Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. S.B. 315 of the 129th G.A. **Date**: May 16, 2012

Status: As Passed by the Senate **Sponsor**: Sen. Jones

Local Impact Statement Procedure Required: No

Contents: Makes changes to energy and natural resources laws and programs

State Fiscal Highlights

Department of Natural Resources

- The Oil and Gas Well Fund (Fund 5180), the primary operating fund for the Division of Oil and Gas Resources Management, could receive new revenues from oil and gas drilling permits requiring unit operation of a pool. Any new revenues from this fee will likely offset some of the increased costs resulting from the implementation of several new oil and gas regulatory requirements.
- Fund 5180 is likely to incur additional expenses as a result of provisions requiring site reviews of horizontal well sites and the reporting of chemicals in various products, fluids, and other substances used in the production of oil and gas.
- The bill extends the period of validity of in-stream mining permits from two to five years, but retains the $500 renewal fee. As a result, there could be a reduction in revenues to the Surface Mining Fund (Fund 5270) used by the Division of Mineral Resources Management.

Public Utilities Commission of Ohio

- Increasing the magnitude of civil forfeitures for pipeline safety violations may increase revenues to the GRF. The GRF revenue increase, if any, will depend on the nature and the frequency of forfeitures assessed by the Public Utilities Commission of Ohio (PUCO).
- The bill changes the definition of a "major utility facility" that is subject to approval by the Ohio Power Siting Board (OPSB), and revises the application review process undertaken by OPSB. The changes may increase expenditures and affect future revenues to the Power Siting Board Fund (Fund 5610).
- Enforcing the newly defined gas pipeline safety standards may increase PUCO expenditures from the Pipeline Safety Fund (Fund 4L80).
- Requiring PUCO and the Ohio Department of Transportation (ODOT) to conduct the studies, reviews, and analysis duties specified in the bill will require additional

expenditures. The expenditures for PUCO and ODOT would be paid from the Public Utilities Fund (Fund 5F60) and Highway Operating Fund (Fund 7002), respectively.

Department of Development

- The bill allows the Ohio Department of Development (ODOD) to issue loans for projects (in addition to grants that are currently awarded) under the Alternative Fuel Transportation Program supported by the Alternative Fuel Transportation Fund (Fund 5CG0).
- The bill requires the Director of Budget and Management to transfer available cash in the Advanced Energy Research and Development Taxable Fund (Fund 7004) and the Advanced Energy Research and Development Fund (Fund 7005) to the Advanced Energy Fund (Fund 5M50). This will provide additional funding for the Advanced Energy Program.

Office of the Consumers' Counsel

- The bill increases the appropriation for the Office of the Consumers' Counsel by nearly $1.5 million in FY 2013.

Department of Job and Family Services

- The Office of Workforce Development in the Department of Job and Family Services will incur additional costs to comprehensively review the direct and indirect economic impact of business engaged in the production of horizontal wells in this state and, based on its findings, prepare an annual Ohio Workforce Report.

Tax credit against kilowatt-hour tax

- The bill creates a nonrefundable tax credit for contributions to energy education organizations, as defined by the bill, applicable against the kilowatt-hour (KWH) tax. The credit can be claimed by self-assessing purchasers (consumers that use more than 45 million kilowatt-hours of electricity per year) that make such contributions, provided that the contribution is made between January 1, 2013 and December 31, 2025. Up to $3 million in total credits will be allowed per year, and the GRF will bear 88% of the tax revenue losses. The School District Property Tax Replacement Fund (Fund 7053), and the Local Government Property Tax Replacement Fund (Fund 7054) will bear 9.0% and 3.0%, respectively, of the revenue losses.

Department of Administrative Services

- The bill requires the Office of Energy Services within the Department of Administrative Services (DAS) to review energy derived from cogeneration as part of the required life-cycle analysis for new construction and major renovations in state facilities that are estimated to exceed $50 million. The Office of Energy Services will incur some additional costs as a result. The Office is supported by capital project management fees deposited into the State Architect's Fund (Fund 1310).

State institutions of higher education

- The bill allows money in the State Land Royalty Fund collected from oil and gas royalties on a state college or university property to be used for operating costs related to that property if the institution is using the property for research, education, and outreach activities related to oil and gas exploration and development.

Local Fiscal Highlights

- Authorizing a tax credit against the kilowatt-hour tax for contributions to energy education organizations will reduce Local Government Fund (LGF) and Public Library Fund (PLF) revenues up to $87,000 per year for 14 years once the FY 2012-FY 2013 biennium ends. The revenue loss to the LGF and PLF is predicated upon the maximum annual GRF revenue loss because a portion of GRF tax receipts are subsequently transferred to the LGF and PLF.

Detailed Fiscal Analysis

The bill makes numerous changes to laws regarding energy and natural resources policy, including those affecting oil and gas production, mining, pipelines, utility facilities, utility rates, alternative energy requirements, energy efficiency in state buildings and vehicles, and other provisions. This fiscal analysis breaks down each provision of the bill according to the agency that is primarily responsible for its implementation. In the order in which they are addressed in the fiscal note, these are:

- Department of Natural Resources (oil, gas, and mining);
- Office of the Consumers' Counsel;
- Public Utilities Commission of Ohio (utility facilities, regulations, and studies);
- Department of Development (energy efficiency and advanced energy incentives);
- Department of Administrative Services (energy efficiency requirements in state government);
- Various other studies and reports required by the bill; and
- A new tax credit available under the kilowatt-hour tax.

Department of Natural Resources – Oil and Gas

The bill makes a number of changes to the Oil and Gas Law regarding horizontal wells and hydraulic fracturing. These changes are generally administrative in nature, and their fiscal effect on the Department of Natural Resources (DNR) will mostly be reflected in the administrative costs of the Department's oil and gas regulatory programs. However, there are some other changes related to fees that could have additional fiscal effects. These are discussed in further detail below.

Fee for unit operation of a pool

Under current law, an oil or gas drilling permit may require unit operation of a pool (that is, the operation of a single drilling unit across multiple tracts of land) upon a motion of the Chief of the Division of Oil and Gas Resources Management or the application of the owners of at least 65% of the land overlying a pool of oil and gas. The bill creates a new fee of $10,000 for a permit that requires unit operation of a pool. The fee will be deposited into the Oil and Gas Well Fund (Fund 5180). The actual amount of revenue from this fee will depend on the number of permits that require unit operation of a pool. However, this number is likely to be relatively low.

Oil and gas permit application requirements

The bill adds several items to the information required to be submitted to the Division of Oil and Gas Resources Management with an application to drill a new oil or gas well. These include copies of local road maintenance agreements and water source identifications for horizontally drilled wells, and water sampling results for horizontal wells at any location and non-horizontal wells in urbanized areas. The bill also requires the Division to conduct a site review of a proposed horizontal well or any well that will be located in a 100-year floodplain before issuing a permit. Fund 5180 will incur some additional costs as a result of these provisions, especially the site review requirements.

Disclosure of chemicals

The bill creates various procedures for oil and gas well owners to disclose to the Division of Oil and Gas Resources Management a list of all products, fluids, or substances (excluding cement), and the chemicals contained therein, used in the operation, servicing, and plugging of a well, and requires the Division to post this information on its web site. The reporting requirements will likely result in additional administrative costs to Fund 5180. The Division might also incur some minimal additional GRF costs for posting this information on its web site.

Reporting requirements for horizontal wells

Under current law, well owners are required to submit annual statements of production to the Division of Oil and Gas Resources Management. The bill specifically adds that owners of horizontal wells are also required to submit an annual statement of production. This provision essentially subjects horizontal wells to the same reporting requirements as other wells. Any new costs related to this provision would be paid from Fund 5180.

Department of Natural Resources – Strip Mining and Industrial Mining

The bill makes various administrative changes to the laws governing in-stream mining permits (see the LSC bill analysis for more detailed information regarding the specific provisions). Among these are revisions to the in-stream mining permit renewal process used by DNR's Division of Mineral Resources Management. In particular, the bill extends the period for which a permit is valid from two to five years. Under current law, unchanged by the bill, the fee to renew an in-stream mining permit is $500. As permits would be renewed every five years under the bill, rather than every two years as under current law, these $500 renewal fees would be collected less frequently and thus could result in reduced revenues to the Surface Mining Fund (Fund 5270).

Office of the Consumers' Counsel – Operating Expenses Appropriation

The bill increases GSF appropriation 053601, Operating Expenses, by $1,499,023 in FY 2013. The resulting appropriation amount would equal the FY 2012 appropriation.

Department of Job and Family Services

The bill requires the Office of Workforce Development to comprehensively review the direct and indirect economic impact of business engaged in the production of horizontal wells in this state and, based on its findings, prepare an annual Ohio Workforce Report.

Public Utilities Commission of Ohio

Exemption from regulation as a public utility

The bill expressly exempts, under certain circumstances, from public utility regulations: (1) a natural gas company that is engaged in the delivery of Ohio-produced raw natural gas liquids by a producer or gatherer; and (2) a pipeline company when engaged in the business of the transport associated with gathering lines, raw natural gas liquids, or finished product natural gas liquids. Any savings realized by the Public Utilities Commission (PUCO) for not incurring costs to regulate these companies would be attributed to the Public Utilities Fund (Fund 5F60).

Ohio Power Siting Board

The bill expands the scope of gas gathering pipelines, processing plant stub pipelines, natural gas liquids pipelines, raw natural gas liquids pipelines, natural gas liquids fractionation plants, gas processing plants, and related facilities that are exempt from the certification requirements of the Ohio Power Siting Board (OPSB). Under current law, a Certificate of Environmental Compatibility and Public Need must be obtained from OPSB before construction can begin on any "major utility facility" or "economically significant wind farm" within the state of Ohio.

The bill enables OPSB to "modify and approve" certificate applications for major utility facilities whereas previously it could only approve or disapprove them. Moreover, the bill requires the Board to grant, deny, or modify an economically significant wind farm's application for certification under the same process specified for major utility facilities. However, the applicant is permitted to withdraw an application if the OPSB grants a certificate on terms, conditions, or modifications other than those proposed in the application.

The bill requires the Board to adopt rules for an accelerated review, including automatic certification, of an application for construction for certain electric transmission lines, electric generating facilities using waste heat, and certain gas pipelines. The accelerated review may be initiated for reasons including: (1) a necessity to meet the requirements of a specific customer; and (2) a necessity to maintain reliable electric service as a result of the retirement or shutdown of an Ohio-located electric generating facility due to environmental laws, rules, or requirements.

OPSB is funded by fees submitted by applicants seeking a certificate of environmental compatibility and public need. The Power Siting Board Fund (Fund 5610) may realize an increase or decrease in revenues due to the revised application approval process and the expanded exemptions contained in this bill. Requiring OPSB to modify applications or accelerate review of certain applications may increase staffing and investigation costs for the Board.

Natural gas pipeline safety

The bill modifies the existing definition of "gas gathering pipeline" to define the term mainly as a gathering line that is not federally regulated, but also redefines the term to include certain transmission and distribution activities. The bill creates new definitions for "gas processing plant," "processing plant gas stub pipeline," "transmission quality gas," and "wet natural gas."

The bill expressly states that the PUCO must perform all regulatory and enforcement duties of the state natural gas pipeline safety law. In doing so, it permits the PUCO to enter into a cooperative agreement or memorandum of understanding with another state agency for consultation service, advice, and technical expertise to assist the PUCO in exercising its authority under the pipeline safety law, but prohibits any agreement or memorandum from conferring regulatory authority on the state agency or diminishing PUCO authority with regard to this law.

The bill requires any person who plans to construct, on or after the effective date of the bill, a gas gathering pipeline or a processing plant gas stub pipeline that is used to transport gas produced by a horizontal well to file a form with PUCO that specifies information about the project. It also requires the operator of those pipelines, once constructed, to file with PUCO an explanation of the constructed pipeline's route and operating information.

PUCO investigators inspect pipeline systems and review records and procedures implemented by local distribution companies. When violations are detected, PUCO orders corrective action. The funding for these activities is derived from assessments against natural gas suppliers and natural gas pipeline operators. Pipeline safety standards in the bill may increase PUCO expenditures from the Pipeline Safety Fund (4L80), but revenues and appropriation may be sufficient to absorb the additional duties.

Civil forfeitures assessed by PUCO

The bill increases from $500,000 to $1 million, the maximum aggregate forfeiture that the Public Utilities Commission may assess upon certain pipeline operators for violations of or noncompliance with the pipeline safety code.

Under existing law, fines for these types of violations are deposited in the GRF. The bill's provision may increase revenues to the GRF, but the revenue increase, if any, will depend on the nature and the frequency of forfeitures assessed by the Public Utilities Commission.

Changes to energy efficiency and peak demand reduction requirements, and to alternative energy portfolio standards

The bill amends Ohio's renewable energy benchmarks to permit a waste energy recovery system, which is defined in the bill, that was placed into service or retrofitted on or after the effective date of the bill (with an exception for an existing facility at a state institution of higher education), and that was not used to meet the energy efficiency requirement after January 1, 2012, to now qualify as a renewable energy resource. The bill also changes renewable energy credit laws pertaining to methane gas. Ohio law requires electric distribution utilities (EDU) and electric services companies to secure an increasing portion of their electricity supplies from alternative energy resources every year. By the year 2025, at least 12.5% must be generated from renewable energy resources, which currently includes wind, hydro, biomass and at least 0.5% solar.

The bill expands Ohio's definition of advanced energy to include any new or repowered generating facility located in Ohio. A qualifying facility includes a simple or combined-cycle natural gas facility or a facility that uses biomass, coal, nuclear energy, or any other fuel as input. The definition of advanced energy is used towards the alternative energy portfolio standards. Those standards require that, by 2025, 25% of power distributed by EDUs be from either an advanced energy resource or a renewable energy resource (the renewable energy resource standard above is counted toward this requirement). Existing law explicitly permits up to half of the alternative energy requirements to be met using advanced energy resources.

The bill permits both a combined heat and power system and waste energy recovery system that was placed into service or retrofitted on or after the effective date of the bill (with an exception for an existing waste energy recovery facility at a state institution of higher education), to qualify as energy efficiency towards mandated benchmarks. Existing law requires that EDUs achieve efficiency savings each year, and the standard increases to 22% by 2025; under existing law the utility may seek recovery of its costs to comply with its energy efficiency program portfolio plan.

The bill defines "smart grid" within the competitive retail electric service law, and adds cost-beneficial smart grid investment programs to those programs that an EDU may include to meet energy efficiency and peak demand reduction requirements. "Smart grid" means capital improvements to an EDU's distribution infrastructure that improve reliability, efficiency, resiliency, or reduce energy demand or use, including, but not limited to, advanced metering and automation of system functions.

Expanding the available options for EDUs to comply with existing benchmarks for use of renewable energy resources, advanced energy resources, energy efficiency increases, and peak demand reduction may reduce a utility's recoverable costs. These changes could thereby reduce customers' electricity rates, including those of state and local governments.

Green pricing program review

The bill permits PUCO to periodically review any green pricing program offered in Ohio as part of competitive retail electric service and make recommendations for improving or expanding the program. This provision may increase PUCO's expenditures. Any such costs would be paid from Fund 5F60.

Required studies and reports

The bill requires PUCO and, in the case of one report, the Ohio Department of Transportation (ODOT) to perform studies and publish reports on various subjects. For PUCO, these duties would likely increase costs paid from Fund 5F60, though the bill does not increase existing appropriations from the fund. It is possible that existing appropriations are sufficient to absorb any increase in cost. The studies and reports include:

1. A study to examine whether certain aspects of electric service, including an evaluation of emerging technologies, would provide increased opportunities for customer choice. PUCO must initiate such study within 18 months after the effective date of the bill, prepare a report of its findings, and make it available on its web site.
2. A review of the electric distribution infrastructure and transmission facilities to be conducted in consultation with EDUs and regional transmission organizations (RTOs) and entities that own or control transmission facilities.
3. An analysis, to be performed in conjunction with ODOT, of the cost effectiveness of purchasing vehicles that operate on compressed natural gas (CNG) and the conversion of certain state motor vehicles to operate on CNG. ODOT and PUCO must submit a joint report to legislative leaders and the Governor not later than January 30, 2013. This provision will likely increase expenditures for ODOT (in addition to an increase in cost for PUCO, as described above). Any such costs would be paid from the Highway Operating Fund (Fund 7002).
4. An additional section within the annual report that PUCO already provides to the General Assembly regarding compliance with alternative energy portfolio standards. The new section must include a description of the average annual cost of renewable energy credits purchased by electric distribution utilities and electric service companies.

In addition to these required reports and studies, the bill allows PUCO, in cooperation with the ODOT, to work with other states to develop a multi-state study on the development of CNG infrastructures for transportation.

Reports to PUCO on tubular steel products

The bill requires gas pipeline companies to file with PUCO disclosures specifying the country in which each tubular steel product used by the company was manufactured. The bill does not specify what PUCO is to do with the disclosures, so this provision has no fiscal effect.

Department of Development

Alternative Fuel Transportation Program

Under current law, the Ohio Department of Development (ODOD) operates an Alternative Fuel Transportation Grant Program. This program currently offers grants to businesses, nonprofit organizations, public school districts, and local governments to buy and install alternative fuel refueling facilities and alternative fuels, and operates out of the Alternative Fuel Transportation Fund (Fund 5CG0). The current source of revenue for the program is cash transfers from the Advanced Energy Fund (Fund 5M50).

The bill makes two changes related to the program. First, the bill allows ODOD to issue loans and collect various fees and interest under the program, and changes the name of the initiative accordingly to the Alternative Fuel Transportation Program. Second, the bill requires that future repayments of loans made from the Advanced Energy Research and Development Taxable Fund (Fund 7004) be deposited into Fund 5CG0 instead of the Facilities Establishment Fund (Fund 7037) as under current law. Accompanying uncodified law requires the Director of Budget and Management to transfer cash amounts equivalent to these loan repayments that have been previously deposited into funds other than Fund 7037.

Advanced Energy Program

The bill requires the Director of Budget and Management to make certain transfers of cash to the Advanced Energy Fund (Fund 5M50) that will be used to supplement amounts available to make awards under the Advanced Energy Program. These cash transfers are to consist of amounts available in the Advanced Energy Research and Development Taxable Fund (Fund 7004) and the Advanced Energy Research and Development Fund (Fund 7005).

The Advanced Energy Program provides funding for renewable energy and energy efficiency projects in the industrial, commercial, and residential sectors. The goal is to fund projects that reduce energy usage and associated costs, avoid fossil fuel emissions, and create or retain jobs. To date, the program has funded 660 projects. Funding for the Advanced Energy Program was previously derived from a $.09 per month rider collected on utility bills for retail electric service that was deposited into Fund 5M50. That authority, however, expired on December 31, 2011. As a result, the program now operates as a revolving loan program. The bill requires that interest charges, loan repayments schedules, other related charges, and matching requirements that currently apply to the program be established in rules.

Department of Administrative Services

Cogeneration review for construction of state-owned buildings

Under current law, construction of state-owned facilities with an area of 5,000 square feet or greater may proceed only after a life-cycle cost analysis is conducted according to guidelines developed by the Office of Energy Services, a unit of the State Architect's Office within the Department of Administrative Services (DAS). A life-cycle cost analysis is required to determine, for the economic life of the facility, the reasonably expected costs of facility ownership, operation, and maintenance including labor and materials. Under the bill, the life-cycle cost analysis for construction projects with an estimated cost exceeding $50 million dollars must include a review of cogeneration as an energy source. The bill defines cogeneration as the simultaneous production of thermal energy and electricity for use primarily within a building or complex of buildings. This additional requirement could add some cost to the process of conducting a life-cycle analysis for large construction projects, depending upon their complexity. The Office of Energy Services is supported by various capital project management fees deposited into the State Architect's Fund (Fund 1310).

Energy and water conservation measures at state-owned facilities and state institutions of higher education

Under current law, a contract for a cogeneration system may not be awarded unless the cost of the contract is likely to be less than the amount of money that would be saved in energy and operating costs over no more than five years. A contract for any other energy saving measure may not be awarded if the cost of the contract is likely to be less than the amount of money that would be saved in energy and operating costs over no more than ten years. The bill removes these conditions and instead allows the Director of Administrative Service to select proposals most likely to result in the greatest energy, water or wastewater savings, operating costs savings, and avoided capital costs. The energy or water conservation contracts may then be awarded pursuant to the public improvements law under Chapter 153. of the Revised Code, or with Controlling Board approval upon the solicitation of at least three bids. Eliminating the contracting restrictions may affect the amount of time before cost savings are realized from the implementation of energy or water conservation measures.

Expansion of energy and water conservation measure definitions

The bill expands the definition of energy conservation measures by including the following: (1) installation or modification of trigeneration systems that produce heat and cooling as well as electricity, (2) installation or modification of systems that harvest renewable energy from solar, wind, water, biomass, bio-gas, or geothermal sources, (3) retro-commissioning or recommissioning energy related systems to verify that they are installed and calibrated to optimize energy and operational performance, (4) consolidation, virtualization, and optimization of computer servers, data storage devices, or other information technology hardware and infrastructure, and (5) any other modification, installation or remodeling at a state owned building or state institution of higher education approved by the Director of Administrative Services. This allows for additional energy and water conservation options to be considered in planning and constructing projects for the state or state institutions of higher education.

Fleet vehicle replacement review

The bill requires DAS and ODOT to analyze their motor vehicle fleets to determine whether it is beneficial to establish standards for vehicle replacement to increase the overall efficiency of the state motor vehicle fleet and requires the departments to submit a joint report to legislative leaders and the Governor not later than September 1, 2012. Both DAS and ODOT could incur some additional costs to conduct this analysis.

Use of oil and gas royalties by state colleges and universities

Under current law, as enacted in Am. Sub. H.B. 133 of the 129th General Assembly, any royalty revenues collected from oil and gas drilling on public lands controlled by a state agency are to be deposited into the State Land Royalty Fund for the purposes of land acquisition and making capital improvements for the state agency on whose land the drilling took place. The bill adds that in the case of a state college or university, funds may be used for operating costs related to the institution's properties that are used for oil and gas exploration or development if the institution is engaged in research, education, or outreach regarding oil and gas exploration or development at the property.

Other studies and reports

Evaluation of wastewater treatment technologies; study of power generation regulation

The bill requires the Ohio Environmental Protection Agency (OEPA) to coordinate with the Department of Natural Resources (DNR), the U.S. Environmental Protection Agency, and other entities as appropriate, to evaluate emerging wastewater treatment and recycling technologies that may reduce the reliance on underground injection wells and advance industry. The bill also requires OEPA to coordinate with PUCO, the U.S. EPA, and other entities as appropriate, to conduct a study that identifies current and future environmental regulatory requirements and determine the impact of those requirements on current and future power generation and transmission in Ohio. The cost of these onetime activities for any participating state agency will generally be minimal, and potentially absorbed within existing staffing and funding levels.

School district energy consumption reports

H.B. 153 of the 129th General Assembly added two requirements to a report that school districts must submit to the School Facilities Commission (SFC) for approval in order to participate in SFC's Energy Conservation Program. One of the two additional requirements specified the report had to include estimates of a baseline analysis of actual energy consumption data for the preceding five years. The bill continues this reporting requirement but reduces, from the preceding five years to the preceding three years, the number of years that the baseline analysis covers. Any direct fiscal impact for school districts from this change is not likely to be significant.

Road maintenance agreement report

The bill requires the Director of Natural Resources and the Director of Transportation, with input from statewide organizations representing county commissioners, county engineers, municipal corporations, township trustees, and the oil and gas industry, to prepare a report analyzing the effectiveness of road maintenance agreements between local governments and applicants for horizontal well permits. The report must be completed no later than 18 months after the bill's effective date and must be submitted to the Governor and each member of the General Assembly. The preparation of this report could result in some additional administrative costs to the departments of Natural Resources and Transportation.

Annual Ohio Workforce Report

The bill requires the Office of Workforce Development within the Ohio Department of Job and Family Services (ODJFS) to comprehensively review the direct and indirect economic impact of businesses engaged in the production of horizontal wells in Ohio and, based on its findings, prepare an annual Ohio Workforce Report. The bill requires that the report include the following information:

(1) The number of jobs created or retained, particularly for minorities based on race, ethnicity, and gender;

(2) The number of Ohio contractors that employ skilled construction trades;

(3) The number of employees who are residents of this state;

(4) The total economic impact;

(5) A review of the Department of Development's recommendations for the establishment of an overall workforce investment public education agenda with goals and benchmarks toward maximizing job creation opportunities in the state.

There would be an increase in costs for ODJFS to prepare this report. ODJFS has stated, based on a preliminary assessment of this provision, that the agency likely does not have internal resources to carry out such a report and therefore may need to contract with an institution of higher education or other organization to conduct the research. Workforce development activities under ODJFS are mainly funded by federal Workforce Investment Act grants along with other smaller federal grants. If federal grant dollars are used to conduct or contract for the report, it would decrease the amount of federal grant dollars available to use for existing workforce development activities and programs.

Kilowatt-hour tax – credit for self-assessing purchasers

The bill creates a nonrefundable tax credit for contributions to energy education organizations applicable against the kilowatt-hour (KWH) tax. The credit can be claimed by self-assessing purchasers (consumers that use more than 45 million kilowatt-hours of electricity per year) that pay "dues, assessments, or other contributions" to a nonprofit "energy education organization" that does business in

Ohio. The amount of the credit equals the amount a self-assessing purchaser contributes to the energy education organization, provided that the contribution is made between January 1, 2013 and December 31, 2025. There is a limit of $3 million on the total amount of credits that may be awarded to taxpayers in a year. Currently, taxpayers pay taxes on a monthly basis. Under the bill, taxpayers may claim the credit each month for contributions made in the previous month, until the month that the $3 million cap is reached (if at all).

The GRF will bear 88% of the tax revenue losses; the School District Property Tax Replacement Fund (Fund 7053), and the Local Government Property Tax Replacement Fund (Fund 7054) will bear 9.0% and 3.0%, respectively, of the revenue losses.

Local Government Fund and Public Library Fund

Receipts from the personal income tax are deposited into the GRF. Under permanent law, a portion of GRF tax receipts are subsequently transferred to the Local Government Fund (LGF) and the Public Library Fund (PLF). Am. Sub. H.B. 153 (the operating budget act for FYs 2012 and 2013) fixed the LGF and PLF transfer amounts at predetermined levels so that any increase (or decrease) in tax receipts during the biennium will affect the GRF only. For FY 2014 and subsequent years, transfers to the LGF and PLF will resume based on a fixed percentage, but the applicable percentage is not yet known. The Tax Commissioner will determine, by July 5, 2013, the ratio of FY 2013 transfers to the respective funds to total FY 2013 GRF tax revenues. Subsequent transfers to the LGF and PLF will be based on those respective ratios. The annual revenue loss to the local government funds on account of S.B. 315, which is predicated upon the maximum annual revenue loss for the KWH tax over the 14-year period from FY 2014 through FY 2026, would be indeterminable for future biennia, but likely no more than $87,000.

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