



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Bill Analysis

Sam Benham

### **S.B. 17**

132nd General Assembly  
(As Introduced)

**Sens.** Tavares, Thomas, Yuko, Schiavoni, Skindell

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### **BILL SUMMARY**

- Increases monthly allocations to the Local Government Fund from 1.66% to 3.68% of the total amount of state tax revenue credited to the General Revenue Fund.
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### **CONTENT AND OPERATION**

#### **Local Government Fund allocation increase**

The bill increases monthly allocations to the Local Government Fund (LGF) from 1.66% to 3.68% of the total amount of state tax revenue credited to the General Revenue Fund (GRF) each month.<sup>1</sup>

Under continuing law, payments from the LGF are made to supplement the revenue of local governments. Each month, a designated percentage – currently, 1.66% – of the total amount of state tax revenue credited to the GRF is deposited into the LGF. Most of this amount is then allocated among each county's undivided LGFs according to a statutory formula. Once the money is deposited into a county's undivided LGF, the county budget commission distributes the money among the county's local governments, which use the money for current expenses.<sup>2</sup> Until FY 2016, the remainder of the LGF had been distributed directly to municipal corporations that levied an income tax in 2006 (this is often referred to as the "direct municipal distribution").<sup>3</sup> However, as of FY 2016, about one-half of this distribution has instead

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<sup>1</sup> R.C. 131.51.

<sup>2</sup> R.C. 5747.50 to 5747.55, not in the bill.

<sup>3</sup> R.C. 5747.50(C), not in the bill.

been used to supplement the LGF revenue of townships and small villages.<sup>4</sup> For FY 2018 and FY 2019, the rest of the direct municipal distribution is earmarked for various drug addiction-related spending.<sup>5</sup>

The bill essentially restores the monthly LGF earmark to the level it was at between January 2008 and the end of FY 2011 – 3.68%. For the 2012 and 2013 fiscal years, LGF allocations were reduced by 25% and 50%, respectively, from FY 2011 levels.<sup>6</sup> Since then, the LGF has received an earmarked percentage of GRF tax revenue based on the percentage of tax revenue allocated to the LGF in FY 2013 (1.66%).

The increase would begin to apply in the first month after the bill takes effect.<sup>7</sup>

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## HISTORY

ACTION	DATE
Introduced	01-31-17

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<sup>4</sup> R.C. 5747.503, not in the bill, and Section 375.10 of H.B. 64 of the 131st General Assembly.

<sup>5</sup> Section 757.20(F) of H.B. 49 of the 132nd General Assembly.

<sup>6</sup> Am. Sub. H.B. 153 of the 129th General Assembly. Under continuing law, counties whose distributions fall below \$750,000 are guaranteed a minimum distribution of \$750,000 in each fiscal year. In addition, counties whose FY 2011 distribution was below \$750,000 are protected from a decrease for any following fiscal year. R.C. 5747.501(B)(1)(a).

<sup>7</sup> Section 3.

