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Legislative Update

Friday, April 10, 2009

FRIDAY, APRIL 3 2009

CORDRAY APPROVES CASINO PETITION SUMMARY; BALLOT BOARD PROCESS NEXT

Attorney General Richard Cordray approved petition summary language on Friday that moves a proposed casino ballot issue to the Ohio Ballot Board.

Mr. Cordray told backers of the plan that their summary was a "fair and truthful" statement describing the constitutional amendment.

The approval sends the process to the Ohio Ballot Board, which will determine if the proposal represents a single amendment or multiple amendments, the attorney general's office said.

The proposal offered by the Ohio Jobs and Growth Committee would establish a full-service casino in Cleveland, Toledo, Columbus and Cincinnati and would generate \$600 million in annual tax revenue. Backers said the plan requires at least \$1 billion in private investment that would help generate 20,000 jobs.

The attorney general rejected the committee's first summary of the amendment.

STATE URGES SALONS TO HELP IDENTIFY SUSPECTED DOMESTIC VIOLENCE

Salon professionals will be trained to spot potential indicators of domestic violence through a program that was restarted Friday by Attorney General Richard Cordray and the Ohio State Board of Cosmetology.

The program, called Cut It Out, also designates salons as "neighborhood safe places" for domestic violence and sexual assault victims.

Speaking at a Columbus news conference, Mr. Cordray also released figures showing abuse reports across the state.

In 2008, more than 58,000 abuse reports were filed, with nearly as many complaints filed by live-in partners as wives. Live-in partners were identified as abusers more often than husbands.

"These statistics give us valuable insight into the problem of domestic violence and who it affects," Mr. Cordray said. "When our law enforcement partners gather this information, they help us understand the realities of the problem."

The attorney general said the salon effort is important because they are sometimes the only place where victims are allowed to go on their own.

"Salon professionals are in the unique position of not only being able to recognize the physical signs of abuse, but may also have the ability to identify the emotional and psychological symptoms as well," he said. "With distance from the abuser, the relationship of the stylist to the client often evolves into that of a confidant. Providing salon professionals the resources to take action only makes sense."

AUDITOR OPENS PROBE IN STARK TREASURER'S OFFICE; FORMER CLYDE SCHOOL CHIEF INDICTED

State Auditor Mary Taylor has opened a probe of the Stark County Treasurer's office based on "serious concerns" relayed by county employees, the auditor announced.

The special audit is aimed at uncovering allegations of fraud or theft, however the state official would not provide any further details pending results of the investigation.

County Treasurer Gary Zeigler placed Vince Frustaci, his former chief deputy, on unpaid leave Monday and fired him Wednesday after discovering possible irregularities in a bank account, *The (Akron) Beacon Journal* reported this week. The allegations have prompted some partisan-tinged finger pointing between the county and state regarding oversight lapses.

"We have identified financial irregularities and potential fraud within the Stark County Treasurer's office and will assemble our team of forensic auditors and special investigators to begin the special audit," Ms. Taylor said in a news release.

"Our team of investigators will work with county officials and local law enforcement to conduct a thorough review of the facts and circumstances related to our findings and will release all related information to the public when the time is appropriate."

Clyde Superintendent: Separately, former Clyde-Green Springs Exempted Village School District Superintendent Todd Helms was indicted this week on 19 counts including theft in office and money laundering following the results of a state audit that found he stole nearly \$300,000 from the district.

"I will not tolerate the theft of public tax dollars," Ms. Taylor said. "Public officials who misuse public money intended for the education of local school children must be held accountable and punished to the fullest extent of the law. I would like to thank the Clyde Police department for their assistance with this investigation."

The indictment said Mr. Helms "is responsible for theft, credit card misuse, falsifying or altering invoices, depositing school funds in personal accounts and stealing money from several school organizations," the auditor reported.

The special audit of the district's finances, initiated over theft allegations, began Aug. 5 and is continuing, the auditor's office said.

UNANIMOUS OHIO SUPREME COURT CANCELS SALES TAX REFUND FOR HOME DEPOT STORES

A major national retailer rang up a "no sale" at the Ohio Supreme Court in a bid to gain a refund of sales tax payments that it and similar companies make on behalf of customers who subsequently default on their credit accounts.

Justices upheld in a 7-0 opinion a decision of the Ohio Board of Tax Appeals that denied a refund for Home Depot USA, Inc.

The litigation stemmed from the retailing practice of offering customers the option of buying goods and services through use of private-label credit cards. The finance companies involved were affiliates of GE Capital Corporation.

Home Depot argued it was entitled to a refund of sales taxes paid to the state on such credit transactions in cases where the customers ultimately default. The retailer accused the state of retaining millions of dollars in tax revenue on sales that never occurred.

State Tax Commissioner Richard Levin contended in response that the case was an attempt on the part of Home Depot to recoup money that was never due or payable to it.

Justice Paul Pfeifer, writing for the court, agreed with the tax appeals board that since separate finance companies carried the debt at issue, Home Depot did not qualify under state law for a "bad debt" deduction.

"Home Depot contends that it qualifies for the bad-debt deduction because the service fees it paid to the finance companies included an increment designed to cover any bad-debt overhead that the finance companies might incur," he said.

However, Justice Pfeifer noted the state "conditions a vendor's entitlement to a bad-debt deduction on *the vendor* writing off a debt on *the vendor's* own books."

He said evidence in the case showed that GE pays Home Depot, as vendor, the sale price plus sales tax, minus any applicable service fees. The consumer then owes the sale price and sales tax not to Home Depot, but to GE.

"GE therefore carried the consumer debt on its own books and, when debts had become uncollectible, it wrote those debts off on its own books and claimed a federal bad-debt deduction," Justice Pfeifer said.

He said Home Depot had tried to broaden the scope of the statute by advocating a "liberal construction" in its favor. He said the essence of the transactions in dispute was Home Depot's employment of GE to act as lender to the store's customers.

"In doing so, Home Depot deliberately decided against extending credit to those customers itself," Justice Pfeifer said.

"(Home) Depot no more bears the economic burden of customer default on a private-label credit card transaction than it does on an ordinary credit card deal (where, as the record shows, it also pays a service fee, and usually a greater one)," he said.

MONDAY, APRIL 6 2009

HOUSE REPUBLICAN SUES STRICKLAND FOR PUBLIC RECORDS; ADMINISTRATION DISMISSES 'BAIT AND SWITCH' TACTIC

House Republicans' point man on school funding took his quest for the evidence behind Gov. Ted Strickland's "evidence-based model" to the Ohio Supreme Court Monday with a public records lawsuit.

Rep. Seth Morgan (R-Huber Heights), ranking member of the House Finance & Appropriations Primary & Secondary Education Subcommittee, filed the complaint after submitting two public records requests seeking administration communications about school funding.

Those requests were "completely ignored by the governor and his administration," he said during a news conference.

He said a draft bibliography that the administration previously released was inadequate and contained information that contradicted policies contained in the governor's education plan.

"Having a debate about the research and its related conclusions is something that I would embrace and I daresay, our entire Republican caucus would welcome," he said. "Unfortunately, as we have all heard, seen and experienced, that evidence seems elusive."

Strickland spokeswoman Amanda Wurst said the lawsuit appears to be part of a "bait and switch" tactic on Republicans' part.

"The representative's original request was for a bibliography, which we worked to create," she said, referring to the 400-source document the administration released in early March. Rep. Morgan's subsequent public records requests are so "broad and vague" that it will take months to file documents, Ms. Wurst said.

"This appears to be the latest in a series of partisan political stunts that is distracting from a substantive public policy conversation on how we provide an adequate education for Ohio students," she said. "Although the governor's office is not required to respond to overly broad requests like this, we will work to respond to this."

In addition to all documents related to the Ohio Evidence-Based Model, Rep. Morgan's public records request seeks any of the governor's staff's correspondence related to education funding.

The administration is reviewing the lawsuit and will work to file a response through the Attorney General's Office, Ms. Wurst said.

The governor's proposal is largely based on the "evidence-based approach" to school funding system originally proposed by education consultants Lawrence Picus and Allen Odden. It is designed to distribute money to schools based on a set of services and facilities that research has shown to contribute to academic success.

The Governor's Office has 21 days to respond, according to Supreme Court spokesman Christopher Davey.

Rep. Lou Blessing (R-Cincinnati) called the lawsuit a "last resort" to force the administration to provide all the information necessary for lawmakers to cast an informed vote on the governor's education plan. The House will likely vote on the biennial budget (HB 1) within a few weeks.

"Just saying there's evidence doesn't cut it," he said. "We don't want 100 boxes of evidence dropped on the House floor minutes before we have to vote on the plan."

The lawsuit also seeks the award of damages worth \$100 per day since the filing date and attorneys fees.

Rep. Morgan said the governor "boxed himself in a corner" by claiming that his education plan was based on specific research and feedback from Ohioans.

"During this difficult time in our state's history and with a future of uncertainty, it is unfortunate that the Strickland Administration allow its reputation to be stained by this lack of transparency," he said. "I call on the Governor's Office not to allow its unwillingness or inability to present this evidence to become scandalous. I call on Governor Strickland to not allow this to become his evidence gate."

Former Sen. Marc Dann was the last lawmaker to sue a governor for access to public records during his dispute with Gov. Bob Taft over Bureau of Workers' Compensation investment documents. The Supreme Court ruled in favor of the governor, creating a limited form of gubernatorial executive privilege.

DIVERSE GROUPS URGE OHIO SUPREME COURT TO UPHOLD STATE'S COMMERCIAL ACTIVITY TAX ON FOOD INDUSTRY

Over two-dozen business, labor and other groups urged the Ohio Supreme Court on Monday to rule in favor of the state in its battle to continue applying the new Commercial Activity Tax (CAT) to the food industry.

The Ohio Business Roundtable and the Ohio AFL-CIO were among professional and trade associations filing friend of the court briefs supporting the state in litigation involving the Ohio Grocers Association and others.

State Tax Commissioner Richard Levin wants justices to overturn a decision from the 10th District Court of Appeals.

The appellate panel said the CAT is an excise tax on the sale of food that violates the Ohio Constitution.

Justices agreed in early February to review the case, but have not set a date for expected oral arguments. Support for the commissioner's view came Monday from the Multistate Tax Commission, an administrative agency for a 47-state compact that dates to 1967.

The commission told the court the case presents an important question about how a particular tax structure - imposed on the privilege of doing business in a state and measured by gross receipts - should be classified.

The agency said the court of appeals' opinion reflected confusion in its use of three tax related terms. The confusion, it said, led to what was described as the appellate panel's erroneous decision.

"The failure to properly classify Ohio's franchise tax is particularly troubling because it confused the measure of the tax and the imposition of the tax," the commission said.

"Such confusion could deprive a state legislature of its ability to adopt legitimate tax systems where only the indirect economic impacts, and not the legal imposition of the tax, falls on an item protected from direct taxation," it said.

A sampling of views from others lining up in support of the state:

Ohio Manufacturers' Association: The OMA and four other business groups that collectively represent about 51,000 members underscored the importance of the Supreme Court's decision in the case. "This court's resolution of the issue will have far-reaching implications for economic development in Ohio, fairness among business taxpayers, certainty for Ohioans regarding their tax obligations, and stability for recipients of tax dollars so that they can budget and spend appropriately," it said. Joining the OMA in the filing were the Ohio State Medical Association, Ohio Society of Certified Public Accountants, Ohio Dental Association, and the Ohio Chemistry Technology Council.

Schools: Three statewide education organizations - the Ohio School Boards Association, the Buckeye Association of School Administrators, and the Ohio Association of School Business Officials - backed continued application of the CAT to the food industry. "(If) the decision of the court of appeals exempting grocers and their wholesalers from the CAT is affirmed, the revenue loss to the State would be some \$188 million annually and create large refund obligations for the state for the taxes now being collected," they said.

Anti-Poverty: The Ohio Legal Assistance Foundation and four other anti-poverty organizations said they rely on state financial support to carry out their objectives. They said exempting grocers from the CAT would contribute to the current economic crisis in the state, and exacerbate the harm inflicted on low-income residents. "Inevitably, some of the taxpayers (the groups) represent will be required to pay higher taxes in order to offset the losses. The grocer carve-out will also reduce, directly or indirectly, the funding the state can provide to the (organizations)," they said. Also joining in the brief: the Corporation for Ohio Appalachian Development, Ohio Association of Free Clinics, the Coalition on Homelessness & Housing in Ohio, and the Ohio Council of Behavioral Health & Family Services Providers.

Labor: The Ohio AFL-CIO and eight other labor organizations said the conclusion of the appeals court ignores prior holdings of justices and should be reversed. "The fact that the CAT is measured by gross receipts that include sales from food does not make it a tax on food. The CAT is a franchise tax on the privilege of doing business in Ohio," the unions said. Included in the filing were the American Federation of State, County and Municipal Employees, Communications Workers of America, Fraternal Order of Police of Ohio, Ohio Association of Professional Firefighters, Ohio Association of Public School Employees, Ohio Education Association, Ohio Federation of Teachers, and the Service Employees International Union.

Political Subdivisions: The Ohio Municipal League and three other groups pointed out that the CAT, a gross receipts tax phased in over five years, replaces the corporate franchise tax and the business tangible personal property tax. "In exchange for implementing the growth-friendly CAT, the General Assembly agreed to reimburse local governments and school districts for the loss in tangible personal property tax revenue," they told justices. The political subdivisions said that upholding the appellate court's ruling might invite other taxpayers to challenge the CAT as well. Joining in the brief were the County Commissioners Association of Ohio, the Ohio Township Association, and the Buckeye State Sheriffs' Association.

ODI REPORT FINDS UNINSURED OHIOANS WILLING TO FOREGO SOME OPTIONS FOR BASIC COVERAGE

Uninsured Ohioans would be willing to pay 4% of their salary for insurance premiums that offer a limited choice of providers with moderate co-payments, according to a Department of Insurance report issued Monday.

As part of Gov. Ted Strickland's effort to expand health coverage, the Choosing Healthplans All Together initiative used computer software to simulate various options in asking 177 participants what they wanted in a basic, affordable health insurance plan.

The goal was to construct a plan that was cheaper than employer-sponsored coverage, yet still offered sufficient protections, the agency said.

Most CHAT participants agreed on general principles that emphasize affordability, quality, prevention, and the collective good, the report said. The plan should also exclude low-value, but often costly interventions.

"If current cost constraints weren't a factor, the participants would have included everything (at the most generous coverage level) on the CHAT wheel," the report said. "But most of all, they saw value in meeting everyone's healthcare needs in a cost-efficient and clinically effective manner that intertwined with maximizing the patient's interests."

Participants chose the midrange option for premiums, which would cost about \$66 a month for an individual earning \$20,000 a year. They would also be willing to accept moderate co-pays of \$20 for a doctor's visit and \$250 for hospitalization.

In addition, those surveyed were willing to sacrifice an extensive choice of doctors and hospitals and would be willing to obtain referrals for specialist care, according to the report.

CENSUS WORKERS START VERIFYING ADDRESSES IN PREPARATION FOR DECENNIAL COUNT

The U.S. Census bureau has begun the next phase of the decennial population count that will officially kick off in 2010, the bureau announced.

Employing hand-held computers, nearly 5,000 new bureau employees will work through mid-July to match addresses with buildings across the state.

"This address verification process, using the best of 21st century technology, is part of our ongoing commitment to accuracy," Detroit Regional Director Dwight Dean said in a news release. "We are laying the foundation to get a Census questionnaire to each and every household in the state in March of 2010."

The address canvassing operation began last year with a "Master Address file corroborated with local municipalities and the US Postal Service," the bureau said. Prior to the mailing of census questionnaires, additional addresses created with new home construction will be compiled.

Census workers have the authority to gather information about a structure's address and whether there are additional living quarters on a property. The bureau notes that any information collected during the process is confidential.

The 2010 Census, considered the largest peacetime operation conducted by the federal government, will serve as the basis for the reapportioning congressional seats and the distribution of more than \$300 billion in federal funding.

Because of its relatively slow population growth compared to other states, Ohio lost a seat in the 435-member U.S. House after the 2000 census. The state, which currently has 18 representatives, is expected to lose up to two seats in Congress following the 2010 population count.

TUESDAY, APRIL 7 2009

STATE BUDGET CHIEF: ANEMIC REVENUES MAY REQUIRE MORE 'COST-SAVING MEASURES' IN CURRENT FISCAL YEAR

The stubbornly stagnant economy continued taking its toll on state revenues in March, as tax intake failed to meet the Office of Budget and Management's revised estimates for the fourth straight month.

With tax receipts now running nearly \$200 million behind the projections that were updated just last November, Director Paris Sabetay said Tuesday that OBM may be forced to make further budget adjustments before fiscal year 2009 ends on June 30.

The circumstance harkens to FY 2003, when policymakers had to address a late-year budget shortfall at the same time they were trying to enact a new biennium budget for FYs 2004-2005.

"Obviously, we're continuing to look at options to ensure the budget ends the fiscal year in balance. We may be taking a look at some additional cost-saving measures," Ms. Sabety said in an interview.

"We've got a very strong history of being very aggressive about dealing with budget issues. In this biennium I think we've taken \$500 million in spending and adjustments out of the budget every three or four months," she said.

"We will continue to do that and do everything we possibly can to assure that we meet our constitutional responsibility, which is to land the budget in balance at the end of the year."

Ms. Sabety said OBM wants to first analyze revenues through the end of the income tax filing season this month before taking further action. The agency will not know until that time whether any necessary adjustments can be accomplished administratively or will require legislative approval, she said.

The state has already reduced spending and made other accounting adjustments in the current biennium to offset a shortfall approaching \$2 billion. Since the latest round of adjustments totaling \$640 million was announced last December based on a previously determined worst-case scenario outlined by OBM, tax revenue has continued to lag estimates that were revised downward at the time.

Preliminary revenue data for March show tax receipts are now behind OBM's revised schedule by \$195.8 million, or 1.6%, for the fiscal year to date. Led by a continued drop in sales and personal income tax receipts, the March figures furthered the confounding downward trend that has exceeded budget analysts' worst fears.

Although auto sales taxes were slightly above projections, the \$490.6 million in total sales and use tax receipts for the month was nearly \$56 million, or 10.2%, below estimates.

Personal income tax collections in March, totaling \$359 million, were \$40.7 million, or also 10.2%, off the mark, according to OBM figures.

Despite some overages in the soon-to-be-phased-out corporate franchise tax and the tobacco tax, the \$1.2 billion in total tax receipts for the month was \$60.3 million, or 4.8%, lower than expected.

"Obviously, we're seeing the economy decline at a rapid pace," Ms. Sabety said. "The decline is a bit sharper than the decline we had predicted."

Ms. Sabety said she recently returned from a meeting of the National Association of State Budget Officers, where Moody's Investor Services provided a sobering assessment of the national economy.

"Moody's pointed out that at this point in time what's very clear is that every state and every sector of the economy is now in recession," she said. "It is comprehensive. It is complete."

Even if the hopeful signs on Wall Street over the last couple of weeks translate into the beginning of a recovery, it will take some time for any upswing to be reflected in state revenues because of the historic lag in that regard, Director Sabety said.

"We are seeing some modulation in the past couple of weeks. We're going to keep monitoring what's going on through the end of the tax filing season," she said. "We want to take a look at April revenues...before we make any final judgments."

"The state's revenues lag what we see happening in the economy, so we're going to see negative numbers for a couple of months even after we see the economy begin to turn around," Ms. Sabety said.

Ohio's sluggish emergence from the last recession at the turn of the decade caused similar headaches for the administration of former Gov. Bob Taft.

Just as legislative deliberations were heating up on the next biennium budget in the spring of 2003, OBM announced new projections for a shortfall in that year exceeding \$700 million.

Three months later, with the budget nearing the conference committee stage in June of 2003, the agency announced it had again downwardly revised FY 2003 revenue estimates, this time to the tune of \$200 million. The late fiscal year tax revenue dive prompted revisions in both the current and future biennium spending plans at the time.

SATELLITE TV PROVIDERS BEAM APPEAL OF 'DISCRIMINATORY' STATE SALES TAX TO OHIO SUPREME COURT

Two satellite television providers asked the Ohio Supreme Court on Tuesday to overturn what they claim is a discriminatory state tax that applies to their subscribers, but not to those of cable television companies.

DIRECTV, Inc. and EchoStar Satellite LLC want justices to review the ruling of an appeals court panel that upheld application of the sales tax to about one million satellite TV households.

The companies maintain the levy amounts to a penalty of \$80 a year on average for their subscribers.

"The total toll is far higher: Ohio consumers are also harmed because the tax affords entrenched cable monopolies a cost advantage that diminishes competition from satellite TV providers, diminishes the diversity of programming and viewpoints available to the Ohio public, and creates a disincentive for cable companies to improve their service," the satellite companies told the court.

"Ohio law taxes satellite TV service, but not cable. Why the discrimination?" said Peter Rosato, the Columbus attorney representing DIRECTV.

"According to the statute itself, the distinction is that satellite TV providers send their programming signals 'without the use of ground receiving or distribution equipment' within Ohio, whereas cable companies do use 'distribution equipment' on the 'ground' in Ohio," he said in a court memorandum.

Mr. Rosato said Franklin County common pleas court concluded the tax violates the Commerce Clause. The 10th District Court of Appeals held that it does not. He said no state Supreme Court has addressed the issue.

The contrasting lower court decisions came in a lawsuit the satellite providers filed against State Tax Commissioner Richard Levin.

DIRECTV characterized the satellite tax as "a textbook case of local protectionism."

It charged that the cable industry in the state - which employs about 6,000 Ohioans and has invested billions in facilities - lobbied the General Assembly for relief from "out-of-state" competition.

"The illegality of this protectionist regime was manifest from the start," Mr. Rosato said.

"The sitting Tax Commissioner at the time, Tom Zaino, opposed the discriminatory sales tax, warning that satellite TV companies would have a 'significant chance of success' in challenging the tax," he said.

Following a response from Attorney General Richard Cordray's office, justices will decide whether to accept the case for review or let the appeals court decision stand.

GOP SENS. GRENDALL, SEITZ INTRODUCE LATEST CUYAHOGA COUNTY GOVERNMENT OVERHAUL

While Cuyahoga County officials wrangle over opposing plans to restructure local government, a Republican senator from a neighboring county introduced a measure Tuesday that he says would offer voters there a different option.

Sen. Timothy Grendell (R-Chesterland) sponsored a proposal (SB 99) that would give Cuyahoga County voters the option of replacing their three county commissioners with a county council consisting of five regionally elected members and two at-large members. Sen. Bill Seitz (R-Cincinnati) is a joint sponsor.

Under the plan, which will be on the Nov. 3 ballot if passed by the legislature, county voters would also elect a county executive, prosecutor, and fiscal officer, he said. The council would appoint the sheriff, engineer and coroner by a supermajority vote.

"It is time to give the voters of Cuyahoga County the choice between keeping the current culture of corruption in Cuyahoga County government that has generated widespread federal investigations or a smaller, accountable system that answers more directly to the people," Sen. Grendell said.

The plan is a "consolidated, tighter" version of legislation he sponsored late last session (SB391, 127th General Assembly). While the measure passed the Senate, some Democrats objected that the plan unfairly targeted Cuyahoga County and argued for similar local ballot issues to be placed before voters across the state.

The GOP-led House also passed a different version of a county government reorganization plan (HB655, 127th General Assembly) that died in lame duck session along with the Senate bill.

Sen. Grendell said his new measure would make the county government more accountable to voters and would expedite the effort to restructure the system, which is being bogged down by political jockeying among various groups.

"All these guys are running around up there and the message is getting lost with the messengers," he said.

"Is it going to be Bill Mason and his group, is it going to be Marty Zanotti and his group?" he said, referring to competing plans backed by the Cuyahoga County prosecutor and the mayor of Parma respectively. "It shouldn't be about the messenger."

ODOT MARKS START OF 'HISTORIC' \$1.9 BILLION CONSTRUCTION SEASON

Motorists beware: orange barrels are about to return for a new road and bridge construction season. So, however, are thousands of jobs they represent as the state spends a record \$1.9 billion through the end of calendar 2009.

The Ohio Department of Transportation on Tuesday ceremonially began what it billed as the largest investment ever in the state's transportation system.

Some of the work already is underway as part of ODOT's existing \$1.6 billion construction plan. Overall, there will be at least 650 road and bridge projects throughout the state this season, including 36 that involve interstates, and 125 bridges.

An additional 65 projects affecting highways, bridges, railroads, airports, and shipyards also will also begin this season through use of federal stimulus funds.

Those "shovel ready" projects are being financed with about \$340 million of the \$774 million the state is receiving in the special federal aid. The balance of the total will be spent during the 2010 construction season.

In all, the federal windfall will be used to fully or partially fund 149 projects statewide.

ODOT Director Jolene Molitoris, several legislators, and Brutus Buckeye participated in a kickoff event near a section of Ohio 315 in Columbus.

ODOT is spending \$24 million for bridge maintenance and resurfacing projects along a three-mile stretch from I-670 to Ackerman Road, next to the Ohio State University campus.

Ms. Molitoris said the 2009 construction season would be the first of two years of historic investment in the system.

"As more of the stimulus-funded projects are made ready for construction both this year and next, we will put thousands of Ohioans to work maintaining and modernizing roads and bridges, building railroad, maritime, and airport infrastructure, and creating enhancement and streetscape projects," she said in a news release.

Other projects highlighted include:

- Reconstruction of Ohio 8 from Akron to the Cuyahoga County line. Cost: \$260 million.
- Reconstruction of Interstate 75, and building of an additional lane in each direction, from the Warren/Montgomery County line to Ohio 122. Cost: \$144 million.
- Modernization of Ohio 2, including additional lanes in Eastlake, Willoughby, and Mentor. Cost: \$86 million.
- Repair of the Disalle Bridge on Interstate 75 over the Maumee River in Toledo. Cost: \$10.2 million.
- Structural steel repair of the Interstate 90 Innerbelt Bridge into downtown Cleveland to allow full traffic to resume as early as the winter of 2009 on the 50-year-old span. Cost: \$10 million.

The state also plans to spend \$400 million to build a five-lane westbound I-90 Innerbelt Bridge north of the existing structure.

INTRODUCED IN THE SENATE

SB 94 POLICE & FIRE CONDITIONS (Patton) To provide that a firefighter, police officer, or public emergency medical services worker who is disabled as a result of specified types of cancer or certain contagious or infectious diseases is presumed for purposes of the laws governing workers' compensation and the Ohio Police and Fire Pension Fund to have incurred the disease while performing official duties as a firefighter, police officer, or public emergency medical services worker. Am. 742.38, 4123.57, and 4123.68

SB 99 GOVERNMENT REFORM (Grendell) To permit an alternative form of county government in a county having a population of 1.2 million or more to have a county council with at-large members and members from districts and to have an elected fiscal officer and an appointed county engineer, county information officer, coroner, and sheriff. Am. &

En. 302.02, 302.03, 302.05, 302.081, 302.082, 302.09, 302.10, 302.11, 302.12, 302.13, 302.14, 302.17, 302.18, 302.19, 302.201, 302.202, 302.204, 302.21, 302.22, and 302.24, 302.011, 302.012, 302.013, 302.014, and 302.015

SB 100 HOUSEHOLD SEWAGE (Grendell) To revise the Household Sewage and Small Flow On-Site Sewage Treatment Systems Law, to establish the Household Sewage Treatment System Revolving Loan Program and the Household Sewage Treatment System Grant Program in the Department of Health, to make appropriations, and to declare an emergency. Am. & En. 319.281, 3718.02, 3718.03, 3718.04, 3718.05, 3718.011, 3718.041, and 3718.30 to 3718.38

WEDNESDAY, APRIL 8 2009

RETIREMENT SYSTEM ACCOUNTS TANK IN MARKET DOWNTURN; COUNCIL DIRECTS REVIEWS OF THREE SYSTEMS

While state retirement system investments tanked in the last half of 2008, their losses would have been larger had they not benefited from more stable fixed income holdings, a legislative panel was told Wednesday.

Still, consultant Paul Morgan of Evaluation Associates told the Ohio Retirement Study Council that system assets shrunk by 21-23% over the last two quarters of the year.

Those reductions, and an expected slow economic recovery, he said, suggest that all options - including contribution increases, benefit reductions and eligibility changes - should be considered to help the systems meet their long-term funding obligations.

In response, the council directed ORSC staff to work with the Public Employees Retirement System, School Employees Retirement System and Highway Patrol Retirement System to develop ways to meet those obligations.

At previous meetings, staff has been asked to work with the State Teachers Retirement System and the Ohio Police & Fire Pension Fund on similar efforts.

Mr. Morgan said recent returns for all investors have been "nothing less than miserable," and, when combined with a market downturn in 2000-2002, pose significant problems for both public and private sector pension systems.

"Unfortunately these are perhaps the most challenging times we've faced in recent times," he said.

Mr. Morgan said there is room for the Ohio systems to improve their returns in the domestic equity markets and suggested that systems also consider a move into hedge funds and commodities.

"We believe this is a very viable asset class," he said of hedge funds, noting that many marginal players and "crooks" have been removed from the market.

He declined to suggest a targeted percentage of hedge fund holdings, but said diversification, as a general rule, is positive. "Diversification works until it doesn't, like last year, when there was no place to hide," he said.

Mr. Morgan said now is the time for the systems to take a broad look at key factors that drive funding levels. "I think this is the time to reevaluate investment funding," he said. "Everything should be on the table and everyone should be at the same table."

Mr. Morgan added that he doesn't think the systems made mistakes with their investment allocations, and said he didn't feel the systems had taken excessive risks. Now, however, he said risk management should play a larger role in investment policies.

System Returns: For the six months that ended Dec. 31, the OPERS Defined Benefit plan posted the best performance, posting a 21.73% loss. It was followed by SERS, at a 22.63% loss; HPRS, which posed reductions of 22.93%, OP&F, which lost 23.53% and STRS, which saw assets fall by 23.76%. For all of 2008, system assets declined between 27.15% for OPERS and 29.32% for STRS.

OHIO SUPREME COURT RULES STATE MUST PAY INTEREST TO OWNERS WHO RETRIEVE UNCLAIMED FUNDS

The Ohio Supreme Court on Wednesday declared unconstitutional a 1991 law that lets the state keep the interest earned on \$1.2 billion worth of unclaimed funds, instead of paying it to rightful owners of the accounts.

Justices, acting in a class action lawsuit, struck down one sentence in the law that provides "interest is not payable to claimants of unclaimed funds" the state holds.

"This declaration is breathtakingly bold and strikes at the core of the concept of private property because, at a stroke, the General Assembly severed the link between the owner of an asset and the income produced by that asset," Justice Paul Pfeifer said in the court's 7-0 opinion.

Unclaimed funds include bank accounts, insurance proceeds, uncashed checks and money orders, and other items left dormant as a result of an owner's forgetfulness or death.

The Legislative Service Commission said that the Division of Unclaimed Funds in the Department of Commerce holds about 3.8 million such accounts that are worth over \$1.2 billion.

Justice Pfeifer said in the court's decision that unclaimed funds are not abandoned, but rather remain the property of their owners.

"Accordingly, the state may not appropriate for its own use, against the owner of the underlying property, interest earned on that property," he said.

The court's ruling came in the Franklin County case of Wilton Sogg, executor of his mother's estate. Mr. Sogg is the certified representative for a class of all persons who recovered their unclaimed funds but were not paid interest.

At issue was a measure that took effect July 26, 1991. "Interest is not payable to claimants of unclaimed funds held by the state," it said.

Mr. Sogg alleged the restriction was unconstitutional. The attorney general's office disagreed. It argued that states have an inherent sovereign authority to treat property interests as forfeited when an original owner fails to take any action to preserve those interests.

The trial court ruled in favor of Mr. Sogg.

The 10th District Court of Appeals reversed. It concluded that unclaimed funds were abandoned property and that the state's retention of interest did not constitute a government taking that would require compensation.

The Supreme Court overturned the appeals panel Wednesday.

Justice Pfeifer said nothing in statute indicates that the General Assembly intended to treat the unclaimed funds as if they had been abandoned or forfeited.

At the same time, justices placed a limit on the number of years for which the state would be liable for interest payments.

The court rejected Mr. Sogg's contention that there should be no statute of limitations as to interest.

It also rejected the state's argument that the two-year general statute of limitations for unspecified personal injury actions should apply.

Instead, justices settled on a four-year time limit that is included in a separate law dealing with claims for the recovery of personal property or for the taking of it.

"Accordingly, Sogg may recover interest earned on their property in the four years preceding the date of their claim," Justice Pfeifer said.

Fiscal Effects: Gov. Ted Strickland's pending biennial budget proposes a significant increase in the amount of unclaimed funds that are transferred to the state's general revenue fund each year.

Nearly \$30 million was transferred in each year of the current two-year budget.

The LSC said the proposed budget (HB 1) would boost the transfer to \$200 million in FY 2010, and \$85 million in FY 2011, "to aid in the balancing of the state's GRF budget."

The Department of Commerce said Wednesday it was reviewing the court's decision and awaiting further direction from the trial judge before determining how to proceed.

"Based on initial analysis, there does not appear to be an impact on (the budget bill), but a final determination cannot be made until we receive further direction from the trial court," said Cara Keithley, chief of communications.

Attorneys for the state painted a somewhat different picture in 2007 when they were urging the Supreme Court not to take up the lawsuit. They said an adverse ruling could have significant financial consequences for the state.

"The division invests unclaimed funds and uses the earnings to fund both its expenses and other programs," the state told justices at the time.

Prior to the July 1991 change in the law, the Unclaimed Funds Act provided that an owner was paid 6% interest with the unclaimed principal.

BOYCE SEEKS TO BOOST NUMBER OF OHIOANS CLAIMING EARNED INCOME TAX CREDIT

State Treasurer Kevin Boyce is making a final push in the week before tax returns are due to tell low-income Ohioans they might be eligible for the federal Earned Income Tax Credit.

With an estimated 20% of eligible Ohio families unaware that they qualify for payments from the federal government, the treasurer is recording public service announcements to draw attention to the program, spokesman Cliff Schechter said Wednesday.

"Hundreds of Ohio families are eligible to receive payments from the federal earned income tax credit (EITC) but don't know to ask for it. As a result the federal government keeps this money," Mr. Boyce said in a radio announcement.

A married individual with two children earning \$25,000 a year is eligible for a \$3,500 refund through the EITC program, according to the "your money NOW" website through the Treasurer's Office, which includes an online calculator to determine potential benefits.

"We're going to do everything we can before Apr. 15 to make sure that every Ohioan possible knows about the existence of this program and benefits from it," Mr. Schechter said.

The office is spending nothing on the public awareness campaign, he said, noting the PSAs didn't cost the state any money. "Right now we're using our bully pulpit," he said.

Mr. Boyce's predecessor Richard Cordray co-chaired a statewide coalition to promote awareness of the EITC and support passage of legislation (HB17, 127th General Assembly) to create a state version of the program.

Mr. Schechter said current budgetary pressures appear to have stalled efforts to pursue a state EITC proposal, but the Treasurer's Office is considering ways to increase participation next year.

LITTLE USED TWO-SEAT SPORTS CAR IN STATE AUCTION LINEUP THAT INCLUDES DOZENS OF VEHICLES

The auto sales tax category was one of the few bright spots in the state's March revenue report, and the Department of Administrative Services will try to do its part to bolster Ohio's bottom line with its own wheeled deals this weekend.

Nearly 60 used vehicles are on the block Saturday for the state's surplus auction at 4200 Surface Road in Columbus. The sale, which starts two hours after the doors open at 8 a.m., includes a rarity of sorts for Ohio-owned vehicles courtesy of the State Highway Patrol.

Included in the surplus inventory is a 2007 Pontiac Solstice, a two-seat convertible with less than 4,000 miles. The sports car, which retails for more than \$20,000 used according to Kelley Blue Book, was seized by the state.

Patrol spokesman Lt. Tony Bradshaw said the owner had to forfeit the vehicle by court order after being arrested following a traffic stop on State Route 534 near Harpersfield in Ashtabula County. The driver was found to have a suspended license, and "an administrative inventory" uncovered crack cocaine in the vehicle, he said.

Along with the Solstice, the state is offering for sale two Dodge quad cab pickup trucks, a GMC Savana cargo van, two wheelchair-accessible vehicles and more than 30 Ford Crown Victoria cars. The inventory may be viewed online on the DAS website.

Although the sales are tax-free, such surplus property auctions have netted the state more than \$1.9 million so far in fiscal year 2009, DAS reported. The public sales are the last step in unloading the unwanted vehicles and other property, which are first offered to other government entities.

THURSDAY, APRIL 9 2009

STRICKLAND SAYS VETO LIKELY ON ANY LEGISLATIVE GAMBLING PROPOSAL

As lawmakers consider introducing legislation to install slot machines at racetracks, Gov. Ted Strickland said Thursday that he would probably veto any proposal to expand gambling in Ohio without a vote of the people.

"Expanding gambling without the participation of the people in this state - I think that would be a very, very wrong action that as governor I would strongly object to," he told reporters when asked about the Racing Commission's proposal to authorize slot machines run by the Ohio Lottery at horse racetracks.

Several House members are considering sponsoring legislation to generally implement the commission's proposal, which they estimate would eventually generate nearly \$1 billion a biennium.

Referring to any measure that would expand gaming legislatively, the governor said, "I would likely veto it, but I hate to say what I will do about something that has not happened and may not happen.

"I've also said that I am not a person that closes his door or his mind to new arguments, so if someone wants to bring me an argument and try to convince me, I welcome them to do it," he added. "But I've been fairly clear about where I am on this issue."

Gov. Strickland said his decision to authorize the lottery to implement keno last year was not inconsistent with his opposition to using the agency to expand gambling at racetracks.

"Keno is an expansion of the lottery, which was in fact approved by the people of Ohio through their vote, so I don't think that's an inconsistency," he said, adding a "reasonable person" would recognize the difference between keno and slot machines.

GOVERNOR CREATES OUTREACH EFFORT TO BOOST PARTICIPATION IN 2010 CENSUS

With an eye toward Ohio's dwindling congressional representation and federal funding next decade, Gov. Ted Strickland launched a public awareness campaign Thursday to encourage greater participation in the 2010 Census.

The governor signed an executive order establishing the Ohio Complete Count Committee and named State Treasurer Kevin Boyce to serve as chairman and Mark Barbash, interim director of the Department of Development, to serve as vice chairman.

The committee will work with local census committees, government entities, and community organizations to design and implement an awareness campaign to educate Ohio residents about the importance of participating in the census.

A thorough accounting of each resident could prevent Ohio from losing two seats in Congress, Gov. Strickland said during a news conference.

"It is, I believe, a certainty that we will lose at least one Congressional seat following this next census, and we are in great danger of losing two Congressional seats," he said. "So it is hugely important that every person who is a resident of our state is reached and counted."

Federal funding formulas based on census results yielded more than \$13 billion for the Ohio Departments of Job & Family Services, Education, Aging, Health and the Board of Regents and other agencies in fiscal year 2007, he said. Federally funded initiatives include Title I grants to school districts, Head Start programs, Women, Infants and Children (WIC), roadwork, public transportation.

"The data collected in the 2010 Census will be used to distribute more than \$300 billion in federal funds each year and those funds will be distributed to states and local communities," Gov. Strickland said.

Additional members of the committee include: directors of Transportation, Health, Aging, ODJFS, Office of Budget & Management, the Governor's Office of Faith-Based & Community Initiatives; the superintendent of public instruction; Board of Regents chancellor; and one member appointed by the House speaker, Senate president, and minority caucuses of both chambers.

Gov. Strickland said the committee would develop strategies to reach the "historically undercounted" populations, such as homeless individuals and undocumented workers.

"The Constitution requires that every resident be counted - not every citizen," he said. "Even individuals here that are not citizens are receiving services here that are costly to the state and so I think its hugely appropriate that we try to reach every person within the borders of our state."

Treasurer Boyce said working with local governments would be critical to ensuring every resident is counted.

"And part of our role will be to make sure that citizens understand the confidentiality involved in the process," he said about some residents' reluctance to disclose personal information to the government.

GLOBAL WARMING WILL HARM OHIO AGRICULTURE, ENVIRONMENTAL GROUPS SAY

Unless we reverse global warming, rising temperatures will eventually hurt Ohio agriculture, costing corn growers \$50 million a year, according to a report released Thursday.

The Environment Ohio report drew on data from the federal United States Climate Change Science Program to estimate of the loss in corn production due to effects of global warming. Ohio ranks eighth for highest damage projections, which total more than \$1.4 billion a year nationwide.

"Corn likes it cool, but global warming is raising temperatures in Ohio and across the nation," said Environment Ohio Field Organizer Katy Kiefer. "Hotter fields will mean lower yields for corn, and eventually, the rest of agriculture."

Representatives of Environment Ohio, the Ohio Farmer's Union, Ohio Environmental Council, and the League of Ohio Sportsmen told reporters during a conference call that shifting to renewable energy could revitalize the economy and reduce the effects of global warming.

"Agriculture has a huge opportunity to be part of building a clean energy economy," said Marvin Paul, of Paul's Farm Market in Zanesville. "Wind turbines, solar panels, environmentally sustainable biomass, and climate friendly farming practices on agricultural land can help break American dependence on fossil fuels."

The groups called on U.S. Reps. Zack Space (D-Dover) and Betty Sutton (D-Chardon) to support legislation that would require carbon emissions caps and mandate the nation obtain 25% of its electricity from renewable energy sources by 2025. The lawmakers are members of the U.S. House Energy and Commerce Committee.

FRIDAY, APRIL 10 2009

BIENNIUM BUDGET DELIBERATIONS TO RESTART NEXT WEEK, BUT NOT IN HOUSE; HUNDREDS OF AMENDMENTS ON TABLE

Legislative action on the Gov. Ted Strickland's \$54 billion biennium budget plan will resume next week, but not in the chamber people expected.

Already behind the eight ball due to last month's delay in the final processing of the transportation budget, which was marked by several false starts of the conference committee, the House pulled the plug on what was supposed to be a week of hearings starting April 14 with the unveiling of the substitute version of the main operating budget (HB 1).

The latest delay likely means the GOP-controlled Senate will face a more truncated schedule to work its will on the two-year spending blueprint, which must be enacted by June 30.

Nevertheless, the Senate is wasting no time in getting into the mix, as informal hearings are also set to commence Tuesday in the Senate Finance & Financial Institutions Committee.

Office of Budget and Management Director Pari Sabety and Legislative Service Commission Director Mark Flanders are slated for presentations on the budget and revenue projections.

The Senate panel is to hear testimony Wednesday morning from Department of Job and Family Services Director Douglas Lumpkin. Tax Commissioner Richard Levin and Board of Regents Chancellor Eric Fingerhut are on tap for the afternoon.

House Activity: Meanwhile, House discussions on the budget led by majority Democrats continued this week behind the scenes, and those closed-door negotiations will apparently ensue through next week. Rep. Vernon Sykes (D-Akron), chair of the House Finance & Appropriations Committee, announced that his panel would not hold public hearings until the week of April 20.

A sign that lawmakers have their hands full, as usual, with the spending plan to commence on June 30: although some were duplicates, nearly 300 amendments were submitted based on issues heard before the Human Services Subcommittee alone. The panel is one of five subcommittees of the main finance committee.

Rep. Edna Brown (D-Toledo) said the subcommittee chairs were asked to prioritize proposed amendments and compile a list of 25 in presenting recommendations to the caucus leadership and Finance chairman.

"Based on the number of amendments that were submitted to us, the number one thing right now seems to be the hospital assessment," she said. "Also high on the list, I would say, is the nursing home bed tax."

In an example of some of the high-level back room negotiations, Speaker Armond Budish (D-Beachwood) was apparently rebuffed by the Ohio Hospital Association with a proposal to boost a new franchise fee even higher in exchange for providing more Medicaid funds to the institutions. OHA calculates that hospitals will net more than \$400 million in losses under Mr. Strickland's proposals.

OHA told its members in its Ohio Budget Insider newsletter that the group expressed "strong resistance" to the speaker's plans.

In a meeting with OHA staff, the group reported, Mr. Budish "indicated his response to helping hospitals recoup the assessment is to raise the assessment on hospitals so the state could still receive its allotment and hospitals would recoup their assessment dollars. OHA told Budish that this proposal is contrary to OHA's Board position of seeking a lower assessment rate and that hospitals would be challenged to generate an increased assessment."

Ms. Brown said other amendments submitted to her committee include proposals that would, among other things: address some requests from the Department of Mental Health; restore various earmarks and funding in the Temporary Assistance for Needy Families block grant program; boost foodbank funding; and alter the administration's plans regarding child care reimbursements.

The lawmaker noted that many advocates are trying to restore earmarks in TANF and other budget areas that they've had for years. "I'm sure in looking at the proposed amendments, some of those will get back in," Rep. Brown said.

The governor's proposed consolidation of certain "back office" administrative functions of the state's boards and commission prompted plenty of feedback to the subcommittees, and Ms. Brown said the House appears to be closer to a deal with the semiautonomous groups.

"My understanding is they think they will be able to work out a compromise on that," she said. "The last I heard was everyone was in agreement, I think, except the medical board and the nursing" board.

The medical and nursing boards are two of the largest and have more at stake when it comes to their operating fund accounts. "I can understand their concern," Ms. Brown said.

Despite the obvious difficulties inherent in developing a budget in one of the roughest economic climates in decades - even with the addition of extensive federal bailout funds, Rep. Brown said she believes the process will work out for the best in the end.

"I'm confident that in the end we're going to come up with a budget that we can all," she said. "It will be difficult, but I feel certain that they will do what is necessary to maintain as many programs as possible and provide the services to the people who are the most needy."

Rep. Ted Celeste (D-Grandview Hts.), chair of the finance Higher Education Subcommittee, indicated the panel was likely to go generally along with the administration and Board of Regents Chancellor Eric Fingerhut's plans to keep tuition in check, revamp the student aid system and shift oversight of the Ohio Tuition Trust Authority to the board.

"The effort toward putting as many dollars as possible into the (State Share of Instruction) meant that the dollars had to come from somewhere," he said. "The dollars for that have come from a couple areas that have concerned people, as well as the reconfiguration of some of the money for financial aid."

"Because of that, some of the programs were zeroed out. If we can find any money we'd like to restore some of that. We're looking."

Nevertheless, Rep. Celeste said, "The chancellor and the governor have a good suggestion to keep tuition down."

"On the scholarship side, it's really a matter of, again, the available dollars. The block grant proposal as opposed to the way it was going directly to students puts it in the schools' hands. Some of them like it and some of them don't, he said. "The idea of a (federal Pell Grant)-first solution, I think, makes a lot of sense.

In terms of complaints from private higher education institutions, Mr. Celeste said, "The chancellor makes a good argument in terms of the responsibility of the state for doing what it can to make the college experience accessible as much as possible."

"The public institutions have the best opportunity to deal with tuition and the price of admission versus the other institutions, where they make their decisions about what they charge. They've got much more control how they deal with it. We have much less control over the setting of their costs."

Rep. Celeste said lawmakers are poring over the budget to find money to fund about 20 line items within BOR's budget "that we zeroed out or had big cuts."

"We're looking anywhere and everywhere we can" to see "if anything in the process has been overlooked" in terms of available funding, he said. "But in terms of creating new revenue, there has not been a lot of discussion."

Asked if such a tack was off the table for the House Democratic Caucus, Mr. Celeste said, "At this point it sure seems like it."

Regarding the OTTA, the lawmaker said the panel is inclined to endorse the elimination of the Authority as a separate entity and file it into the chancellor's purview as part of the overall goal of better coordinating the state's higher education initiatives.

"The chancellor made a good case for the way it's spelled out in the executive budget," he said. "I don't know that that gets changed. There's been push back about it, but he makes a good case for it."

While his subcommittee focused a considerable amount of time on higher education issues, Rep. Celeste said much of the feedback received over the last few weeks has come from supporters of the Ohio Arts Council And Ohio Historical Society budgets.

"It's a matter of looking at it and saying, 'Is this the right level of expenditure compared to everybody else and what happened to them in the past,'" he said of the review process.

"The Historical Society, for instance, really makes a compelling case that they especially have taken a beating. It would be a shame to lose the very special part they play in Ohio. Once something is gone, it's gone forever in their area, so we're going to take a good close look at that," he said.

"The Arts Council - same thing. They have a great reputation worldwide. They do a fabulous job. They have opportunities for our young people and they've sustained some substantial cuts. The question is, are they at the level they should be?"

"Of the areas I'm looking at, most of the emails were generated by arts supporters," Rep. Celeste said. "They're pretty well organized, I would say."

Rep. Stephen Slesnick (D-Canton), chairman of the finance Agriculture & Development Subcommittee, said he like other chairmen are dealing extensively with requests to reinstate earmarks, which the administration in a unique approach left completely out of the as-introduced version of the bill.

"There are so many good goals - they just cost a lot of money," he said. "You can't get blood out of a stone."

Among the numerous changes under consideration by his panel, Rep. Slesnick said, are: increased funding for the OARDC Extension and Sea Grant programs; a tax incentive for major sporting events; several "significant amendments" to help small businesses; a closer review of open enrollment issues under the Department of Insurance budget; and changes to fee hikes proposed for the Ohio Environmental Protection Agency and Department of Commerce.

"The last thing you want to do is make people pay more" in fees than what government needs to operate," Rep. Slesnick said.

HIGHWAY PATROL SET FOR 'MISSION REVIEW' ON EFFICIENCY, SERVICE OVERLAP, OPERATIONS CONSOLIDATION

After 76 years of law enforcement, the Ohio Highway Patrol is about to undergo a legislatively mandated review of its mission with a goal of improving efficiency, identifying overlapping services, and consolidating operations.

The General Assembly included in the \$9.2 billion biennial transportation budget, most of which takes effect July 1, a Senate proposal for creation of a 17-member patrol "Mission Review Task Force."

Gov. Ted Strickland said this week he believes the study is unnecessary.

"However, I realize and accept the fact that the legislature has a perfect right to put forth ideas which they think are necessary and/or important. They did, and I honored their decision to include this in the transportation bill," Mr. Strickland said.

"It did not originate from me, and my personal feeling is I think we do have a clear idea of the mission of the patrol," the governor said in an interview.

About one-third of the study panel's members will represent law enforcement. They include the director of the Department of Public Safety, of which the patrol is a division, and the patrol superintendent.

Other law enforcement members included representatives of the Buckeye State Sheriffs' Association, the Fraternal Order of Police of Ohio, the Ohio Association of Chiefs of Police, and the Ohio State Troopers Association.

Other members of the panel include six legislators, three from the Senate and three from the House; two public members each chamber will appoint; the County Commissioners Association of Ohio; and two gubernatorial appointees.

Sen. Stephen Buehrer (R-Delta), whose amendment to the budget created the special committee, said last month that he had heard from some county sheriffs about areas of "overlap and duplication" with the patrol.

Gov. Strickland said he had been aware of what he described as "this turf issue" for 30 years.

"I have little patience for such competitive feelings. Both the sheriffs and members of the patrol are professional law enforcement officers and agents. I think it's a little unseemly when it gets into a turf battle," he said.

"I am aware that there have been these territorial disagreements. I don't think they're anything to get exasperated or excited about. I just think it's the way things are in certain areas," the governor said.

The final version of the budget cleared the House and Senate on strong bipartisan votes earlier this month.

As introduced, the executive proposal recommended \$106 million in annual motor vehicle fee increases to offset projected shortfalls in the patrol budget. Legislators reduced those fee boosts to \$86 million in the final version.

Gov. Strickland said he thought the original fee recommendations, which came from a separate patrol funding task force last year, were reasonable.

"Unfortunately when it got to the Senate there was an unwillingness to accept the results of the study group," he said.

"It is my hope that the results of the study commission will at some point in the future be accepted to the point where we can put this funding issue behind us, and have a sustainable funding program in place," he said.

The transportation budget gives the new mission review panel up to one year after the law takes effect to submit a report to the governor and legislative leaders. The report is to contain findings and any recommendations.

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