

Revenue Distribution Funds

- Local government funds continue to "freeze" until end of CY 2007 and start new funding methods in CY 2008

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OVERVIEW

Revenue Distribution Funds are used by the state to collect and distribute, as directed by state law, moneys to local governments and to organizations, school districts, libraries, transit authorities, other state funds, and other states. Each of the funds is administered by a state agency, but the funds are not included as part of the budget of the administering agency. The moneys are not spent by the agencies, but are distributed as directed by state law. The funds are presented together to highlight their role in the redistribution function of state government.

Appropriations for FY 2008 are \$5.18 billion. This amount is \$369.5 million greater than adjusted appropriations for FY 2007, a 7.7% increase. Appropriations for FY 2009 are \$5.44 billion. This amount is \$260.4 million greater than appropriations for FY 2008, a 5.0% increase.

ANALYSIS OF THE BUDGET

Local Government Funds

The enacted budget continues to "freeze" the deposits to and distributions from the three local government funds – Local Government Fund (LGF or Fund 069), Local Government Revenue Assistance Fund (LGRAF or Fund 064), and Library and Local Government Support Fund (LLGSF or Fund 065) – in the first six months of FY 2008. Monthly distributions from LGF, LGRAF, and LLGSF to each county's undivided local government fund, undivided local government revenue assistance fund, and undivided library and local government support fund will equal the previously frozen amounts for the corresponding month in the first six months of FY 2007.

During the "freeze" period, the deposits from tax receipts for credit to the local government funds will be based on the current deposit methods in advance of the distributions to the county undivided local government funds. Therefore, only five monthly deposits will be made to the three local funds (each in July through November) for money that will be distributed to the undivided county local government funds for the months of August through December. The distributions for the month of July 2007 are based on the deposits made in June 2007. The amount was deposited in FY 2007 but distributed in FY 2008. No deposits will be made to the local funds in December, instead the tax receipts will be credited to the GRF.

Beginning in January 2008, the LGF and LGRAF will be combined into one fund that keeps the name Local Government Fund. The LLGSF remains the same. In addition, all tax revenues previously credited to the LGF, LGRAF, and LLGSF will instead be credited to the GRF. The budget also changes the pattern of monthly deposits and distributions beginning in January 2008. Monthly deposits and distributions will be made in the same month, based on the previous month's actual GRF total tax receipts.

The budget requires the Director of Budget and Management to make monthly distributions from the GRF to the two local funds (LGF and LLGSF) for distribution to local governments. Each month, 3.68% of total tax revenues credited to the GRF in the preceding month is to be credited to the LGF and 2.22% of that total tax revenue is to be credited to the LLGSF.

Recent state operating budgets (H.B. 94 of the 124th General Assembly, H.B. 95 of the 125th General Assembly, and H.B. 66 of the 126th General Assembly) included "temporary adjustments to local government distributions." After growing through FY 2001, distributions were frozen and reduced in FYs 2002 and 2003 and remained at the FY 2003 level for FYs 2004, 2005, 2006, and 2007.³¹ Tax receipts that would otherwise be credited to the local funds were instead credited to the GRF. The "freeze" affected deposits and distributions of receipts from the personal income tax, the sales and use tax, the corporate franchise tax, the public utilities excise tax, and the kilowatt-hour tax.

³¹ H.B. 94 froze, for FY 2002 and FY 2003, deposits into and distributions from the Local Government Fund and the Local Government Revenue Assistance Fund at the levels of FY 2001. Deposits into and distributions from the Library and Local Government Support Fund were also frozen at the FY 2001 level, except that distributions to each county undivided library and local government support fund were further reduced by the county's pro-rata share of any transfers made from the Library and Local Government Support Fund to the OPLIN (Ohio Public Library Information Network) Technology Fund.

H.B. 95 froze, for FY 2004 and FY 2005, deposits into and distributions from the three local government funds at the lower of the formula amount or the amount that those funds received in FY 2003. For the Library and Local Government Support Fund, the FY 2003 amount was the amount before the transfer to the OPLIN Technology Fund under Section 70 of H.B. 94 of the 124th General Assembly.

H.B. 66 froze, for FY 2006 and FY 2007, deposits into and distributions from the three local government funds at the lower of the formula amount or the amount that those funds received in FY 2005.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

RDF Revenue Distribution Funds

085	800-900	Volunteer Fire Fighters' Dependents Fund	\$ 267,075	\$ 256,050	\$ 280,000	\$ 300,000	7.14%	\$ 300,000	0.00%
Volunteer Firefighters Dependents Fund Group Tot			\$ 267,075	\$ 256,050	\$ 280,000	\$ 300,000	7.14%	\$ 300,000	0.00%
062	110-900	Resort Area Excise Tax	\$ 729,905	\$ 633,948	\$ 0	\$ 0	N/A	\$ 0	N/A
062	110-962	Resort Area Excise Tax	----	----	\$ 1,075,000	\$ 1,000,000	-6.98%	\$ 1,000,000	0.00%
063	110-900	Permissive Tax Distribution	\$ 1,495,845,328	\$ 1,588,009,559	\$ 0	\$ 0	N/A	\$ 0	N/A
063	110-963	Permissive Tax Distribution	----	----	\$ 1,706,969,960	\$ 1,778,662,000	4.20%	\$ 1,849,000,000	3.95%
067	110-900	School District Income Tax	\$ 170,329,420	\$ 202,416,785	\$ 0	\$ 0	N/A	\$ 0	N/A
067	110-967	School District Income Tax	----	----	\$ 254,000,000	\$ 325,000,000	27.95%	\$ 350,000,000	7.69%
4P8	001-698	Cash Management Improvement Fund	\$ 488,874	\$ 1,139,069	\$ 3,000,000	\$ 3,050,000	1.67%	\$ 3,100,000	1.64%
608	001-699	Investment Earnings	\$ 103,649,876	\$ 230,116,915	\$ 187,759,237	\$ 250,000,000	33.15%	\$ 250,000,000	0.00%
Agency Fund Group Total			\$ 1,771,043,403	\$ 2,022,316,276	\$ 2,152,804,197	\$ 2,357,712,000	9.52%	\$ 2,453,100,000	4.05%
R45	110-617	International Fuel Tax Distribution	\$ 39,082,263	\$ 44,952,537	\$ 50,000,000	\$ 50,000,000	0.00%	\$ 50,000,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 39,082,263	\$ 44,952,537	\$ 50,000,000	\$ 50,000,000	0.00%	\$ 50,000,000	0.00%
049	038-900	Indigent Drivers Alcohol Treatment	\$ 1,544,545	\$ 1,545,064	\$ 1,865,000	\$ 1,797,000	-3.65%	\$ 1,832,000	1.95%
050	762-900	International Registration Plan Distribution	\$ 35,470,341	\$ 41,471,701	\$ 55,000,000	\$ 54,475,631	-0.95%	\$ 55,565,143	2.00%
051	762-901	Auto Registration Distribution	\$ 441,631,205	\$ 475,302,909	\$ 475,000,000	\$ 500,000,000	5.26%	\$ 539,000,000	7.80%
054	110-900	Local Government Property Tax Replacement-Utility	\$ 90,679,570	\$ 90,540,118	\$ 0	\$ 0	N/A	\$ 0	N/A
054	110-954	Local Government Property Tax Replacement - Utility	----	----	\$ 90,000,000	\$ 93,250,000	3.61%	\$ 95,125,000	2.01%
060	110-900	Gasoline Excise Tax Fund	\$ 265,387,036	\$ 335,331,862	\$ 0	\$ 0	N/A	\$ 0	N/A
060	110-960	Gasoline Excise Tax Fund	----	----	\$ 349,000,000	\$ 375,000,000	7.45%	\$ 375,000,000	0.00%
064	110-900	Local Government Revenue Assistance	\$ 94,597,556	\$ 94,597,555	\$ 0	\$ 0	N/A	\$ 0	N/A
064	110-964	Local Government Revenue Assistance	----	----	\$ 94,605,130	\$ 42,400,000	-55.18%	\$ 0	-100.00%
065	110-900	Library and Local Government Support Fund	\$ 457,970,324	\$ 457,970,324	\$ 0	\$ 0	N/A	\$ 0	N/A
065	110-965	Library/Local Government Support Fund	----	----	\$ 458,510,155	\$ 460,000,000	0.32%	\$ 464,500,000	0.98%
066	800-900	Undivided Liquor Permits	\$ 13,883,112	\$ 13,801,948	\$ 14,300,000	\$ 13,500,000	-5.59%	\$ 13,500,000	0.00%
068	110-900	State and Local Government Highway Distribution	\$ 218,762,760	\$ 205,759,257	\$ 0	\$ 0	N/A	\$ 0	N/A
068	110-968	State and Local Government Highway Distribution	----	----	\$ 235,542,000	\$ 240,250,000	2.00%	\$ 242,500,000	0.94%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
<i>RDF Revenue Distribution Funds</i>									
069	110-900	Local Government Fund	\$ 674,010,506	\$ 676,312,187	\$ 0	\$ 0	N/A	\$ 0	N/A
069	110-969	Local Government Fund	----	----	\$ 677,137,989	\$ 730,700,000	7.91%	\$ 785,000,000	7.43%
081	110-900	Local Government Property Tax Replacement-Business	----	\$ 19,623,652	\$ 0	\$ 0	N/A	\$ 0	N/A
081	110-981	Local Government Property Tax Replacement - Business	----	----	\$ 158,166,000	\$ 262,500,000	65.96%	\$ 366,800,000	39.73%
082	110-900	Horse Racing Tax	\$ 128,403	\$ 114,143	\$ 0	\$ 0	N/A	\$ 0	N/A
082	110-982	Horse Racing Tax	----	----	\$ 130,000	\$ 125,000	-3.85%	\$ 130,000	4.00%
083	700-900	Ohio Fairs Fund	\$ 2,234,115	\$ 2,068,917	\$ 2,450,000	\$ 2,277,000	-7.06%	\$ 2,325,000	2.11%
Revenue Distribution Fund Group Total			\$ 2,296,299,473	\$ 2,414,439,637	\$ 2,611,706,274	\$ 2,776,274,631	6.30%	\$ 2,941,277,143	5.94%
Revenue Distribution Funds Total			\$ 4,106,692,214	\$ 4,481,964,500	\$ 4,814,790,471	\$ 5,184,286,631	7.67%	\$ 5,444,677,143	5.02%