



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [S.B. 257 of the 129th G.A.](#)

**Date:** December 12, 2011

**Status:** As Introduced

**Sponsor:** Sens. Daniels and Kearney

**Local Impact Statement Procedure Required:** No

**Contents:** Makes changes to the Local Government Innovation Program

### State Fiscal Highlights

- The bill changes the appropriations to Fund 5KN0 line item 195640, Local Government Innovation, under the Department of Development (DOD), from \$45 million in FY 2013 to \$175,000 in FY 2012 and \$44,825,000 in FY 2013. The bill requires cash transfers of the respective amounts in each fiscal year from the GRF to Fund 5KN0 to support the appropriations, and requires \$175,000 in each fiscal year to be used for administrative costs.
- The bill adds a requirement that principal and interest repayments on loans issued under the Local Government Innovation Program be deposited into the Local Government Innovation Fund (Fund 5KN0).
- The bill eliminates the requirement that Public Works Integrating Committees review applications for Local Government Innovation Fund awards. As the program is not yet operational, any costs that these committees would have borne will be avoided.

### Local Fiscal Highlights

- The amount available for awards to political subdivisions is slightly reduced in FY 2013, from \$44,825,000 to \$44,650,000, as a result of the changes in the allocations for administrative costs described above.
- The bill changes the population thresholds for the distribution of awards so that at least 30% of awards must now be issued to noncounty subdivisions with populations of at least 20,000 (instead of 50,000) or counties with populations of at least 235,000 (instead of 130,000), and another 30% must be issued to noncounty subdivisions or counties, respectively, with populations at or above those levels.

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## Detailed Fiscal Analysis

The bill makes changes to the law regarding the Local Government Innovation Program, which was originally established in H.B. 153, the FY 2012-FY 2013 biennial operating budget. That act established the Local Government Innovation Fund (Fund 5KN0) under the Department of Development (DOD) to provide loans and grants to eligible political subdivisions for certain collaborative innovation projects approved by the Local Government Innovation Council. Certain changes, such as adopting a general definition of "political subdivision" as opposed to enumerating all eligible entities, an alteration to the Council's membership, and certain other administrative changes, do not have any direct fiscal effect. However, the provisions described below do have a fiscal effect.

### **Appropriations changes and GRF cash transfer**

While H.B. 153 included an appropriation of \$45 million in FY 2013 for the program, it did not specify a funding source with which to capitalize Fund 5KN0. This bill remedies that by requiring cash transfers of \$175,000 in FY 2012 and \$44,825,000 in FY 2013 from the GRF to Fund 5KN0. In addition, the bill adds that any repayments of principal and interest on loans issued under the program are to be deposited into Fund 5KN0.

The bill also amends the appropriations accordingly, so that the program is funded at \$175,000 in FY 2012 and \$44,825,000 in FY 2013, for a total of \$45 million across the whole biennium, in line item 195640, Local Government Innovation. The bill also specifies that the entire \$175,000 appropriation in FY 2012, and \$175,000 of the FY 2013 appropriation, are to be used for administrative costs by the Department of Development. This effectively reduces the amount that will be available for awards in FY 2013 from \$44,825,000 to \$44,650,000.

### **Changes to population thresholds**

The original language establishing the program required at least 30% of all awards to be issued to noncounty political subdivisions with populations of under 50,000 or counties with populations of under 130,000, and another 30% of all awards to be issued to noncounty subdivisions or counties, respectively, with populations at or above those levels. The bill changes these thresholds to political subdivisions with populations of 20,000 and counties with populations of 235,000. This could have the effect of changing how awards will be distributed geographically under the program.

### **Local support requirement**

Under H.B. 153, political subdivisions seeking awards from the Local Government Innovation Fund would be required to submit proposals to their respective Public Works Integrating Committees, which would in turn submit them with comments to DOD, which would then pass them to the Local Government Innovation

Council. The bill eliminates this procedure, and instead requires that the Council develop and implement a means of ensuring local support for each grant or loan application submitted to DOD. As a result, Public Works Integrating Committees will no longer have a role in the Local Government Innovation Program and thus will not incur costs to review and submit applications to DOD as they would have under the administrative process outlined in H.B. 153.

*SB0257IN / th*