



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: S.B. 22 of the 131st G.A.

Date: May 4, 2016

Status: As Introduced

Sponsor: Sen. Tavares

Local Impact Statement Procedure Required: No

Contents: Increases GRF revenue credited to the Local Government Fund to 3.68% from 1.66%

State Fiscal Highlights

STATE FUND	FY 2017	FY 2018	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase	\$482 million or larger increase	\$482 million/year or larger increase
Local Government Fund (LGF, Fund 7069)			
Revenues	Gain	\$482 million or larger gain	\$482 million/year or larger gain
Expenditures	Increase	\$482 million or larger increase	\$482 million/year or larger increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2018 is July 1, 2017 – June 30, 2018.

- Increasing the share of GRF tax revenue distributed to the Local Government Fund(LGF) from 1.66% in current law to 3.68% would increase amounts transferred from the GRF to the LGF by an estimated \$482 million based on projected FY 2017 GRF revenue.
- The gain to the LGF in FY 2017 would depend on the timing of enactment of the bill.
- LGF receipts are distributed in the month received to counties and to municipal corporations that receive direct distributions from the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2016	FY 2017	FUTURE YEARS
Counties, Municipal Corporations, Townships, Special Districts			
Revenues	Gain	\$482 million or larger gain	\$482 million/year or larger gain
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Annual revenues of local government units would increase by \$482 million or more. The revenue increase in 2016 would depend on the timing of enactment of the bill.
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Detailed Fiscal Analysis

The bill increases credits to the state's Local Government Fund (LGF, Fund 7069) from 1.66% of GRF tax revenue in current law to 3.68%. Amounts are credited to the LGF each month based on GRF revenue in the previous month. LGF revenues are disbursed in the month received to county undivided local government funds and to municipal corporations that receive direct LGF distributions from the state. Counties in turn retain part of their receipts from the LGF and distribute the rest to cities, villages, townships, and in some counties to parks and other special districts.

LSC's forecast for the 131st General Assembly's Conference Committee on Am. Sub. H.B. 64, the main operating budget, updated for the estimated effects of tax law changes in that act, projected GRF tax revenue of about \$23.8 billion in FY 2017. Distributions to the LGF under current law, based on this total, would be about \$396 million. If the share of GRF revenue is increased by 2.02 percentage points to 3.68%, the LGF would receive about \$878 million, an increase of \$482 million. The GRF consequently would retain \$482 million less, based on this forecast.

The bill provides that the change would go into effect on the first day of the month beginning on or after its effective date. The bill includes no emergency clause, so as of the date of this writing the change could start no sooner than September, reducing the aggregate amount transferred to the LGF during FY 2017 accordingly.