

# Ohio Legislature Passes State Operating Budget, Governor Signs

**By: Joe Stevens & Sherri Warner**

On Friday, the Ohio House and Senate passed House Bill 33 (HB 33), the state's operating budget for fiscal years 2024 and 2025. Governor Mike DeWine then signed the bill just prior to midnight on July 3rd, after striking 44 items in the bill as part of his line-item veto authority.

The operating budget bill is the single most important piece of legislation enacted each legislative session as it contains not only the funding for all state agencies and programs, but typically also includes a vast array of policy provisions impacting most major sectors of Ohio's economy. Joe Stevens and Sherri Warner from Roetzel Consulting Solutions, worked on behalf of clients on HB 33's journey, including issues related to education, local government issues, healthcare and medical cannabis.

The following are highlights from the over 8,000 page bill:

## **K-12 Education**

HB 33 continues to phase in the funding formula known as the Cupp-Patterson plan, and maintains House Republicans' decision to update the underlying cost data from FY18 to FY22. Cupp-Patterson is a bi-partisan funding mechanism, adopted under the last General Assembly, for which public school interests lobbied heavily. Additionally, HB 33 includes language that moves the State Board of Education under the Governor's authority (previously it has acted independently) and expands EdChoice, Ohio's school voucher system, to all students.

## **Taxation**

Ohio cut the number of personal income tax brackets from four to two, while increasing the threshold between the two brackets from \$92,500 to \$100,000. Additionally, the bill exempts many businesses from paying the Commercial Activity Tax (CAT) by creating additional exclusions. The Departments of Taxation & Budget & Management will work with the County Commissioners Association to expand a sales tax holiday in August 2024.

## **Higher Education**

The primary result of note in the higher education space is what did not make it into the bill. Although the Ohio Senate included significant changes affecting how Ohio's state colleges and universities operate, including ensuring diversity of thought on college campuses, the final version of HB 33 did not contain most of these provisions. However, HB 33 contains language establishing new academic institutes at five Ohio universities, including both The Ohio State University and The University of Toledo.

## Health and Human Services

Much of the debate in the HHS space was centered around reimbursement rates for home healthcare providers and nursing facilities. The legislature included reimbursement rate increases for home healthcare providers. However, these provisions were ultimately vetoed by the Governor, not due to lack of support for those increases, but due to his concern about having rates included in statutory provisions. The Governor's veto message on these provisions indicated a willingness to implement these increases administratively. Additionally, HB 33 funds Ohio foodbanks at a little over \$32 million per fiscal year, while scaling back overall funding for the Medicaid program due to anticipated lower caseloads in the program for the upcoming biennium.

## Development

HB 33 establishes the All Ohio Future Fund, which is intended to help fund development of raw land for economic development projects. This line item is funded at \$667 million for the biennium. Additionally, the budget contains provisions to fund improvements to Ohio rural roads, as well as help with brownfield remediation. The bill also authorizes setting aside over \$700 million for the One Time Strategic Community Investment Fund which will provide money for capital projects.

For any questions about these or other matters related to HB 33, please reach out to Sherri Warner at [swarner@ralaw.com](mailto:swarner@ralaw.com) or Joe Stevens at [jstevens@ralaw.com](mailto:jstevens@ralaw.com).

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