

# Legislative Budget Office of the Legislative Service Commission

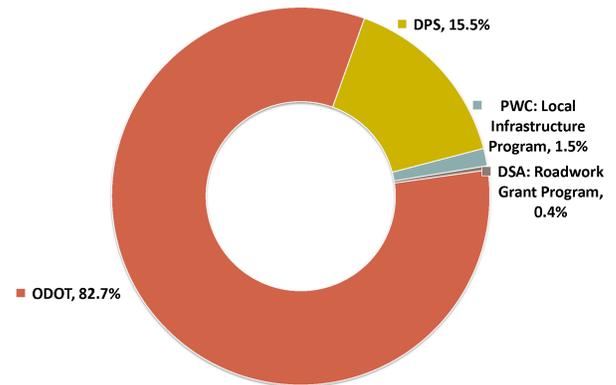
## Transportation Budget in Brief

### House Bill 62 – As Enacted

[www.lsc.ohio.gov/Budget Central](http://www.lsc.ohio.gov/BudgetCentral)

- ◇ Most of the appropriations in H.B. 62 are supported by federal highway aid as well as state motor fuel tax revenues and motor vehicle related taxes and fees.
- ◇ Beginning July 1, 2019, H.B. 62 increases the state motor fuel tax (MFT) rate by 10.5¢ to 38.5¢ per gallon for gasoline and by 19¢ to 47¢ per gallon for other motor fuels and subjects compressed natural gas (CNG) to the MFT. However, it phases in the 47¢ per gallon rate for CNG over five years.
- \* Generates about \$865 million in additional funding in each of FY 2020 and FY 2021 for state and local transportation infrastructure projects
- \* Exempts schools, county developmental disabilities boards, and transit systems from the MFT increases.
- \* Allocates 55% of the new MFT revenue to ODOT and 45% to local governments, in comparison with the about 60% and 40% split for the pre-H.B. 62 rate of 28¢ per gallon in recent years.
- ◇ H.B. 62 increases GRF funding for public transit from \$6.5 million per year in the current biennium to \$70 million per year in the FY 2020-FY 2021 biennium. This funding increase allows ODOT to use the portion of federal highway aid that would otherwise be set aside for public transit for road and bridge projects.

#### FY 2020-FY 2021 transportation budget by agency



**Biennial Total: \$8.50 billion**

- ◇ The Ohio Department of Transportation (ODOT) comprises the largest share of the transportation budget, followed by the Department of Safety (DPS). Together, they account for just over 98% of the total biennial appropriation in H.B. 62.
- ◇ PWC's and DSA's programs included in H.B. 62 are funded by state motor fuel tax related revenues.

Agency/Fund Group	FY 2018 (Actual)	FY 2019 (Estimate)	FY 2020 (Appropriation)	FY 2021 (Appropriation)
<b>Department of Transportation</b>				
GRF	\$0	\$0	\$70,000,000	\$70,000,000
Highway Operating	\$2,787,449,546	\$2,763,158,835	\$3,314,987,698	\$3,304,952,391
Other	\$367,672,621	\$371,393,999	\$136,148,356	\$134,597,065
DOT Total	\$3,155,122,167	\$3,134,552,834	\$3,521,136,054	\$3,509,549,456
% Change	—	-0.7%	12.3%	-0.3%
<b>Department of Public Safety</b>				
GRF	\$0	\$0	\$0	\$35,000,000
Highway Safety	\$502,072,231	\$539,643,162	\$584,493,868	\$592,807,136
Other	\$36,539,224	\$51,903,851	\$50,753,170	\$50,851,761
DPS Total	\$538,611,455	\$591,547,013	\$635,247,038	\$678,658,897
% Change	—	9.8%	7.4%	6.8%
<b>Public Works Commission's Local Infrastructure Improvement Program</b>				
Dedicated Purpose/PWC Total	\$52,714,195	\$67,286,235	\$63,374,938	\$63,303,311
% Change	—	27.6%	-5.8%	-0.1%
<b>Development Services Agency's Roadwork Development Grant Program</b>				
Dedicated Purpose/DSA Total	\$17,342,060	\$15,200,000	\$15,200,000	\$15,200,000
% Change	—	-12.4%	0.0%	0.0%
<b>Transportation Budget (H.B. 62) Total</b>	<b>\$3,763,789,878</b>	<b>\$3,808,586,082</b>	<b>\$4,234,958,030</b>	<b>\$4,266,711,664</b>
% Change	—	1.2%	11.2%	0.7%

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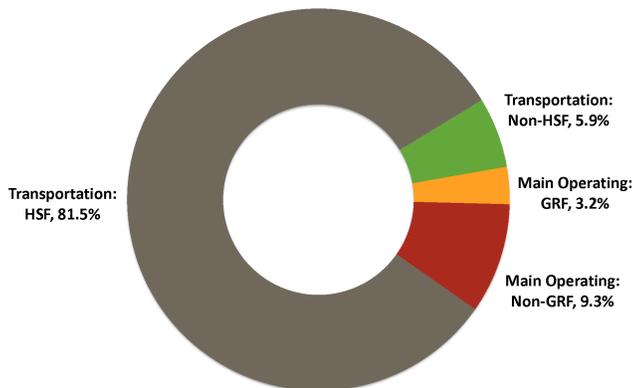
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- ◇ The budget increases the amount of the nonrefundable state earned income tax credit (EITC) from 10% to 30% of the taxpayer’s federal EITC for tax years beginning on or after January 1, 2019, and removes a mechanism that limits the credit to no more than 50% of the taxpayer’s liability if the taxpayer’s Ohio adjusted gross income exceeds \$20,000. This provision is expected to increase the state EITC and decrease state personal income tax revenue by about \$38 million per year.
- ◇ The budget appropriates \$35 million in FY 2021 from the GRF to help support the Ohio State Highway Patrol operations and subjects the release of this funding to OBM’s approval. The budget also transfers the unexpended balance of the \$10.6 million capital funding from the Public Safety—Highway Purposes Fund (5TMO) that was established in H.B. 529, the capital budget of the 132nd G.A., to the Administrative Building Fund (7026) to make available more moneys from Fund 5TMO for the DPS operations
- ◇ The budget establishes, effective January 1, 2020, an additional registration fee of \$200 for a plug-in electric motor vehicle and \$100 for a hybrid motor vehicle and distributes 55% of this revenue to ODOT and the remaining 45% to local governments for roads and bridges. These two fees are expected to generate additional registration revenue of \$7.3 million in FY 2020 and \$15.8 million in FY 2021.
- ◇ The budget authorizes municipal corporations and townships to levy an additional \$5 motor vehicle registration fee for specified purposes, including the costs associated with roads and bridges, as well as street and traffic signs, markers, and signals. The budget also modifies how the new MFT revenue is to be distributed to townships, resulting in an increase of about \$9 million per year to townships and decreases of about \$3 million each to ODOT, municipalities, and counties.
- ◇ The budget authorizes additional expenditures, if cash is available, from the GRF and various non-GRF funds to process in FY 2019 instead of FY 2020 the 27th paycheck for state employees, which occurs once every decade or so.

DPS FY 2018 Expenditures by Budget

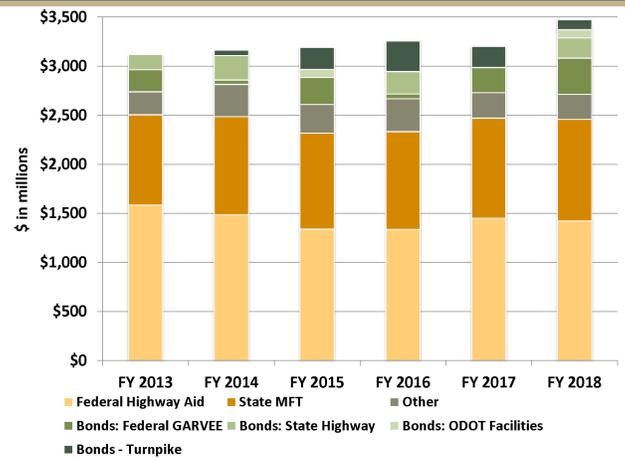


**FY 2018 Total Expenditures: \$615.7 million = \$538.6 million (Transportation) + \$77.1 million (Main Operating)**

Ohio Department of Public Safety

- ◇ DPS is mainly funded in the transportation budget (e.g., 87.5% in FY 2018) but it also receives some funding from the main operating budget (12.5% in FY 2018).
- ◇ The appropriations included in the transportation budget are mainly supported by taxes, fees, and fines related to vehicle registration and titles, driver’s licenses, and moving violations.
- ◇ DPS employee headcount totaled about 3,960 in January 2019, of which about 2,560 were assigned to the Ohio State Highway Patrol and about 680 to the Bureau of Motor Vehicles (BMV).
  - \* DPS, the third largest state employer, accounted for just under 8% of the total state employee headcount in January 2019.
- ◇ Payroll or personal services is the largest spending area of the DPS budget (63.1% of total spending in FY 2018).

ODOT Revenues by Source, FY 2013-FY 2018



**FY 2018 Total Revenues: \$3.47 billion**

Ohio Department of Transportation

- ◇ ODOT is primarily funded in the transportation budget but a small share of its budget (e.g., 0.5% in FY 2018) comes from the main operating budget.
- ◇ ODOT’s primary funding sources are: (1) the federal Highway Trust Fund, (2) the Ohio motor fuel tax, and (3) bond proceeds.
  - \* The bond proceeds’ combined share of ODOT’s total revenue increased from 12.2% in FY 2013 to 21.9% in FY 2018.
- ◇ As the second largest state employer, ODOT employee headcount totaled about 5,500 in January 2019, representing just under 11% of the total state employee headcount in that month. Payroll or personal services accounted for 14.2% of ODOT’s total spending in FY 2018.
- ◇ Capital improvements is the largest spending area of the ODOT budget (68.4% of total spending in FY 2018).