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S.B. 310*
133rd General Assembly

Bill Analysis

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Version: As Reported by Senate Finance

Primary Sponsor: Sen. Dolan

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SUMMARY

- Appropriates \$350 million of funding allocated to the state from the federal “Coronavirus Aid, Relief, and Economic Security Act” (CARES Act) to counties, municipalities, and townships to fund their necessary COVID-19 pandemic-related expenses.
- Excludes local governments that receive direct federal funding under the CARES Act from receiving this distribution.
- Distributes funds based on the proportion of Local Government Fund revenue allocated to subdivisions in 2019.
- Requires a subdivision, before receiving a payment, to adopt a resolution affirming that the subdivision will spend it only on pandemic-related expenses, as required under the CARES Act.
- Requires local funds unspent as of October 15, 2020, to be redistributed to local governments that have spent their full allocation.
- Requires subdivisions to return unspent CARES Act funds to the state by December 28, 2020.
- Declares an emergency.

* This analysis was prepared before the report of the Senate Finance Committee appeared in the Senate Journal. Note that the legislative history may be incomplete.

DETAILED ANALYSIS

The bill appropriates \$350 million of the money allocated to the state under the federal “Coronavirus Aid, Relief, and Economic Security Act” (CARES Act) to counties, townships, and municipalities to fund necessary COVID-19 pandemic-related expenses.

Federal CARES Act

Congress recently enacted the CARES Act to address the effects of the nationwide COVID-19 pandemic. Among other provisions, the CARES Act directs federal money to states and more populous local governments to be used to fund “necessary expenditures incurred due to the public health emergency” connected with the COVID-19 pandemic, provided those expenses are incurred between March 1 and December 30, 2020, and are not accounted for in the state’s or subdivision’s current budget.¹

The state has or is scheduled to receive approximately \$4.53 billion in CARES Act funding.² Under the CARES Act, local governments with a population of 500,000 or more may receive a direct payment from the federal government out of their state’s allocation. Ohio has six of these subdivisions – the City of Columbus, and Cuyahoga, Franklin, Hamilton, Montgomery, and Summit counties – that in total will receive directly \$778 million or 17% of Ohio’s total allocated share.³ Thus, the state treasury will receive approximately \$3.75 billion of the state’s total allocation.

Distribution to local governments

The bill appropriates \$350 million of this state-share to be distributed to the counties, municipalities, and townships that did not receive direct federal CARES Act payments.⁴ The money is first distributed to the 88 county treasuries from the state fund that receives CARES Act revenue – the Coronavirus Relief Fund – by the Director of Budget and Management (OBM) in consultation with the Tax Commissioner. This distribution is made on the basis of the proportion of money each county treasury received from the Local Government Fund (LGF) in 2019, excluding any amount that was ultimately allocated to Columbus or any of the five direct-payment counties, which the bill refers to as “ineligible subdivisions.”⁵ Currently, LGF funding is allocated either (1) to each county’s undivided local government fund, or CULGF, and

¹ Section 5001 of the “Coronavirus Aid, Relief, and Economic Security Act,” 42 United States Code (U.S.C.) 601.

² Grant A. Driessen, The Coronavirus Relief Fund (CARES Act, Title V): Background and State and Local Allocations, Congressional Research Service, p. 4 (April 14, 2020), *available at* <https://crsreports.congress.gov/product/pdf/R/R46298> (hereafter “CRS CARES Act Report”).

³ CRS CARES Act Report, p. 7.

⁴ Section 2 of the bill.

⁵ Section 1(B) of the bill.

further distributed to local subdivisions in the county or (2) directly to certain municipal corporations.⁶

The CARES Act revenue is distributed based on the proportion of LGF allocated to each county's CULGF in 2019. In addition to adjusting to exclude amounts paid to the six ineligible subdivisions, a county's CULGF proportion is adjusted to exclude any adjustments attributable to either (1) CULGF revenue being denied under continuing law to a subdivision that maintains a red light camera program or (2) supplemental CULGF amounts earmarked for townships and small villages.⁷ (\$12 million in LGF is set aside each year specifically for villages with a population of no more than 1,000 and townships.⁸)

Once the CARES Act revenue is paid to the county, the money is further divided between the county and townships and municipalities in the county, except ineligible subdivisions. Before a subdivision may receive that payment, however, its legislative authority must adopt a resolution affirming that the revenue will only be used for the purposes prescribed in the CARES Act (see "**Federal CARES Act**," above) and certify it to the Director of OBM and the county auditor.⁹ The revenue is then distributed to such subdivisions in the same proportion as CULGF revenue was distributed to the county, municipality, or township in 2019. So, if, for example, in a county that was allocated \$30 million in CARES Act revenue, a township received 5% of the CULGF revenue in 2019 out of the total CULGF revenue paid to subdivisions eligible to receive the CARES Act payment, the township would receive \$1.5 million.

There is an exception to this allocation method for a subdivision that, in 2019, voluntarily declined to receive its share of CULGF, e.g., Belmont County. In such a case, the revenue is distributed as though that subdivision had not declined its share of CULGF revenue. Although park districts are eligible to receive CULGF distributions in some counties, they are not eligible for distributions of the CARES Act money.

Once a subdivision receives its share of the CARES Act revenue it must deposit the money in a newly created, dedicated fund called the local coronavirus relief fund and must use the revenue solely for the purposes prescribed in the CARES Act. The Auditor of State is required to audit this fund during the subdivision's next regular audit to ensure the revenue was used properly.¹⁰

⁶ R.C. 5747.50, not in the bill.

⁷ Section 1(B) of the bill. According to the Department of Taxation, in 2019 no LGF money was denied on the basis of maintaining a red light camera program.

⁸ R.C. 5747.503, not in the bill.

⁹ Section 1(D) of the bill.

¹⁰ Section 1(E) of the bill.

Redistribution of unused funds

Subdivisions are required to return to the county treasury any CARES Act funding that remains unencumbered as of October 15, 2020. Returned revenue is then redistributed to the county and townships and municipalities in the county, except that no amount may be paid to an ineligible subdivision, a subdivision that also returned its funds, or a subdivision that still has not adopted a resolution affirming its use of the revenue in conformity with the CARES Act. One-quarter of the returned revenue is paid to the county, if eligible, and the remainder is paid to the other eligible municipalities and townships based on each subdivision's population relative to the population of all such subdivisions, with a township's population being based on its unincorporated area only.¹¹

Reporting to OBM

Whenever a county auditor distributes or redistributes the CARES Act payments under the bill to local subdivisions, the auditor is required report the amount that is being paid to each subdivision to the Director of OBM.¹² In addition, any subdivision that receives CARES Act revenue under this bill is required to comply with any request from the Director for information on how those funds were spent.¹³

Return of unused funds

A subdivision must return any unspent balance of its local coronavirus relief fund to the state treasury by December 28, 2020, in the manner prescribed by the Director of OBM.¹⁴ As discussed above, the CARES Act requires this money to be spent only for COVID-19 pandemic-related costs incurred no later than December 30, 2020.

HISTORY

Action	Date
Introduced	05-05-20
Reported, S. Finance	--

S0310-RS-133/ts

¹¹ Section 1(F) of the bill.

¹² Section 1(C) and (F) of the bill.

¹³ Section 1(H) of the bill.

¹⁴ Section 1(G) of the bill.