



Sub. H.B. 129

124th General Assembly
(As Reported by H. Ways & Means)

Reps. Webster, Bocchieri, Peterson, Cates, Jolivette, Hughes, Allen, Husted, Calvert, Hoops, Faber, Carey, Carano, Coates

BILL SUMMARY

? Permits county budget commissions to waive the requirement that local governments adopt annual tax budgets.

CONTENT AND OPERATION

Waiving tax budgets

Under current law, local taxing authorities must adopt an annual tax budget unless the county budget commission votes to waive the requirement. The budget commission may waive the requirement only for subdivisions entitled to a share of Local Government Fund (LGF) and Local Government Revenue Assistance Fund (LGRAF) distributions and only if LGF and LGRAF moneys are apportioned among subdivisions in the county under an "alternative" distribution arrangement (i.e., alternative to the statutory formula).¹ In lieu of waiving the requirement entirely, the budget commission may permit subdivisions to adopt modified tax budgets that contain only the information needed by the commission to determine how the funds are to be distributed under the alternative method. School district tax budgets, for example, may not be waived or adopted in a modified form because they are not entitled to any LGF or LGRAF money.

¹ *LGF and LGRAF money originates from various state taxes, including the personal income, corporation franchise, sales/use, and public utilities gross receipts taxes. The money is allocated among the 88 counties, at which point it is distributed among subdivisions in the county either on the basis of a "default" statutory formula or, as in the case of almost every county, on the basis of an alternative method approved by the board of county commissioners, the most populous city in the county, and a majority of the other municipal corporations and townships in the county under the auspices of the budget commission.*

The bill permits county budget commissions to waive the tax budget requirement for any kind of subdivision and regardless of whether LGF and LGRAF money is distributed under an alternative method. In lieu of a tax budget, a county budget commission may require a subdivision to submit any information the commission needs to perform its statutory duties, including the rate of each of the subdivision's tax rates (as classified according to the purpose of the tax and whether it is a voted or unvoted tax).

References throughout the Revised Code to tax budgets are eliminated or modified, as appropriate, to reflect the possibility that a subdivision may not have adopted a tax budget (for example, in the law governing subdivisions in a state of fiscal watch or fiscal emergency). In the case of taxpayer appeals to the Board of Tax Appeals under section 5705.341 (alleging excessive or insufficient subdivision property tax rates to support the budget), an appeal may be based on any information that a county budget commission requires the subdivision to submit in lieu of the tax budget.

Background--tax budgets and county budget commissions

Tax budgets contain information regarding expenditures and estimated receipts, classified according to the purpose of the expenditure and the source of the receipts. Under the law, tax budgets serve a number of functions, including the following:

- ? To determine whether unvoted taxes (without any adjustment by the budget commission) exceed the 10-mill limitation. (Secs. 5705.31 to 5705.312 and 5705.32.)
- ? To indicate the amount of money available for expenditure or appropriation from each of a subdivision's funds. (Sec. 5705.35.)
- ? To serve as the basis for taxpayer appeals from allegedly excessive or insufficient tax rates and tax collections (taxpayers are required to refer to the tax rates and budget needs as set forth in the tax budget). (Sec. 5705.341.)
- ? To provide a basis on which LGF and LGRAF money is distributed among subdivisions in a county when the statutory distribution formula is used instead of an alternative method. (Secs. 5747.51 and 5747.62.)

In practice, the tax budget is not necessarily the only source of information available to serve these functions. For example, certificates of estimated resources, which are based on actual balances and receipts rather than the early

estimates contained in tax budgets, may be a more accurate indicator of the funds available for appropriation from a subdivision's funds.

County budget commissions are composed of the county auditor, county treasurer, and county prosecuting attorney; two additional public members may be elected to the commission if a petition for their election is approved by county voters. Budget commissions oversee the allocation of LGF, LGRAF, and Library and Local Government Support Fund (LLGSF) money among subdivisions in the county; review subdivision budgets; certify the amount of money available for appropriation by taxing authorities; and allocate unvoted millage and approve property tax levies (the commissions' authority in these last regards is limited by law).

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	02-27-01	p. 185
Reported, H. Ways & Means	09-25-01	p. 856

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