

CONFERENCE COMMITTEE RELEASES BUDGET REPORT

On the eve of the extended budget deadline, the legislature has reached a compromise on Am. Sub. HB 166, the State Operating Budget bill.

After failing to pass the budget bill by the constitutional deadline, the legislature passed an interim budget set to expire tomorrow, July 17th. Conference Committee has been in negotiations in the meantime, creating the final version of the budget to be approved by the full legislature and sent to Governor DeWine for his signature.

These are the following provisions that affect municipalities that are in the final Conference Committee report:

- **Increase to the Local Government Fund (LGF).** The Local Government Fund (LGF) will be increased to 1.68%, an additional \$5.2 million each year over the biennium.
- **MARCS Local Government Fee Offset Funding.** The Multi-Agency Radio Communication (MARCS) local government fee offset will be funded at \$4 million over the biennium.
- **Restored Supplemental LGF Distribution Fund.** The Supplemental LGF Distribution fund to will be restored to Ohio's cities.
- **Municipal Net Profit Estimated Payments.** A municipality that receives a negative distribution from the state for business net profit filings through the state centralized collection of municipal net profit revenues must pay the amount of the deficiency to the state. Failed payment will result in the state seizure of other municipal funds.
- **Funding H2Ohio.** Up to \$170 million can be allocated from the FY 2019 General Revenue Fund (GRF) surplus to the H2Ohio fund and those funds will be expanded to apply to community water projects.
- **Motion Picture Tax Credit.** The refundable motion picture tax credit will remain and will be expanded to apply to both motion picture production expenditures and live theatre productions, but can only be applied to Ohio companies.
- **Unpaid Garbage Fees.** Municipalities will be able to charge unpaid garbage fees as a lien against real property if the fees are equal to or greater than \$350.
- **Opportunity Zones.** Income tax credits for businesses will be able to be used to incentivize investment in Opportunity Zones in struggling communities.
- **Tax Increment Financing (TIFS).** Local governments will be allowed to extend TIFS to an additional 30 years for large high-impact developments, consistent with the administration's proposal.

- **Housing Trust Fund.** There will be an increase to \$34 the fee for the first two pages of a recorded document and split the revenue between the Housing Trust Fund and the County recorders.
- **Local Police Departments.** Local police departments will be allowed to apply for School Safety Training Grants if the local school district did not apply.
- **Ohio Business Gateway (OBG).** There will be an increase in OBG funding by 295.34%.
- **Local Government Audit Support.** \$26 million will be allocated over the biennium for local government audit support.
- **Bureau of Criminal Investigation (BCI) Lab Testing.** \$42 million will be allocated over the biennium for BCI lab tests.
- **Public Safety Answering Points.** A public safety answering point will be deemed compliant with minimum staffing standards when compliant with all other operational standard rules.
- **Residential Property Tax Abatement. (Originally HB 149).** Exempts unimproved land subdivided for residential development from increased property taxes for up to 5 years.

There is no word yet on which provisions, if any, Governor DeWine will veto before signing Am. Sub. HB 166. We will continue to keep our members updated on all upcoming proceedings involving the State Operating Budget.

We want to thank all of our members who testified and reached out to their legislative delegation regarding the municipal provisions in the budget bill. The voices of local leaders carry weight at the Statehouse, and we are grateful that local leaders used their influence to encourage the legislature to ensure future growth and prosperity for Ohio's municipalities.

The League is grateful for the provisions in the budget bill that invest in Ohio's cities and villages. The Conference Committee report of Am. Sub. HB 166 takes several substantial steps to begin to repair the relationship between the state and its municipalities, and we look forward to continuing the work with both the administration and the legislature to strengthen that partnership.