacked authority or jurisdiction to do so or there was no necessity for the taking;
- The agency in the original action has no remaining right of appeal.

Battery-charged fences

(R.C. 3781.1011)

Current law includes numerous safety standards concerning the installation and use of battery-charged fences on private nonresidential property. Furthermore, the law expressly authorizes counties, townships, and municipal corporations to (1) impose additional regulations that do not conflict with state law, (2) require a permit or fee for the use of a battery-charged fence, and (3) prohibit battery-charged fences that do not meet state law requirements. The bill eliminates the state safety standards and limits the authority of local governments to impose safety standards of their own.

Under the bill, no county, township, or municipal corporation may adopt or enforce an ordinance, order, resolution, or regulation that "expressly, implicitly, or functionally" prohibits the installation, operation or use of a battery-charged fence that meets certain conditions. The bill does not require battery-charged fences to comply with those conditions. It eliminates all state-level safety standards. Instead, the bill establishes a safe harbor in which certain battery-charged fences are not subject to local regulation. The table below compares the safe harbor conditions established by the bill to the safety standards prescribed by current law.

[206] R.C. 163.021(A), not in the bill.

Comparison of Safety Standards to Safe Harbor	
Safety standards (current law)	**Safe harbor (under the bill)**
The fence must be connected to a monitored alarm system.	Same.
The fence must have a battery-operated energizer that is powered by a commercial storage battery that is not more than 12 volts of direct current, and that meets the standards set forth by the International Electrotechnical Commission.	Similar, but the storage battery does not need to meet the standards set by the International Electrotechnical Commission.
The fence must be completely surrounded by a nonelectric perimeter fence or wall that is at least five feet tall.	The fence must be four to twelve inches behind a nonbattery-charged perimeter fence, wall, or structure that is at least five feet in height.
The fence must be no taller than ten feet, or two feet higher than the height of the nonbattery-charged perimeter fence or wall, whichever is higher.	The fence must be exactly ten feet in height, or two feet higher than the perimeter fence, whichever is higher.
The fence must marked with conspicuous warning signs, no more than 40 feet apart, that read "WARNING—ELECTRIC FENCE."	Similar, but requires the signs to be placed in intervals not exceeding 30 feet and to read: "WARNING – SHOCK HAZARD" or a similar warning message.

The bill retains the authority of a county, township, or municipal corporation to require a permit or fee for the installation or use of a battery-charged fence or to prohibit or impose requirements on the installation, operation, or use of a fence that does not meet the safe harbor standards described above.

Port authority common bond fund program

(R.C. 4582.72)

The bill allows a port authority, by resolution of its board of directors, to establish a common bond fund program to finance port authority facilities and enhance the credit of port authority obligations using credit enhancement facilities, cash reserves, or other money available for such purpose. Accordingly, it allows port authorities to do all of the following under the program:

1. Operate and manage the program and authorize agreements and other documents related to a program;

2. Appropriate port authority funds for the support of the program; and

3. Authorize the use of one or more credit enhancement facilities and cash reserves or other money available to finance port authority facilities as authorized in the bond proceedings associated with the obligations issued as part of the program.

Under the bill, any obligations issued by a port authority and secured by a trust agreement between the port authority and a corporate trustee may, in the discretion of the port authority, be issued as part of the program. Any trust agreement used in a program, and the establishment, deposit, investment and application of special funds, and the safeguarding of money, must be governed by the bond proceedings associated with the obligations and by the law governing port authorities. Additionally, the bill allows more than one obligation to be secured by a trust agreement used in a program.

All terms, provisions, and authorizations in the law governing port authorities and bond proceedings apply to obligations issued as part of a program and the associated bond proceedings, except as otherwise provided in those obligations and associated bond proceedings.

The bill specifies that it must be liberally construed to effect the purpose of authorizing common bond fund programs. Additionally, the powers and authorizations so granted may be exercised jointly or separately by one or more port authorities and are in addition to and supplemental to the powers and authorizations otherwise granted to port authorities under applicable Ohio law. The provisions are not to be construed as a limitation on any port authority powers or authorizations.

It also specifies that the bill's provisions provide additional optional authority for the establishment of a common bond fund program and that those provisions do not impair or affect any common bond fund program created prior to the bill's effective date. Furthermore, the bill's provisions do not apply to any common bond fund program created prior to its effective date unless the port authority elects to apply the bill's provisions to its common bond fund program by one or more resolutions of its board of directors.

Port authority capital leaseback and construction agreements

(R.C. 4582.61, 4582.72, and 5739.02(B)(13))

The bill prohibits a port authority from entering into a capital leaseback agreement or a construction agreement meeting certain criteria with a nonpublic entity for projects involving property located outside of the port authority's jurisdiction without approval from the board of county commissioners in which the property is located. If the property is located in more than one county, the board of county commissioners of each county in which the property is located must approve the capital leaseback agreement.

Under the bill, "capital leaseback agreement" means the sale or transfer of property by a port authority to another person contemporaneously followed by the leasing of the property to the port authority. A construction agreement is covered by the bill if it involves the construction or renovation of improvements to real property when the majority of the floor space will not be

used by the port authority and building materials will be exempt from sales tax due to the port authority's involvement.

Conservancy district maintenance assessments

(R.C. 6101.53 and 6101.54)

Current law allows a conservancy district board of directors to levy annual maintenance assessments on property owners in the district to maintain and operate various infrastructure in the district. For purposes of those assessments, the bill eliminates the $2 minimum annual maintenance assessment on the total appraisal of benefits on a property, but retains the 1% maximum of the total appraisal of benefits on a property.

LOW-INCOME UTILITY ASSISTANCE AND BLOCK GRANTS

Federal block grant funds

- Transfers powers and duties to administer Community Services Block Grant funds from the Department of Development (DEV) to the Department of Job and Family Services (JFS) while leaving the powers and duties unchanged.
- Repeals current law that requires the General Assembly hold public hearings regarding the Community Services Block Grant funds according to federal law requirements.
- Transfers, from DEV to JFS, the requirement to submit a waiver to the federal government for use of federal low-income home energy assistance programs (HEAP) funds from the home energy assistance block grants for weatherization purposes.

Energy efficiency and weatherization program administration

- Transfers from the DEV Director to the JFS Director the administration of the energy efficiency and weatherization program and the consumer education program.

Electric Partnership Plan Fund

- Replaces the Universal Service Fund with the Electric Partnership Plan (EPP) Fund to provide funding for the low-income customer assistance and consumer education programs.
- Requires the EPP fund to consist of revenues from the existing law universal service rider remitted to the DEV Director after collection by an EDU.

Public Benefits Advisory Board

- Adds the JFS Director to the Public Benefits Advisory Board (replacing the DEV Director) and requires the Board to advise the JFS Director.
- Limits the Board's duties to advising the JFS Director regarding the low-income customer assistance programs.
- Repeals the Board duty to give advice regarding the Universal Service Fund and Rider and the Advanced Energy Program and Advanced Energy Fund and repeals its advisory powers and duties regarding economic development and stability, energy, and pollution matters in Ohio under the program.
- Eliminates reimbursements to Board members for expenses incurred for the Advanced Energy Program.

Expired revenue sources for Advanced Energy Fund

- Repeals the following regarding Advanced Energy Fund revenue:
  - The expired temporary Advanced Energy Rider collected by EDUs and their remittance to the Advanced Energy Fund;

- The ten-year limitation on remittance requirements for the temporary Advanced Energy Rider;
- The expired quarterly remittance and timing requirements for revenues from (1) payments, repayments, and collections under the Advanced Energy Program and from program income and (2) collections by an Ohio municipal electric utility or electric cooperative participating in the Advanced Energy Fund.

- Repeals the requirements regarding the use of money collected in rates, as of October 5, 1999, for non-low-income customer energy efficiency programs.

Repeal of obsolete reports

- Repeals requirements for reports with due dates that have passed.

Federal block grant funds

(R.C. 122.66(5101.311), 122.67(5101.312), 122.68(5101.313), 122.681(5101.314), 122.69(5101.315), 122.70(5101.316), 122.701(5101.317) (renumbered and amended), and 4928.75; R.C. 121.22, 122.1710, 307.985, 2915.01, 3701.033, and 5101.101 (conforming changes); R.C. 122.702, repealed)

Community Services Block Grant

The bill transfers, from DEV to JFS, the powers and duties to administer Community Services Block Grant funds and programs. The bill leaves unchanged those transferred powers and duties, including administering all federal funds apportioned to the state via the "Community Services Block Grant Act," designating "community action agencies" to receive funds, and various other duties.

The bill also repeals the current law requirement that the General Assembly conduct public hearings regarding the grant funds, as required in federal law. Under current law these General Assembly hearings must be held each year on "the proposed use and distribution" of the grant funds as required under federal law. The effect of the repeal is unclear as the requirements for public hearings is a federal law requirement for state participation in the Block Grant program.

Weatherization services

The bill transfers, from DEV to JFS, the requirement to submit a completed waiver request every fiscal year, in accordance with federal law, for the state to expend 25% of federal low-income home energy assistance program funds from the home energy assistance block grants for weatherization services allowed under federal law.

Energy efficiency and weatherization program administration

(R.C. 4928.55, and 4928.56; R.C. 4928.34 and 4928.43 (conforming change); Section 525.20)

The bill transfers the administration of the existing energy efficiency and weatherization program and the low-income customer assistance consumer education program from the DEV Director to the JFS Director. Under continuing law, the energy efficiency and weatherization is

targeted, to the extent practicable, to high-cost, high-volume use structures occupied by customers eligible for the percentage of income payment plan program (PIPP), with the goal of reducing the energy bills of the occupants. The consumer education program may be established by rule to provide information regarding energy efficiency and energy conservation to consumers eligible to participate in the low-income customer assistance programs.

Before July 1, 2027, the bill requires DEV to transfer the entirety of its responsibility of managing the energy efficiency and weatherization program and the consumer education program to JFS. Other provisions in the bill concerning the transfer of the energy efficiency and weatherization program include, for example: (1) requiring the transfer of any business not completed by DEV by July 1, 2027, to be transferred and completed by JFS, (2) requiring, by July 1, 2026, the DEV Director and JFS Director to develop a detailed organizational plan to implement the transfer, (3) permitting the DEV Director and JFS Director to separately or jointly enter into staff training and development contracts to facilitate the transfer, (4) transferring identified DEV employees and resources to JFS, (5) directing all rules related to the programs to continue until modified or rescinded by JFS, and (6) requiring the OBM Director to make budget and accounting changes to implement the transfer.

Under ongoing law, "low-income customer assistance programs" are the PIPP, the home energy assistance program (HEAP), the home weatherization assistance program (HWAP), and the targeted energy efficiency and weatherization program. Since only the energy efficiency and weatherization program is transferred to JFS by the bill, the remaining low-income customer assistance programs (PIPP, HEAP, and HWAP) will continue to be administered by the DEV Director, with assistance from PUCO.[207]

Electric Partnership Plan Fund

(R.C. 4928.51; R.C. 4928.66 and 5117.07 (conforming changes))

The bill establishes in the state treasury the Electronic Partnership Plan (EPP) Fund as the depository and funding source for paying for the low-income customer assistance programs and the consumer education program. Revenues remitted to the DEV Director after being collected by an EDU pursuant to the existing law universal service rider must be deposited in the EPP Fund. The EPP Fund replaces the Universal Service Fund which the bill repeals.

Public Benefits Advisory Board

(R.C. 4928.58 and 4928.63)

The bill replaces the DEV Director as a member of the Public Benefits Advisory Board with the JFS Director and requires the Board to advise the JFS Director. Under ongoing law, the purpose of the 21-member Board is to ensure that energy services are provided to Ohio's low-income consumers in an affordable manner consistent with the state retail electric service

[207] R.C. 4928.01(A)(16) and 4928.53, not in the bill.

policies, including among others, the policy to ensure the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory, and reasonably priced retail electric service.[208]

Under the bill, the Board must advise the JFS Director instead of the DEV Director regarding the low-income customer assistance programs. It repeals the Board's duty to give the DEV Director advice regarding the Universal Service Fund and the appropriate level of the Universal Service Rider, both of which are repealed by the bill. However, the only low-income customer assistance program that the bill requires be administered by the JFS Director is the energy efficiency and weatherization program. An amendment may be necessary to also require the board to advise the DEV Director in the administration of the low-income customer assistance programs, since PIPP, HEAP, and HWAP continue to be administered by DEV.

Repealed by the bill are the Board's advisory powers and duties regarding the Advanced Energy Fund and the Advanced Energy Program. Under ongoing law, the DEV Director retains the power and duty to assist with economic development and stability, energy, and pollution matters in Ohio under the program. The bill also eliminates reimbursements to Board members for expenses incurred for the Advanced Energy Program.

Expired revenue sources for Advanced Energy Fund

(R.C. 4928.61; R.C. 4928.34 and 4928.62 (conforming changes))

The bill repeals the following regarding Advanced Energy Fund revenue:

- The expired temporary Advanced Energy Rider collected by EDUs and their remittance to the Advanced Energy Fund;
- The ten-year limitation on remittance requirements for the temporary Advanced Energy Rider;
- The expired quarterly remittance and timing requirements for revenues from (1) payments, repayments, and collections under the Advanced Energy Program and from Program income and (2) collections by an Ohio municipal electric utility or electric cooperative participating in the Advanced Energy Fund.
- The requirements regarding the use of money collected in rates, as of October 5, 1999, for non-low-income customer energy efficiency programs.

Repeal of obsolete reports and requirements

(R.C. 4928.06, 4928.57, 4928.581, 4928.582, and 4928.583)

The bill repeals requirements for reports (described below) with due dates that have passed.

[208] R.C. 4928.02.

Report on effectiveness of competition in electric supply

The bill repeals the biennial reports regarding the effectiveness of competition in the supply or competitive retail electric service in Ohio that the PUCO and the Office of the Consumers' Counsel (OCC) were required to provide to the standing committees of the General Assembly with primary jurisdiction regarding public utility legislation until 2008.

Under a related but obsolete law, the standing committees of the General Assembly with primary jurisdiction regarding public utility legislation were required to meet at least biennially to consider the effect of electric service restructuring on Ohio and to receive reports from the PUCO, OCC, and the DEV Director until the end of all market development periods under the competitive retail electric service law. The market development periods have ended, and the bill repeals this provision.

Low-income customer assistance/advanced energy program report

The DEV Director was required to provide a report on the effectiveness of the low-income customer assistance programs and the consumer education program and the advanced energy program every two years until 2008 to the standing committees of the General Assembly that deal with public utility matters. The bill repeals this reporting requirement.

Report on revenue for low-income customer assistance programs

Repealed under the bill are the Public Benefits Advisory Board annual report that included, for each EDU, the annual amount of revenue collected from customers for the purpose of supporting the Universal Service Fund and the low-income customer assistance programs, as well as forecast of those amounts that were to be collected in 2016, 2017, and 2018, and the requirement that the Board, from 2015 to 2018, submit the report to the Governor, Senate President, Speaker of the House, and others.

Regarding these Board reports, the bill also repeals the authority for the Board to obtain professional services as the board determines appropriate and the requirement that the DEV Director, PUCO, and each EDU promptly respond to requests by the Board for information needed to prepare the report.

PUBLIC RECORD AND OPEN MEETING PROVISIONS

Automated license plate recognition systems

- Exempts images and data captured by an automated license plate recognition system that are maintained in a law enforcement database from the Public Records Law.

Specific investigatory work product

- Modifies the definition of specific investigatory work product that is protected from public records request disclosure.
- Specifies the duration for which specific investigatory work product records are exempt from disclosure under the Public Records Law.

Attorney work product records

- Creates an exemption under the Public Records Law for attorney work product records.

Trial preparation records

- Clarifies the duration for which trial preparation records are exempt from disclosure under the Public Records Law.
- Specifies that a trial preparation record is any record that is not a confidential law enforcement investigatory record or attorney work product record.

Personal notes and assistive devices or applications

- Exempts from the definition of "record" the personal notes or any document device or item, regardless of physical form or whether an assistive device or application was used, of a public official or, the public official's attorney, employee, or agent.

Elected officials' public calendars

- Exempts entries for future dates on an elected official's public calendar from disclosure as a public record.

Video public records

- Authorizes a prosecuting attorney's office to assess certain charges for preparing a video public record.
- Prohibits a state or local law enforcement agency or a prosecuting attorney's office from charging a victim a fee for a video public record.

ABLE account records

- Exempts from Public Records Law any record of the Treasurer of State indicating ABLE account beneficiaries, balances, and activity on ABLE accounts.

Procurement law and public records

- Clarifies that all documents related to a competitive selection (including competitive sealed bidding, competitive sealed proposals, reverse auctions, and electronic procurement) are not public records until after the contract has been awarded.
- Eliminates law that specifies such documents are public records after a competitive selection is cancelled.

The bill includes a number of new or revised exceptions to the Public Records Law. Although some are discussed in context of larger provisions above, several are addressed in this chapter together.

Automated license plate recognition systems

(R.C. 149.43)

The bill exempts images and data captured by an automated license plate recognition systems (ALPRS) that are maintained in a law enforcement database from the Public Records Law. ALPRS are typically used by law enforcement agencies to capture an image of a vehicle's license plate as the vehicle passes by. The license plate image is then translated into letters and numbers using specialized software. The software assists law enforcement in identifying stolen vehicles or persons of interest.

Specific investigatory work product

(R.C. 149.43)

The bill defines "specific investigatory work product" as that term pertains to the Public Records Law to mean information assembled by law enforcement officials in connection with a probable or pending criminal or civil proceeding. The definition specifically excludes routine incident reports. Additionally, the bill specifies that these records are exempt during the following time frame:

- Until after the conclusion of all direct appeals;
- If no appeal is filed, prior to the expiration of the time during which an appeal may be filed;
- If no trial has occurred, until the civil or criminal action or proceeding has ended without the possibility of direct appeal or each agency, office, or official responsible for the matter has made a decision not to proceed with the matter.

Under continuing law, "confidential law enforcement investigatory records" are not considered public records. A record is a "confidential law enforcement investigatory record" if it pertains to a law enforcement matter of a criminal, quasi-criminal, civil, or administrative nature, but only to the extent that the release of the record would create a high probability of disclosure of certain types of information, including "specific investigatory work product."

Attorney work product record

(R.C. 149.43)

The bill creates an exemption under the Public Records Law for attorney work product record. Attorney work product record is defined as "a record created by or for an attorney or agent of an attorney in reasonable anticipation of or for litigation, trial, or administrative proceedings, when acting in an official capacity on behalf of the state, a political subdivision of the state, a state agency, a public official, or a public employee that documents the independent thought processes, mental impressions, legal theories, strategies, analysis, or reasoning of an attorney or agent of the attorney." Additionally, the bill specifies that "attorney work product record" does not include "specific investigatory work product" or "trial preparation records."

Trial preparation records

(R.C. 149.43)

Continuing law exempts trial preparation records under the Public Records Law. The bill clarifies that these records are exempt during the following time frame:

- Until after the conclusion of all direct appeals;
- If no appeal is filed, prior to the expiration of the time during which an appeal may be filed;
- If no trial has occurred, until the civil or criminal action or proceeding has ended without the possibility of direct appeal or each agency, office, or official responsible for the matter has made a decision not to proceed with the matter.

Additionally, the bill specifies that the exemption is any record that is not a confidential law enforcement investigatory record or attorney work product record created by or for another party or for that other party's representative, in reasonable anticipation of, or in defense of, a civil or criminal action or proceeding, and that contains *factual* information that is specifically compiled for that proceeding. Current law includes in the definition "the independent thought processes and personal trial preparation of an attorney."

Personal notes and assistive devices or applications

(R.C. 149.011)

The bill specifies, with respect to Public Records Law, that "records" does not include personal notes or any document, device, or item, regardless of physical form or whether an assistive device or application was used, of a public official, or of the official's attorney, employee, or agent, that is used, maintained, and accessed solely by the individual who creates it or causes its creation, thereby exempting such material from inspection and copying under the law.

Elected officials' public calendars

(R.C. 149.43(A)(1)(ee), (A)(19), and (A)(20))

The bill exempts entries for future dates on an elected official's public calendar from disclosure as a public record. In other words, entries for events from the current or a past date are considered public, but not entries for events that have yet to occur.

For purposes of this provision, an "elected official" is a person who is elected or appointed to an elective office of the state or a political subdivision. "Public calendar" means a calendar or appointment book maintained by an elected official to schedule the person's activities in relation to the person's position as an elected official. The term does not include a personal calendar or appointment book maintained solely for the official's personal convenience that does not serve to document the person's official activities or functions or the official activities or functions of the person's public office.

Video public records

(R.C. 149.43(B))

The bill authorizes a prosecuting attorney's office to assess certain charges for preparing a video public record. Under continuing law, actual costs associated with preparing a video record for inspection or production may be charged, not to exceed $75 per hour of video produced, nor $750 total. Under current law, such fees only may be assessed by a state or local law enforcement agency.

The bill prohibits a state or local law enforcement agency or a prosecuting attorney's office from charging a fee for preparing a video record for inspection, or producing a copy of a video record, when the requester of the video record is a victim, who has provided an affidavit, and who reasonably asserts that the video recording relates to the act or omission that caused the harm or loss, or who is a victim who suffered loss and could seek remedy through a tort action, or who is the legal counsel or insurer of the victim. Victim means a person against whom the criminal offense or delinquent act is committed or who is directly and proximately harmed by the commission of the offense or act. Victim does not include the accused or a person whom the court finds would not act in the best interests of a deceased, incompetent, minor, or incapacitated victim (Section 10a, Article I, Ohio Constitution). Under the bill, the state or local law enforcement agency or prosecuting attorney's office may only waive the fee upon the receipt of an affidavit by the victim or the victim's legal counsel identifying that the use of the video is to investigate harm or damages that may have been captured on the video. For purposes of this provision, the bill defines "legal counsel of the victim" as an attorney who, at the time of making the request, produces to the state or local law enforcement agency or a prosecuting attorney's office a signed retention agreement or letter of representation that establishes that the attorney is representing the victim.

ABLE account records not public records

(R.C. 113.51)

The bill exempts any record of the Treasurer of State indicating the account beneficiaries and the balances and activity in ABLE accounts from the Public Records Law, meaning that these records are not available to the public, by request or otherwise.

Achieving a Better Life Experience ("ABLE") accounts are tax exempt accounts created by the IRS, and established by the state, for people with disabilities to pay the costs of qualified disability expenses.

Procurement law and public records

(R.C. 9.28, 125.071, and 125.11)

The bill clarifies that all documents related to a competitive selection (including competitive sealed bidding, competitive sealed proposals, reverse auctions, and electronic procurement) are not public records until after the contract has been awarded.

The bill eliminates law that specifies such documents are public records after a competitive selection is cancelled. Therefore, under the bill, if a solicitation is cancelled before the award of a contract, the related documents do not become public records.

MISCELLANEOUS

Public official compensation

- Increases and extends pay raises for justices and judges, county officials, township officials, and members of county boards of elections, from 1.75% per year through 2028 under current law to 5% per year through 2029.
- Pays elected municipal court clerks under the schedule for clerks of common pleas courts, according to the population of the court, beginning when a new term begins.

Agency notices

- Requires state agencies to inform the Senate President and House Speaker about federal funding reduction notices.
- Requires state agencies to inform the Senate President and House Speaker about federal noncompliance notices.

Public employee leave to serve as election official

- Corrects erroneous cross references in statute governing paid leave for state and local public employees who volunteer as precinct election officials.

Occupational licensing board composition

- Requires the standing committees that review occupational licensing boards under continuing law to consider whether the number of board members is appropriate based on the board's workload and the number of occupational licenses issued by the board.
- Requires the standing committees to attempt to ensure that each board it reviews consists of not fewer than five members and not more than nine members.

Terms of public library boards of trustees

- Reduces from seven to four years the terms of office of board of trustee members of a school district free public library, county library district, or regional library district appointed after the bill's effective date.

Materials in a public library

- Requires a public library to place material related to sexual orientation or gender identity or expression in a portion of the library that is not primarily open to the view of a person under 18 years old.

Sex recognition

- Establishes state policy recognizing only two sexes, male and female, which are not changeable and are grounded in fundamental and incontrovertible reality.

Menstrual products in public buildings

- Prohibits a government entity from placing menstrual products in the men's restroom of a public building.

Unlawfully extracting or exploiting minerals of another

- Establishes mechanisms for the determination of damages that result from a person trespassing on the land of another and unlawfully extracting or exploiting minerals.

Public employee leave to serve as election official

- Corrects erroneous cross references in statute governing paid leave for state and local public employees who volunteer as precinct election officials.

Public official compensation

(R.C. 141.04, 325.18, 505.24, 507.09, 1901.31, and 3501.12; Sections 701.70 and 719.10)

Pay raises for justices, judges, and local officials

The bill increases the salaries of the following public officials:

- Justices and judges, including: Supreme Court, courts of appeals, courts of common pleas, municipal courts, and county courts;
- County elected officials, including: commissioners, prosecutor (with and without private practice), sheriff, clerk of court of common pleas, recorder, coroner (with and without private practice), engineer (with and without private practice), treasurer, and auditor;
- Township elected officials, including: trustees and fiscal officer; and
- County board of elections members.

Under current law, the above receive 1.75% annual increases through 2028. The bill instead gives the officials annual 5% raises through 2029. The Ohio Constitution generally prohibits in-term changes in compensation for elected officers, except members of boards of elections may receive in-term changes and judges may receive in-term *increases* only (but not decreases).[209] Therefore, the changes the bill implements take effect for an officer only once the officer begins a new term.

Elected municipal court clerks

The bill also modifies the pay of elected municipal court clerks, who currently receive a salary equal to 75% of the judge's salary. Under the bill, elected municipal court clerks are paid under the schedule for clerks of common pleas courts, according to the population of the court

[209] Ohio Const., art. II, sec. 20 (all officers not otherwise provided for in the Constitution) and art. IV, sec. 6 (judges). See 1997 Ohio Attorney General Opinion 1997-027 regarding members of boards of elections.

(the schedule uses the population of the county for common pleas clerks). The new salary calculation will begin when an elected municipal court clerk begins a new term.

Agency notices

(R.C. 121.16)

The bill requires state agencies to inform the Senate President and House Speaker about both of the following:

- A notice the state agency received from the federal government that a state program is or may be out of compliance with federal requirements.
- A notice the state agency received from the federal government about a reduction or other modification to federal funding a state agency receives.

The agency must submit a copy of the notice not later than ten days after receiving it.

Occupational licensing board composition

(R.C. 101.63 and 101.65)

The bill requires the standing committees that review occupational licensing boards under continuing law to consider whether the number of board members is appropriate based on the board's workload and the number of occupational licenses issued by the board. The standing committees must attempt to ensure that each board it reviews consists of not fewer than five members and not more than nine members.

Under continuing law, standing committees of the House and Senate must review ⅓ of the state's occupational licensing boards in each biennium. All occupational licensing boards must be reviewed at least once every six years.[210]

Terms of public library boards of trustees

(R.C. 3375.15, 3375.22, and 3375.30)

The bill reduces from seven to four years the terms of office of board of trustee members of a school district free public library, county library district, or regional library district appointed after the bill's effective date.

Current law staggers the terms of the first appointment of members by appointing authority. The bill changes those terms for first appointments after the bill's effective date as follows:

1. The terms of the three trustees appointed by court of common pleas judges to expire in two, three, and four years respectively, instead of two, four, and six years as under current law; and

[210] R.C. 101.62, not in the bill.

2. The terms of the four trustees appointed by the board of county commissioners to expire in one, two, three, and four years respectively, instead of one, three, five, and seven years as under current law.

Materials in a public library

(R.C. 3375.47)

The bill requires a public library to place material related to sexual orientation or gender identity or expression in a portion of the library that is not primarily open to the view of a person under 18 years old.

Sex recognition

(R.C. 9.05)

The bill establishes that state policy recognizes two sexes, male and female, which are not changeable and are grounded in fundamental and incontrovertible reality. The bill also establishes the following definitions for terms used in the Revised Code which, except for the definition of "sex," are the same as definitions used in a recent Executive Order issued by President Trump:[211]

- "Sex" means the biological indication of male and female, including sex chromosomes, naturally occurring sex hormones, gonads, and nonambiguous internal and external genitalia present at birth, without regard to an individual's psychological, chosen, or subjective experience of gender.[212]
- "Gender identity" means an individual's internal and subjective sense of self, disconnected from biological reality and sex and existing on an infinite continuum, that does not provide a meaningful basis for identification and cannot be recognized as a replacement for sex.
- "Female" means a person belonging, at conception, to the sex that produces the large reproductive cell.
- "Woman" means an adult human female.
- "Girl" means a juvenile human female.
- "Male" means an individual belonging, at conception, to the sex that produces the small reproductive cell.
- "Man" means an adult human male.
- "Boy" means a juvenile human male.

[211] Presidential Executive Order 14168, "Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government," (January 20, 2025).

[212] This definition of sex is the same as in R.C. 3129.01, not in the bill.

Menstrual products in public buildings

(R.C. 9.561)

The bill prohibits a government entity from placing menstrual products in the men's restroom of any building owned or occupied by a government entity. The bill does not include a penalty for violating this prohibition. For purposes of the prohibition, a "government entity" means a state agency, public institution, political subdivision, or any other organized body, office, agency, institution, or entity established by the laws of this state for the exercise of any function of government.

Because the bill applies to municipalities and charter counties and prohibits them from taking an action on their property, a question might arise regarding the Home Rule Amendment to the Ohio Constitution. The Ohio Constitution grants municipalities and charter counties home rule authority, which includes the power of local self-government and the exercise of certain police powers.[213] There does not appear to be any case law regarding a situation like the bill's prohibition.

Unlawfully extracting or exploiting minerals of another

(R.C. 5303.34)

The bill establishes mechanisms for the determination of damages that result from a person trespassing on the land of another and unlawfully extracting or exploiting minerals as follows:

Damages for unlawfully extracting or exploiting minerals of another		
Type of extraction	**Damages when extracted or exploited absent bad faith**	**Damages when extracted or exploited in bad faith**
Minerals, such as coal, stone, or ore, that are extracted by underground or surface mining methods	The revenue received from the sale of the minerals measured at the mouth of the mine, less the cost of extraction, less any sums previously paid	No reduction for the cost of extraction is allowed, and the damaged party is entitled to the full revenue received from the sale of the minerals measured at the mouth of the mine less any sums previously paid
Minerals, such as hydrocarbons, in liquid or gaseous states that are extracted by drilling	The revenue received from the sale of such minerals measured at the wellhead, less the cost of extraction, less any sums previously paid	No reduction for the cost of extraction is allowed, and the damaged party is entitled to the full revenue received from the sale of the minerals measured at the wellhead less any sums previously paid

[213] Ohio Const., art. X, sec. 3 and art. XVIII, sec. 3.

The bill specifies that a person acts in bad faith when the person commits a trespass with either of the following:

1. Actual knowledge that the entry onto, and the extraction of minerals from, the property was unlawful; or

2. Willful or wanton disregard for the lawful property or mineral rights of another person and with the intent of depriving the lawful owner of the owner's minerals.

A court cannot presume bad faith and bad faith does not include an entry onto property based on a reasonable belief that such entry, or the extraction occurring after such entry, was lawful.

The bill also specifies that a damaged party is prohibited from receiving punitive damages

NOTES

Effective dates

(Sections 820.10 to 820.120)

Article II, Section 1d of the Ohio Constitution states that "appropriations for the current expenses of state government and state institutions" and "[l]aws providing for tax levies" go into immediate effect and are not subject to the referendum. The bill includes a default provision stating that, except as otherwise specifically provided, the amendment, enactment, or repeal of a section is subject to the referendum and takes effect on the 91st day after the act is filed with the Secretary of State (barring the filing of a referendum petition). The bill also includes exceptions to the default provision, some of which provide that specified provisions are not subject to the referendum and go into immediate effect.

Expiration

(Section 810.10)

The bill includes an expiration clause stating that an item that composes the whole or part of an uncodified section contained in the bill (other than an amending, enacting, or repealing clause) has no effect after June 30, 2025, unless its context clearly indicates otherwise.

HISTORY

Action	Date
Introduced	02-11-25
Reported, H. Finance	04-08-25
Passed House (60-39)	04-09-25
Reported, S. Finance	06-10-25
Passed Senate (23-10)	06-11-25

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