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H.B. 39
134th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Sobecki and A. Miller

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SUMMARY

- Increases the percentage of state tax revenue allocated to the Public Library Fund (PLF) each month to 1.99%.
- Requires that the PLF allocation attributable to the bill's increase over 1.66% must be divided equally among all libraries, rather than according to existing law's allocation formula.
- Appropriates an additional \$42 million to the PLF for FY 2021.

DETAILED ANALYSIS

Public Library Fund

Allocation increase

The bill increases the percentage of state tax revenue allocated to the PLF each month to 1.99%.

The percentage of tax revenue allocated to the PLF has fluctuated slightly over the past decade. Since FY 2014, permanent law has required that the PLF receive 1.66% of all state tax revenue credited to the General Revenue Fund. However, the General Assembly has repeatedly authorized "temporary" increases to that amount, ranging from 1.68% to 1.70%. The allocation for FY's 2022 to 2023 currently stands at 1.70%.¹

¹ R.C. 131.51; Section 387.20 of H.B. 110 of the 134th General Assembly, see also, Section 387.20 of H.B. 166 of the 133rd General Assembly, Section 387.20 of H.B. 49 of the 132nd General Assembly, and Section 375.10 of H.B. 64 of the 131st General Assembly.

Distribution of increased allocation

The bill requires that any PLF money attributable to the bill's increase over 1.66% should be divided equally among all libraries who are entitled to a distribution under existing law. Consequently, of the total 1.99% allocation, 0.33% will be divided equally among all libraries, while 1.66% will continue to be allocated according to an existing statutory formula.

Under that existing formula, state PLF distributions are made to county undivided public library funds. The amount each county receives in a given year depends upon the fund's "guaranteed share" and its "share of the excess." The fund's "guaranteed share" is the amount the fund received in the previous year after an adjustment for inflation. In any year, if the guaranteed shares of all counties exceed the total balance of the state PLF, then the share of county funds must be reduced proportionately. Alternatively, if the balance of the state PLF exceeds the guaranteed shares of the counties, then each county may receive a "share of the excess." That share is calculated by determining an equalization ratio for each county that is based on the county's population and its guaranteed share from the previous year, with the effect that a greater share of the excess is paid to county PLF funds that have received a relatively smaller share of PLF money on a per-capita basis.

Once money is allocated to each county, agreements among local governments (and, in a few cases, the county budget commission) determine the amounts to be allocated to libraries within the county, and county treasurers distribute the amounts accordingly. (Also, in a few counties, other kinds of local governments receive a share of the county PLF.)²

Uses of increased allocation

The bill specifically authorizes a library that receives an additional PLF allocation as a result of the bill's increase to use that money for library modernization, after-school programs, cultural programs, workforce development, community engagement, technology improvements, innovation projects, language services, literary programs, or any other lawful purpose.³

Application date and appropriation

The bill applies to the first month beginning after the bill's immediate effective date. It also appropriates an additional \$42 million to the PLF for FY 2021, which was the fiscal year in which the bill was introduced. It does not include an appropriation for the current fiscal year.⁴

² R.C. 5705.31, 5705.32, 5705.321, 5747.46, 5747.47, and 5747.48.

³ R.C. 5747.48(C).

⁴ Section 4, amending Sections 387.10 and 387.20 of H.B. 166 of the 133rd General Assembly.

HISTORY

Action	Date
Introduced	02-03-21
