

AN ACT

To amend sections 189.01, 189.03, 189.04, 189.05, 189.06, 189.07, and 189.08 of the Revised Code and to amend Sections 261.10 and 261.20.93 of Am. Sub. H.B. 153 of the 129th General Assembly regarding the Local Government Innovation Program and to make an appropriation.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 189.01, 189.03, 189.04, 189.05, 189.06, 189.07, and 189.08 of the Revised Code be amended to read as follows:

Sec. 189.01. As used in sections 189.01 to 189.09 of the Revised Code, ~~"political subdivision" means a municipal corporation, township, county, school district, or other body corporate and politic responsible for governmental activities in a geographic area smaller than that of the state. "Political subdivision" includes a county hospital commission appointed under section 339.14 of the Revised Code, board of hospital commissioners appointed for a municipal hospital under section 749.04 of the Revised Code, board of hospital trustees appointed for a municipal hospital under section 749.22 of the Revised Code, regional planning commission created pursuant to section 713.21 of the Revised Code, county planning commission created pursuant to section 713.22 of the Revised Code, joint planning council created pursuant to section 713.231 of the Revised Code, interstate regional planning commission created pursuant to section 713.30 of the Revised Code, port authority created pursuant to section 4582.02 or 4582.26 of the Revised Code or in existence on December 16, 1964, regional council established by political subdivisions pursuant to Chapter 167. of the Revised Code, emergency planning district and joint emergency planning district designated under section 3750.03 of the Revised Code, joint emergency medical services district created pursuant to section 307.052 of the Revised Code, fire and ambulance district created pursuant to section 505.375 of the Revised Code, joint interstate emergency planning district established by an agreement entered into under section 3750.03 of the Revised Code, county solid waste management district and joint solid~~

~~waste management district established under section 343.01 or 343.012 of the Revised Code, community school established under Chapter 3314. of the Revised Code, the county or counties served by a community-based correctional facility and program or district community-based correctional facility and program established and operated under sections 2301.51 to 2301.58 of the Revised Code, a community-based correctional facility and program or district community-based correctional facility and program that is so established and operated, and the facility governing board of a community-based correctional facility and program or district community-based correctional facility and program that is so established and operated~~ has the same meaning as in section 2744.01 of the Revised Code.

Sec. 189.03. (A) There is hereby created the local government innovation council to establish criteria for and make loans and awards to political subdivisions for local government innovation projects and take such other actions, in consultation with the department of development, as necessary to implement the local government innovation program established in section 189.02 of the Revised Code.

(B) The council shall consist of the following members:

- (1) The director of development, or the director's designee;
- (2) The director of budget and management, or the director's designee;
- (3) The auditor of state, or the auditor's designee;
- (4) Two members of the senate, one member appointed by the president of the senate and one member appointed by the minority leader of the senate;
- (5) Two members of the house of representatives, one member appointed by the speaker of the house of representatives and one member appointed by the minority leader of the house of representatives;
- (6) One member recommended by the Ohio municipal league, appointed by the governor;
- (7) One member recommended by the county commissioners association of Ohio, appointed by the governor;
- (8) One member recommended by the Ohio township association, appointed by the governor;
- (9) One member recommended by the Ohio chamber of commerce, appointed by the governor;
- (10) One member recommended by the Ohio school boards association, appointed by the governor;
- (11) One member, appointed by the governor, who is recommended by an Ohio-based advocacy group selected by the governor;

(12) One member, appointed by the governor, who is recommended by an Ohio-based foundation selected by the governor;

(13) One member ~~with expertise in local government issues,~~ appointed by the governor, who is recommended by the chancellor of the board of regents.

(C) Initial appointments to the council shall be made not later than September 30, 2011. Of the governor's initial appointees, three shall serve an initial term of one year, ~~two~~ three shall serve an initial term of two years, and two shall serve an initial term of three years. Thereafter, each member appointed by the governor shall serve a four-year term, or a term ending when the council ceases to exist, whichever occurs first. The remaining members of the council shall be appointed for four-year terms, or terms ending when the council ceases to exist, whichever occurs first. Members may be reappointed to the council.

Vacancies on the council shall be filled in the same manner as the original appointments.

(D) At its first meeting, the council shall select a chairperson from among its members. After the first meeting, the council shall meet at the call of the chairperson or upon the request of a majority of the council's members. A majority of the council constitutes a quorum.

(E) The department of development shall provide administrative assistance to the council.

(F) Council members shall receive no compensation but shall be reimbursed for actual and necessary expenses incurred in the performance of council duties.

Sec. 189.04. (A) The local government innovation council shall award loans to a qualified political subdivision or a qualified group of political subdivisions to be used for the purchase of equipment, facilities, or systems or for implementation costs.

Loans made under division (A) of this section shall be repaid by recipients using savings achieved from the innovation project.

(B) Up to twenty per cent of the funds in the local government innovation fund, established in section 189.05 of the Revised Code, may be awarded by the council as grants to political subdivisions for use in process improvement or implementation of innovation project awards.

(C) The council shall award, ~~in total grants and loans,~~ not more than one hundred thousand dollars in total grants and not more than one hundred thousand dollars in total loans to an individual political subdivision ~~and not more than five hundred thousand dollars~~ per innovation project under this section. For an innovation project involving a qualified group of political

subdivisions, the council shall award, in total grants and loans, not more than five hundred thousand dollars, and the average amount per political subdivision shall not exceed one hundred thousand dollars.

Sec. 189.05. Funds for awards made by the local government innovation council shall be made from the local government innovation fund, which is hereby created in the state treasury. The fund shall consist of moneys appropriated to it, repayments of principal and interest on loans made from the fund, and any grants or donations received from nonpublic entities. Interest earned on the money in the fund shall be credited to the fund.

Sec. 189.06. (A) All political subdivisions of the state are eligible to apply for awards under the local government innovation program. The Applications shall be submitted to the department of development on a form specified by the director of development. The department shall provide the application to the local government innovation council for evaluation and selection.

The local government innovation council shall award loans and grants under the program in accordance with a competitive process to be developed by the council.

(B) Not later than December 31, 2011, the council shall establish criteria for evaluating proposals and making awards to political subdivisions. The criteria shall be developed in consultation with nonpublic entities involved in local government issues, state institutions of higher education, and the department of development, as determined by the council. The criteria shall include a requirement that at least one of the political subdivisions that is a party to the proposal provide matching funds. The matching funds may be provided by a nonpublic entity. The criteria for evaluating proposals may include the following provisions:

(1) The expected return on investment, based on the ratio of expected savings;

(2) The number of participating entities in the proposal;

(3) The probability of the proposal's success;

(4) The percentage of local matching funds available;

(5) The ability to replicate the proposal in other political subdivisions;

(6) Whether the proposal is part of a larger consolidation effort by the applicant or applicants;

(7) Whether the proposal is to implement performance audit or other audit recommendations under ~~section 117.462~~ Chapter 117. of the Revised Code;

(8) Whether the applicant has successfully completed an innovation project in the past.

Sec. 189.07. ~~A political subdivision seeking an award under the local government innovation program shall submit a proposal to the subdivision's district public works integrating committee. The committee shall submit the proposal to the department of development, with advisory comments. The department shall provide the proposal to the local government innovation council for evaluation and selection.~~ The local government innovation council shall develop and implement a means of ensuring local support for each grant or loan application submitted to the department of development under section 189.06 of the Revised Code.

Sec. 189.08. (A) Starting not later than March 1, 2012, the local government innovation council shall begin evaluating proposals received from the department of development for awards to political subdivisions. Not later than July 1, 2012, the council shall make its first round of awards to the political subdivisions.

(B) After making the first round of awards, the council shall evaluate proposals and make awards on a quarterly basis, or on another schedule determined by the council, with the council determining the funding levels for each round of awards.

(C) When making awards from the local government innovation fund created in section 189.05 of the Revised Code, the funds ~~available for each round of awards~~ awarded across all rounds shall be ~~divided into the following tiers~~ allocated as follows:

(1) At least thirty per cent to political subdivisions that are not counties and have a population of less than ~~50,000~~ 20,000 residents as determined in the decennial census conducted in 2010 or counties with a population of less than ~~130,000~~ 235,000 residents as determined in the decennial census conducted in 2010;

(2) At least thirty per cent to political subdivisions that are not counties and have a population of ~~50,000~~ 20,000 residents or more as determined in the decennial census conducted in 2010 or counties with a population of ~~130,000~~ 235,000 residents or more as determined in the decennial census conducted in 2010.

If a proposal includes participants from both ~~division~~ divisions (C)(1) and (2) of this section, the award may be drawn from either or both tiers in the local government innovation fund.

SECTION 2. That existing sections 189.01, 189.03, 189.04, 189.05, 189.06, 189.07, and 189.08 of the Revised Code are hereby repealed.

SECTION 3. The member appointed to the Local Government Innovation Council under division (B)(13) of section 189.03 of the Revised Code, as that section existed prior to the act's effective date, shall be replaced on the Council by the member appointed by the Governor in accordance with the act's amendments to that section.

SECTION 4. That Sections 261.10 and 261.20.93 of Am. Sub. H.B. 153 of the 129th General Assembly be amended to read as follows:

Sec. 261.10. DEV DEPARTMENT OF DEVELOPMENT

General Revenue Fund

GRF	195401	Thomas Edison Program	\$	14,820,354	\$	0
GRF	195402	Coal Development Office	\$	260,983	\$	261,205
GRF	195404	Small Business Development	\$	1,565,770	\$	0
GRF	195405	Minority Business Enterprise Division	\$	1,118,528	\$	0
GRF	195407	Travel and Tourism	\$	5,000,000	\$	0
GRF	195412	Rapid Outreach Grants	\$	9,000,000	\$	0
GRF	195415	Strategic Business Investment Division and Regional Offices	\$	4,500,000	\$	0
GRF	195416	Governor's Office of Appalachia	\$	3,700,000	\$	3,700,000
GRF	195422	Technology Action	\$	547,341	\$	0
GRF	195426	Clean Ohio Implementation	\$	468,365	\$	0
GRF	195432	Global Markets	\$	3,500,000	\$	0
GRF	195434	Industrial Training Grants	\$	10,000,000	\$	0
GRF	195497	CDBG Operating Match	\$	1,015,000	\$	0
GRF	195501	Appalachian Local Development Districts	\$	391,482	\$	391,482
GRF	195502	Appalachian Regional Commission Dues	\$	195,000	\$	195,000
GRF	195528	Economic Development Projects	\$	0	\$	26,943,518
GRF	195901	Coal Research & Development General Obligation Debt Service	\$	7,861,100	\$	5,577,700
GRF	195905	Third Frontier Research & Development General Obligation Debt Service	\$	29,323,300	\$	63,640,300
GRF	195912	Job Ready Site Development General Obligation Debt Service	\$	9,859,200	\$	15,680,500
TOTAL GRF General Revenue Fund			\$	103,126,423	\$	116,389,705
General Services Fund Group						
1350	195684	Supportive Services	\$	11,700,000	\$	11,700,000
4W10	195646	Minority Business Enterprise Loan	\$	2,500,000	\$	2,500,000

5AD0	195633	Legacy Projects	\$	15,000,000	\$	15,000,000
5AD0	195677	Economic Development Contingency	\$	10,000,000	\$	0
5W50	195690	Travel and Tourism Cooperative Projects	\$	50,000	\$	50,000
6850	195636	Direct Cost Recovery Expenditures	\$	750,000	\$	750,000
TOTAL GSF General Services Fund Group			\$	40,000,000	\$	30,000,000
Federal Special Revenue Fund Group						
3080	195602	Appalachian Regional Commission	\$	475,000	\$	475,000
3080	195603	Housing and Urban Development	\$	6,000,000	\$	6,000,000
3080	195605	Federal Projects	\$	85,028,606	\$	85,470,106
3080	195609	Small Business Administration	\$	6,438,143	\$	5,511,381
3080	195618	Energy Federal Grants	\$	38,000,000	\$	3,400,000
3350	195610	Energy Conservation and Emerging Technology	\$	1,100,000	\$	1,100,000
3AE0	195643	Workforce Development Initiatives	\$	16,300,000	\$	16,300,000
3DB0	195642	Federal Stimulus - Energy Efficiency & Conservation Block Grants	\$	3,000,000	\$	42,485
3EG0	195608	Federal Energy Training	\$	5,000,000	\$	1,344,056
3K80	195613	Community Development Block Grant	\$	76,795,818	\$	65,210,000
3K90	195611	Home Energy Assistance Block Grant	\$	115,743,608	\$	115,743,608
3K90	195614	HEAP Weatherization	\$	22,000,000	\$	22,000,000
3L00	195612	Community Services Block Grant	\$	27,240,217	\$	27,240,217
3V10	195601	HOME Program	\$	40,000,000	\$	40,000,000
TOTAL FED Federal Special Revenue Fund Group			\$	443,121,392	\$	389,836,853
State Special Revenue Fund Group						
4500	195624	Minority Business Bonding Program Administration	\$	160,110	\$	159,069
4510	195625	Economic Development Financing Operating	\$	3,000,000	\$	3,000,000
4F20	195639	State Special Projects	\$	180,437	\$	180,436
4F20	195676	Marketing Initiatives	\$	5,000,000	\$	0
4F20	195699	Utility Provided Funds	\$	500,000	\$	500,000
4S00	195630	Tax Incentive Programs	\$	650,800	\$	650,800
5CG0	195679	Alternative Alternative Fuel Transportation	\$	750,000	\$	750,000
5HJ0	195604	Motion Picture Tax Credit Program	\$	50,000	\$	50,000
5HR0	195526	Ohio Workforce Job Training	\$	20,000,000	\$	30,000,000
5HR0	195622	Defense Development Assistance	\$	5,000,000	\$	5,000,000
5JR0	195656	New Market Tax Credit	\$	50,000	\$	50,000

		Program			
5KD0	195621	Brownfield Stormwater Loan	\$	50,000	\$ 50,000
5KNO	195640	Local Government Innovation	\$	<u>0 175,000</u>	<u>45,000,000</u>
					<u>44,825,000</u>
5M40	195659	Low Income Energy Assistance	\$	245,000,000	\$ 245,000,000
5M50	195660	Advanced Energy Programs	\$	8,000,000	\$ 0
5W60	195691	International Trade Cooperative Projects	\$	160,000	\$ 160,000
6170	195654	Volume Cap Administration	\$	94,397	\$ 92,768
6460	195638	Low- and Moderate- Income Housing Trust Fund	\$	53,000,000	\$ 53,000,000
TOTAL SSR State Special Revenue Fund Group			\$	<u>341,645,744</u>	\$ <u>383,643,073</u>
				<u>341,820,744</u>	<u>383,468,073</u>
Facilities Establishment Fund Group					
5S90	195628	Capital Access Loan Program	\$	1,500,000	\$ 1,500,000
7009	195664	Innovation Ohio	\$	15,000,000	\$ 15,000,000
7010	195665	Research and Development	\$	22,000,000	\$ 22,000,000
7037	195615	Facilities Establishment	\$	50,000,000	\$ 50,000,000
TOTAL 037 Facilities Establishment Fund Group			\$	88,500,000	\$ 88,500,000
Clean Ohio Revitalization Fund					
7003	195663	Clean Ohio Operating	\$	950,000	\$ 950,000
TOTAL 7003 Clean Ohio Revitalization Fund			\$	950,000	\$ 950,000
Third Frontier Research & Development Fund Group					
7011	195686	Third Frontier Operating	\$	1,149,750	\$ 1,149,750
7011	195687	Third Frontier Research & Development Projects	\$	183,850,250	\$ 133,850,250
7014	195620	Third Frontier Operating - Tax	\$	1,700,000	\$ 1,700,000
7014	195692	Research & Development Taxable Bond Projects	\$	38,300,000	\$ 38,300,000
TOTAL 011 Third Frontier Research & Development Fund Group			\$	225,000,000	\$ 175,000,000
Job Ready Site Development Fund Group					
7012	195688	Job Ready Site Operating	\$	800,000	\$ 800,000
TOTAL 012 Job Ready Site Development Fund Group			\$	800,000	\$ 800,000
Tobacco Master Settlement Agreement Fund Group					
M087	195435	Biomedical Research and Technology Transfer	\$	1,999,224	\$ 1,999,224
TOTAL TSF Tobacco Master Settlement Agreement Fund Group			\$	1,999,224	\$ 1,999,224
TOTAL ALL BUDGET FUND GROUPS			\$	<u>1,245,142,783</u>	\$ <u>1,187,118,855</u>
				<u>1,245,317,783</u>	<u>1,186,943,855</u>

Sec. 261.20.93. LOCAL GOVERNMENT INNOVATION FUND

The foregoing appropriation item 195640, Local Government Innovation, shall be used for the purposes of making loans and grants to political subdivisions under the Local Government Innovation Program in accordance with sections 189.01 to 189.10 of the Revised Code. Of the

foregoing appropriation item 195640, Local Government Innovation, up to ~~\$100,000~~ \$175,000 in fiscal year 2012 and \$175,000 in fiscal year 2013 shall be used for administrative costs incurred by the Department of Development.

On the effective date of this amendment, or as soon as possible thereafter, the Director of Budget and Management shall transfer \$175,000 in cash from the General Revenue Fund to the Local Government Innovation Fund (Fund 5KN0). On July 1, 2012, or as soon as possible thereafter, the Director of Budget and Management shall transfer \$44,825,000 in cash from the General Revenue Fund to the Local Government Innovation Fund (Fund 5KN0).

SECTION 5. That existing Sections 261.10 and 261.20.93 of Am. Sub. H.B. 153 of the 129th General Assembly are hereby repealed.

Speaker _____ *of the House of Representatives.*

President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

Governor.

Sub. H. B. No. 371

129th G.A.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the ___ day of _____, A. D. 20____.

Secretary of State.

File No. _____ Effective Date _____