
OFFICE OF BUDGET AND MANAGEMENT

State appropriation limitations

- Modifies, starting July 1, 2027, how the state appropriation limitations (SAL) are calculated by requiring the inclusion of certain non-GRF appropriations in the SAL calculation.
- Eliminates the SAL alternative growth factor related to population growth and inflation.
- Eliminates the General Assembly's authority to exceed the SAL in response to an emergency proclamation by the Governor.
- Requires the Governor to itemize all non-GRF appropriation line items that are subject to the SAL as part of the Governor's biennial budget submissions.

Impact of federal grant suspension

- States that if the federal government reduces or suspends any federal program that provides funding for a corresponding state program, that state program may be reduced or suspended.

OBM support services

- Requires OBM to perform routine support services for the New African Immigrants Commission.
- Authorizes OBM to perform routine support services for any board or commission upon request.

Targeted Addiction Assistance Fund

- Creates the Targeted Addiction Assistance Fund to receive all funding awarded to the state to address the effects of the opioid crisis.
- Specifies that, beginning January 15, 2027, any money received under the settlement agreement in *State of Ohio v. McKesson Corp.* must be certified by the Attorney General and sent to OBM for deposit in the fund.
- Requires the OBM Director to notify the Speaker of the House and Senate President when money is deposited into the fund.

State Land Royalty Fund

- Revises the requirements and procedures regarding the transfer of money derived from oil and gas leases on state land from the existing State Land Royalty Fund (SLRF) to individual funds administered by state agencies.
- Creates three funds for such transfers for DNR, the Division of Wildlife in DNR, and ODOT, but retains the current law authority for any other state agency to designate a fund for oil and gas lease deposits.

Computer data center tax exemption application

- Removes the OBM Director as one of the persons who receives, forwarded by the tax credit authority, copies of an application for a complete or partial tax exemption from a taxpayer who proposes a capital improvement project for an eligible computer data center.

Automated Title Processing Board

- Removes the OBM Director as a nonvoting member of the Automated Title Processing Board.

State appropriation limitations

(R.C. 107.032, 107.033, 107.034, repealed, 107.035, 131.56, 131.57, and 131.58; Section 701.60)

SAL calculation

The bill changes how the state appropriation limitations (SAL) are calculated starting in FY 2028 (starting July 1, 2027). Under continuing law, the Governor must include the SAL as part of the executive budget proposal at the beginning of each new General Assembly. The bill also explicitly directs the Governor to take the bill's changes into account when calculating the SAL for FY 2028. Generally, the SAL limits the growth of GRF spending to a designated percentage each biennium. For more background on the SAL, please see LSC's [Guidebook for Ohio Legislators, Chapter 8 \(PDF\)](#), available on LSC's website at lsc.ohio.gov.

Non-GRF appropriations to be included in SAL calculation

The bill includes in the meaning of "aggregate GRF appropriations" any appropriations made indirectly from any non-GRF fund that is supported by cash transfers from the GRF. For example, if a program is funded by a non-GRF fund, but that fund's money originates with GRF cash transfers, the program's appropriations must be included as "aggregate GRF appropriations" despite being appropriated from a non-GRF fund. This will likely result in more appropriations being classified as aggregate GRF appropriations and thus subject to the SAL.

Under continuing law, an appropriation that originates in the GRF will continue to be included in the SAL calculation even if that appropriation is subsequently moved to a non-GRF account. The bill further states that any tax revenue credited to the GRF during FYs 2026 and 2027 is a GRF tax source funding GRF appropriations for the succeeding fiscal year even if the tax revenue is later credited to a non-GRF account. As a hypothetical, this means that if the commercial activity tax (CAT), which is credited to the GRF in FY 2026, is credited to a non-GRF account starting in FY 2028, those non-GRF appropriations paid for by the CAT revenue would still be included in the calculation of the SAL, even though they were funded at that time from a non-GRF account. This change will ensure that all appropriations supported by GRF tax revenue during FYs 2026 and 2027 will be included permanently in the SAL calculation.

SAL growth factor

The bill revises the growth factor for calculating the SAL. It retains the SAL growth factor at 3.5%, but eliminates the alternative growth factor based on inflation and population growth. Under current law, the SAL is calculated using the greater of the following figures:

- The previous year's SAL (or aggregate GRF appropriations for the previous fiscal year, in certain years) multiplied by 3.5% (standard growth factor);
- The sum of the rate of inflation plus the rate of population change (alternative growth factor).

As a result of the bill's change, the SAL must be calculated using the 3.5% standard growth factor only.

Elimination of SAL exception for emergency proclamation

Also taking effect in FY 2028, the bill eliminates an exception permitting the General Assembly to exceed the SAL if the excess appropriations are made in response to a Governor's emergency proclamation and the appropriations are used for that emergency. The bill retains the current exception permitting the General Assembly to exceed the SAL by passing a bill by a $\frac{2}{3}$ majority of the members of each house that identifies the purpose of the excess appropriation and whether the appropriation must be included in future SAL calculations.

List of non-GRF appropriation items subject to SAL

Finally, the bill requires the Governor to identify in the executive budget proposal all non-GRF appropriation line items (ALIs) that are subject to the SAL for the current fiscal year. If the Governor decides to continue funding any of those non-GRF line items, the Governor must, to the greatest extent possible, propose funding for those non-GRF line items from the GRF for each respective fiscal year of the biennium covered by that budget. Also, as part of the proposal, the Governor must include a table listing any remaining non-GRF ALIs that are subject to the SAL for the current fiscal year and for each respective fiscal year of the biennium covered by that budget.

Impact of federal grant suspension

(R.C. 126.10)

The bill states that, notwithstanding any provision of law to the contrary, if the federal government reduces or suspends any federal program that provides federal funds for any corresponding state program, that state program may be reduced or suspended. The bill does not specify who makes the determination to reduce or suspend the program. That reduction or suspension includes any contract, agreement, memorandum of understanding, or any other covenant entered into by the state that is dependent on federal funding.

The bill defines a state program as any program, initiative, or service administered or overseen by an agency, which includes any board, department, division, commission, bureau, society, council, or public institution of higher education, but does not include the General Assembly, the Controlling Board, the Adjutant General, or any court.

OBM support services

(R.C. 126.42)

The bill requires the Office of Budget and Management (OBM) to provide routine support services for the New African Immigrants Commission, in addition to the 16 other boards that currently must receive these services. Also, the bill authorizes OBM to perform routine support services for any board or commission upon request. Current law provides discretionary authority for OBM to perform the services for any professional or occupational licensing board or commission.

Under continuing law, routine support services include tasks such as preparing and processing payroll, maintaining ledgers of accounts and balances, and routine human resources and personnel services.

Targeted Addiction Assistance Fund

(R.C. 126.67)

The Targeted Addiction Assistance Fund is created in the state treasury, to consist of all money awarded to the state by court order that is intended to address the effects of the opioid crisis. The bill specifies that, beginning January 15, 2027, any money received under the settlement agreement in *State of Ohio v. McKesson Corp.*, Case No. CVH20180055 (C.P. Madison Co., settlement agreement of October 7, 2021) must be certified by the Attorney General and sent to OBM for deposit in the fund. The OBM Director must notify the Speaker of the House and Senate President when money is deposited into the fund.

State Land Royalty Fund

(R.C. 131.50)

The bill revises the requirements and procedures regarding money transferred from the existing State Land Royalty Fund (SLRF). The SLRF is the fund into which money is credited from the proceeds of oil and gas leases entered into by state agencies. Under current law, the Treasurer of State, in consultation with OBM, must transfer money from the SLRF to the appropriate fund designated by a state agency.

The bill moves from the Treasurer of State to OBM the responsibility to transfer funds from the SLRF. It also creates three new funds that must be used for deposits intended for DNR, the Division of Wildlife in DNR, and ODOT – the Natural Resources Land Royalty Fund, the Wildlife Land Royalty Fund, and the Transportation Land Royalty Fund. It eliminates the requirement that money from the SLRF be transferred to funds administered by divisions in DNR after consultation with the DNR Director. For other state agencies, the bill retains the current law authority for any other state agency to designate a fund for oil and gas lease deposits.

Computer data center tax exemption application

(R.C. 122.175)

The bill removes the OBM Director as one of the persons who receives, forwarded by the tax credit authority, copies of an application for a complete or partial tax exemption from a

taxpayer who proposes a capital improvement project for an eligible computer data center. Under continuing law, the Tax Commissioner and Director of Development receive copies of the application and review the application to determine the economic impact that the proposed eligible computer data center would have on Ohio and any affected political subdivisions. The Tax Commissioner and Director submit a summary of their determinations to the tax credit authority. Upon review of the determinations, the tax credit authority may enter into an agreement with the applicant and any other taxpayer that operates a computer data center business at the project site for a complete or partial tax exemption on the taxes imposed on computer data center equipment used or to be used at an eligible data center.

Automated Title Processing Board

(R.C. 4505.09)

The bill removes the OBM Director as a nonvoting member from the Automated Title Processing Board. The Board facilitates the operation and maintenance of an automated title processing system and approves the procurement of automated title processing system equipment and ribbons, cartridges, or other devices necessary for the operation of the equipment. Under continuing law, the Chief of the Division of Parks and Watercraft in DNR or the Chief's designee and the Tax Commissioner or Commissioner's designee are nonvoting members of the Board. The Board also consists of five voting members, which includes the Deputy Registrar or Registrar's representative, a person selected by the Registrar, the President of the Ohio Clerks of Courts Association or the President's representative, and two clerks of courts of common pleas appointed by the Governor.

Under continuing law, the Board determines the following:

- The automated title processing equipment and certificates of title requirements for each county;
- The payment of expenses that may be incurred by the counties in implementing an automated title processing system;
- The repayment to the counties for existing title processing equipment; and
- With the approval of the DPS Director, award of grants from the automated title processing fund to the clerk of courts of any county who employs a person who assists with the design of, updates to, tests of, installation of, or any other activity related to an automated title processing system.