



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Bill Analysis

Joe McDaniels

### **H.B. 594**

132nd General Assembly  
(As Introduced)

**Reps.** Ramos, Ashford, West

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### **BILL SUMMARY**

- Requires the state to make periodic payments from the Budget Stabilization Fund to municipal corporations and school districts that lose income tax revenue due to a mass workforce reduction.
  - Specifies that a "mass workforce reduction" occurs when a business reduces its workforce employed within a municipal corporation or school district by 50 or more employees within a 30-day period.
  - Stipulates that the payments equal the decrease in income tax revenue after the workforce reduction compared to revenue before reduction.
  - Limits the duration of the payments to five years.
  - Allows for retrospective application to mass workforce reductions that have occurred since January 1, 2013.
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### **CONTENT AND OPERATION**

#### **State aid to municipalities and school districts**

The bill authorizes payments to municipal corporations and school districts that lose income tax revenue due to a mass workforce reduction. A "mass workforce reduction" occurs when a business reduces its workforce within a municipal corporation or school district by 50 or more employees within a 30-day period. Under the bill, a municipal corporation or school district that imposes an income tax at the time of a mass workforce reduction may assert its status as an "eligible political

subdivision" and, consequently, its eligibility for payments, by notifying the Department of Taxation. Payments would be made from the Budget Stabilization Fund.<sup>1</sup>

The payment amount is designed to compensate for any shortfall in an eligible subdivision's income tax revenue during the five years after the mass workforce reduction occurs relative to its collections in the 12 months leading up to the workforce reduction (the "base period"). In the case of a municipal corporation, revenue for each calendar month of the five-year period is compared to its collections for the corresponding month in the 12-month base period; in the case of a school district, revenue for each calendar quarter of the five-year period is compared to its collections for the corresponding quarter of the base period. (The quarterly schedule corresponds with the frequency of distributions of school district income taxes by the state.) The payment equals the amount by which revenue for the calendar month or quarter in the base period exceeds the revenue for the corresponding month or quarter in the five-year payment period. No payment would be made for any current month or quarter in which revenue is at least as much as the revenue for the corresponding month or quarter of the base period.<sup>2</sup>

To receive payments, an eligible municipality must compute the payment amount and certify it to the Office of Budget and Management by the 15th day of each month of the five-year period. For an eligible school district, the Department of Taxation must compute the payment and certify it to OBM within 15 days after the end of each quarter during the five-year period. In either case, payments are to be credited to the subdivision's general fund.

### **Retrospective application**

The bill applies retrospectively to mass workforce reductions that have occurred in an eligible municipality or school district since January 1, 2013. To obtain payments for a mass workforce reduction that occurred on or after that date and before the bill's effective date, a municipality must certify the comparative income tax revenue information to OBM for the period beginning when the workforce reduction occurred and ending with the month that includes the effective date, but not for more than five years. In the case of a school district, the Department of Taxation must certify the information to OBM for all quarters over that period.

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<sup>1</sup> R.C. 131.46(A)(1), (A)(2), and (B).

<sup>2</sup> R.C. 131.46(B).



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## HISTORY

ACTION

DATE

Introduced

04-10-18

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