



March 23, 2015

HOUSE FINANCE COMMITTEE TESTIMONY

Chairman Smith, Ranking Member Driehaus, and members of the House Finance Committee, my name is Suzanne Dulaney, CCAO Executive Director. On behalf of the County Commissioners Association of Ohio, I'd like to take this opportunity to share with the full Finance Committee the priorities and concerns that we have shared in the subcommittee process and in Ways and Means Committee around provisions in the state biennial budget, HB 64.

INDIGENT DEFENSE

As you know, every state has a constitutional mandate to provide legal representation to indigent persons. Ohio has chosen to transfer this responsibility to its counties, initially reimbursing them for 50 percent of the costs incurred for providing indigent counsel. Today, state reimbursement stands at 40 percent. \$12 million in additional GRF funding would provide 50 percent reimbursement. The total GRF contribution including this additional \$12 million CCAO is seeking is still more than \$5 million below the GRF appropriation in 2009. While CCAO supports a longer-term transition of this responsibility for indigent defense from counties to the state, this important renewal of a 50/50 partnership is CCAO's priority issue for this budget bill.

STABLE FUNDING FOR SERVICES & MANDATED FUNCTIONS

As part of our Ways & Means Testimony, we shared our views on the tax provisions included in HB 64, some highlights include:

LGF Stabilization – As you examine various tax reform proposals, CCAO believes the Local Government Fund should be stabilized, particularly as state revenues rebound. If the tax reforms are enacted as proposed, LGF revenue would increase 5.3% and 4.1% in FY 16 and 17, respectively. This represents maintaining the percentage of state GRF to the LGF at 1.66%. If it is the will of the House to modify the tax reform provisions, we ask that steps are taken to protect the local government distributions and the services they support.

Sales Tax – As counties experienced significant declines in many revenue streams during the recession, including LGF, TPP reimbursements, interest income, conveyance fees, and property values, counties have become more and more reliant upon sales tax as a means to fund state mandates and services supported by the general fund.



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As part of a continuing effort to provide stable revenues to counties, enhance county fiscal security, and generate revenue in a fair and equitable manner from all segments of our evolving economy, CCAO supports the broadening of the state's sales and use tax base to include additional services and internet, catalog, and telephone sales.

Another increase in the state sales tax rate included in HB 64 does begin to raise concerns about both the state and counties becoming more reliant on the same source and its impact on influencing purchasing decisions in border counties. CCAO has long supported increased flexibility for counties to levy permissive taxes to fund needed services in the face of declining state support. We should carefully evaluate our sales tax rates with our neighboring states and the impact it has on consumers and merchants alike.

Severance Tax – CCAO continues to support raising the severance tax on oil and natural gas to a rate reasonably similar to the severance tax rates by other oil producing states, with significant revenue to be returned to local governments with special emphasis to impacted counties.

TPP & Public Utility Reimbursements - CCAO opposes the accelerated phase down of reimbursement payments for lost tangible personal property taxes and public utility tangible property taxes to counties contained in HB 64. While only 6 counties still receive TPP reimbursements and only 3 counties receive public utility tangible property reimbursements to the general fund due to previous reductions, continuation of the current suspension of phased-out reimbursement is very important to these counties. The counties include: Adams, Gallia, Henry, Monroe, Morgan, Pike, Shelby, Union and Washington. In addition to the direct general fund impact, county levy-funded programs are heavily impacted by the accelerated phase down.

HEALTH & HUMAN SERVICES

This segues to the concerns we raised in the Human Services Subcommittee, where we focused on the TPP and PUTC reimbursements and how the accelerated phase down leads to lost funding for developmental disabilities, children services, health services and senior services.

Additional issues we raised include:

Adult Protective Services (APS) – HB 64 proposes some policy improvements and an additional investment of \$2.64 million allocated to counties and the remainder of the increase to be used for state administration. Out of the county part, each county would receive \$30,000. This is a welcome improvement to the \$500,000 statewide appropriation in the last biennial budget. However, we must raise concerns around language in the budget. Current law states counties are to investigate reports, evaluate the need for and, *to the extent of available funds, provide or arrange for protective services*. The bill eliminates “to the extent of available funds” as well as the county obligation to “provide” protective services. We are unclear what it means to have an unconditioned duty to “arrange for” services.

Comprehensive Case Management & Employment Program – CCAO supports the goal set forth in the proposed Comprehensive Case Management Program. In particular, we think focusing first on the 16 to 24 year old population makes sense. We continue to be concerned about the aggressive timeframe, particularly since we have yet to see specific program details that will address questions

such as how performance will be gauged, how confidentiality laws and incompatible IT system barriers will be addressed, etc.

AGRICULTURE, DEVELOPMENT & NATURAL RESOURCES

Soil & Water Conservation Districts - CCAO supports the continuation of a state funding match to incentivize investment in soil and water conservation districts (SWCDs). Local funds generated from county and local governments are roughly \$12.5 million per year, yet the match is only \$10.2 million. Appropriations for the state match program should be increased in order to return one dollar match for each local dollar invested. Soil and Water Conservation Districts are considered our “boots on the ground” with all the changes that are being proposed for Lake Erie and agriculture in the Western Basin. Thus, CCAO supports an increase of \$2 million per year in order to return one dollar match for each local dollar invested.

OSU Extension - CCAO supports increasing the level of state support for OSU Extension provided that an appropriate share of new funds will be used to relieve county general fund contributions. Currently, the funding is level is flat at \$23 million per year.

Agriculture and Water Quality Programming – CCAO also noted that several proven agricultural and water quality programs such as Ohio Agricultural Research & Development Center and research facilities studying water quality were flat funded. In the wake of what happened in Toledo just six months ago and other serious water quality issues arising around the state, it seems clear that status quo poses a significant risk to Ohio’s economic climate. Please consider strategic investments in agriculture and water quality to complement other legislative actions taken to date to address algae blooms.

Thank you for your patience as we hit the highlights of the various ways this state biennial budget impacts county government. Given that counties operate as local branches of state government, with most state programs and services being delegated to county government, our success for the citizens of Ohio relies upon a strong state and county partnership. I would be happy to answer any questions that you may have