



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

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H.B. 530

132nd General Assembly
(As Introduced)

Reps. Hambley and Arndt, Wiggam, Riedel, Kick, Thompson, Reineke

BILL SUMMARY

- Authorizes a local elected official of an entity that has levied a hotel lodging excise tax (or the official's designee) to simultaneously hold the public position and serve on the board of trustees of a convention and visitors' bureau without constituting the holding of incompatible offices or employment.
 - Declares that, notwithstanding Ohio common law or any contrary statutory law, the simultaneous holding of those positions does not constitute the holding of incompatible offices or employment.
 - Specifies that the bill does not prevent a municipal corporation or chartered county from adopting a more restrictive policy regarding the simultaneous holding of those positions.
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CONTENT AND OPERATION

The bill

The bill provides that an elected official¹ of a county, township, or municipal corporation that has levied a hotel lodging excise tax under current law² may simultaneously serve in the elected or appointed position and as a member or officer of the board of trustees of a convention and visitors' bureau organized under the nonprofit

¹ The bill also allows an elected official (county commissioner, township trustee, or member of a municipal legislative authority) to appoint a designee to so serve without it constituting the holding of an incompatible office or employment.

² R.C. 5739.08 and 5739.09, not in the bill.

corporation law. The bill declares that the simultaneous holding of the two positions does not constitute the simultaneous holding of incompatible offices despite Ohio common law or any Ohio statute indicating anything to the contrary.

The bill specifies that it does not prevent a municipal corporation or a chartered county from adopting a more restrictive policy regarding the simultaneous holding of the positions.³ In recognition of the home rule authority to self-govern, a municipal corporation or chartered county may decide to disallow the simultaneous holding of these positions for its elected officials.⁴

Background: incompatibility of offices

The common law of Ohio prohibits the simultaneous holding of two public offices or employment when the two are determined to be "incompatible." The Ohio Attorney General makes these determinations by Opinions of the Attorney General using a common law test that is generally looking for impermissible conflicts of interest between the two positions and other state, local, or federal laws that apply to prohibit the simultaneous holding of positions. Usually, the determination involves two public offices or positions but sometimes it may involve a public and a private position,⁵ as exists under the bill.⁶

The Ohio Attorney General has determined, by formal opinion that the public position of a county commissioner and the position of member or officer of a convention and visitors' bureau are incompatible; presenting an impermissible conflict of interest that cannot be sufficiently avoided or eliminated to allow the simultaneous holding of the positions.⁷ The Attorney General explained that a public office is a public

³ R.C. 3.111.

⁴ Ohio Const., art. XVIII, sec. 3 and art. X, sec. 3.

⁵ A five-question test is used to determine whether a person may hold simultaneously a public position and a private position. See 2012 Op. Att'y Gen. No. 2012-040. A seven-question test is used when examining two public positions. 1979 Op. Att'y Gen. No. 79-111. All of the questions must yield answers in favor of compatibility in order to find that the two positions are compatible. See also <http://www.ohioattorneygeneral.gov/About-AG/Service-Divisions/Opinions/Compatibility-of-Public-Offices-or-Positions>.

⁶ A convention and visitors' bureau is a *private*, nonprofit corporation established under the nonprofit corporation law. Chapter 1702. It may receive public funds, however, in the form of general fund money appropriated by the county, township, or municipal corporation, and it may benefit from the levy of a hotel lodging excise tax. R.C. 307.693 (county), 505.58 (township), and 5739.09 (county, township, and municipal corporation), not in the bill.

⁷ 2017 Op. Att'y Gen. No. 2017-036; 2018 Op. Att'y Gen. No. 2018-003.



trust and the public officer is duty-bound to uphold the fiduciary and confidential relationship the office imposes. A conflict of interest exists between a public and private position "when an individual's responsibilities in one position are such as to influence the performance of his duties in the other position, thereby subjecting him to influences which may prevent his decisions from being completely objective."⁸ A conflict of interest exists "when a public servant is subject to divided loyalties and conflicting duties or exposed to the temptation of acting other than in the best interest of the public."⁹

In making the compatibility (or incompatibility) determination, the Attorney General examines the powers and duties of each position. As noted by the Attorney General in the opinions cited in footnote 7, a board of county commissioners manages and administers the county's affairs, including, among others, the fiscal and budgetary matters of the county. As the taxing authority for the county, the board may issue securities and general obligation bonds, prepare the county's annual tax budget, and levy taxes. The Articles of Incorporation outline the duties of members of the board for the convention and visitors' bureau. A bureau officer or trustee owes a fiduciary duty to the bureau and must act in the best interests of the bureau; a county commissioner has a fiduciary duty as an agent of the people of the county and has a duty to hold public funds in trust¹⁰ for the county taxpayers. The significant conflict of interest the Attorney General found for a county commissioner is the authority to appropriate moneys from the general fund to make contributions to convention and visitors' bureaus operating within the county¹¹ and the duty to prepare and adopt the county's annual tax budget, which involves making appropriations to county entities that are entitled to moneys appropriated from the county's general fund. Because the general fund is a finite pool of money, the fund recipients are in competition with one another for their appropriations. A county commissioner who is also a board member of a convention and visitors' bureau may be unable to impartially determine when an appropriation to the bureau is necessary that otherwise may be at the expense of other county entities. A county commissioner serving in both positions may be subject to divided loyalties when trying to balance the interests of the bureau against the financial needs of county entities entitled to share in county general fund moneys.

Sometimes the potential for conflict may be remote or speculative and the Attorney General may find it can be sufficiently avoided or eliminated. However, the

⁸ 1985 Op. Att'y Gen. No. 85-100, at 2-427.

⁹ 1998 Op. Att'y Gen. No. 98-033, at 2-188 to 2-189.

¹⁰ See *State ex rel. Smith v. Maharry*, 97 Ohio St. 272 (1918); 2002 Op. Att'y Gen. No. 2002-031.

¹¹ R.C. 307.693, not in the bill.



Attorney General determined that the potential for conflict between the positions of county commissioner and member of a convention and visitors' bureau¹² is not remote or speculative and cannot be avoided. The preparation of a tax budget and appropriation measure is a primary function and essential duty of a county commissioner that requires independent decision-making that cannot be delegated to another person; it occurs annually.¹³

Consequence of statutory allowance

The bill reflects a policy of the General Assembly to allow the simultaneous holding of the positions in the bill despite the existence of conflicts of interest; the conflict of interest remains but it is permissible under the bill because the General Assembly is statutorily condoning the simultaneous holding of the positions regardless of any conflicts.¹⁴

HISTORY

ACTION	DATE
Introduced	02-27-18

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¹² There is no determination of the Attorney General for a township trustee or member of a municipal legislative authority serving simultaneously on a bureau, but to the extent those positions may pose similar conflicts, an analogous outcome may be anticipated.

¹³ 2017 Op. Att'y Gen. No. 2017-036; 2018 Op. Att'y Gen. No. 2018-003.

¹⁴ See, for example, 2009 Op. Att'y Gen. No. 2009-005 (although conflicts of interest may exist between the positions of member of a city legislative authority and member of the governing board of a community improvement corporation that has been designated under R.C. 1724.10 as the agency of the city, "the General Assembly has legislatively sanctioned a person serving in both positions at the same time" under R.C. 1724.10(A)).

