

LEGISLATIVE REVIEW
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FITZGERALD PICKS KEARNEY FOR 2014 RUNNING MATE

Democratic gubernatorial hopeful Ed FitzGerald has selected Senate Minority Leader Eric Kearney to join him on his race for Governor next year.

Sen. Kearney (D-Cincinnati), an attorney who was originally appointed to the Senate in 2005, is term limited at the end of next year. He was elected minority leader last year.

**PAST OHBA PRESIDENTS JOHN PAVLIS AND BAILEY STANBERY APPOINTED
TO BOARD OF BUILDING STANDARDS**

The two homebuilder members of the Board of Building Standards (BBS) were named this week, coming from a list of 10 names submitted by OHBA, as required by statute. John Pavlis, a current member of the BBS, was reappointed. The prior Chairman of the RCAC, Bailey Stanbery will fill the other homebuilder position on the BBS.

**SUBSTITUTE BILL ADOPTED ON JEDZ/JED ALONG WITH INTRODUCTION OF
PROPOSED JEDZ MORATORIUM**

HB 289 (Schuring, K.) had its third hearing on Wednesday and the sponsor explained changes made in the substitute bill, as well as, intentions to continue discussions and the need for a moratorium. The bill would require subdivisions to obtain written approval from owners and lessees of real property located within a proposed or existing joint economic development zone (JEDZ) or joint economic development district (JEDD) before approving, amending, or renewing the JEDZ or JEDD contract and would institute contiguity requirements for which subdivisions may create a JEDZ or JEDD.

At the hearing, Rep. Schuring said the substitute bill would remove the provision that the income tax must be used solely for only economic development purposes in the district or zone. As long as on the petition signed by the property owner indicates how the taxes will be used, it will comply with the bill. It would expand continuity provisions so that the taxing authority could leap over two jurisdictions to include a property in the JEDD or JEDZ. The sub bill also allows districts and zones to be reauthorized but does not allow them to be amended in the area of expansion or changing the tax rate. Lastly, the sponsor said the new version would require a simple majority of businesses and a majority of the property values for a JEDD or JEDZ to go forward rather than 100% participation.

After several interested party meetings, and the desire to avoid any unintended consequences of the proposed legislation, yesterday the sponsor introduced HB 358 to impose a 90-day moratorium on the authority of townships and municipal corporations to approve new joint economic development zone (JEDZ) contracts and new joint economic development district contracts devised under the nonrestricted procedures and on the authority to amend existing contracts for any purpose other than to revise the contract's duration, and to declare an emergency.

10 STATE STANDARD OEPA MEETING FOLLOW UP

As a follow up to the recent meeting with OEPA Staff on issues brought to our attention related to enforcement of the 10 States Standard referenced in OEPA rules, OHBA contacted OEPA Staff about the new 2012 standards cited without having gone through the formal rule making process. The current OEPA rule references the 2007 edition of the standard. It is inappropriate to be citing a standard which has not been properly adopted as an agency rule. The rule is not set to begin the 5 year rule review process until next year. The Agency does not have the authority to enforce the 2012 standards until a rule change is adopted.

OHBA has made the OEPA staff aware of instances where clearly the 2012 Standards were cited as the reason for compliance with new separation distances. Please contact OHBA if you have been asked to comply with these updated standards.

MUNICIPAL INCOME TAX REFORM LEGISLATION PASSES HOUSE BUT NOT SET TO MOVE QUICKLY THROUGH SENATE

The Senate doesn't appear poised to act swiftly on HB5 to overhaul municipal income tax law following the drawn-out battle in the House between business groups and cities. Years in the making, the battle entered a new phase last week when a divided House sent the measure (HB 5) to the conservative-led Senate. A spokesman for the majority caucus said the Senate plans to take its time in reviewing the package. The plan supported by the business-oriented Municipal Tax Reform Coalition contains dozens of updates to the municipal income tax code. And while it doesn't contain the business community's entire wish list, it has enough changes to garner the coalition's support. The business coalition sees House Bill 5 as creating a system that is simpler, fairer and more predictable. However, the Ohio Municipal League remain 100% opposed to the bill. Provisions found in the bill would:

- Consolidate tax returns to improve Ohio's competitiveness and reduce the cost of compliance and administration by reducing unnecessary returns.
- Codify 11 common-law elements of the domicile test and permit the tax administrator and taxpayers to use other facts to show residency.
- Create uniform audit and appeal procedures to ensure fair, local enforcement of municipal tax.
- Enhance current LGF reporting of tax amounts collected each calendar year for publication in an effort to increase transparency. Establish uniform due dates for all municipal tax returns and uniform withholding requirements for all employers.
- Establish standard interest rate and penalty provisions to prevent imposition of usurious interest rates.
- Create a single layer of tax by specifying that only a city of residence can tax an individual partner, while all other cities must tax partnership at the entity level.
- Treat S-Corp owners the same as current law. "
- Establish uniform net operating loss carry forward

- Establish of the move from 12 to 20 days with no retroactivity of the casual entrant rule
- Offer an exemption for businesses with \$500,000 or less in gross receipts

2014 OHBA BOARD OF TRUSTEES MEETINGS

April 23-24, 2014 – OHBA Spring Board of Trustees Meeting

-Hilton Easton, Columbus

June 19, 2014 – OHBA Summer Board of Trustees Meeting

-Hilton Easton, Columbus

November 11-12, 2014 – OHBA Fall Board of Trustees Meeting

-Hilton Easton, Columbus