Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL: **Am. Sub. S.B. 230** DATE: **March 25, 1998**

STATUS: **As Passed by the General Assembly** SPONSOR: **Sen. Ray**

LOCAL IMPACT STATEMENT REQUIRED: **No** **Excluded by ORC 103.143 (F)**

CONTENTS: **Capital Reappropriations for FYs 1999-2000, Public Works Appropriations for FYs1999-2000, certain budget adjustments, and the elimination of the Elected Officials Compensation Commission. Further specification of the form of the property tax relief authorized by HB 697.**

State Fiscal Highlights

STATE FUND - Appropriations/Expenditures	FY1998	FY99-00 BIENNIUM
Reappropriations		
General Revenue Fund	-0-	$10,851,009 increase
Public School Building Fund	-0-	$238,000,000 increase
Administrative Building Fund	-0-	$180,953,573 increase
Adult Correctional Bldg. Fund	-0-	$234,502,112 increase
School Bldg. Program Assistance Fund	-0-	$120,000,000 increase
Higher Education Improvement Fund	-0-	$569,240,335 increase
Capital Improvements Fund	-0-	$243,288,984 increase
Other State Funds	-0-	$388,507,948 increase
New Appropriations		
Capital Improvements Fund	-0-	$250,000,000 increase
Capital Improvements Revolving Loan Fund	-0-	$43,000,000 increase
Budget Adjustments		
Highway Operating Fund	$204,584 increase	-0-
Permanent Law Changes		
General Revenue Fund	-0-	$1,000 annual decrease

- Reappropriated moneys total about $2.0 billion ($1,985,343,961).
- The Public Works Commission received the only new appropriations in the bill: $250,000,000 in the State Capital Improvements Fund and $43,000,000 in the State Capital Improvements Revolving Loan Fund. These moneys will go to local governments to begin or continue capital projects.

- An additional $204,584 is appropriated to the Department of Transportation's line item 777-477, State Aviation Infrastructure Bank. These moneys came from the sale of the Fiala Center in Portage County. The bill provides for the 1999 appropriation of any of these moneys not used in fiscal year 1998.

- The bill also eliminates the Elected Officials Compensation Commission. This elimination will result in savings of roughly $1,000 per year for travel reimbursement expenses for Commission members.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1998	FY99-00 BIENNIUM
Zanesville Municipal Airport		
Revenues	$102,292 gain	-0-
Expenditures	-0-	-0-
Akron-Fulton International Airport		
Revenues	$102,292 gain	-0-
Expenditures	-0-	-0-
Local Governments		
Revenues	-0-	$293,000,000 gain
Expenditures	-0-	-0-

Note: Reappropriations do not appear in this section since they are moneys that have been previously appropriated.

- The $293 million which is appropriated the Public Works Commission will go to local governments in the form of loans and grants to begin or continue capital projects.

- Zanesville Municipal Airport and the Akron-Fulton International Airport will share $204,584 through the Department of Transportation's State Aviation Infrastructure Bank.

Detailed Fiscal Analysis

Reappropriations

TOTAL REAPPROPRIATIONS[1] BY FUND BY AGENCY
FYs 1999-2000

	Divisions	Departments
GENERAL REVENUE FUND		
Department of Administrative Services		$4,685,656
Arts and Sports Facilities Commission		$166,668
Bureau of Employment Services		$99,398
Department of Natural Resources		$5,199,287
Department of Transportation		$700,000
TOTAL GENERAL REVENUE FUND		$10,851,009
WILDLIFE FUND		
Department of Natural Resources		$15,487,916
PUBLIC SCHOOL BUILDING FUND		
School Facilities Commission		$238,000,000
HIGHWAY SAFETY FUND		
Department of Public Safety		$6,068,599
WATERWAYS SAFETY FUND		
Department of Natural Resources		$2,311,543
UNDERGROUND PARKING GARAGE OPERATING FUND		
Capital Square Review and Advisory Board		$700,000
SPECIAL ADMINISTRATIVE FUND		
Bureau of Employment Services		$97,488
VETERANS' HOME IMPROVEMENT FUND		
Ohio Veterans' Home		$1,608,702
HIGHWAY SAFETY BUILDING FUND		
Department of Public Safety		$31,030,312

[1] Amounts are estimates of what will be reappropriated effective July 1, 1998.

TOTAL REAPPROPRIATIONS[1] BY FUND BY AGENCY
FYs 1999-2000

	Divisions	Departments
ADMINISTRATIVE BUILDING FUND		
Adjutant General		$6,440,920
Department of Administrative Services		$97,848,246
Department of Aging		$223,987
Department of Agriculture		$7,558,495
Attorney General		$16,662,810
Capital Square Review and Advisory Board		$500,000
Department of Commerce		$2,041,632
Bureau of Employment Services		$1,033,222
Expositions Commission		$2,486,024
Department of Health		$160,739
Net Office of Information, Learning and Technology Services		$34,420,661
Department of Natural Resources		$7,807,674
Department of Public Safety		$1,195,783
School for the Blind		$641,359
School for the Deaf		$1,932,021
TOTAL ADMINISTRATIVE BUILDING FUND		$180,953,573
ADULT CORRECTIONAL BUILDING FUND		
Department of Rehabilitation and Correction		
Statewide	$113,322,159	
Administrative Maximum Security Prison	$23,385	
Allen Correctional Institution	$70,781	
Belmont Correctional Institution	$236,115	
Chillicothe Correctional Institution	$7,967,309	
Correctional Reception Center	$138,975	
Correctional Training Academy	$1,299,828	
Franklin Pre-Release Center	$85,500	
Grafton Correctional Institution	$149,477	
Hocking Correctional Institution	$2,308	
Lebanon Correctional Institution	$2,549,450	
Lima Correctional Institution	$2,524,616	
London Correctional Institution	$8,686,169	
Lorain Correctional Institution	$98,800	
Mansfield Correctional Institution	$632,536	
Marion Correctional Institution	$2,851,806	
Northwest Ohio Close Security Prison	$67,452,490	
Oakwood Correctional Facility	$879,000	
Ohio Reformatory for Women	$6,183,155	
Orient Correctional Institution	$2,962,642	

[1] Amounts are estimates of what will be reappropriated effective July 1, 1998.

TOTAL REAPPROPRIATIONS[1] BY FUND BY AGENCY
FYs 1999-2000

	Divisions	Departments
Department of Rehabilitation and Correction- continued		
Pickaway Correctional Institution	$4,210,234	
Richland Correctional Institution	$766,742	
Southeastern Correctional Institution	$6,297,893	
Southern Ohio Correctional Institution	$4,971,906	
Trumbull Correctional Institution	$138,836	
TOTAL Department of Rehabilitation and Corrections		$234,502,112
TOTAL ADULT CORRECTIONAL BUILDING FUND		$234,502,112
JUVENILE CORRECTIONAL BUILDING FUND		
Department of Youth Services		$87,650,409
TRANSPORTATION BUILDING FUND		
Department of Transportation		$44,885,982
ARTS FACILITIES BUILDING FUND		
Arts Facilities Commission		$41,986,101
OHIO PARKS AND NATURAL RESOURCES FUND		
Department of Natural Resources		$97,258,829
SCHOOL BUILDING PROGRAM ASSISTANCE FUND		
School Facilities Commission		$120,000,000
MENTAL HEALTH FACILITIES IMPROVEMENT FUND		
Department of Alcohol and Drug Addiction Services		$3,082,875
Department of Mental Health		
Statewide Projects	$3,927,000	
Cambridge Psychiatric Hospital	$11,000	
Southeast Psychiatric Hospital	$5,000	
Fallsview Psychiatric Hospital	$4,000	
Massillon Psychiatric Center	$2,000	
Millcreek Psychiatric Center for Children	$1,000	
Northcoast Behavioral Health Care- North Campus	$3,000	
Northcoast Behavioral Health Care- South Campus	$21,000	
Northwest Psychiatric Hospital	$729,250	
Pauline Warfield Lewis Center	$156,700	
Rollman Center	$6,000	
Southeast and Central Regions	$2,000	
Southwest Region	$201,000	

[1] Amounts are estimates of what will be reappropriated effective July 1, 1998.

TOTAL REAPPROPRIATIONS[1] BY FUND BY AGENCY
FYs 1999-2000

	Divisions	Departments
Department of Mental Health-continued		
Twin Valley Psychiatric System-Central Ohio	$34,909	
Twin Valley Psychiatric System-Dayton Mental Health Ctr	$2,000	
TOTAL Department of Mental Health		$5,105,859
Department of Mental Retardation and Developmental Disabilities		
Statewide Projects	$8,865,669	
Apple Creek Developmental Center	$1,033,247	
Cambridge Developmental Center	$45,000	
Columbus Developmental Center	$245,331	
Gallipolis Developmental Center	$317,293	
Montgomery Developmental Center	$10,000	
Mt. Vernon Developmental Center	$96,000	
Northwest Ohio Developmental Center	$475,000	
Southwest Ohio Developmental Center	$74,879	
Springview Developmental Center	$24,000	
Tiffin Developmental Center	$318,000	
Warrensville Developmental Center	$546,740	
Youngstown Developmental Center	$524,895	
TOTAL Mental Retardation and Developmental Disabilities		$12,576,054
TOTAL MENTAL HEALTH FACILITIES IMPROVEMENT FUND		$20,764,788
HIGHER EDUCATION IMPROVEMENT FUND		
Board of Regents	$23,092,060	
University of Akron	$31,325,411	
Bowling Green State University	$21,991,669	
Central State University	$6,604,520	
University of Cincinnati	$62,596,026	
Cleveland State University	$22,941,047	
Kent State University	$37,056,171	
Miami University	$36,221,835	
Ohio State University	$129,297,099	
Ohio University	$34,038,498	
Shawnee State University	$5,133,584	
University of Toledo	$19,334,701	
Wright State University	$33,248,480	
Youngstown State University	$6,436,620	
Northeastern Ohio Universities College of Medicine	$4,948,334	
Medical College of Ohio	$5,151,247	
University Hospitals, Case Western Reserve University	$3,937,209	
Cincinnati State Technical and Community College	$3,097,336	
Clark State Community College	$1,701,119	

[1] Amounts are estimates of what will be reappropriated effective July 1, 1998.

TOTAL REAPPROPRIATIONS[1] BY FUND BY AGENCY
FYs 1999-2000

	Divisions	Departments
HIGHER EDUCATION IMPROVEMENT FUND-continued		
Columbus State Community College	$18,900,394	
Cuyahoga Community College	$11,749,753	
Edison State Community College	$264,161	
Jefferson Community College	$291,075	
Lakeland Community College	$947,061	
Lorain Community College	$1,229,819	
Northwest State Community College	$943,799	
Owens Community College	$2,956,920	
Rio Grande Community College	$1,431,485	
Sinclair Community College	$12,988,000	
Southern State Community College	$7,659,411	
Terra State Community College	$224,289	
Washington State Community College	$3,126,959	
Belmont Technical College	$1,520,573	
Central Ohio Technical College	$812,370	
Hocking Technical College	$6,511,998	
Lima Technical College	$3,420,046	
Muskingum Area Technical College	$874,210	
Marion Technical College	$196,056	
North Central Technical College	$694,638	
Stark Technical College	$4,343,792	
TOTAL HIGHER EDUCATION IMPROVEMENT FUND		$569,240,335
PARKS AND RECREATION IMPROVEMENT FUND		
Department of Natural Resources		$38,657,279
STATE CAPITAL IMPROVEMENT FUND		
Public Works Commission		$243,288,984
TOTAL REAPPROPRIATIONS, ALL FUNDS		$1,985,343,961

[1] Amounts are estimates of what will be reappropriated effective July 1, 1998.

New Appropriations

The bill provides for the appropriation of new money for the Public Works Commission. In the State Capital Improvements Fund (Fund 038), $250,000,000 will be appropriated for line item CAP-150, Local Public Infrastructure. The State Capital Improvements Revolving Loan Fund (Fund 040) will receive a total of $43,000,000 in appropriations to line item CAP-151 Revolving Loan. Revenues to the State Capital Improvements Revolving Loan Fund consist of all repayments of loans made to political subdivisions for capital improvements; investment earnings on moneys in the fund; and moneys received from federal or private grants, or from other sources for the purpose of making loans used to finance the cost of capital improvement projects of political subdivisions.

Budget Adjustments

S.B. 230 instructs the Director of Budget and Management to transfer cash from Fund 212 to Fund 213 within the Highway Operating Fund Group. The amount of the transfer, $204,584, is the proceeds received from the sale of the Fiala Center in Portage County. These moneys are then appropriated to line item 777-477, Aviation Infrastructure Bank-State and are to be distributed by the Department of Transportation to the Zanesville Municipal Airport and the Akron-Fulton International Airport. Distribution of the moneys is to be in accordance with Section 115 of Am. Sub. H.B. 215 of the 122nd General Assembly, which stipulates that each airport receive one-half of the total proceeds.

Permanent Law Changes

The bill eliminates the Elected Officials Compensation Commission. Since members of the commission receive no compensation and are only reimbursed for reasonable expenses incurred in the performance of their duties, the elimination of the Commission should result in minimal savings. It is estimated that the state will realize roughly $1,000 in savings in travel reimbursement expenses for Commission members.

The bill also clarifies current permanent law in regards to the issuance of bonds. The Commissioners of the Sinking Fund, upon the request of the Director of Transportation, is authorized to issue and sell obligations of the State in the aggregate amount of $432,500,000 **in addition to the original issuance of obligations heretofore authorized by prior acts of the General Assembly**. This results in no additional change in amounts authorized but merely clarifies language to better reflect the intent of existing permanent law.

Property Tax Relief

The bill provides further details about the property tax relief required by HB 697, if the 1% increase in the state sales tax (Issue 2) is approved by Ohio voters on May 5th. The bill states that the General Assembly shall pass a law providing Ohio homeowners with an annual property tax credit equal to at least the lesser of 15% or $275. Whether this credit would apply directly to the taxpayer's property tax bill or be claimed on the taxpayer's income tax return is not stated.

Many other "cash flow" considerations remain to be addressed, such as exactly when during the year the credit is claimed, what year's taxes it is to be claimed against, etc. All these parameters affect the fiscal year estimates of the tax relief amounts. Without further specification of these parameters, LBO cannot say exactly how much the tax credit will be in any given year. However, under reasonable assumptions, the annual tax credit amount will approximately match the amount set aside for this purpose in HB 697, namely one-half of the annual revenue from the additional 1% sales tax.

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