

Ohio State Budget Update: What You Need To Know

By **Madison Lisotto Whalen**

After a 17-day delay, state budget negotiations concluded, and Governor Mike DeWine signed Ohio's \$69 billion two-year state operating budget into law. On June 30, lawmakers passed an interim budget, which ran through July 17, to temporarily fund state government as they continued to deliberate extensive public policy and funding changes. On the final day before the state's temporary budget funding ran out, the Ohio House of Representatives and Ohio Senate passed a compromised, largely bipartisan budget bill, which includes numerous wide-spread policy changes ranging from an across the board state income tax rate cut to the creation of a new \$172 million "H2Ohio fund" which will be dedicated to protecting Lake Erie, other state waterways and community water projects. Below is a comprehensive list of budget highlights.

Taxes

- Institutes a 4% income tax rate cut across the board.
- Maintains the state's motion picture tax credit, and expands the tax credit eligibility to live theater productions, while also adding a new requirement that businesses applying for the tax credit be registered in Ohio.
- Prohibits lawyers and lobbyists from utilizing the state's business income tax deduction, which makes a business's first \$250,000 in income tax-free.
- Adds a new 10 cent tax per milliliter on e-cigarette liquids.
- Sets a \$100,000 threshold in Ohio sales, or 200-plus transactions into Ohio, for sales tax collection by online sellers, and modifies the conditions under which a "marketplace facilitator" must collect sales tax.
- Eliminates the income tax checkoff for the Ohio Political Party Fund and the state income tax credit for campaign contributions.
- Repeals the sales tax exemptions for investment bullion and coins and for sales of qualified property to motor racing teams.
- Creates additional state income tax credits for businesses to be used to incentivize investment in Opportunity Zones.

Healthcare

- Creates a Prescription Drug Transparency and Affordability Advisory Council to study ways to increase transparency on drug pricing, leverage state purchasing power, improve efficiency and identify ways to improve health outcomes.
- Raises the legal age to purchase tobacco products from 18 to 21.

- Includes \$675 million for wraparound wellness services for at-risk students, which can be utilized for things such as mental health treatment, counseling, tutoring and after-school programs.
- Requires alcohol, drug addiction, and mental health services (ADAMHS) boards to establish and administer, in collaboration with the other ADAMHS boards that serve the same state psychiatric hospital region, six mental health crisis stabilization centers.
- Authorizes local boards of health to establish fetal-infant mortality review boards to review fetal and infant deaths.
- Revises the Child Lead Poison Advisory Council.
- Requires the Ohio Department of Health to establish a Lead-Safe Home Fund Pilot Program to improve housing conditions for children by providing grants to eligible property owners for lead-safe remediation actions.

Local Government

- Increases the Local Government Fund by 1.68%, resulting in an additional \$5.2 million each year.
- Creates \$172 million H2Ohio fund dedicated to protecting Lake Erie, other state waterways and community water projects.
- Prohibits municipalities from taxing Supplemental Executive Retirement Plan (SERP) compensation, while maintaining the federal and state government's ability to tax SERP compensation.
- Moves the Ohio presidential primary election to the third Tuesday after the first Monday in March, which next year will coincide with St. Patrick's Day on March 17.
- Increases county recorder fees, thus boosting funding for the Housing Trust Fund for homelessness and affordable housing grants.
- Funds the Multi-Agency Radio Communication local government fee offset at \$4 million over the biennium.
- Requires 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, to pay the amount of the deficiency to the state, and failed payments will result in the state seizure of other municipal funds.
- Allows police departments to apply for School Safety Training Grants if the local school district did not apply.
- Grants counties discretion to use revenue derived from concealed handgun license fees for costs incurred in constructing, maintaining, or renovating a shooting range used by the sheriff or his/her employees.
- Allows a city to file a property lien if a resident has unpaid trash collection fees over \$250.

- Authorizes a convention facility's authority created between July and December of 2019 to levy up to a 3% excise tax on hotel lodging within its territory on or before Dec. 30, 2020. Current law requires action by the Board of Commissioners and the amendment allows for a voter referendum.
- Authorizes the extension of a TIF that is currently in effect up to an additional 30 years.
- Requires the State Public Defender to reimburse county governments the cost they incur in providing indigent defense in cases, including capital cases, subject to a proportional reduction of reimbursement if the General Assembly's appropriation to the State Public Defender is insufficient to cover the counties' costs for indigent defense.

For more information on education-related policy changes, [click here](#).

Governor DeWine exercised his line-item veto authority on 25 provisions, a majority of which relate to healthcare policies, to include nixing the requirement for the Ohio Department of Medicaid to contract with one single statewide PBM for Medicaid managed care, to be re-bid every four years. For a copy of the Governor's veto message, [click here](#).

Lawmakers also passed the nearly \$645 million state Bureau of Workers' Compensation (BWC) budget yesterday. Disagreements between the House and Senate on whether the bill should include coverage for post-traumatic stress disorder (PTSD) absent an accompanying injury for first responders or require those seeking BWC benefits to affirm their citizenship caused the initial delay in passing the BWC budget. Both hotly debated provisions remained out of the final BWC budget bill.

Finally, a \$109.5 million two-year budget for the Ohio Industrial Commission was signed into law on June 27 without controversy. There was a budget increase for the first time in over a decade with an additional \$6 million in funding earmarked for computer and phone upgrades and payroll because 2020 has an extra pay period.

If you have questions about these public policy changes, and how they may affect you and your business, please contact any of the listed Roetzel attorneys.

Lewis Adkins, Jr.

Practice Group Manager
Public Law, Regulatory and Finance
216.615.4842 | ladkins@ralaw.com

Matthew J. Borges

614.723.2091 | mborges@ralaw.com

Melissa R. Hoeffel

614.723.2070 | mhoeffel@ralaw.com

Daniel G. Hilson

614.723.2060 | dhilson@ralaw.com

Alex Thomas

614.723.2038 | athomas@ralaw.com

Madison Lisotto Whalen

614.723.2025 | mwhalen@ralaw.com