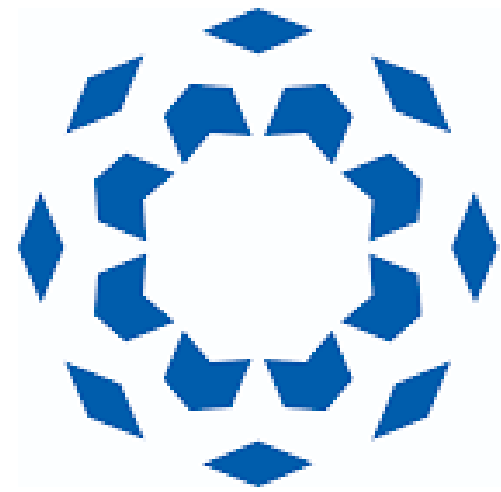




COSGROVE JONHENRY LLC
LAW & PUBLIC POLICY



**CLEVELAND
PUBLIC
LIBRARY**

OHIO LEGISLATIVE & POLITICAL UPDATE

**CLEVELAND PUBLIC LIBRARY
BOARD OF TRUSTEES MEETING**

OCTOBER 19, 2023

STATE OPERATING BUDGET

- Governor DeWine signed FY 24-25 state operating budget into law on July 3
- Public Library Fund (PLF) set at 1.70% of the state's General Revenue Fund (GRF) in permanent law
 - As-Introduced \$505,000,000; FY25 \$530,000,000
 - Enacted FY24 \$505,000,000 (2.6% increase); FY25 \$530,000,000 (5.0% increase)
- \$41.4B in FY24 and \$44.7B in FY 25
- \$3B package of tax cuts
- Consolidates income tax brackets to two, establishes bottom bracket threshold of \$100K, and 2.75% tax rate for lowest bracket
 - Ohio Library Council estimates PLF loss \$15M in FY24, \$16M in FY25
- Extends sales tax holiday
 - Provides reimbursements to PLF, LGF and GRF for loss of revenue

STATE OPERATING BUDGET

- **Creates Property Tax Study Committee**
 - Must submit report making recommendations on reforms to property tax law to OGA by December 31, 2024
- **Competitive Bidding Thresholds**
 - Increases thresholds from \$50K to \$75K through 2024
 - 3% annual increase to threshold beginning in 2025
 - Increases allowable difference between public improvement project estimate to project contract price from 10% to 20%
- **Creates of Department of Education and Workforce (DEW)**
- **Creates Department of Children and Youth**

STATE REVENUES

- State tax receipts above target through first quarter of FY24
- Preliminary revenue data from Office of Budget & Management showed tax receipts so far this year totaled \$7B, or \$56M above estimates
- Non-auto sales performed above estimate whereas personal income and autosales performed a bit below
- Personal Income Tax lagged monthly estimates by \$4.2M
- CAT was \$2.2M less than expected in September but quarterly payments held strong

POLITICAL LANDSCAPE

- Governor DeWine Administration; Lt. Governor Jon Husted
- Republicans control all statewide offices including the Governor, Secretary of State, State Treasurer, Auditor and Attorney General
- Ohio Supreme Court 4-3 Republican Majority; Chief Justice Sharon Kennedy
- The current make-up of the 135th Ohio General Assembly is
 - **67 Republicans vs. 32 Democrats** in the Ohio House of Representatives
 - **26 Republicans vs. 7 Democrats** in the Ohio Senate
- **House Leadership consists of:**
 - Speaker of the House, Jason Stephens (R-Kitts Hill)
 - Minority Leader, Allison Russo (D-Upper Arlington)
- **Senate Leadership consists of:**
 - Senate President, Matt Huffman (R-Lima)
 - Minority Leader, Nickie Antonio (D-Lakewood)

OHIO REDISTRICTING COMMISSION

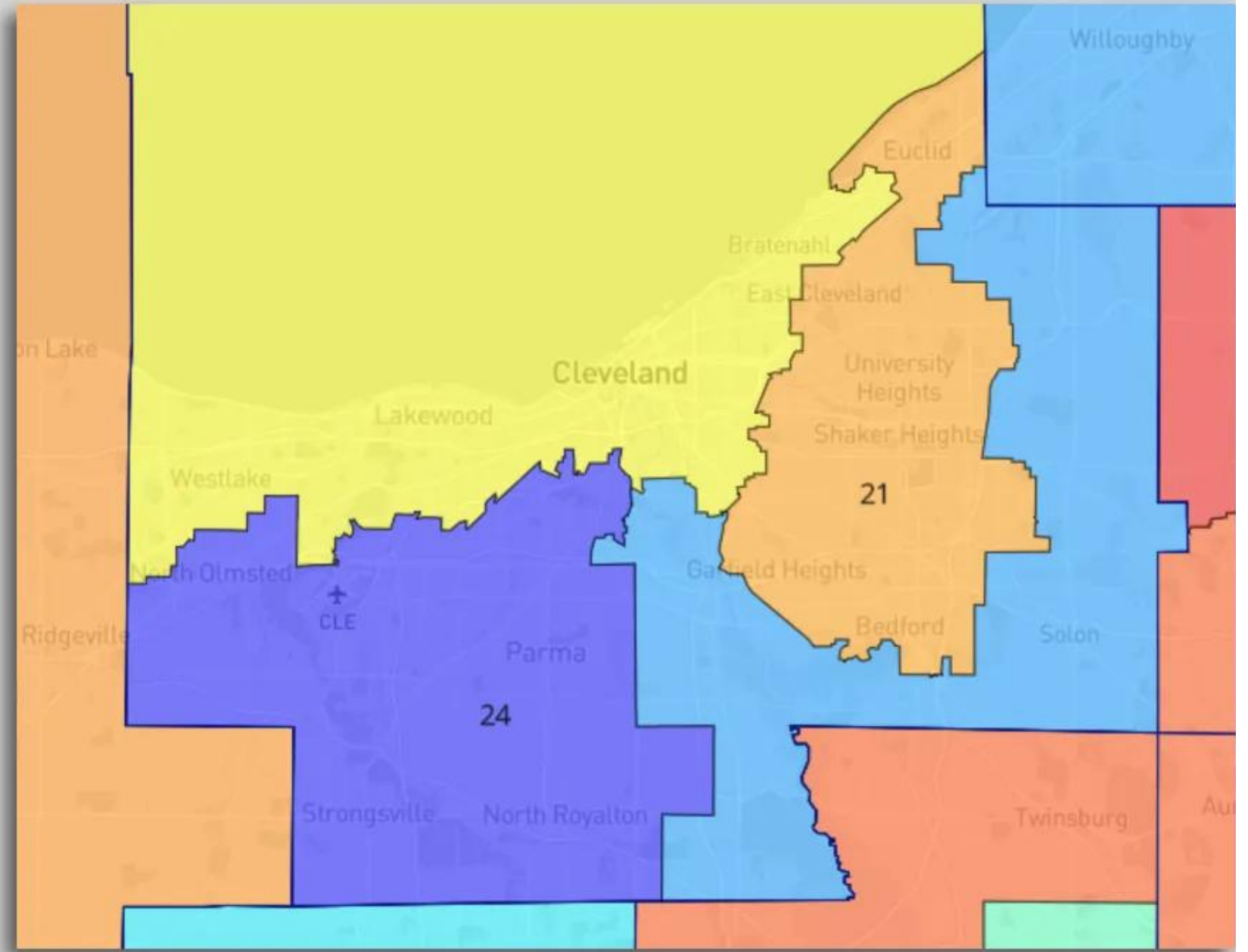
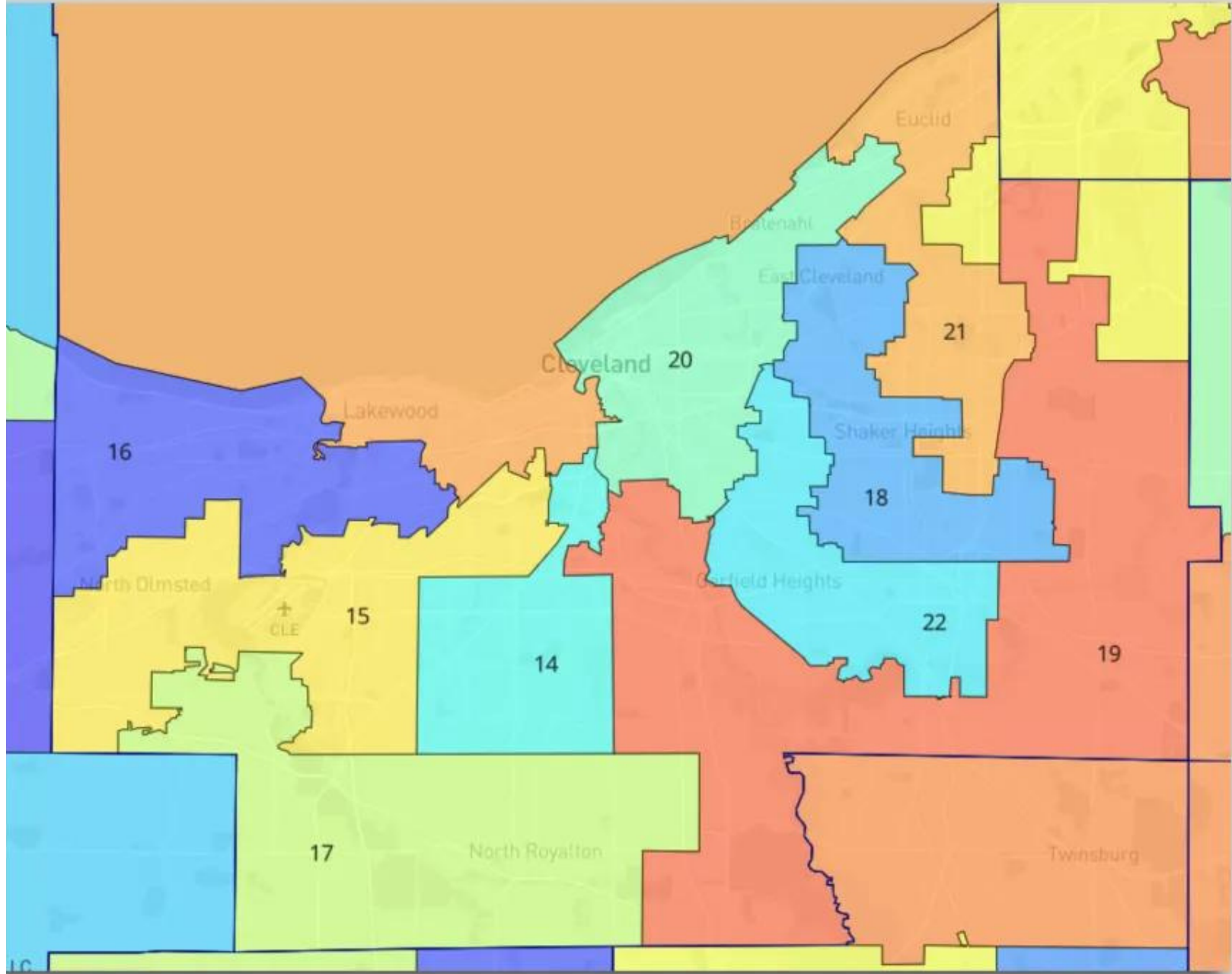
- Every 10 years after the U.S. Census, Ohio's 99 House districts and 33 Senate districts must be redrawn to reflect the results of the most recent Census
- The Ohio Redistricting Commission (ORC) is tasked with redrawing each of those legislative districts
- The seven-member commission must redraw districts after the Ohio Supreme Court repeatedly found maps used in 2022 elections violated voter-approved changes to curb gerrymandering
- The commission includes three statewide Republicans - Governor Mike DeWine, Ohio Secretary of State Frank LaRose, Ohio Auditor Keith Faber - and two Republican lawmakers and two Democratic lawmakers (Minority Leaders, Sen. Antonio D-Lakewood & Rep. Russo D-Upper Arlington)
- On September 26th, ORC approved new Ohio House and Senate district lines in a late night bipartisan vote

OHIO REDISTRICTING COMMISSION

- The revised Senate plan features 23 districts that favor Republicans, three of which are considered toss-ups, and 10 that favor Democrats, one of which is considered a toss-up
- The revised House proposal includes 61 districts that favor Republicans, three of those considered toss-ups
- Democrats have the advantage in 38, with eight of those considered toss-ups
- New maps are expected to be in place for the rest of the decade, barring any successful legal challenges
- Legal challenges would need to be heard before a December filing deadline for legislative candidates

CUYAHOGA COUNTY

- Democrats hold 10 of 11 Cuyahoga County districts in the House
- The 2024 map still features 11 local districts, but the southwestern suburbs have been redistributed, creating two new toss-up districts
- In the Ohio Senate, the two parties currently split four Cuyahoga County districts
- The 2024 map again features four districts, with two strongly favoring Democrats and two leaning slightly Republican



NOVEMBER ELECTION: BALLOT ISSUES

- This fall, Ohioans will be asked to vote on Issue 1 but this time, Issue 1 will represent "The Right to Reproductive Freedom with Protections for Health & Safety" titled "A Self-Executing Amendment Relating to Abortion and Other Reproductive Decisions"
- The title and ballot language were approved in a party-line vote on August 24th
- Ohioans will also be asked to vote on Issue 2, to legalize the recreational use of marijuana for those age 21 and older
- On the ballot it will appear as, "To Commercialize, Regulate, Legalize and Tax the Adult Use of Cannabis"
- Individuals would be permitted to grow up to six plants and possess up to 2.5 oz of marijuana, and would establish a 10% adult use tax, on top of existing sales taxes
- 36% percent of the revenue from the adult use tax would go to local governments with operating dispensaries
- Another 36% would go to a social equity and cannabis jobs fund, which could generate as much as \$150M annually for social equity and jobs programs

LEGISLATIVE CALENDAR

- The Ohio Senate has a more active calendar for the remainder of the year with 12 session dates, while the Ohio House has only 4 session dates
 - We anticipate significant committee activity for the fall
 - A lot will depend upon timing of the Capital Bill and Budget Corrective measures which are not yet certain
- Expect a more robust agenda after the new year (2024)

LEGISLATIVE PRIORITIES

- **Property Tax Legislation**
- **Budget Corrective Legislation**
 - Not likely to occur before the end of the year
- **Senate Select Committee on Housing**
 - Has had four hearings in Columbus; will be conducting hearings across the state as well as site tours
- **Capital Bill**
 - Process informally underway; will kick-off formally early next year (2024)
- **One-Time Strategic Community Investment Fund (\$700M)**
 - Process will likely get underway next spring (2024) following the primary

PROPERTY TAX LEGISLATION

- OGA has identified rising property taxes as a serious issue that needs to be addressed through legislation this fall
- House and Senate leadership have publicly committed to making property tax relief a priority
- Joint Committee on Property Tax Review and Reform was created in the budget and will take shape in October
- Committee must report findings by the end of 2024
- HB 187 - Property Tax (Hall/Bird) Would empower local elected officials when it comes to property tax assessments and would take effect for tax year 2023 and comes as several counties brace for sizeable property tax increases on the horizon
- SB 153 - Property Valuations (Lang/Johnson) To temporarily modify the method for valuing farmland and other real property tax purposes

PROPERTY TAX LEGISLATION

Below is additional active property tax legislation introduced in House and Senate chambers

- **HB 57 - Homestead Exemption (Hall/Demetriou)** To index the homestead exemption amounts to inflation. Introduced in February 2023; incorporated as a budget provision in two-year operating budget
- **SB 2 - Property Tax (Schuring)** To authorize certain subdivisions to designate areas within which certain residential property is wholly or partially exempted from property taxation
- **HB 274 - Property Tax Exemptions (Mathews/Dell'Aquila)** To authorize an enhanced property tax homestead exemption for certain long-term homeowners
- **HB 90 - Disabled Veterans (Patton)** To authorize a total property exemption for the homesteads of totally disabled veterans and their surviving spouses
- **HB 254 - Homestead Property Tax (Richardson/Holmes)** To expand and enhance the homestead property tax exemption for disabled veterans; companion legislation to SB 134 (Hoagland)
- **SB 134 - Property Tax Exemptions (Hoagland)** To extend homestead property tax exemption to certain disabled veterans
- **SB 136 - Property Tax (Craig)** To reduce property taxes on qualifying owner-occupied homes and to name this act the Property Tax Relief and Local Government Support Act
- **HB 60 - Homestead Exemptions (Troy)** To increase the amount of and expand the income qualifications for the homestead exemption

ACTION STEPS

- Continue to develop relationships with key state legislators and members of the administration throughout the end of the year
 - Cleveland Delegation - Sens Cirino, Dolan, Smith & Antonio; Reps Patton, Sweeney, Upchurch, Brennan, Brent, Brewer
 - Senate Majority Floor Leader McColley
- Evaluate potential opportunities in the Capital Budget/Corrective Bill
- Continue to monitor/engage in Property Tax Reform initiatives
- Educate those identified decision-makers by utilizing core messaging and corresponding materials on library programs and initiatives
- Engage in coalition building by identifying and connecting with potential advocacy partners who share similar interests and goals like the Ohio Library Council