LSC Greenbook

Analysis of the Enacted Budget

Department of Taxation

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ATTACHMENTS:

Department of Taxation

- Tax reform in H.B. 59 makes numerous changes to various taxes
- Personal income tax rates are reduced by 10% over three years
- Partially offsetting this tax cut, the state sales and use tax rate is increased from 5.5% to 5.75%

OVERVIEW

This Greenbook consists of three major sections following this overview. It provides an analysis of the enacted budget for the Ohio Department of Taxation (TAX). This is followed by an analysis of the enacted budget for the Revenue Distribution Funds. Tax law changes in the enacted budget and their fiscal effects are summarized in the third major section.

Agency Overview

TAX is responsible for the administration and enforcement of most state and locally levied taxes. Headed by the Tax Commissioner, the Department administers all state taxes except the insurance taxes and the motor vehicle license tax. The Department performs such duties as registering taxpayers, processing tax returns, determining tax liabilities, issuing refunds and assessments, conducting audits, and enforcing Ohio tax laws. In addition, the Department oversees the administration of the real property tax by local governments.

TAX is also responsible for determining the amounts of various revenue distributions to local governments, including motor fuel tax distributions, reimbursement of local governments for property tax relief, permissive sales and use tax distributions, and allocations to counties from the Public Library Fund (PLF) and the Local Government Fund (LGF).

The enacted budget appropriates to TAX GRF administrative funding of $72.7 million for FY 2014. This amount is $2.5 million (3.6%) higher than actual expenditures in FY 2013. The enacted budget includes GRF administrative funding for FY 2015 of $68.1 million, $4.6 million (6.3%) lower than the appropriation for FY 2014. The two line items that account for GRF administrative funding are 110321, Operating Expenses, and 110404, Tobacco Settlement Enforcement. Not included in these amounts for GRF administrative funding are funds for property tax relief that are distributed from the GRF by the Department.

The enacted budget appropriates total administrative funding to the Department of $141.8 million for FY 2014. This amount is $17.5 million higher than actual spending in FY 2013, an increase of 14.1%. Appropriated funding for administrative purposes for

FY 2015 is $137.9 million, a decrease of $3.9 million or 2.8% from FY 2014. These amounts do not include funds that are distributed to other units of government or to taxpayers by TAX. Administrative funding accounts for only about 6% of TAX's total budget.

Total funding for the Department in the enacted budget is $2,377.1 million for FY 2014 and $2,384.8 million for FY 2015. The total FY 2014 appropriation is $29.7 million (1.3%) higher than actual spending in FY 2013. The Department's total appropriation for FY 2015 is $7.7 million (0.3%) higher than for FY 2014. These amounts include the funding for tax administration noted above, distributions of tax refunds, property tax relief to local governments other than school districts, and other distributions of revenues by TAX, but do not include funds in the Revenue Distribution Funds section of the budget or Property Tax Relief funds that are distributed by the Department of Education.

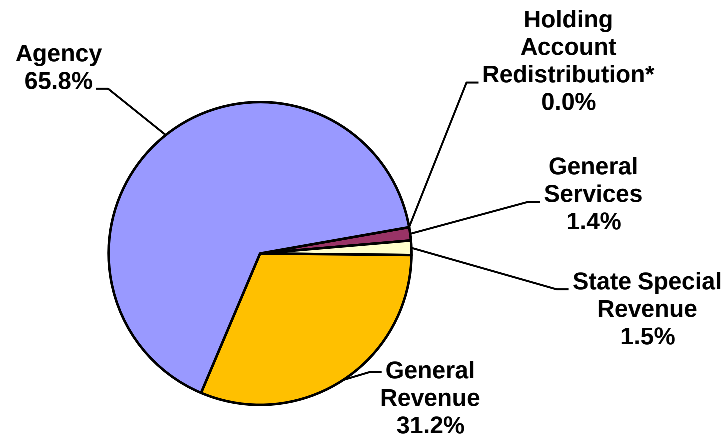
Appropriation Overview

TAX's budget includes funds in five fund groups, as shown in Table 1 and Chart 1. The General Revenue Fund accounts for 31% of the Department's budget. Most of TAX's outlays from the GRF are for tax relief.

Table 1. Enacted Budget by Fund Group, FY 2014-FY 2015

Fund Group	Actual FY 2013	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Revenue	$706,350,039	$739,386,530	4.7%	$746,402,132	0.9%
General Services	$25,629,566	$33,492,810	30.7%	$33,492,810	0.0%
State Special Revenue	$28,993,695	$36,287,450	25.2%	$36,987,450	1.9%
Agency	$1,586,349,183	$1,567,800,000	-1.2%	$1,567,800,000	0.0%
Holding Account Redistribution	$50,000	$100,000	100.0%	$100,000	0.0%
TOTAL	**$2,347,372,483**	**$2,377,066,790**	**1.3%**	**$2,384,782,392**	**0.3%**

Chart 1: Biennial Enacted Budget Appropriations by Fund Group, FY 2014-FY 2015



*Holding Account Redistribution Fund Group is 0.004% of TAX's budget.

Major Initiatives

The Department is managing the implementation of a new tax administration system. The State Taxation Accounting and Revenue System (STARS) project, begun in 2008, is aimed at replacing 27 legacy systems that generally functioned separately, unable to interact with one another, with an integrated system of hardware and software. The new system is, for example, to enable TAX to identify taxpayers delinquent in payment of one tax but owed a refund of another tax. Employees in the Department need to be trained on the new system, while maintaining current service and performance levels. The budget appropriates $5 million from a new fund, the STARS Development and Implementation Fund, in FY 2014, and another $3 million in FY 2015, to pay part of the costs of this integration. This is the largest single reason for the increase in the administrative budget in FY 2014, compared with actual spending in FY 2013. Several other Department administrative funds also have increases in appropriations in FY 2014 compared with actual spending in FY 2013. Details are in the discussion of the budget and specific funds below.

The Department is implementing a new tax, the financial institutions tax (FIT) created by H.B. 510 of the 129th General Assembly. That act eliminated the corporate franchise tax and the dealers in intangibles tax. The corporate franchise tax applied only to financial institutions; the tax was phased out for other corporations by H.B. 66 of the 126th General Assembly. Also, the Department has new responsibilities for collection of wireless 9-1-1 fees, as discussed below.

Administrative Changes

The act makes a number of changes that, in general, are administrative in nature. These include changes in requirements aimed at increasing electronic filing of tax returns and electronic payment of tax owed. Electronic filing and payment reduce the Department's costs. Taxes affected include the commercial activity tax (CAT), the FIT, and the severance tax.

The act reconciles a timing issue related to the annual inflation indexing adjustment of income tax brackets and personal exemption amounts by requiring that the Tax Commissioner adjust both items, and calculate the factor used to make the adjustments, in August.

For any tax administered by the Tax Commissioner, the Commissioner is authorized by the act to issue an assessment for unpaid taxes, penalties, and interest against any person liable for the unpaid amount, including but not limited to any person jointly and severally liable for a commercial activity tax liability incurred by the person's consolidated taxpayer group.

The act changes the date, from January 1 to March 1 of each year, by which a taxpayer that has entered into an agreement with the Ohio Tax Credit Authority on the basis of home-based employees must report to the Development Services Agency the number of employees and home-based employees employed by the taxpayer in Ohio.

The act requires a motor fuel dealer that sells or discontinues the dealer's entire business to notify the Tax Commissioner within 15 days that the business has been sold or discontinued.

The act removes a provision of law that specified that, when an income taxpayer is allowed interest on a refund of amounts overpaid as the result of an illegal or erroneous Department of Taxation assessment, the interest accumulated from the date the taxpayer paid the illegal or erroneous assessment until the date the refund was paid. In addition, the act removes a provision of law providing that, when an income taxpayer was allowed interest on a refund of amounts overpaid on a tax return (and not as the result of an illegal or erroneous assessment), the interest accumulated during the period beginning 90 days after the return was filed and ending the date the refund was paid. Another provision of the same law, unchanged by the act, provides that the interest on a refund of any income tax overpayment accumulates from the date of overpayment until the date the refund is paid, unless the refund is paid within 90 days after the last date for filing a tax return, in which case no interest is allowed.

The act allows a corporation that is voluntarily dissolving to meet the state tax responsibility portion of the filing by providing evidence from the Department of Taxation showing that the Department has received an adequate guarantee for taxes due. In prior law, an affidavit from the dissolving corporation stating that the corporation has no outstanding tax liability was sufficient to meet this filing requirement. The act requires an unlicensed foreign corporation to file a certificate from the Tax Commissioner that the corporation has paid all state taxes, rather than only franchise taxes and penalties under prior law. The Tax Commissioner is required by the act to certify to the Secretary of State the failure of a for-profit corporation or a for-profit foreign corporation to file any required reports or returns or to pay any tax or fee within 90 days after the prescribed time for filing. The Secretary of State is required by the act to reinstate a corporation's articles of incorporation or license certificate if the corporation pays any required fees and penalties, files a certificate with the Tax Commissioner affirming its compliance with tax law, and pays a fee of $25. For further information related to these changes, please see the Greenbook for the Secretary of State and the Bill Analysis.

Vetoed Provisions

The Governor's veto message for H.B. 59 included vetoes of six parts of the bill affecting taxes administered by the Department. These vetoes pertained to sales tax collections on Internet sales with nexus to Ohio, a sales tax exemption for gold coin and metal bullion sales, expansion of a tax exemption for purchases of tangible personal property used in research and development of aerospace vehicles, a tax deduction for the value of free dental care provided to children, and changes to Ohio's new markets and historic rehabilitation tax credits. These items are discussed at the end of the Tax Provisions section of this Greenbook.

Analysis of Enacted Budget – Department of Taxation

Introduction

This section provides an analysis of each appropriation item in TAX's enacted budget. In this analysis, TAX's line items are grouped into three major categories. For each category a table is provided listing the appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation. The three categories used in this analysis are as follows:

1. Tax Administration;
2. Revenue Distribution; and
3. Tax Relief

The Revenue Distribution category within TAX's budget listed here is separate and distinct from the Revenue Distribution Funds section of the budget and the funds within that group. The Revenue Distribution Funds section of the budget is discussed separately below. Each of the funds in the Revenue Distribution Funds section of the budget is administered by a state agency, but the funds are not included as part of the budget of the administering agency.

To aid the reader in finding each item in the analysis of the enacted budget for TAX, Table 2 shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order in which the line items appear in the budget act.

Table 2. Categorization of TAX's Appropriation Line Items for Analysis of the Budget			
Fund	**ALI and Name**		**Category**
General Revenue Fund Group			
GRF	110321	Operating Expenses	1: Tax Administration
GRF	110404	Tobacco Settlement Enforcement	1: Tax Administration
GRF	110901	Property Tax Allocation – Taxation	3: Tax Relief
General Services Fund Group			
2280	110628	Revenue Enhancement	1: Tax Administration
4330	110602	Tape File Account	1: Tax Administration
5BP0	110639	Wireless 9-1-1 Administration	1. Tax Administration
5CZ0	110631	Vendor's License Application	2: Revenue Distribution
5MN0	110638	STARS Development and Implementation	1. Tax Administration
5N50	110605	Municipal Income Tax Administration	1: Tax Administration
5N60	110618	Kilowatt Hour Tax Administration	1: Tax Administration
5V80	110623	Property Tax Administration	1: Tax Administration
5W70	110627	Exempt Facility Administration	1: Tax Administration
State Special Revenue Fund Group			
4350	110607	Local Tax Administration	1: Tax Administration
4360	110608	Motor Vehicle Audit	1: Tax Administration
4370	110606	Income Tax Contribution	1: Tax Administration
4380	110609	School District Income Tax	1: Tax Administration
4C60	110616	International Registration Plan	1: Tax Administration
4R60	110610	Tire Tax Administration	1: Tax Administration
5V70	110622	Motor Fuel Tax Administration	1: Tax Administration
6390	110614	Cigarette Tax Enforcement	1: Tax Administration
6420	110613	Ohio Political Party Distributions	2: Revenue Distribution
6880	110615	Local Excise Tax Administration	1: Tax Administration
Agency Fund Group			
4250	110635	Tax Refunds	2: Revenue Distribution
7095	110995	Municipal Income Tax	2: Revenue Distribution
Holding Account Redistribution Fund Group			
R010	110611	Tax Distributions	2: Revenue Distribution
R011	110612	Miscellaneous Income Tax Receipts	2: Revenue Distribution

Tax Administration

TAX administers the state's tax laws to ensure compliance in filing and payment of taxes and to determine tax liabilities. Table 3 shows the line items that are used to fund this function of TAX, as well as the enacted funding levels.

Table 3. Enacted Budget Amounts for Tax Administration

Fund		ALI and Name	FY 2014	FY 2015
General Revenue Fund				
GRF	110321	Operating Expenses	$72,568,330	$67,968,332
GRF	110404	Tobacco Settlement Enforcement	$178,200	$178,200
		General Revenue Fund Subtotal	***$72,746,530***	***$68,146,532***
General Services Fund Group				
2280	110628	Revenue Enhancement	$15,500,000	$17,500,000
4330	110602	Tape File Account	$175,000	$175,000
5BP0	110639	Wireless 9-1-1 Administration	$290,000	$290,000
5MN0	110638	STARS Development and Implementation	$5,000,000	$3,000,000
5N50	110605	Municipal Income Tax Administration	$150,000	$150,000
5N60	110618	Kilowatt Hour Tax Administration	$100,000	$100,000
5V80	110623	Property Tax Administration	$11,978,310	$11,978,310
5W70	110627	Exempt Facility Administration	$49,500	$49,500
		General Services Fund Group Subtotal	***$33,242,810***	***$33,242,810***
State Special Revenue Fund Group				
4350	110607	Local Tax Administration	$20,000,000	$20,700,000
4360	110608	Motor Vehicle Audit	$1,459,609	$1,459,609
4370	110606	Income Tax Contribution	$38,800	$38,800
4380	110609	School District Income Tax	$5,802,044	$5,802,044
4C60	110616	International Registration Plan	$682,415	$682,415
4R60	110610	Tire Tax Administration	$244,193	$244,193
5V70	110622	Motor Fuel Tax Administration	$5,035,374	$5,035,374
6390	110614	Cigarette Tax Enforcement	$1,750,000	$1,750,000
6880	110615	Local Excise Tax Administration	$775,015	$775,015
		State Special Revenue Fund Group Subtotal	***$35,787,450***	***$36,487,450***
Total Funding: Tax Administration			**$141,776,790**	**$137,876,792**

The tax administration function includes several components. The Taxpayer Services Program provides information to taxpayers and improves compliance with tax laws by telephone and e-mail, and through presentations to groups. Tax Processing reviews paper and electronic submissions of tax forms, enters the data into the Department's computer systems, and retains tax returns. Tax Compliance audits returns and issues notices and assessments for unpaid taxes, matches persons delinquent in making child support payments with taxpayers owed Ohio income tax refunds, provides the first level of appeal of the Tax Commissioner's findings in tax disputes, and engages in other enforcement and investigation activities. Tax Policy and Analysis monitors and analyzes tax legislation, gives technical assistance to the executive and legislative branches, and provides for the legal counsel needed in tax cases. Local Government Services gives information and assistance to units of local government, and provides for administration of certain local taxes.

The act eliminates the Discovery Project Fund (Fund 5AP0), which financed TAX's implementation and operation of the Tax Discovery Data System, aimed at increasing collections of taxes owed. This system, authorized in 2008 by H.B. 562 of the 127th General Assembly, is now well established. The fund was supported by GRF transfers, and elimination of the fund, along with commensurate increases in the Department's GRF operating appropriation, was intended to more accurately reflect the funding source for this item.

Another change made by the act requires the Tax Commissioner to deliver a tax notice or order to the intended recipient by ordinary mail, instead of by currently authorized means if the recipient does not access an electronic notice or order within ten business days after the Commissioner serves the notice or order electronically a second time, after the Commissioner served the notice or order initially and the recipient did not access the notice or order within ten business days. Currently authorized means include certified mail or personal or delivery service. Requiring that the tax notice or order be sent by ordinary mail may reduce TAX's costs, by an undetermined amount.

The act also requires that any payment the Tax Commissioner makes to a political subdivision or political party be made electronically. Payments from the Tax Commissioner to political parties are made from the Ohio Political Party Fund, which holds any $1 designations made on individual income tax returns. This change may also reduce TAX's costs, by an undetermined amount.

Operating Expenses (110321)

This GRF line item pays for personal service, maintenance, and equipment expenses of TAX that are not offset by specific revenue sources. GRF funding for this line item is $72.6 million in FY 2014, $2.5 million (3.6%) more than actual spending in FY 2013, and $68.0 million in FY 2015, $4.6 million (6.3%) less than in FY 2014. The administrative costs of the Taxpayer Services, Tax Processing, and Tax Policy and Analysis functions, and about two-thirds of these costs for the Tax Compliance function, are paid from this line item.

Local Tax Administration (110607)

This line item, drawing from Fund 4350, pays costs incurred by TAX in collecting and administering the county and regional transit authority sales and use taxes. Funding is from 1% of county permissive sales and use taxes and regional transit authority sales and use taxes. The appropriation to fund this function is at $20.0 million in FY 2014, an increase of $3.0 million (17.5%) from actual spending in FY 2013, and $20.7 million in FY 2015, an increase of $0.7 million (3.5%) from FY 2014. The budget specifies that this line item may be used to pay travel expenses of Ohio's delegation to the Streamlined Sales Tax Project.

Revenue Enhancement (110628)

This line item, Fund 2280, provides funding for administration of tax reform, including the costs of collecting and administering the commercial activity tax (CAT). The appropriation for ALI 110628 is $15.5 million in FY 2014, an increase of $3.4 million (27.9%) from actual spending in FY 2013, and $17.5 million in FY 2015, an increase of $2.0 million (12.9%) from FY 2014. This line item is funded by 0.85% of CAT receipts. The line item, previously called Tax Reform System Implementation, was renamed in H.B. 59.

Property Tax Administration (110623)

Costs for TAX to administer property taxes are paid from this line item, Fund 5V80. Funding is from 0.48% of the reduction in real property taxes charged pursuant to R.C. 319.302, and 0.951% of taxes charged on public utility personal property. Administrative costs included are for the personal property tax on public utilities and for real property tax equalization. The tax on personal property of general business, for which administrative costs were previously paid from this line item, has been phased out. The dealers in intangibles tax, for which administrative costs are paid from this line item, is eliminated at the end of 2013 under a provision of H.B. 510 of the 129th General Assembly. The appropriation for this line item is $12.0 million in each of FY 2014 and FY 2015, $2.0 million (20.0%) more than actual spending in FY 2013.

School District Income Tax (110609)

Expenses of TAX to administer the school district income tax are paid from this line item, Fund 4380. Funding is from 1.5% of school district income tax collections. The Department distributed revenues to 184 school districts in the latest quarter. This line item has appropriations of $5.8 million in each year of the biennium, $0.9 million (19.3%) higher than actual spending in FY 2013.

Motor Fuel Tax Administration (110622)

Costs for TAX to administer the motor fuel tax are paid from this line item, Fund 5V70, which is funded by 0.276% of the revenues from the tax. The appropriation is $5.0 million for each of FY 2014 and FY 2015, $1.2 million (31.1%) higher than actual spending in FY 2013.

STARS Development and Implementation (110638)

This new line item, Fund 5MN0, is to be used to pay costs of developing and implementing the State Tax Accounting and Revenue System. The STARS project was begun in 2008, to replace the Department's numerous legacy systems with an integrated package of hardware and software that will facilitate efficient tax collection. The appropriation is $5.0 million in FY 2014 and $3.0 million in FY 2015. Under temporary language in H.B. 59, funding is provided by transfers from five of the Department's administrative funds.

Cigarette Tax Enforcement (110614)

The costs for TAX to enforce cigarette and tobacco tax laws are paid from this line item, Fund 6390. The line item is funded from retail, wholesale, and tobacco product license fees that are renewed annually. The appropriation is $1.8 million in each year of the biennium, $0.8 million (82.6%) higher than actual spending in FY 2013.

Motor Vehicle Audit (110608)

The Department's costs to investigate sales and use tax returns filed for motor vehicle transactions, to determine if tax liabilities have been met, are paid from this line item, Fund 4360. The source of funding is $0.25 from issuance of each vehicle certificate of title. The appropriation is $1.5 million in each of FY 2014 and FY 2015, $0.5 million (58.7%) higher than actual spending in FY 2013.

Wireless 9-1-1 Administration (110639)

Another item is new, ALI 110639, Wireless 9-1-1 Administration (Fund 5BP0). The Department's costs of administering charges for the wireless emergency telephone number system are paid from this item, and it has $290,000 appropriated in each of FY 2014 and FY 2015. These new departmental responsibilities were created by Sub. H.B. 360 of the 129th General Assembly and Am. Sub. H.B. 472 of the 129th General Assembly.

The act specifies requirements and procedures for Department of Taxation administration of wireless 9-1-1 charges. Wireless service providers, wireless resellers, and prepaid wireless sellers are required to keep records of collected charges for four years, and to allow the Tax Commissioner to inspect those records. Charges are to be subject to interest from the day that they are due to the Tax Commissioner until they are remitted or until the collector is assessed, whichever occurs first. The act applies existing provisions regarding a four-year statute of limitations on assessments for unpaid sales tax to assessments for wireless 9-1-1 charges that are not remitted. In some cases, the Tax Commissioner is permitted to issue refunds for wireless 9-1-1 charges to wireless service providers, wireless resellers, prepaid wireless sellers, wireless subscribers, and consumers of prepaid wireless services, and the act modifies language pertaining to the Tax Refund Fund. Monthly disbursements of wireless 9-1-1 charges (and interest) are to be made to counties in the same amounts as the counties' disbursements in the corresponding calendar months in 2013, and the act provides for proportionate reductions if funds available are insufficient. The Wireless 9-1-1 Government Assistance Fund (Fund 7094) and the Next Generation 9-1-1 Fund (Fund 7093) are made state treasury funds rather than custodial funds. The Tax Commissioner is permitted to impose certain penalties, including a late-filing penalty, a late-payment penalty, and a penalty for a failure to file a return electronically or pay an amount due electronically.

The act applies the interest charged for unpaid assessments (60 days past due) for wireless 9-1-1 charges to only the portion that consists of wireless 9-1-1 charges due. It removes provisions of law specifying how the interest and assessments are to be remitted, and removes redundant language regarding the issuance of assessments for collecting interest, the rate and remittance of interest, and the day on which the interest begins to accrue. These changes begin in 2014.

Other Tax Administration (110404, 110602, 110605, 110606, 110610, 110615, 110616, 110618, and 110627)

Other administrative functions of TAX are paid from these nine line items. Details on each are included in the Catalog of Budget Line Items (COBLI) for TAX. The name of one of these items, Income Tax Contribution, ALI 110606 (Fund 4370), is changed by the act from Litter/Natural Resource Tax Administration previously, and the name of the fund is changed similarly. The appropriation for each of these line items is less than $1 million per year in FY 2014 and FY 2015, and they total less than $2.4 million in each year. Appropriations to all of these line items are higher than actual spending in FY 2013, and the total of all nine items is 50% higher.

Revenue Distribution

TAX distributes tax revenue to the parties intended by law. Table 4 shows the line items within the Department's budget that are used to fund this function of the Department and the amounts appropriated. As noted above, appropriations included in this Revenue Distribution category within the Department's budget do not include the amounts appropriated for funds in the Revenue Distribution Funds section of the budget act.

Table 4. Amounts for Revenue Distribution in the Department of Taxation Budget

Fund	ALI and Name		FY 2014	FY 2015
General Services Fund Group				
5CZ0	110631	Vendor's License Application	$250,000	$250,000
		General Services Fund Group Subtotal	***$250,000***	***$250,000***
State Special Revenue Fund Group				
6420	110613	Ohio Political Party Distributions	$500,000	$500,000
		State Special Revenue Fund Group Subtotal	***$500,000***	***$500,000***
Agency Fund Group				
4250	110635	Tax Refunds	$1,546,800,000	$1,546,800,000
7095	110995	Municipal Income Tax	$21,000,000	$21,000,000
		Agency Fund Group Subtotal	***$1,567,800,000***	***$1,567,800,000***
Holding Account Redistribution Fund Group				
R010	110611	Tax Distributions	$50,000	$50,000
R011	110612	Miscellaneous Income Tax Receipts	$50,000	$50,000
		Holding Account Redistribution Fund Group Subtotal	***$100,000***	***$100,000***
Total Funding: Revenue Distribution			**$1,568,650,000**	**$1,568,650,000**

Tax Refunds (110635)

Appropriations to this line item are used to pay refunds for taxes or fees for which amounts in excess of those owed have been paid. Amounts in this line item are by far the largest in the budget for TAX. Receipts of the Tax Refund Fund are transferred from current receipts of the same tax or fee for which the refund arose. The appropriation for each of FY 2014 and FY 2015 is $1,546.8 million. In FY 2013, actual refunds totaled $1,575.7 million. As with some other items in the Department's budget, H.B. 59 provides that if additional amounts are needed, they are "hereby appropriated."

The act eliminates a requirement that refunds for any one of several taxes administered by the Tax Commissioner, or for the domestic or foreign insurance tax administered by the Superintendent of Insurance, be paid from sales tax receipts in the event that current receipts from the other tax from which the refund arose are inadequate to cover the amount of the refund. Refunds must still be paid from the Tax Refund Fund (Fund 4250).

The estate tax is added by the act to other taxes for which refunds are paid from the Tax Refund Fund and derived from the receipts of the same tax. Although the estate tax is no longer in effect, refunds may continue to be due for payments in prior years. The change may have no fiscal effect; any estate tax refunds would be paid from estate tax receipts.

Municipal Income Tax (110995)

Municipal corporations with a municipal income tax generally either administer their own income taxes or contract with one of two outside organizations in Ohio that perform this service. However, for the municipal income tax for electric light companies and telephone companies, TAX collects and distributes the tax, less an administrative fee. The appropriation for this line item covers the amounts to be distributed by TAX to the municipal corporations. The appropriation is $21.0 million for each of FY 2014 and FY 2015 for this purpose. In FY 2013, the actual amount distributed was about $11 million.

Other Revenue Distributions (110611, 110612, 110613, and 110631)

Other line items in the Department's revenue distribution category have appropriations totaling $850,000 in each of FY 2014 and FY 2015. In FY 2013, actual outlays totaled $610,188. The largest item is ALI 110613, Fund 6420, Ohio Political Party Distributions, used to distribute funds to qualified political parties from the state income tax check-off that supports public financing of Ohio political parties. The amount appropriated for this line item is $500,000 in each year of the biennium. The total distributed in FY 2013 was $278,788. The next largest item is ALI 110631, Vendor's License Application, for which the budget appropriates $250,000 in each year of the biennium. In FY 2013, $281,400 was distributed. Amounts collected are distributed back to counties.

Tax Relief

The state reimburses local governments for tax revenues that they would otherwise lose because of the 10% rollback on residential and agricultural real property, the 2.5% rollback on owner-occupied homes, and the homestead exemption. The line item in the Department's budget, shown in Table 5 below, is used to reimburse units of local government other than school districts. School districts are reimbursed through the Department of Education.

Table 5. Department of Taxation Appropriations for Tax Relief				
Fund		**ALI and Name**	**FY 2014**	**FY 2015**
General Revenue Fund				
GRF	110901	Property Tax Allocation – Taxation	$666,640,000	$678,255,600
		General Revenue Fund Subtotal	***$666,640,000***	***$678,255,600***
Total Funding: Tax Relief			**$666,640,000**	**$678,255,600**

Property Tax Allocation – Taxation (110901)

In Ohio, real property taxes owed by residential and agricultural real property owners are reduced 10%, commonly referred to as the 10% rollback. Prior to tax year 2005, all owners of real property received the 10% rollback, but this part of the rollback was eliminated for business property owners by H.B. 66 of the 126th General Assembly. Homeowners are eligible for an additional 2.5% rollback of taxes on their owner-occupied primary residences. Homeowners age 65 or older or totally and permanently disabled are eligible for a further tax reduction, known as the homestead exemption, for up to $25,000 of market value of their homes. The homestead exemption was expanded by H.B. 119 of the 127th General Assembly. As described below in the Tax Provisions section of this Greenbook, the amounts of the rollbacks and homestead exemption were reduced by H.B. 59.

The 10% and 2.5% rollbacks and the homestead exemption would reduce real property tax receipts of school districts and other units of local government, except for the state reimbursements to local governments for these amounts. Line item 110901 is used by the Department to pay these reimbursements to units of local government other than school districts. The reductions in the amounts of the rollbacks and homestead exemption in H.B. 59 also reduce state reimbursements by the same amounts. For FY 2014, the appropriation is $666.6 million, an increase of 4.8% from actual spending in FY 2013. For FY 2015, $678.3 million is appropriated, an increase of 1.7% from FY 2014. H.B. 59 provides that, if more funds are needed to reimburse local governments than the amounts specifically appropriated, the additional amounts are appropriated.

ANALYSIS OF ENACTED BUDGET – REVENUE DISTRIBUTION FUNDS

Introduction

The Revenue Distribution Funds section of the budget act contains appropriations for line items used by several agencies to distribute money to designated recipients under various programs. These appropriations total more than $4.8 billion in FY 2014 and more than $4.9 billion in FY 2015. TAX uses 17 of the 26 line items in the Revenue Distribution Funds section of the budget, accounting for 87% of the dollar value of these appropriations. The budget includes language increasing an appropriation in the Revenue Distribution Funds section that is insufficient for the required distribution.

Notable changes in the enacted budget for these funds include sharp increases in appropriations related to casinos, including the Gross Casino Revenue County Fund, ALI 110633 (Fund 5JG0); the Gross Casino Revenue County Student Fund, ALI 110634 (Fund 5JH0); and the Gross Casino Revenue Host City Fund, ALI 110636 (Fund 5JJ0). These funds are used to distribute revenue from the 33% tax on gross casino revenue received by the casino operators, which has risen as the state's four casinos opened in 2012 and 2013.[1]

Several new line items are part of the Revenue Distribution Funds. A new line item, Permissive Tax Distribution – Auto Registration, ALI 762902 (Fund 7099), is to receive revenues from taxes imposed by local governments on applications for motor vehicle registration, for distribution back to those governments. Two other new line items, Wireless 9-1-1 Government Assistance Fund, ALI 110641 (Fund 7094), and Next Generation 9-1-1 Fund, ALI 110640 (Fund 7093), are to be used by TAX to distribute charges for the wireless emergency telephone number system. Another new line item, Horse-Racing Tax Municipality Fund, ALI 110996 (Fund 7001), is to be used by the Department to distribute tax revenues collected from wagers on horse racing to the municipal corporations or townships where the racing took place.

Appropriations to the local government funds increase in FY 2014 and FY 2015, after decreases in the previous two years. Starting in August 2013, funding each month to the Local Government Fund, ALI 110969 (Fund 7069), and the Public Library Fund, ALI 110965 (Fund 7065), reverts to percentages of total GRF tax revenues in the previous month. Both percentages are 1.66%.

[1] The change in Ohio's Constitution allowing the casinos was approved by voters in November 2009.

Other funding to local governments through the Revenue Distribution Funds declines in the biennium. Appropriations to Local Government Property Tax Replacement – Business, ALI 110981 (Fund 7081), and to Local Government Property Tax Replacement – Utility, ALI 110954 (Fund 7054), decline from FY 2013 distributions, reflecting the phase-down of reimbursements to local governments for revenue foregone as a result of elimination of tangible personal property taxes on general business and reduction of assessment rates on tangible property of electric and natural gas utilities.

Line items are listed below in the same order in which they appear in the budget act, except for those included in the "other" category which appears at the end of this section. Table 6 shows the line items that are included in the Revenue Distribution Funds, as well as the enacted funding levels.

Table 6. Enacted Budget Amounts for Revenue Distribution Funds

Fund	ALI and Name		FY 2014	FY 2015
State Special Revenue Fund Group				
5JG0	110633	Gross Casino Revenue County Fund	$158,005,325	$168,977,942
		State Special Revenue Fund Group Subtotal	***$158,005,325***	***$168,977,942***
Volunteer Firefighters Dependents Fund Group				
7085	800985	Volunteer Firemen's Dependents Fund	$300,000	$300,000
		Volunteer Firefighters Dependents Fund Group Subtotal	***$300,000***	***$300,000***
Agency Fund Group				
4P80	001698	Cash Management Improvement Fund	$3,100,000	$3,100,000
5JH0	110634	Gross Casino Revenue County Student Fund	$105,336,883	$112,651,961
5JJ0	110636	Gross Casino Revenue Host City Fund	$15,490,718	$16,566,465
6080	001699	Investment Earnings	$30,000,000	$30,000,000
7062	110962	Resort Area Excise Tax	$1,000,000	$1,000,000
7063	110963	Permissive Tax Distribution	$2,066,331,400	$2,151,135,100
7067	110967	School District Income Tax	$346,669,300	$365,277,800
7093	110640	Next Generation 9-1-1 Fund	$1,890,000	$2,690,000
7094	110641	Wireless 9-1-1 Government Assistance Fund	$11,110,000	$23,310,000
7099	762902	Permissive Tax Distribution – Auto Registration	$184,000,000	$184,000,000
7001	110996	Horse-Racing Tax Municipality Fund	$400,000	$400,000
		Agency Fund Group Subtotal	***$2,765,328,301***	***$2,890,131,326***
Holding Account Redistribution Fund Group				
R045	110617	International Fuel Tax Distribution	$40,000,000	$40,000,000
		Holding Account Redistribution Fund Group Subtotal	***$40,000,000***	***$40,000,000***

Table 6. Enacted Budget Amounts for Revenue Distribution Funds				
Fund		**ALI and Name**	**FY 2014**	**FY 2015**
Revenue Distribution Fund Group				
7049	335900	Indigent Drivers Alcohol Treatment	$2,250,000	$2,250,000
7050	762900	International Registration Plan Distribution	$30,000,000	$30,000,000
7051	762901	Auto Registration Distribution	$360,000,000	$360,000,000
7054	110954	Local Government Property Tax Replacement – Utility	$5,649,000	$5,649,000
7060	110960	Gasoline Excise Tax Fund	$395,000,000	$395,000,000
7065	110965	Public Library Fund	$359,300,000	$369,000,000
7066	800966	Undivided Liquor Permits	$14,100,000	$14,100,000
7068	110968	State and Local Government Highway Distribution	$196,000,000	$196,000,000
7069	110969	Local Government Fund	$363,600,000	$376,400,000
7081	110981	Local Government Property Tax Replacement – Business	$146,500,000	$107,900,000
7082	110982	Horse Racing Tax	$100,000	$100,000
7083	700900	Ohio Fairs Fund	$1,400,000	$1,400,000
		Revenue Distribution Fund Group Subtotal	***$1,873,899,000***	***$1,857,799,000***
Total Funding: Revenue Distribution Funds			**$4,837,532,626**	**$4,957,208,268**

Gross Casino Revenue County Fund (110633)

This fund is to receive 51% of revenues, net of any refunds, from the casino tax. The money is to be distributed to all counties in the state in proportion to population. Appropriations to this line item total about $158 million in FY 2014 and $169 million in FY 2015.

Cash Management Improvement Fund (001698)

Distributions from this line item are used to pay interest earnings to the federal government that the state must pay under the federal Cash Management Improvement Act of 1990. The fund receives the interest earnings of various state funds that draw federal money. In each year of the biennium, $3.1 million is appropriated for this purpose.

Gross Casino Revenue County Student Fund (110634)

This fund is to receive 34% of revenues from the casino tax. The money is to be used by the Tax Commissioner to make payments to public school districts, in proportion to public school district student population. Appropriations to this line item total about $105 million in FY 2014 and $113 million in FY 2015.

Gross Casino Revenue Host City Fund (110636)

This fund is to receive 5% of revenues from the casino tax. The money is to be used for the benefit of cities in which the casino facilities are located – Cincinnati, Cleveland, Columbus, and Toledo. Appropriations to this line item total about $15 million in FY 2014 and $17 million in FY 2015.

Permissive Tax Distribution (110963)

This line item is used by the Tax Commissioner to distribute revenue from county and transit authority permissive taxes to the county or transit authority of origin. The revenue distributed is from county and transit authority permissive sales and use taxes and from county permissive cigarette taxes and alcoholic beverage taxes. All 88 counties levy sales and use taxes, but Cuyahoga County is the only county levying excise taxes on cigarettes and alcoholic beverages. About $2.1 billion is appropriated to this line item in FY 2014 and about $2.2 billion is appropriated in FY 2015.

School District Income Tax (110967)

This line item is used by the Tax Commissioner to distribute school district income tax collections to the districts of origin. The budget appropriates about $347 million for this purpose in FY 2014 and $365 million in FY 2015. The Department's costs of administration of the tax are covered by retaining 1.5% of the amounts collected.

Next Generation 9-1-1 Fund (110640)

This new line item is for use by the Tax Commissioner in disbursing money to countywide 9-1-1 systems. The disbursements may be used for costs associated with the operation of and equipment for phase II wireless systems and for costs associated with a county's migration to next generation 9-1-1 systems and technology. Amounts appropriated are about $1.9 million in FY 2014 and $2.7 million in FY 2015.

Wireless 9-1-1 Government Assistance Fund (110641)

Wireless 9-1-1 collection authority is transferred to the Tax Commissioner, from the Public Utilities Commission, on January 1, 2014. Starting then, 97% of wireless 9-1-1 charge receipts will be deposited into the Wireless 9-1-1 Government Assistance Fund. The Tax Commissioner is to disburse money from this fund every month to each county, up to the amount distributed in the corresponding month of calendar year 2013. If any excess remains after these distributions, the excess is to be transferred to the Next Generation 9-1-1 Fund. Amounts appropriated are about $11.1 million in FY 2014 and $23.3 million in FY 2015.

Permissive Tax Distribution – Auto Registration (762902)

As noted above, this new line item is to receive revenues from taxes of local governments on motor vehicle registration applications and distribute the money back to the local governments. The appropriation for this line item is $184 million in each of FY 2014 and FY 2015.

Horse-Racing Tax Municipality Fund (110996)

This new line item and Fund 7001 were created for the Tax Commissioner to receive and distribute money collected from the tax imposed by R.C. 3769.28. This tax is distributed to municipal corporations or townships where commercial horse racing is conducted. Under previous law the Tax Commissioner was to collect amounts due from permit holders, but with those amounts made payable to the chief fiscal officers of the municipal corporations or townships. The Commissioner was to immediately forward the amounts collected to those officers. The taxes owed under R.C. 3769.28, on amounts wagered, are relatively small with tax rates of 0.1% or 0.15%, depending on amounts wagered, and with a cap on the total amount of tax.

Indigent Drivers Alcohol Treatment (335900)

This line item replaces another with the same name and fund number (Fund 7049) but a different line item number, 038900. This change reflects the merger of the Department of Alcohol and Drug Addition Services, which previously used this line item, into the new Department of Mental Health and Addiction Services along with the Department of Mental Health. The appropriation for this line item in each of FY 2014 and FY 2015 is $2.25 million.

Auto Registration Distribution (762901)

The appropriation for this line item is $360 million in each year of the biennium, about $117 million less than actual distributions in FY 2013. The reduction reflects the redirection under the budget act to line item 762902, Permissive Tax Distribution – Auto Registration, of motor vehicle license tax revenues that the state is to distribute back to local governments, while maintaining the share of state revenues. Under prior law, these amounts were directed to line item 762901, Auto Registration Distribution.

Local Government Property Tax Replacement – Utility (110954)

Appropriations to this line item are about $5.6 million in each of FY 2014 and FY 2015, down from actual outlays in FY 2013 of about $12.1 million. The decline reflects the accelerated phase-down under H.B. 153 of the 129th General Assembly of reimbursements to local governments for revenue foregone as a result of reduction in 2001 of assessment rates on tangible property of electric and natural gas utilities. Reimbursements fall until calendar year 2013 then remain unchanged in 2014 and thereafter. This appropriation is drawn from Fund 7054, which receives 3% of revenue from the kilowatt hour tax.

Gasoline Excise Tax Fund (110960)

This line item is used to distribute funds to (1) municipal corporations for constructing and maintaining public highways and roads; maintaining bridges; and purchasing and installing traffic signs, markers, lights, and signals, (2) counties (under the authority of the county treasurer) for planning, constructing, and maintaining public highways and roads; constructing and repairing walks and paths along country roads; constructing and maintaining buildings for county road machinery; and payment of bond obligations for road construction and improvements, and (3) townships (after first going to the county treasurer) for planning, constructing, and maintaining public roads and highways. These distributions are funded from motor vehicle fuel taxes. The appropriation for this purpose is $395 million in each year of the biennium.

Public Library Fund (110965)

Money from the PLF is distributed through counties to individual libraries. In a few counties, a small portion is paid to municipal corporations. Under a provision of H.B. 153 of the 129th General Assembly, the Tax Commissioner was required to compute the ratio of PLF distributions to total GRF tax revenues in FY 2013, and to use this percentage to calculate distributions to the PLF each month starting in August 2013, based on the previous month's total GRF tax revenues. This percentage is 1.66%. H.B. 59 clarifies that the preceding month's revenue allocations to the LGF and PLF are not deducted in determining the amount of tax revenue credited to the GRF in that month for purposes of calculating the current month's allocation to the PLF, as well as the LGF. The appropriation for FY 2014 is $359.3 million, an increase of about $15 million from actual distributions in FY 2013. The appropriation for FY 2015 is $369 million.

The act changes the date, from July 20 to July 25, by which the Tax Commissioner is required to certify to county auditors the estimated amount each county is to receive from the PLF.

State and Local Government Highway Distribution (110968)

This line item is used to appropriate funding for payments to units of local government. The amount of this fund's balance that is derived from applying the variable cents per gallon levy to fuel sales at stations operated by the Ohio Turnpike Commission is paid to the Commission. The remaining balance is distributed among counties, municipal corporations, townships, and the state Highway Operating Fund. These moneys are to be spent according to the same guidelines as the Gasoline Excise Tax Fund (see line item 110960, Revenue Distribution Fund (Fund 7060)). The appropriation is $196 million in each year of the biennium.

Local Government Fund (110969)

Money is distributed through the LGF to counties and to some municipalities. Counties further distribute part of this money to municipalities, townships, and special districts, and retain part for county use. Under a provision of H.B. 153 of the 129th General Assembly, the Tax Commissioner was required to compute the ratio of LGF distributions to total GRF tax revenues in FY 2013, and to use this percentage to calculate distributions to the LGF each month starting in August 2013, based on the previous month's total GRF tax revenues. The percentage is 1.66%, the same percentage as for the PLF. As noted above, the act clarifies that the preceding month's revenue allocations to the LGF and PLF are not deducted in figuring tax revenue credited to the GRF for calculation of the current month's allocation to the LGF as well as the PLF. The appropriation for FY 2014 is $363.6 million, an increase of about $15 million from actual distributions in FY 2013. The appropriation for FY 2015 is $376.4 million.

The act requires that, for FY 2014 and thereafter, distributions to each county from the LGF be at least $750,000 or the amount distributed to the county in FY 2013, whichever is less. If necessary, the proportionate shares of other counties may be adjusted to produce the funds needed to meet this minimum distribution requirement. Consequently, some counties may receive more money from the LGF and some may receive less, if necessitated by the minimum distribution requirement.

The act specifies that July 2013 distributions to the LGF, and from the LGF to each county undivided local government fund and to each municipal corporation receiving direct LGF distributions, were to be the same amounts as distributed in July 2012.

Local Government Property Tax Replacement – Business (110981)

Appropriations to this line item are $146.5 million in FY 2014 and $107.9 million in FY 2015, down from actual outlays in FY 2013 of about $181.7 million. The decline reflects the accelerated phase-down under H.B. 153 of the 129th General Assembly of reimbursements to local governments for revenue foregone as a result of the phase-out of taxation of tangible property of general business. Reimbursements fall until calendar year 2013 then remain unchanged in calendar year 2014 and thereafter. The appropriation is nevertheless larger in FY 2014 than in FY 2015 because six-sevenths of the calendar year 2013 reimbursement was to be paid in November (and one-seventh in May), but half of the reimbursement for calendar year 2014 and thereafter was made payable in May (with the other half in November), giving an extra boost to FY 2014 reimbursements. This appropriation is drawn from Fund 7081, which receives 15% of revenue from the CAT.

The budget act provides that the Director of Budget and Management may transfer from the GRF to Fund 7081 amounts necessary to reimburse local taxing units, and may make temporary transfers from the GRF to ensure sufficient balances in Fund 7081 and to replenish the GRF for such transfers.

Other Revenue Distribution (001699, 110617, 110962, 110982, 700900, 762900, 800966, and 800985)

Appropriations to the eight other items in the Revenue Distribution Funds total $116.9 million in each of FY 2014 and FY 2015, about 2% of total appropriations in this section of the act. Appropriations to these items range from $40 million in each year of the biennium to International Fuel Tax Distribution, ALI 110617, down to $100,000 to Horse Racing Tax, ALI 110982. Each of these appropriation items is described in LSC's Catalog of Budget Line Items.

ANALYSIS OF ENACTED BUDGET – TAX PROVISIONS

Introduction

This section provides an analysis of the tax provisions included in the main operating budget. Estimates of the change in revenue that will result from each tax law change are also included where applicable. Further information on the tax law changes is in the Legislative Service Commission's Final Analysis of Am. Sub. H.B. 59.

State income tax cuts were partly offset by increases in the state sales and use tax, the commercial activity tax (CAT), and a tobacco products tax. The amount of taxes to be paid by real property owners was raised by eliminating rollbacks for new and replacement levies and by means testing the homestead exemption for new applicants. Associated state tax relief was reduced commensurately, leaving revenue to units of local government unchanged except with regard to timing. Numerous other changes were made to tax laws, as described below.

Portions of taxes that fund the GRF, notably the personal income tax and the sales and use tax, are subsequently transferred to the Local Government Fund (LGF) and Public Library Fund (PLF). Each of the two funds will receive monthly transfers of 1.66% of total GRF tax revenue received the preceding month. The 1.66% shares were calculated by the Tax Commissioner in accordance with section 131.51 of the Revised Code.

The sections that follow are generally organized by type of tax, followed by miscellaneous provisions. Tax provisions in the bill as passed by the Legislature that were vetoed by the Governor are listed at the end of this section.

Personal Income Tax

Income Tax Rate Reduction

The act reduces state income tax rates for all individuals, estates, and trusts and across all income brackets by 8.5% in tax year 2013, and by 9% in 2014 and 10% in 2015 (from rates in tax year 2012). These rate reductions will decrease GRF revenue by an estimated $843 million in FY 2014 and $935 million in FY 2015. They will also reduce revenue to each of the LGF and PLF by an estimated $15 million in FY 2014 and $16 million in FY 2015. Additional reductions in revenues are anticipated, particularly in FY 2014, due to refunds of withholding in excess of amounts needed for the reduced tax liabilities.

Ohio Small Business Investor Income Tax Deduction

In addition to the across-the-board income tax rate reduction, the act permits individuals who have income from a trade or business to deduct one-half of the net business income apportioned to Ohio in computing Ohio taxable income for state (but not school district) income tax purposes. This deduction is subject to a maximum for single filers or joint filers of $125,000. The maximum deduction for a married couple filing separate returns is $62,500 for each spouse. This new deduction will reduce GRF tax revenue by an estimated $514 million in FY 2014 and $543 million in FY 2015. Distributions to the LGF are expected to be reduced by an estimated $9 million in each of these years. Distributions to the PLF are expected to be reduced by the same amounts in the biennium. Additional reductions of GRF, LGF, and PLF revenue may occur during the biennium depending on when taxpayers' lower their tax remittances in response to their reduced tax liabilities.

State Earned Income Tax Credit

The act authorizes a nonrefundable state earned income tax credit for low-income taxpayers who qualify for the federal earned income tax credit (EITC). It sets the amount of the state credit equal to 5% of the federal EITC allowed on a federal return filed for 2013 or thereafter. However, if the taxpayer's Ohio taxable income exceeds $20,000, the credit may not exceed 50% of the tax liability after deducting all other income tax credits except for the joint filing credit. For joint filers, the income limit applies to both taxpayers. Availability of this credit is estimated to reduce state revenues up to $47.4 million per year. Of this amount, the GRF share is $45.9 million and the LGF and PLF will each forgo up to $0.8 million per year.

Suspension of Income Bracket and Exemption Inflation Indexing

Inflation-indexing adjustments to the income tax brackets and the amount of the personal and dependent exemptions are suspended for taxable years beginning in 2013, 2014, or 2015. Temporarily suspending these inflation adjustments is estimated to increase state income tax revenue, on an all-funds basis, by an estimated $66 million in FY 2014 and by $126 million in FY 2015. This increases GRF income tax revenue by an estimated $64 million in FY 2014 and $122 million in FY 2015, and increases revenue to each of the LGF and PLF by an estimated $1 million in FY 2014 and $2 million in FY 2015.

$20 Personal Exemption Credit Income Limit

The act restricts prior law's income tax credit that allowed all taxpayers to claim a $20 credit for each personal exemption claimed. It amends the law to instead restrict this credit to taxpayers with Ohio taxable income of less than $30,000, as reported on an individual or joint return. This change will increase personal income tax revenues by an estimated $111.2 million per year. Of this amount, the GRF share is $107.5 million and the LGF and PLF will each receive $1.8 million per year.

Repeal of Income Tax Deduction for Wagering Losses

Prior law allowed an Ohio income tax deduction for any loss from wagering transactions that is allowed as an itemized deduction for federal income tax purposes and that the taxpayer deducted in computing federal taxable income. This new deduction was to start in tax year 2013. Gambling losses may be deducted for federal income tax purposes only to the extent of gains from such transactions. Elimination of the income tax deduction for wagering losses would increase personal income tax revenue to the GRF by $29.0 million per year, according to the Department of Taxation. This equates to about $30 million per year on an all-funds basis.

Elimination of Personal Exemption "Double-Dipping"

The act prohibits an individual taxpayer from claiming a personal exemption or a personal exemption credit on his or her income tax for any taxable year in which another taxpayer may claim the individual as a dependent. This is sometimes referred to as "double-dipping." Estimates by the Tax Department imply that elimination of duplicate personal exemption claims would increase personal income tax revenue to the GRF by $3.7 million per year. The change goes into effect in tax year 2014, and will result in an estimated GRF revenue increase of that amount in FY 2015.

NOAA and PHS Commissioned Corps Retirement Pay Deduction

Retirement pay related to service in the Commissioned Corps of the National Oceanic and Atmospheric Administration (NOAA) and the Commissioned Corps of the Public Health Service (PHS) becomes eligible for an income tax deduction, under a provision of the act. Continuing law allows such a deduction for retirement pay for service in the United States Army, Navy, Air Force, Coast Guard, or Marine Corps or the National Guard, including any reserve components, to the extent that income is not otherwise deducted or excluded in computing income. Allowing a personal income tax deduction for retirement pay for service in NOAA or PHS will result in an annual GRF revenue loss estimated at $235,000. This added deduction is effective beginning in tax year 2014, resulting in a revenue loss to the state starting in FY 2015.

Composite Income Tax Returns of Pass-Through Entities

The act specifies that any investor in a pass-through entity on whose behalf the entity files a composite return and pays tax may file an individual return and claim the refundable credit for taxes the entity paid on the investor's behalf. Investors eligible to file such an individual return include nonresident investors with no other Ohio-source income who currently are not required or permitted to file an individual return if the entity files a composite return. Under continuing law, investors who are Ohio residents or who are nonresidents with other Ohio-source income, and on whose behalf the pass-through entity files a composite return (IT 4708), may file an individual return and claim the credit, but previously nonresident investors with no other Ohio-source income were not permitted to do so.

The change will result in a revenue loss of undetermined magnitude. When a composite return is filed, all the income of investors included in the return is taxed at the highest marginal tax rate, and the investors are not allowed to claim on the composite return the personal and dependent exemptions or the $20 exemption credit; the only credits available to them are business-related credits (which do not include the nonresident credit). Also, net operating loss carryforwards are not reflected in the composite return as they are on an individual investor's return. By filing an individual return, an investor is able to claim the personal and dependent exemptions (or $20 credit), claim any nonbusiness credits otherwise available to the investor, reflect net operating loss carryforwards in Ohio taxable income, and pay tax on the basis of a lower net effective tax rate because not all the investor's taxable income is taxed at the highest rate as it is in the composite return. When the individual return is filed, the investor also may claim a refundable credit for the investor's share of the tax the entity paid with the composite return which yields a refund to the extent the investor's share of the composite tax exceeds the investor's tax computed on an individual basis.

Prohibition on Income Tax Reduction Fund Transfers

The act prohibits cash transfers to the Income Tax Reduction Fund (ITRF, Fund 4R80) prior to July 1, 2015. This prohibition implies that any GRF ending balance above the amount needed to bring the Budget Stabilization Fund to its statutory target of 5% of annual GRF revenues will remain in the GRF instead of going to the ITRF.

Other Personal Income Tax Provisions

The act eliminates the Technology Investment Tax Credit Program, which was established to benefit Ohio taxpayers who invest in certain research and development or technology-oriented businesses. An investor who was issued a tax credit certificate prior to the repeal of the Technology Investment Tax Credit Program may still claim that credit. These changes are expected to result in minimal reduction in Development Services Agency (DSA) administrative expenditures for SSR Fund 4S00 appropriation item 195630, Tax Incentive Programs. Eliminating the Technology Investment Tax Credit ("Edison Center" tax credit) is likely to have no revenue impact due to the expected full utilization of the program's authorized tax credits as of November 1, 2012, according to DSA; all previously authorized credits will be honored.[2]

[2] The act also terminates the Industrial Technology and Enterprise Advisory Council, which was created to assist the Director of Development Services in reviewing applications for technology investment tax credits and other technology and enterprise development assistance programs, and in making recommendations regarding these programs.

Nonresident taxpayers and pass-through entities petitioning the Tax Commissioner for alternative apportionment of Ohio-sourced income are required by the act to submit the request with a timely filed return or timely filed amended return. Prior law did not expressly mandate that the return or amended return be timely filed. Also, the act clarifies that taxpayers and pass-through entities may request another method to effectuate an equitable allocation and apportionment of business in the state, which contrasts with prior law that referenced only equitable allocation. These changes are expected to have no fiscal effect.

The act clarifies that nonresident taxpayers receive an income tax credit equal to the amount of tax otherwise due on the portion of adjusted gross income not allocable or apportionable to Ohio. Prior law used the term "allocable," but not "apportionable." The income apportionment provisions in R.C. 5747.20 to 5747.23 use both terms. This change is expected to have no fiscal effect.

Sales and Use Taxes

Tax Rate Increase

The state sales and use tax rate is increased by the act from 5.5% to 5.75% beginning September 1, 2013. The rate increase is expected to result in revenue gains of $289.8 million in FY 2014 and $410.6 million in FY 2015. Consequently, the GRF will receive an additional $280.2 million in FY 2014 and $397.0 million in FY 2015. The remainder, an additional $9.6 million in FY 2014 and $13.6 million in FY 2015, will be split equally between the LGF and the PLF. The state sales tax rate increase may also decrease revenue from local permissive and transit authority sales and use taxes in FY 2014 and FY 2015 by up to $3.8 million and $5.4 million, respectively, as some consumers respond to the higher state sales tax by reducing amounts purchased.

Taxation of Digital Works

Beginning January 1, 2014, the act subjects the sale or use of intangible property, electronically transferred digital audio or audiovisual works, and electronically transferred digital books to sales and use taxation, but specifically exempts from tax sales or purchases by a cable service provider, video service provider, or radio or television broadcast station regulated by the federal government. Some of these services were not taxed under prior law, either through an exemption or through not being among the enumerated taxable services. The change is estimated to increase revenue by up to $15 million per year, according to the Executive. The state revenue gain in FY 2014 will be less than this amount due to the effective date of January 1, 2014. The new tax on digital products may also increase local permissive and transit authority sales and use taxes by up to $3.5 million per year.

Taxation of Magazine Subscriptions

The act repeals an exemption from tax for the sale or use of magazine subscriptions, beginning January 1, 2014. Ending this exemption is estimated to result in a revenue increase of up to $11 million per fiscal year, on an all-funds basis, which would be divided among the GRF, the LGF, and the PLF. The revenue gain in FY 2014 will be less than the amount above due to the effective date of the repeal. The repeal may also increase local permissive and transit authority sales and use taxes by up to $2.5 million per year.

Sales and Use Tax Exemption for Data Center Equipment

The budget makes changes to a previously existing sales tax exemption for computer data centers. The act allows the Tax Credit Authority to enter into a single agreement authorizing a sales and use tax exemption for purchases of computer data center equipment by multiple businesses operating at a single data center, and allows a business to join an existing exemption agreement between the Authority and another business. It allows a business to be considered a "computer data center business" eligible for a sales and use tax exemption on purchases of data center equipment if that business leases a facility to any person that qualifies as a "computer data center business" under current law. In order to qualify for the exemption, a taxpayer or group of taxpayers need only maintain an annual payroll at the computer data center of $1.5 million, instead of the $5 million required in prior law, and the taxpayer or group of taxpayers is allowed up to two years after the exemption agreement is entered into to meet the annual payroll requirement. The provision may decrease sales and use tax revenues to the GRF, the LGF, and the PLF, and may also reduce local permissive and transit authority sales and use taxes.

Sales and Use Tax Exemption for Sales to Certain Nonprofit Corporations

Sales of tangible personal property or services are exempted from the sales and use tax by the act, if they are to a nonprofit corporation that satisfies all of the following criteria: (1) it leases a recreational facility used by a professional athletic team or minor league affiliate from an "eligible county" (only Lucas County satisfies the eligibility criteria), (2) the lease requires certain net revenue from the business or activity conducted at the facility to be paid to the county, (3) upon dissolution of the corporation, all its net assets are distributable to the county's board of commissioners. This provision applies to sales that occurred before the effective date of the provision, as well as sales occurring on or after that date.

This provision may result in a GRF revenue loss from reduced sales and use tax receipts. The provision does not expressly state whether a refund must be issued for prior sales or how that refund would be administered. The reduction in sales and use tax receipts would also reduce distributions to the LGF and the PLF, and also reduces tax revenues from permissive and transit authority sales and use taxes in Lucas County.

Impact Facility Agreements Under County Sales and Use Taxes

The act extends to June 1, 2015, the date by which a county and a business may enter into an agreement under which the business agrees to construct an "impact facility" in the county and the county agrees to remit to the business up to 75% of the revenue from certain county sales taxes collected on retail sales made at the facility. This provision may reduce local permissive county and transit authority sales and use tax revenues. Under continuing law, an "impact facility" is a facility that meets specified criteria, including that at least 150 new jobs will be maintained at the facility. The minimum investment requirement to qualify as an impact facility is lowered by the act from $50 million to $30 million, and the area in which at least 50% of the facility's expected customers must live is decreased from within 100 miles to 50 miles. Prior law prohibited the relocation of more than ten full-time equivalent positions or that of more than $2 million in "taxable assets." The act modifies the relocation prohibition in the law, to prohibit any relocation of full-time equivalent positions from another Ohio location or relocation of any tangible personal property to the impact facility from another Ohio location. Remittances to the business are terminated if the prohibition is violated regardless of whether the board of county commissioners consents to the relocation. Prior law allowed remittances to continue even though the relocation limitations were exceeded, with consent of the board of county commissioners.

Use Tax Collections by Remote Sellers for Income Tax Reduction Fund

The act specifies that a seller is not legally required to collect use tax if the seller has $1 million or less in annual sales for which the seller is not required to collect and remit any state's use tax (defined as "remote small sellers"). A purchaser remains liable for any use tax that a seller has not collected. Voluntary Ohio use tax collections by an out-of-state seller not legally required to collect the tax, in excess of the amount the seller remitted in FY 2013, are earmarked for deposit in the ITRF, on a semi-annual basis. Use tax remitted due to the Streamlined Sales and Use Tax Agreement is not to be included in the calculation of new remote seller use tax receipts, thereby precluding collections made as required by that agreement from being counted as "new" collections to be credited to the ITRF. Also, 0.5% of such collections is earmarked for administering taxes collected by remote sellers, and is to be deposited in the Remote Seller Administration Fund, newly created by the act.

Currently, out-of-state sellers lacking a form of physical presence in Ohio are not required under state or federal law to collect use tax for the state, but may voluntarily collect and remit the tax. Some remote sellers currently collect and remit use tax, and the amount they collected and remitted in FY 2013 on a voluntary basis would continue to be credited to the GRF, and by extension also to the LGF and PLF. The act requires the Tax Commissioner to collaborate with the Director of Budget and Management in calculating new collections. The Director of Budget and Management is required to transfer new remote sellers' use tax receipts from the GRF to the ITRF no later than January 1 and July 1 each year.

These changes may increase use tax collections, and may increase revenue to the Income Tax Reduction Fund. Any additional revenue to the ITRF would be added to the surplus revenue for which an income tax rate reduction may be determined.

Marketplace Fairness Act of 2013

The act expresses the intent of the General Assembly to enact conforming state legislation upon the enactment of the Marketplace Fairness Act of 2013 (or other similar legislation) by the United States Congress. It specifies that the intent of the conforming legislation is not to create a nexus between Ohio and remote sellers for any tax other than those imposed under Chapters 5739. and 5741. of the Revised Code (sales and use tax). The Marketplace Fairness Act would authorize qualifying states to compel online and catalog retailers to collect sales tax at the time of a transaction regardless of whether the retailer has a substantial nexus to the state. The authority extends only to states that impose a sales and use tax and meet certain statutorily prescribed standards of simplicity. These changes, if they take place, may potentially result in revenue gains to the GRF, the LGF, and the PLF, contingent upon Congressional action.

Commercial Activity Tax

Increase in the Minimum Tax for the CAT

The method of calculating the tax due is modified by the act. Taxpayers with taxable gross receipts between $1 million and $2 million are to pay $800 plus 0.26% of the taxable gross receipts in excess of $1 million, those with taxable gross receipts between $2 million and $4 million pay $2,100 plus 0.26% of the taxable gross receipts in excess of $1 million, and those with taxable gross receipts in excess of $4 million pay $2,600 plus 0.26% of the taxable gross receipts in excess of $1 million (or 0.26% of all taxable gross receipts). Under prior law, all taxpayers who exceed the $150,000 minimum threshold paid $150 on the first $1 million in taxable gross receipts plus 0.26% of all taxable gross receipts in excess of $1 million. In addition, the act specifies that the minimum tax due from first-time CAT taxpayers that timely register is one-half of the minimum tax otherwise due. Under prior law, the minimum tax due from such taxpayers was $75.

These changes are estimated to increase CAT revenue by about $86 million per year. Under continuing law, the GRF receives 50% of CAT revenue; thus the GRF revenue gain would be $43 million per year. The remaining revenue gain would accrue to the School District Tangible Property Tax Replacement Fund (Fund 7047), $30 million, and the Local Government Tangible Property Tax Replacement Fund (Fund 7081), $13 million. CAT receipts that are deposited into these two local government funds are used to reimburse school districts and other units of local government for lost revenues from the phase-out and reductions in tangible personal property taxes on general business. Current law requires a GRF subsidy if distributions to the funds are insufficient for the required reimbursements.

Commercial Activity Tax Exclusion for Grain Handlers

Receipts of licensed agricultural commodity handlers from the sale of agricultural commodities are excluded by the act from the taxable gross receipts base of the CAT. Under continuing law, these agricultural commodities include grains such as barley, corn, oats, rye, grain sorghum, soybeans, wheat, sunflower, or speltz, or any other crop designated by the Director of Agriculture, excluding grains or other crops used for seed. This change is estimated to decrease CAT revenue by up to $11 million per year, but the revenue decrease will vary with changes in commodity prices. The GRF revenue loss would be up to $5.5 million per year and the remaining revenue loss would accrue to Fund 7047 ($3.85 million) and Fund 7081 ($1.65 million).

Penalties for Improperly Excluded QDC Receipts

The act removes a $500,000 penalty enacted by Am. S.B. 28 of the 130th General Assembly for improperly excluded qualified distribution center (QDC) receipts. It establishes a new penalty on the operator of such a QDC, which is termed the "ineligible operator's supplier tax liability," and that equals the amount that would have been owed by the suppliers of the distribution center had the distribution center not been improperly issued a QDC certificate, without deducting the amount actually paid by such suppliers. The ineligible operator's supplier tax liability is to be determined by the Tax Commissioner and does not include interest or penalties on the unpaid amount. The Commissioner is authorized to request a list of all suppliers of a distribution center that improperly issued a qualifying certificate along with the corresponding costs of qualified property for the qualifying year at issue, and the operator of such a distribution center is required to provide such information within 60 days of the Commissioner's request.

This provision may result in a revenue gain or loss to the GRF, the School District Tangible Property Tax Replacement Fund (Fund 7047), and the Local Government Tangible Property Tax Replacement Fund (Fund 7081). The magnitude of any such revenue change would depend on the size of an operator's supplier tax liability, and on the incidence of improperly excluded QDC receipts.

Creation of the Motor Fuel Receipts Tax and Related Changes

Beginning July 1, 2014, the CAT applied to receipts from the sale or exchange of motor fuel is replaced with a separate tax, the motor fuel receipts tax (MFRT), based solely on receipts from such sales and exchanges. The MFRT is to be computed on the basis of the gross receipts received by a "supplier" from the first sale of motor fuel delivered to a location in the state. As used in the new law, a "supplier" is a person that acquires motor fuel from a terminal or refinery "rack" and distributes that fuel within the state or imports motor fuel for sale or distribution by the person within the state. A "rack" is defined as a mechanism that delivers motor fuel from a terminal or refinery into a means of transport other than a pipeline or vessel. The MFRT tax rate is to be 0.65% on a supplier's gross receipts, to be paid quarterly by suppliers. MFRT revenue arising from the sale of motor fuel used on public highways is to be used for public highway purposes. MFRT taxpayers are to obtain a license from the Tax Commissioner and renew the license annually. The new law prescribes several procedures and requirements for the MFRT that are similar to the CAT, including provisions related to assessments, refunds, penalties, joint liability, and the electronic filing of returns.

Am. Sub. H.B. 59 creates the Motor Fuel Receipts Tax Fund (Fund 5NX0), to which all revenue from the new tax is to be credited, the Motor Fuel Receipts Tax Administration Fund (Fund 5NY0), to pay expenses of the Department of Taxation related to the tax, and the Motor Fuel Receipts Tax Public Highways Fund (Fund 5NZ0). Money in the Motor Fuel Receipts Tax Fund is to be used first to pay any refunds owed, with 1% of the remaining amount in the fund to be transferred to the Motor Fuel Receipts Tax Administration Fund, and the remaining receipts attributable to motor fuel used for propelling vehicles on public highways and waterways to be transferred to the Motor Fuel Receipts Tax Public Highways Fund. Any revenue remaining after that last transfer would be transferred to the GRF.

The budget act requires the Director of the Ohio Public Works Commission (PWC), to certify on or before June 15 of each year, starting in 2014, to the Director of Budget and Management the amount of debt service paid from the GRF in that fiscal year (or in fiscal years 2013 and 2014 in the case of the first such certification) on bonds issued to finance or assist in the financing of local public subdivisions infrastructure capital improvement projects, that are attributable to costs for construction, reconstruction, maintenance, or repair of public highways and bridges and other statutory highway purposes. In doing so, OBM must allocate the total amount of debt service paid in each fiscal year according to the applicable section of the Ohio Constitution under which the bonds were originally issued.

Am. Sub. H.B. 59 also requires the Director of Budget and Management to determine on or before June 30, 2014, an amount up to but not exceeding the amount certified by the PWC that year and to reserve that amount from the cash balance in the

Commercial Activity Tax Motor Fuel Receipts Fund (Fund 7019) for the GRF, to be transferred to the GRF at times and in amounts to be determined by the Director. The remaining cash balance in Fund 7019, in excess of the amount to be transferred to the GRF, is reserved for the Highway Operating Fund (Fund 7002), to be transferred to that fund by June 30, 2014.

The budget act specifies that the Director of Budget and Management is to determine on or before June 15 of each fiscal year beginning with fiscal year 2015 an amount up to but not exceeding the amount certified for debt service that year (as described above) and to reserve that amount from the cash balance in Fund 5NZ0 or Fund 7019. The act requires the Director to transfer that amount to the GRF at times and in amounts to be determined by the Director. Cash balances in either Fund 5NZ0 or Fund 7019 in excess of amounts transferred to the GRF are to be transferred to Fund 7002 on or before June 30 of that fiscal year.

Starting in FY 2015, these changes are expected to result in a decrease in CAT revenue from motor fuel sales, and a comparable increase in MFRT revenues. Whether the new MFRT revenue gain exceeds the CAT revenue loss depends on changes in fuel prices and consumption levels. Revenues and expenditures will increase for the new Motor Fuel Receipts Tax Fund, the Motor Fuel Receipts Tax Administration Fund, and the Motor Fuel Receipts Tax Public Highways Fund.

Cigarette Taxes

Tobacco Product Excise Tax

Am. Sub. H.B. 59 increases the excise tax rate on little cigars from 17% to 37% of the wholesale price, beginning on and after October 1, 2013. A "little cigar" is defined as a smoking roll that does not satisfy the excise tax law's definition of a cigarette, that contains an integrated cellulose acetate filter or other filter, and that is not wrapped in natural leaf tobacco. The tax rate increase is expected to result in a gain in cigarette and other tobacco products tax revenue between $5 million and $10 million per year beginning in FY 2015. Revenue from the tax is deposited into the GRF, the LGF, and the PLF. The revenue gain in FY 2014 may be up to 75% of those annual amounts because the tax will be effective for nine months of the fiscal year.

Motor Fuel Taxes

Motor Fuel Excise Tax on Natural Gas

The act modifies the method for measuring the motor fuel tax (MFT) on liquid natural gas. It specifies that the liquid natural gas gallon-equivalent must equal the diesel gallon-equivalent adopted by the National Conference on Weights and Measures or, if no such standard has been adopted, 6.06 pounds of liquid natural gas. The effective date of the provision is January 1, 2014. This change may result in a minimal revenue gain or loss to various state funds (primarily the Highway Operating Fund, but also the Waterways Safety Fund, the Wildlife Boater Angler Fund, and the Motor Fuel Tax Administrative Fund) and local governments (municipalities, counties, and townships), though it will have no impact on GRF revenue. Under existing law, for the purpose of the MFT, liquid natural gas must be measured in gross gallons,[3] unless it is being reported for transactions between terminals or between a terminal and a licensed Ohio fuel dealer.

Township Use of Motor Fuel Tax Revenue

A provision of the act allows a township to use its distribution of motor fuel tax revenue to service bonds issued to pay for the purchase of road machinery and equipment or the planning, construction, and maintenance of buildings that house such equipment. Under prior law, a township could use motor fuel tax receipts directly to purchase such equipment or to plan, construct, and maintain such a building, but not to service bonds issued to pay for such projects.

Motor Fuel Tax Refunds and Revenue Distribution

The act amends Am. Sub. H.B. 51 of the 130th General Assembly to modify a requirement in uncodified law that the Treasurer of State credit the "first" 2% of revenue generated from motor fuel tax each month to the Highway Operating Fund. The modification specifies that the crediting is to occur after enough revenue is transferred to the Tax Refund Fund (Fund 4250) to cover motor fuel tax refunds. It also changes the date the crediting is to occur from the first to the last day of each month. The change may decrease slightly the amount of motor fuel tax revenue that will be allocated to the Highway Operating Fund (Fund 7002).

Insurance Taxes

Tax on Mutual and Stock Insurance Company Premium Deposits

Effective in calendar year 2013, the act excludes workers' compensation insurance premium deposits from the domestic and foreign insurance company premiums tax base, if (1) the deposits are received by a mutual or stock insurance company that distributes a portion of the premiums it collects during a policy year back to its policyholders, (2) the deposits exceed the net cost of the insurance to the insured, and (3) such excess is returned ratably to the company's policyholders. A similar exclusion applies under continuing law to premiums deposits received for fire and inland marine insurance provided by such companies. The change may result in a GRF

[3] "Gross gallons" is U.S. gallons without any adjustment to account for temperature or barometric pressure, while "net gallons" is U.S. gallons at 60 degrees Fahrenheit.

revenue loss of uncertain magnitude. Any revenue loss to the GRF would also decrease the amount of tax revenue that will be deposited to the LGF and the PLF.

Tax Credits

Changes to the Refundable Job Retention Tax Credit

The act extends the refundable job retention tax credit (JRTC) to an eligible business whose principal place of business is not in the same political subdivision as the capital investment, as long as the business maintains a unit or division with at least 4,200 employees at the project site. This change may result in a GRF revenue loss, the size of which is uncertain. This provision may increase both the number of businesses eligible for the JRTC and the payroll amounts allowable in the calculation of the credit. Prior law required an eligible business to have an annual payroll of at least $20 million, invest at least $5 million at a project site located within the same political subdivision where the business has its principal place of business, and meet other program requirements. The JRTC may be claimed against the insurance premium taxes, the financial institutions tax (FIT), the personal income tax, and the CAT.

Historic Rehabilitation Tax Credit – Expenses Attributable to a Qualified Lessee

The act eliminates a requirement regarding the attribution of qualified rehabilitation expenditures paid or incurred by an owner of an historic building who leases the building to a qualified lessee. It states that expenses incurred by the owner after April 4, 2007, may be attributed to the qualified lessee for the purposes of the historic rehabilitation tax credit. Under prior law, such expenses were required to be attributed to the qualified lessee. This change is expected to have no fiscal effect.

Property Taxes

Property Tax Rollback Limitations

The act limits the application of the 10% and 2.5% real property tax rollbacks by specifying that the rollbacks may not be applied to reduce the taxes due on new or replacement levies approved at elections held after the provision's 90-day effective date, regardless of the tax year to which the levy would first apply, meaning that the reductions would not apply to levies approved at the November 2013 election for tax year 2013, 2014, or any later tax year, or to levies approved at any later election. Under continuing law, the 10% rollback applies to all real property not intended primarily for use in a business activity, and the 2.5% rollback applies to all owner-occupied homesteads. The state reimburses local governments and schools for the revenue lost due to both rollbacks.

The amount by which this change will increase property owners' taxes and reduce state reimbursements is uncertain. A rough estimate is that the change will decrease GRF expenditures in FY 2015 for EDU appropriation item 200901, Property

Tax Allocation – Education, by $23 million, and for TAX appropriation item 110901, Property Tax Allocation – Taxation, by $12 million. These payments reimburse school districts and other units of local government, respectively, for the cost of the rollbacks. Property owners' tax payments would increase by the amount of the reduction in state reimbursements.

Homestead Exemption Means Testing

The act restricts the availability of the homestead exemption for elderly or disabled homeowners who did not receive the exemption for tax year 2013 but who become eligible on the basis of age or disability status after 2013, or for some other reason did not receive the exemption for 2013. For homeowners who live in a manufactured home taxed under the manufactured home tax, the pertinent tax year is 2014 instead of 2013. The exemption for such homeowners is limited to those with Ohio adjusted gross income of less than $30,000 as computed for state income tax purposes. In future years, the $30,000 threshold is to be adjusted for inflation. Persons who qualify for the exemption for 2013 but who do not file on time, but who file a late application on time as allowed under continuing law, would be treated as though they had qualified for 2013, and they would not be subject to the income limits. The Tax Commissioner and county auditors are authorized to examine an applicant's tax or financial records to determine eligibility.

The change is expected to reduce GRF expenditures in FY 2015 for EDU appropriation item 200901, Property Tax Allocation – Education, by $3.0 million to $5.9 million, and for TAX appropriation item 110901, Property Tax Allocation – Taxation, by $1.6 million to $3.2 million.

Property Tax Exemption for Fraternal Organizations

The act creates a tax exemption for real property held or occupied by fraternal organizations that qualify for tax exemption under section 501(c)(5), 501(c)(8), or 501(c)(10) of the Internal Revenue Code, provide financial support for charitable purposes, and have been operating in Ohio for at least 100 years. In addition, a limit of $36,000 is imposed on the amount of annual rental income that may be generated from such property, for it to qualify for the exemption. The property must be used primarily for meetings and administration of the fraternal organization. Tax revenue losses to school districts and other units of local government may total up to $4.8 million statewide, possibly considerably less. The cost estimate is based on a 2001 survey so it is very rough.

Property Tax Exemption for Veterans' Organizations

The act increases the income limit that is a condition for the veterans' organization property tax exemption to $36,000, effective in tax year 2013. Prior law exempted veterans' organization property unless the property was held for the production of rental or other income in excess of $10,000. The act specifies that only income arising directly from renting property to others is counted toward the maximum income limit. This change will reduce property tax receipts by an amount estimated at up to $4.0 million per year statewide, possibly considerably less, affecting only those property tax jurisdictions where qualifying veterans' organization property is located.

Qualified Energy Project Tax Exemption

The act extends by two years the deadlines by which the owner or lessee of a qualified energy project must submit a property tax exemption application, submit a construction commencement application, begin construction, and place into service an energy facility using renewable energy resources (wind, solar, biomass, etc.) or advanced energy technology (clean coal, advanced nuclear, or cogeneration), to qualify for an ongoing real and tangible personal property tax exemption. Local taxing jurisdictions would receive less revenue from a given project, but in some cases, the revenue loss would be permissive. Qualified energy projects qualify for real and tangible personal property tax exemptions, but the qualified energy project is also required to pay annual service payments in lieu of taxes to the treasurer of the county where the facility is located in an amount equal to $6,000 to $8,000 per megawatt (MW) of name plate capacity. This service payment is shared by all taxing jurisdictions within the project area in the same manner that property tax collections would otherwise be allocated to counties, school districts, and other local governments. The county board of commissioners may require an additional payment of $1,000 to $3,000 per megawatt beyond those required by the Revised Code, but the cumulative total of both service payments cannot exceed $9,000 per megawatt. County governments will retain the ability to approve or deny the tax exemptions to these facilities as well as the option of negotiating an additional $1,000 to $3,000 payment made solely to their general fund, but school districts and other taxing jurisdictions within the county may lose local property tax revenues without their consent.

Additional School District Options for New and Existing Combined Levies

The act allows a school district that levies an existing combined levy for current expenses and permanent improvements to replace or renew that levy solely for the purpose of funding general permanent improvements. It allows the district to replace the levy for a term of years different than the term for which the original tax was levied. Under prior law, a district could renew or replace such a levy only for the same purposes and the same term for which it was originally levied. The act specifies that new combined current expense and permanent improvement levies may be levied only for current expenses and general (but not specific) permanent improvements. Prior law allowed such levies to be used for either general or specific improvements. These changes are expected to have no fiscal effect.

Tax Increment Financing Exemption Date Triggers

The act allows an ordinance authorizing a tax increment financing (TIF) exemption for individual parcels to specify that the tax exemption begins in the year in which the value of the exempt improvement exceeds a certain amount or in which one or more improvements are completed. Prior law allowed such an ordinance to state a specific year in which an exemption begins, but did not specifically authorize triggering conditions. A TIF ordinance granting exemption for more than one individual parcel would be allowed to specify that the exemption of different parcels begins in different tax years. The act applies these provisions to exemption applications pending on the effective date of the provisions and to applications filed thereafter. These provisions do not apply to the exemption of improvements in an incentive district TIF.[4]

Generally, owners of property with a TIF exemption make service payments in lieu of, and equal in amount to, taxes that would otherwise be due on a portion of the increase in value of the property for a specified period of years. The service payments are used to finance public infrastructure improvements in the district by the local government that granted the tax exemption. The change makes explicit that use of triggering conditions in a TIF conforms to Ohio law.

Due Date for Tangible Personal Property Tax Replacement Payments to School Districts

The act postpones the due date for November tangible personal property tax replacement payments to school districts to the last day of the month. Under prior law, replacement payments for both fixed-rate and fixed-sum levies were due on May 31 and November 20. This change resolves a cash flow issue associated with the replacement payments.

Property Tax Levy for School Safety and Security

The act authorizes school districts to levy a property tax exclusively for school safety and security purposes. It requires the levy to comply with the same requirements that apply to general school district levies in excess of the 10-mill limitation. Am. Sub. H.B. 59 also specifies that proceedings undertaken by a board of education to propose a levy for school safety and security purposes are valid, even if they were initiated prior to the bill's effective date, so long as the proceedings are consistent with the terms of the bill. This change provides a new option for school districts to use in raising local revenues. School districts that opt to put a school safety and security levy on the ballot will incur some election-related costs.

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[4] Two types of TIF structures are available to local governments, general purpose/parcel TIFs and incentive district TIFs. The latter are areawide agreements that provide a tax exemption for increases in value of all classes of property within district boundaries.

Miscellaneous Tax Provisions

Oil and Gas Severance Taxes

The act credits revenue from the oil and gas severance tax to the newly created Severance Tax Receipts Fund. The Severance Tax Receipts Fund will also receive deposits from oil and gas cost recovery assessments. Receipts to the new fund are then transferred to the Oil and Gas Well Fund and the Geological Mapping Fund according to an allocation unchanged from prior law. This change is expected to have no fiscal effect.

Cuyahoga County Alcoholic Beverage and Cigarette Taxes

The act authorizes Cuyahoga County to renew county alcoholic beverage and cigarette taxes that are set to expire in 2015 and allows the county to propose to renew the expiring taxes for up to 20 years by adopting a resolution to do so on or before September 15, 2015. The taxes are subject to approval by county voters. The act provides that proceedings initiated by Cuyahoga County to renew the alcoholic beverage or cigarette taxes are valid, even if such proceedings are initiated prior to the act's 90-day effective date, so long as the proceedings are consistent with the terms of the act. The act specifies that the county's spirituous liquor tax applies to sales made pursuant to the agreement transferring liquor distribution and merchandising rights to JobsOhio.

Renewal of the taxes would prevent a loss of county revenues from the cigarette tax and the alcoholic beverage tax. Currently, the county levies a spirituous liquor tax of $3 per gallon and an alcoholic beverage tax of 32 cents per gallon of wine and mixed beverages, 24 cents per gallon of cider, and 16 cents per gallon of beer. These taxes are scheduled to expire in 2015. The county also levies a cigarette tax of 34.5 cents, but only 4.5 cents of that tax will expire in 2015. In FY 2013, Cuyahoga cigarette tax and alcoholic beverage tax receipts were $19.9 million and $5.4 million, respectively.

Lake Facilities Authorities

The act authorizes one or more boards of county commissioners to create a Lake Facilities Authority (LFA), a body politic and corporate with enumerated powers, for the purpose of remediating watersheds that contain a lake that has or recently had high levels of microcystin toxins ("impacted watersheds"). An LFA may request that the Department of Natural Resources, Environmental Protection Agency, or Department of Agriculture adopt, modify, and enforce reasonable rules governing impacted watersheds. An LFA is authorized to adopt rules to carry out the LFA's enumerated powers. Those powers do not include the power of eminent domain.

An LFA is authorized to levy a property tax with voter approval for current expenses, debt charges, permanent improvements, and parks and recreation, not to exceed one mill. No other taxing authority may levy a property tax in the territory of an

LFA if the purpose of the tax is similar to the purpose of a tax that the LFA is authorized to levy. In addition, an LFA is authorized to levy a lodging tax with voter approval, the rate of which may not cause the aggregate rate of lodging taxes applicable in the impacted lake district to exceed 5%. A county is authorized to levy a "piggyback" sales and use tax of ¼% or ½% to provide revenue for the operation of an LFA and the remediation of an impacted watershed by the LFA, if the county has not already levied the maximum allowable ½% piggyback rate for other purposes allowed under continuing law. An LFA is authorized to issue general obligation securities for the remediation of an impacted watershed and related permanent improvements, not to exceed ⅒ % of the total value of property in the impacted lake district. It may issue revenue bonds and anticipation bonds and notes.

The act creates an LFA board of directors consisting of the county commissioners of each county with territory in the watershed, and an advisory council consisting of the appointee of each political subdivision in the district. It prohibits creation of any new special district overlapping an LFA district with powers or duties the same as the LFA's. The Director of Natural Resources is authorized to transfer real property to an LFA and to enter agreements with an LFA to benefit wildlife or sporting activities. The act requires competitive bidding for LFA construction projects in excess of $25,000 except under certain circumstances. It permits, but does not require, an LFA to apply prevailing wage requirements.

These changes may result in increases in property taxes, lodging taxes, or sales and use taxes in political subdivisions located in impacted watersheds. They may result in increased issuance of debt obligations in such political subdivisions. They may result in increased expenditures for watershed remediation in such political subdivisions.

$1 Minimum for Tax Payments and Refunds

The act broadens applicability of minimum payment provisions. Specifically, it excuses the Tax Commissioner from issuing any tax refund if the amount of the refund is $1 or less, and excuses taxpayers from paying a tax if the total amount due with the taxpayer's return is $1 or less. Prior law had a comparable $1 minimum provision that applied only to the personal income tax and to taxes subject to pass-through entity withholding.

Calculation of Post-Assessment Interest

The act requires the Tax Commissioner to calculate interest charged after an assessment has been issued for any tax debt based on tax liability only, instead of based on the total amount due as under prior law, which may include interest and penalty. Continuing law stipulates that after an assessment is certified to the Attorney General for collection, interest accrues on the entire unpaid portion of the assessment. The change may reduce the amount of revenue collected on interest and penalties related to unpaid tax debt.

Ohio Grape Industries Fund

The act extends through June 30, 2015, the two cents per gallon of wine tax revenue credited to the Ohio Grape Industries Fund. By doing so, it maintains revenues to the Ohio Grape Industries Fund (Fund 4960). Fund 4960 received $1.1 million in FY 2013. Receipts from the wine tax would otherwise be credited to the GRF.

Vetoed Tax Provisions

Tax Exemption for Sales of Investment Metal Bullion and Coins

The bill as passed by the Legislature exempted sales of investment metal bullion and investment coins from the sales and use tax. This provision was vetoed by the Governor. The exemption would have reduced state sales and use tax revenue by up to an estimated $8 million per year, and receipts from permissive and transit authorities sales and use taxes by up to $1.8 million annually.

Out-of-State Seller Liability for Use Tax – Click-Thru Nexus

The bill as passed by the Legislature prescribed new criteria for determining whether sellers are presumed to have "substantial nexus" with Ohio and therefore are required to register with the Tax Commissioner and collect and remit use tax. These provisions would potentially have increased state and local sales and use tax revenues, but were vetoed by the Governor.

Sales and Use Tax Exemption for Aerospace Vehicle Research and Development

The bill as passed by the Legislature authorized a sales and use tax exemption for goods and services used in aerospace vehicle research and development activities. It defined "aerospace vehicles" as any manned or unmanned aviation devices, including airplanes, helicopters, missiles, rockets, and space vehicles. It would have resulted in a revenue loss of undetermined but potentially sizable magnitude from reduced sales and use tax receipts, with losses to the GRF, the LGF, and the PLF, as well as county and transit authority permissive sales and use taxes, but was vetoed by the Governor.

Historic Rehabilitation Tax Credit – Increase in the Credit Limit per Taxpayer

The bill as passed by the Legislature increased the maximum historic rehabilitation tax credit that may be claimed by a taxpayer in a year from $5 million to $10 million, but was vetoed by the Governor. The change would only have affected the allocation across taxpayers of the $60 million per year limit on issuance of this tax credit for all taxpayers under R.C. 149.311(D). It would not have changed the total revenue loss to GRF or other state funds attributable to this tax credit.

Changes to the New Markets Tax Credit

The bill as passed by the Legislature eliminated the requirement that a taxpayer receive a federal New Markets tax credit in order to qualify for the state New Markets tax credit. It also allowed credit-eligible investments to be made in low-income community businesses that derive 15% or more of annual revenue from the rental or sale of real property. These changes were vetoed by the Governor. The amount of the revenue loss from elimination of the specified requirements is uncertain. The tax credits may be claimed against the FIT, the domestic and foreign insurance taxes, the corporate franchise tax, and the dealers in intangibles tax.

Hope for a Smile Program

The bill as passed by the Legislature included a program aimed at improving the oral health of school age children. As part of this program, the bill created a new state income tax deduction to be used by a dentist or dental hygienist, equal to the fair market value of services provided for free. The deduction would have resulted in revenue losses to the GRF, the LGF, and the PLF, with the magnitude of the losses depending on the value of free care provided and claimed as a deduction. This new program was vetoed by the Governor.

TAX.docx/dp

FY 2014 - FY 2015 Final Appropriation Amounts — All Fund Groups

Line Item Detail by Agency

Report For Main Operating Appropriations Bill — **Version:** Enacted

			FY 2012	FY 2013	Appropriation FY 2014	FY 2013 to FY 2014 % Change	Appropriation FY 2015	FY 2014 to FY 2015 % Change
TAX	**Department of Taxation**							
GRF	110321	Operating Expenses	$ 67,319,604	$ 70,046,053	$ 72,568,330	3.60%	$ 67,968,332	-6.34%
GRF	110404	Tobacco Settlement Enforcement	$ 166,053	$ 161,020	$ 178,200	10.67%	$ 178,200	0.00%
GRF	110901	Property Tax Allocation - Taxation	$ 633,014,486	$ 636,142,965	$ 666,640,000	4.79%	$ 678,255,600	1.74%
General Revenue Fund Total			**$ 700,500,143**	**$ 706,350,039**	**$ 739,386,530**	**4.68%**	**$ 746,402,132**	**0.95%**
2250	110626	Enforcement	$ 0	$ 136,547	$0	N/A	$0	N/A
2280	110628	Revenue Enhancement	$ 12,632,996	$ 12,122,598	$ 15,500,000	27.86%	$ 17,500,000	12.90%
4330	110602	Tape File Account	$ 181,433	$ 170,544	$ 175,000	2.61%	$ 175,000	0.00%
5AP0	110632	Discovery Project	$ 3,548,653	$ 2,121,914	$ 0	-100.00%	$ 0	N/A
5BP0	110639	Wireless 911 Administration	$0	$0	$ 290,000	N/A	$ 290,000	0.00%
5BW0	110630	Tax Amnesty Promotion and Administration	$ 701,206	$ 658,973	$0	N/A	$0	N/A
5CZ0	110631	Vendor's License Application	$ 202,000	$ 281,400	$ 250,000	-11.16%	$ 250,000	0.00%
5MN0	110638	STARS Development and Implementation	$0	$0	$ 5,000,000	N/A	$ 3,000,000	-40.00%
5N50	110605	Municipal Income Tax Administration	$ 342,034	$ 87,468	$ 150,000	71.49%	$ 150,000	0.00%
5N60	110618	Kilowatt Hour Tax Administration	$ 175,000	$ 68,937	$ 100,000	45.06%	$ 100,000	0.00%
5V80	110623	Property Tax Administration	$ 10,606,455	$ 9,981,184	$ 11,978,310	20.01%	$ 11,978,310	0.00%
5W40	110625	Centralized Tax Filing and Payment	$ 200,000	$0	$ 0	N/A	$ 0	N/A
5W70	110627	Exempt Facility Administration	$ 50,000	$0	$ 49,500	N/A	$ 49,500	0.00%
General Services Fund Group Total			**$ 28,639,778**	**$ 25,629,566**	**$ 33,492,810**	**30.68%**	**$ 33,492,810**	**0.00%**
4350	110607	Local Tax Administration	$ 17,400,718	$ 17,027,171	$ 20,000,000	17.46%	$ 20,700,000	3.50%
4360	110608	Motor Vehicle Audit	$ 1,021,300	$ 919,492	$ 1,459,609	58.74%	$ 1,459,609	0.00%
4370	110606	Income Tax Contribution	$ 20,000	$ 1,351	$ 38,800	2,773.01%	$ 38,800	0.00%
4380	110609	School District Income Tax	$ 4,907,413	$ 4,865,231	$ 5,802,044	19.26%	$ 5,802,044	0.00%
4C60	110616	International Registration Plan	$ 473,531	$ 346,601	$ 682,415	96.89%	$ 682,415	0.00%
4R60	110610	Tire Tax Administration	$ 238,129	$ 129,648	$ 244,193	88.35%	$ 244,193	0.00%

Line Item Detail by Agency

			FY 2012	FY 2013	Appropriation FY 2014	FY 2013 to FY 2014 % Change	Appropriation FY 2015	FY 2014 to FY 2015 % Change
TAX	**Department of Taxation**							
5V70	110622	Motor Fuel Tax Administration	$ 3,788,087	$ 3,839,590	$ 5,035,374	31.14%	$ 5,035,374	0.00%
6390	110614	Cigarette Tax Enforcement	$ 1,527,729	$ 958,435	$ 1,750,000	82.59%	$ 1,750,000	0.00%
6420	110613	Ohio Political Party Distributions	$ 307,250	$ 278,788	$ 500,000	79.35%	$ 500,000	0.00%
6880	110615	Local Excise Tax Administration	$ 575,518	$ 627,389	$ 775,015	23.53%	$ 775,015	0.00%
State Special Revenue Fund Group Total			**$ 30,259,676**	**$ 28,993,695**	**$ 36,287,450**	**25.16%**	**$ 36,987,450**	**1.93%**
4250	110635	Tax Refunds	$ 1,581,196,812	$ 1,575,727,326	$ 1,546,800,000	-1.84%	$ 1,546,800,000	0.00%
7095	110995	Municipal Income Tax	$ 12,399,943	$ 10,621,858	$ 21,000,000	97.71%	$ 21,000,000	0.00%
Agency Fund Group Total			**$ 1,593,596,755**	**$ 1,586,349,183**	**$ 1,567,800,000**	**-1.17%**	**$ 1,567,800,000**	**0.00%**
R010	110611	Tax Distributions	$ 15,000	$ 50,000	$ 50,000	0.00%	$ 50,000	0.00%
R011	110612	Miscellaneous Income Tax Receipts	$ 0	$0	$ 50,000	N/A	$ 50,000	0.00%
Holding Account Redistribution Fund Group Total			**$ 15,000**	**$ 50,000**	**$ 100,000**	**100.00%**	**$ 100,000**	**0.00%**
Department of Taxation Total			**$ 2,353,011,352**	**$ 2,347,372,483**	**$ 2,377,066,790**	**1.27%**	**$ 2,384,782,392**	**0.32%**

FY 2014 - FY 2015 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

Report For Main Operating Appropriations Bill **Version: Enacted**

			FY 2012	FY 2013	Appropriation FY 2014	FY 2013 to FY 2014 % Change	Appropriation FY 2015	FY 2014 to FY 2015 % Change
RDF	**Revenue Distribution Funds**							
5JG0	110633	Gross Casino Revenue County Fund	$ 0	$ 89,021,910	$ 158,005,325	77.49%	$ 168,977,942	6.94%
State Special Revenue Fund Group Total			**$ 0**	**$ 89,021,910**	**$ 158,005,325**	**77.49%**	**$ 168,977,942**	**6.94%**
7085	800985	Volunteer Firemen's Dependents Fund	$ 236,750	$ 238,575	$ 300,000	25.75%	$ 300,000	0.00%
Volunteer Firefighters Dependents Fund Group Total			**$ 236,750**	**$ 238,575**	**$ 300,000**	**25.75%**	**$ 300,000**	**0.00%**
4P80	001698	Cash Management Improvement Fund	$ 110,089	$ 22,079	$ 3,100,000	13,940.49%	$ 3,100,000	0.00%
5JH0	110634	Gross Casino Revenue County Student Fund	$ 0	$ 37,951,206	$ 105,336,883	177.56%	$ 112,651,961	6.94%
5JJ0	110636	Gross Casino Revenue Host City Fund	$ 0	$ 8,727,638	$ 15,490,718	77.49%	$ 16,566,465	6.94%
6080	001699	Investment Earnings	$ 14,089,663	$ 21,791,810	$ 30,000,000	37.67%	$ 30,000,000	0.00%
7001	110996	Horse-Racing Tax Municipality Fund	$0	$0	$ 400,000	N/A	$ 400,000	0.00%
7062	110962	Resort Area Excise Tax	$ 1,002,111	$ 1,068,135	$ 1,000,000	-6.38%	$ 1,000,000	0.00%
7063	110963	Permissive Tax Distribution	$ 1,893,335,506	$ 2,016,139,319	$ 2,066,331,400	2.49%	$ 2,151,135,100	4.10%
7067	110967	School District Income Tax	$ 336,546,812	$ 350,408,496	$ 346,669,300	-1.07%	$ 365,277,800	5.37%
7093	110640	Next Generation 9-1-1 Fund	$0	$0	$ 1,890,000	N/A	$ 2,690,000	42.33%
7094	110641	Wireless 9-1-1 Government Assistance Fund	$0	$0	$ 11,110,000	N/A	$ 23,310,000	109.81%
7099	762902	Permissive Tax Distribution - Auto Registration	$0	$0	$ 184,000,000	N/A	$ 184,000,000	0.00%
Agency Fund Group Total			**$ 2,245,084,181**	**$ 2,436,108,684**	**$ 2,765,328,301**	**13.51%**	**$ 2,890,131,326**	**4.51%**
R045	110617	International Fuel Tax Distribution	$ 40,422,399	$ 39,211,832	$ 40,000,000	2.01%	$ 40,000,000	0.00%
Holding Account Redistribution Fund Group Total			**$ 40,422,399**	**$ 39,211,832**	**$ 40,000,000**	**2.01%**	**$ 40,000,000**	**0.00%**
7049	038900	Indigent Drivers Alcohol Treatment	$ 2,050,650	$ 1,819,541	$0	N/A	$0	N/A
7049	335900	Indigent Drivers Alcohol Treatment	$0	$0	$ 2,250,000	N/A	$ 2,250,000	0.00%
7050	762900	International Registration Plan Distribution	$ 15,644,416	$ 15,042,297	$ 30,000,000	99.44%	$ 30,000,000	0.00%
7051	762901	Auto Registration Distribution	$ 473,898,744	$ 477,056,491	$ 360,000,000	-24.54%	$ 360,000,000	0.00%
7054	110954	Local Government Property Tax Replacement - Utility	$ 12,428,556	$ 12,106,177	$ 5,649,000	-53.34%	$ 5,649,000	0.00%

Line Item Detail by Agency

			FY 2012	FY 2013	Appropriation FY 2014	FY 2013 to FY 2014 % Change	Appropriation FY 2015	FY 2014 to FY 2015 % Change
RDF	**Revenue Distribution Funds**							
7060	110960	Gasoline Excise Tax Fund	$ 364,527,675	$ 369,858,155	$ 395,000,000	6.80%	$ 395,000,000	0.00%
7065	110965	Public Library Fund	$ 352,167,638	$ 344,252,252	$ 359,300,000	4.37%	$ 369,000,000	2.70%
7066	800966	Undivided Liquor Permits	$ 14,318,961	$ 14,329,450	$ 14,100,000	-1.60%	$ 14,100,000	0.00%
7068	110968	State and Local Government Highway Distribution	$ 187,275,297	$ 185,836,895	$ 196,000,000	5.47%	$ 196,000,000	0.00%
7069	110969	Local Government Fund	$ 594,483,565	$ 348,666,532	$ 363,600,000	4.28%	$ 376,400,000	3.52%
7081	110981	Local Government Property Tax Replacement - Business	$ 261,500,518	$ 181,698,003	$ 146,500,000	-19.37%	$ 107,900,000	-26.35%
7082	110982	Horse Racing Tax	$ 71,454	$ 69,817	$ 100,000	43.23%	$ 100,000	0.00%
7083	700900	Ohio Fairs Fund	$ 1,129,171	$ 1,023,815	$ 1,400,000	36.74%	$ 1,400,000	0.00%
7088	110900	Local Government Services Collaboration	$ 64,025	$0	$0	N/A	$0	N/A
	Revenue Distribution Fund Group Total		**$ 2,279,560,670**	**$ 1,951,759,424**	**$ 1,873,899,000**	**-3.99%**	**$ 1,857,799,000**	**-0.86%**
Revenue Distribution Funds Total			**$ 4,565,304,000**	**$ 4,516,340,425**	**$ 4,837,532,626**	**7.11%**	**$ 4,957,208,268**	**2.47%**