

LSC Redbook

Analysis of the Executive Budget Proposal

Department of Taxation

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READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Department of Taxation (TAX), which includes the following four sections.

1. Overview: Provides a brief description of TAX and an overview of the provisions of the executive budget that affect TAX, including proposed major new initiatives.
2. Analysis of Executive Proposal: Provides a detailed analysis of the executive budget recommendations for TAX, including funding for each appropriation line item. The line items for TAX are organized into three categories.
3. Requests Not Funded: Compares TAX's budget request and the executive budget recommendation.
4. Attachments: Includes the catalog of budget line items (COBLI) for TAX, which briefly describes each line item, and the LSC budget spreadsheet for TAX. Also included are the COBLI and LSC budget spreadsheet for the Revenue Distribution Fund Group.

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Department of Taxation

- TAX administers and enforces taxes that raise nearly \$25 billion in annual revenue
- The STARS project to modernize tax software and hardware is being implemented

OVERVIEW

Agency Overview

The Ohio Department of Taxation (TAX) is responsible for the administration and enforcement of most state and locally levied taxes. Headed by the Tax Commissioner, the Department administers all state taxes except the insurance taxes and the motor vehicle license tax. The Department performs such duties as registering taxpayers, processing tax returns, determining tax liabilities, issuing refunds and assessments, conducting audits, and enforcing Ohio tax laws. In addition, the Department oversees the administration of the real property tax by local governments.

The Department of Taxation is also responsible for determining the amounts of various revenue distributions to local governments, including motor fuel tax distributions, reimbursement of local governments for property tax relief, permissive sales and use tax distributions, and allocations to counties from the Public Library Fund and the Local Government Fund.

The executive budget provides the Department of Taxation with GRF administrative funding of \$71.2 million for FY 2014. This amount is \$3.0 million (4.0%) lower than the estimate for FY 2013 expenditures. The executive budget includes GRF administrative funding for FY 2015 of \$68.1 million, \$3.1 million (4.4%) lower than the recommended funding for FY 2014. The two line items that account for GRF administrative funding are 110321, Operating Expenses, and 110404, Tobacco Settlement Enforcement. Not included in these amounts for GRF administrative funding are funds for property tax relief that are distributed from the GRF by the Department.

The executive budget provides the Department of Taxation with total administrative funding of \$140.3 million for FY 2014. This amount is \$4.7 million higher than the estimate for FY 2013, an increase of 3.5%. Recommended administrative funding for FY 2015 is \$137.9 million, a decrease of \$2.4 million or 1.7% from FY 2014. These amounts do not include funds that are distributed to other units of government or to taxpayers by the Department of Taxation. Administrative funding accounts for only about 6% of the Department of Taxation's total budget.

Total funding in the executive budget for the Department of Taxation is \$2,375.6 million for FY 2014 and \$2,399.8 million for FY 2015. The FY 2014 recommendation is \$30.4 million (1.3%) higher than the estimate for FY 2013. Recommended total funding for FY 2015 is \$24.3 million (1.0%) higher than for FY 2014. These amounts include the funding for tax administration noted above, distributions of tax refunds, property tax relief to local governments other than school districts, and other distributions of revenues by the Department of Taxation, but do not include funds in the Revenue Distribution Fund Group or Property Tax Relief funds that are distributed by the Department of Education. The total funding for FY 2014 and FY 2015 shown here for the Department of Taxation differs from the amounts shown in the Department of Taxation section of the executive's Blue Book only by the amount of the Property Tax Relief funds included by LSC in the Department of Taxation section, rather than in a separate Tax Relief Programs section.

Staffing of the Department in the next biennium is projected at 1,200, with the number of employees by organizational unit as shown in Table 1.

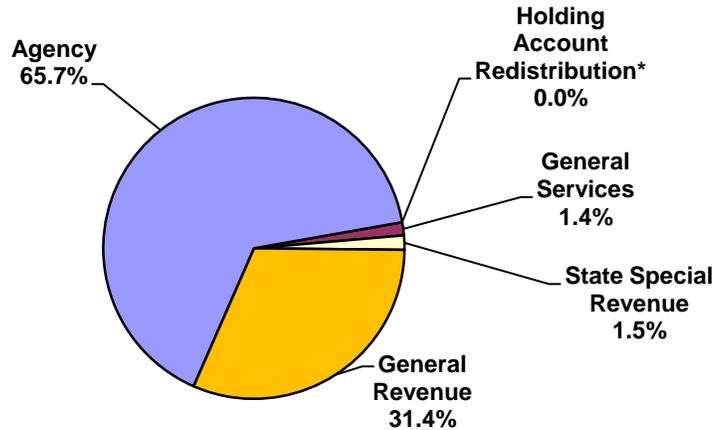
Table 1. Department of Taxation Staffing	
Organizational Unit	FY 2014/FY 2015 Budgeted Number
Tax Commissioner	9
Chief Counsel	50
Tax Equalization	19
Enforcement	27
Human Resources	12
Internal Audit	2
Organizational Development	9
Administrative Counsel	2
Facilities Management	21
Information Services Division	128
Audit	306
Taxpayer Services	140
Compliance	106
Commercial Activity Tax	37
Excise and Energy	31
Personal and School District Income Tax	69
Business Tax	73
Personal and Business Administration	8
Sales and Use Tax	41
Revenue Processing	90
Budget and Fiscal Services	7
Tax Analysis	7
Legislation	3
Communications	3
Total	1,200

Appropriation Overview

The Department of Taxation's budget includes funds in five fund groups, as shown in Table 2 and Chart 1. The General Revenue Fund accounts for 31% of the Department's budget. Most of TAX's outlays from the GRF are for tax relief.

Table 2. Executive Budget Recommendations by Fund Group, FY 2014-FY 2015					
Fund Group	Estimate FY 2013	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Revenue	\$715,202,146	\$737,886,530	3.2%	\$761,452,132	3.2%
General Services	\$27,658,738	\$33,492,810	21.1%	\$33,492,810	0.0%
State Special Revenue	\$34,422,603	\$36,287,450	5.4%	\$36,987,450	1.9%
Agency	\$1,567,800,000	\$1,567,800,000	0.0%	\$1,567,800,000	0.0%
Holding Account Redistribution	\$100,000	\$100,000	0.0%	\$100,000	0.0%
TOTAL	\$2,345,183,487	\$2,375,566,790	1.3%	\$2,399,832,392	1.0%

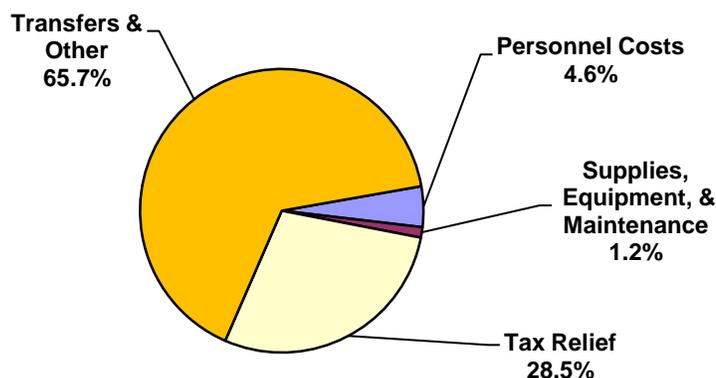
Chart 1: Biennial Executive Budget Recommendations by Fund Group, FY 2014-FY 2015



*Holding Account Redistribution Fund Group is 0.004% of TAX's budget.

Chart 2 shows recommended spending by the Department of Taxation by category of expense.

**Chart 2: Biennial Executive Budget Recommendations
by Category of Expense, FY 2014-FY 2015**



Major Initiatives

The Department is managing the implementation of a new tax administration system. The State Taxation Accounting and Revenue System (STARS) project, begun in 2008, was aimed at replacing 27 legacy systems that generally functioned separately, unable to interact with one another, with an integrated system of hardware and software. The new system would, for example, be able to identify taxpayers delinquent in payment of one tax but owed a refund of another tax. TAX employees will need to be trained on the new system, while maintaining current service and performance levels. To pay part of the costs of this integration, the budget provides for shifting up to \$8 million of surplus fund balances from five of TAX's administrative funds.

The Department is implementing a new tax, the financial institutions tax created by H.B. 510 of the 129th General Assembly. That act eliminated the corporate franchise tax, which applied only to financial institutions following earlier tax reform, and the dealers in intangibles tax. Also, the Department has new responsibilities for collection of wireless 9-1-1 fees.

TAX will continue to pursue increased electronic filing of taxes, encouraging more taxpayers to make use of this technology. More electronic filing allows TAX to operate more efficiently, eliminating hand operations including data entry and extraction of mailed paper returns. A related objective is establishment of the capacity for uploading bulk files through the Ohio Business Gateway to allow third-party payroll processors to file electronically the withholding tax returns of employers.

Highlights of Proposed Tax Changes

The executive budget proposes a number of changes to Ohio tax law. A few of these changes are briefly described below. More details are available in LSC's Comparison Document and Bill Analysis, and in the executive's Blue Book.

Effects of the selected state tax changes in the executive's Blue Book are shown in the following table (revenue reductions are shown as negative amounts). Estimates are on an all-funds basis.

Executive Estimates of Revenue Effects of Selected Tax Changes		
Billions of Dollars, All Funds		
	FY 2014	FY 2015
State income tax changes	-\$1.66	-\$2.67
State sales tax changes	\$1.32	\$1.80
Severance tax changes	\$0.05	\$0.16
Net Effect of Selected Changes	-\$0.29	-\$0.71

State Income Tax

The administration proposes to reduce state personal income tax rates by a total of 20% in three steps, in tax years 2013, 2014, and 2015. Rates in all brackets would be lowered by approximately the same percentage in each year. The Blue Book estimates the resulting reduction in tax revenue, on an all-funds basis, at \$1.04 billion in FY 2014, \$2.08 billion in FY 2015, and \$2.15 billion in FY 2016.

The budget also proposes a new tax deduction which would allow individuals who are small business owners to exclude half of the income from the business from taxation. This deduction is capped at \$375,000 per year. The executive projects that the new deduction would reduce state income tax revenue by \$600 million to \$650 million per year.

Offsetting a small portion of these tax reductions, the executive proposes two changes that would add to state revenues. One would repeal the gambling loss deduction, up to the amount of gambling winnings included in taxable income, permitted under current law. The other would disallow exemptions for dependents who also claim exemption on their own returns. The Blue Book estimates that these two changes would increase revenues by \$33.8 million per year.

State Sales Tax

The executive proposes to reduce the state sales tax rate from 5.5% to 5.0%, and to broaden the base of the tax to many, but not all, services that are not currently subject to this tax. This plan would go into effect September 1, 2013, adding to state sales tax

collections for about three-fourths of FY 2014. Resulting tax revenue increases are estimated by the executive at \$1,322 million in FY 2014 and \$1,799 million in FY 2015.

Severance Tax

The executive proposal would increase taxes on oil and natural gas production from high-volume horizontal wells in the Utica shale formation. Severance taxes on conventional wells would generally be unchanged, except that wells with low production would be exempted from tax, and taxes would be reduced when natural gas prices are low. The executive estimates that the proposed tax changes would increase revenue by \$45 million in FY 2014, \$155 million in FY 2015, and larger amounts in subsequent years.

County and Transit Authority Sales Taxes

The executive proposes to reduce permissive county or transit authority sales tax rates by differing amounts, calculated based on anticipated revenue from the sales tax base expansion. These rate reductions are estimated to range from 10% to 36% for county taxes, and 20% to 40% for transit authority taxes. The net effect of tax base expansion and rate reductions is estimated by the executive to increase statewide local sales tax revenue by \$50 million in FY 2014 and \$70 million in FY 2015.

ANALYSIS OF EXECUTIVE PROPOSAL

Introduction

This section provides an analysis of the Governor's recommended funding for each appropriation item in TAX's budget. In this analysis, TAX's line items are grouped into three major categories. For each category a table is provided listing the recommended appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are proposed by the Governor. The three categories used in this analysis are as follows:

1. Tax Administration
2. Revenue Distribution
3. Tax Relief

The Revenue Distribution category within the Department of Taxation budget, listed above and in the table that follows, is separate and distinct from the Revenue Distribution Fund Group and the funds within that group.

Each of the funds in the Revenue Distribution Fund Group is administered by a state agency, but the funds are not included as part of the budget of the administering agency. Notable changes in the executive recommendation for these funds include sharp increases in appropriations related to casinos, including the Gross Casino Revenue County Fund, ALI 110633 (Fund 5JG0); the Gross Casino Revenue County Student Fund, ALI 110634 (Fund 5JH0); and the Gross Casino Revenue Host City Fund, ALI 110636 (Fund 5JJ0). The appropriation to each of these funds is increased 75.6% in FY 2014, compared with estimates for FY 2013, and is increased an additional 6.9% in FY 2015. A new line item, Permissive Tax Distribution – Auto Registration, ALI 762902 (Fund 7099) is to receive revenues from taxes imposed by local governments on applications for motor vehicle registration, for distribution back to those governments. The appropriation recommended for this line item is \$184 million in both FY 2014 and FY 2015. The appropriation recommended for line item Auto Registration Distribution, ALI 762901 (Fund 7051) is \$360 million in each year of the next biennium, \$179 million less than the estimate for FY 2013, reflecting the redirection to Fund 7099 under the executive budget of tax revenues that the state is to distribute back to local governments but has deposited in Fund 7051 under current law. Appropriations to the Local Government Property Tax Replacement – Business line item, ALI 110981 (Fund 7081) and the Local Government Property Tax Replacement – Utility line item, ALI 110954 (Fund 7054) each decline from the estimates for FY 2013, reflecting the phase-down of reimbursements to local governments for revenue foregone as a result of elimination of tangible personal property

taxes on general business and reduction of assessment rates on tangible property of electric and natural gas utilities.

Additional information on funds in the Revenue Distribution Fund Group is appended to the end of this Redbook.

To aid the reader in finding each item in the analysis of the Governor's recommended funding for TAX, Table 3 shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order in which the line items appear in the budget bill.

Table 3. Categorization of TAX's Appropriation Line Items for Analysis of Executive Proposal		
Fund	ALI and Name	Category
General Revenue Fund Group		
GRF 110321	Operating Expenses	1: Tax Administration
GRF 110404	Tobacco Settlement Enforcement	1: Tax Administration
GRF 110901	Property Tax Allocation – Taxation	3: Tax Relief
General Services Fund Group		
2280 110628	Revenue Enhancement	1: Tax Administration
4330 110602	Tape File Account	1: Tax Administration
5BP0 110639	Wireless 911 Administration	1: Tax Administration
5CZ0 110631	Vendor's License Application	2: Revenue Distribution
5MN0 110638	STARS Development and Implementation	1: Tax Administration
5N50 110605	Municipal Income Tax Administration	1: Tax Administration
5N60 110618	Kilowatt Hour Tax Administration	1: Tax Administration
5V80 110623	Property Tax Administration	1: Tax Administration
5W70 110627	Exempt Facility Administration	1: Tax Administration
State Special Revenue Fund Group		
4350 110607	Local Tax Administration	1: Tax Administration
4360 110608	Motor Vehicle Audit	1: Tax Administration
4370 110606	Income Tax Contribution	1: Tax Administration
4380 110609	School District Income Tax	1: Tax Administration
4C60 110616	International Registration Plan	1: Tax Administration
4R60 110610	Tire Tax Administration	1: Tax Administration
5V70 110622	Motor Fuel Tax Administration	1: Tax Administration
6390 110614	Cigarette Tax Enforcement	1: Tax Administration
6420 110613	Ohio Political Party Distributions	2: Revenue Distribution
6880 110615	Local Excise Tax Administration	1: Tax Administration
Agency Fund Group		
4250 110635	Tax Refunds	2: Revenue Distribution
7095 110995	Municipal Income Tax	2: Revenue Distribution
Holding Account Redistribution Fund Group		
R010 110611	Tax Distributions	2: Revenue Distribution
R011 110612	Miscellaneous Income Tax Receipts	2: Revenue Distribution

Tax Administration

The Department of Taxation administers the state's tax laws to ensure compliance in filing and payment of taxes and to determine tax liabilities. Table 4 shows the line items that are used to fund this function of the Department of Taxation, as well as the Governor's recommended funding levels.

Table 4. Governor's Recommended Amounts for Tax Administration				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund				
GRF	110321	Operating Expenses	\$71,068,330	\$67,968,332
GRF	110404	Tobacco Settlement Enforcement	\$178,200	\$178,200
General Revenue Fund Subtotal			\$71,246,530	\$68,146,532
General Services Fund Group				
2280	110628	Revenue Enhancement	\$15,500,000	\$17,500,000
4330	110602	Tape File Account	\$175,000	\$175,000
5BP0	110639	Wireless 911 Administration	\$290,000	\$290,000
5MN0	110638	STARS Development and Implementation	\$5,000,000	\$3,000,000
5N50	110605	Municipal Income Tax Administration	\$150,000	\$150,000
5N60	110618	Kilowatt Hour Tax Administration	\$100,000	\$100,000
5V80	110623	Property Tax Administration	\$11,978,310	\$11,978,310
5W70	110627	Exempt Facility Administration	\$49,500	\$49,500
General Services Fund Group Subtotal			\$33,242,810	\$33,242,810
State Special Revenue Fund Group				
4350	110607	Local Tax Administration	\$20,000,000	\$20,700,000
4360	110608	Motor Vehicle Audit	\$1,459,609	\$1,459,609
4370	110606	Income Tax Contribution	\$38,800	\$38,800
4380	110609	School District Income Tax	\$5,802,044	\$5,802,044
4C60	110616	International Registration Plan	\$682,415	\$682,415
4R60	110610	Tire Tax Administration	\$244,193	\$244,193
5V70	110622	Motor Fuel Tax Administration	\$5,035,374	\$5,035,374
6390	110614	Cigarette Tax Enforcement	\$1,750,000	\$1,750,000
6880	110615	Local Excise Tax Administration	\$775,015	\$775,015
State Special Revenue Fund Group Subtotal			\$35,787,450	\$36,487,450
Total Funding: Tax Administration			\$140,276,790	\$137,876,792

The tax administration function includes several components. The Taxpayer Services Program provides information to taxpayers and improves compliance with tax laws by telephone and e-mail, and through presentations to groups. Tax Processing reviews paper and electronic submissions of tax forms, enters the data into the

Department's computer systems, and retains tax returns. Tax Compliance audits returns and issues notices and assessments for unpaid taxes, matches persons delinquent in making child support payments with taxpayers owed Ohio income tax refunds, provides the first level of appeal of the Tax Commissioner's findings in tax disputes, and engages in other enforcement and investigation activities. Tax Policy and Analysis monitors and analyzes tax legislation, gives technical assistance to the executive and legislative branches, and provides for the legal counsel needed in tax cases. Local Government Services gives information and assistance to units of local government, and provides for administration of certain local taxes.

Operating Expenses (110321)

This GRF line item pays for personal service, maintenance, and equipment expenses of TAX that are not offset by specific revenue sources. GRF funding for this line item is \$71.1 million in FY 2014, \$2.9 million (3.9%) less than the estimate for FY 2013, and \$68.0 million in FY 2015, \$3.1 million (4.4%) less than in FY 2014. The administrative costs of the Taxpayer Services, Tax Processing, and Tax Policy and Analysis functions, and about two-thirds of these costs for the Tax Compliance function, are paid from this line item.

Local Tax Administration (110607)

This line item, Fund 4350, pays costs incurred by TAX in collecting and administering the county and regional transit authority sales and use taxes. The executive recommendation is to fund this function at \$20.0 million in FY 2014, an increase of \$1.5 million (7.9%) from the FY 2013 estimate, and at \$20.7 million in FY 2015, an increase of \$0.7 million (3.5%) from FY 2014.

Revenue Enhancement (110628)

This line item, Fund 2280, provides funding for administration of tax reform, including the costs of collecting and administering the commercial activity tax. Recommended funding of ALI 110628 is \$15.5 million in FY 2014, an increase of \$2.0 million (14.8%) from the estimate for FY 2013, and \$17.5 million in FY 2015, an increase of \$2.0 million (12.9%) from FY 2014. This line item is funded by 0.85% of commercial activity tax receipts. The line item was renamed in the current main operating budget bill, and was previously called Tax Reform System Implementation.

Property Tax Administration (110623)

Costs of TAX to administer property taxes are paid from this line item, Fund 5V80. Taxes included are the personal property tax on public utilities, as well as real property tax equalization. The tax on personal property of general business, for which administrative costs were previously paid from this line item, has been phased out. The dealers in intangibles tax, for which administrative costs are paid from this line

item, is eliminated at the end of 2013. This line item includes funding recommended at \$12.0 million in FY 2014 and FY 2015, \$1.4 million (13.5%) more than the estimate for FY 2013.

School District Income Tax (110609)

Expenses of TAX to administer the school district income tax are paid from this line item, Fund 4380. Funding is from 1.5% of school district income tax collections. The Department distributed revenues to 182 school districts in the latest quarter. This line item has funding recommended at \$5.8 million in each year of the next biennium, unchanged from the estimate for FY 2013.

Motor Fuel Tax Administration (110622)

Costs for TAX to administer the motor fuel tax are paid from this line item, Fund 5V70, which is funded by 0.276% of the revenues from the tax. Revenues of the fund have fluctuated in a narrow range in recent years. The executive recommends appropriations of \$5.0 million for both FY 2014 and FY 2015, unchanged from the estimate for FY 2013.

STARS Development and Implementation (110638)

This new line item, Fund 5MN0, is to be used to pay costs of developing and implementing the State Tax Accounting and Revenue System. The STARS project was begun in 2008, to replace the Department's numerous legacy systems with an integrated package of hardware and software that will facilitate efficient tax collection. The executive recommends appropriations of \$5.0 million in FY 2014 and \$3.0 million in FY 2015. Under temporary language in the main operating budget bill, funding is to be provided by transfers from five of the Department's administrative funds.

Cigarette Tax Enforcement (110614)

The costs for TAX to enforce cigarette and tobacco tax laws are paid from this line item, Fund 6390. The line item is funded from retail, wholesale, and tobacco product license fees that are renewed annually. Recommended funding is \$1.8 million in each year of the biennium, \$0.4 million (27.7%) higher than the estimate for FY 2013.

Motor Vehicle Audit (110608)

The Department's costs to investigate sales and use tax returns filed for motor vehicle transactions, to determine if tax liabilities have been met, are paid from this line item, Fund 4360. The source of funding is \$0.25 from issuance of each vehicle certificate of title. The executive recommends appropriation of \$1.5 million in both FY 2014 and FY 2015, unchanged from the estimate for FY 2013.

Other Tax Administration (110404, 110602, 110605, 110606, 110610, 110615, 110616, 110618, 110627, and 110639)

Other administrative functions of the Department of Taxation are paid from these ten line items. Details on each are included in the Catalog of Budget Line Items (COBLI) for TAX, attached to this Redbook. The appropriation for each of these line items is less than \$1 million per year in FY 2014 and FY 2015, and they total less than \$2.7 million in each year. One line item is new, ALI 110639, Wireless 911 Administration (Fund 5BP0). It is to be used to pay the Department's costs of administering charges for the wireless emergency telephone number system, and has \$290,000 appropriated to it in both FY 2014 and FY 2015. These new departmental responsibilities were created by Sub. H.B. 360 of the 129th General Assembly and Am. Sub. H.B. 472 of the 129th General Assembly. Appropriations to most other line items in this group are either reduced or unchanged from the estimate for FY 2013. The exception is ALI 110606, Income Tax Contribution (Fund 4370), for which the appropriation is \$19,000 higher in FY 2014 than the estimate for FY 2013. At \$38,800 in both FY 2014 and FY 2015, the appropriation for this line item, used to pay the cost of the income tax refund check-off system, is the smallest among the Department's appropriations.

Revenue Distribution

The Department of Taxation distributes revenue to the parties intended by law. Table 5 shows the line items that are used to fund this function of the Department of Taxation, as well as the Governor's recommended funding levels. As noted above, recommended funding levels included in this Revenue Distribution category within the Department of Taxation's budget do not include the funding recommended for funds within the Revenue Distribution Fund Group.

Table 5. Governor's Recommended Amounts for Revenue Distribution				
Fund	ALI and Name		FY 2014	FY 2015
General Services Fund Group				
5CZ0	110631	Vendor's License Application	\$250,000	\$250,000
General Services Fund Group Subtotal			\$250,000	\$250,000
State Special Revenue Fund Group				
6420	110613	Ohio Political Party Distributions	\$500,000	\$500,000
State Special Revenue Fund Group Subtotal			\$500,000	\$500,000
Agency Fund Group				
4250	110635	Tax Refunds	\$1,546,800,000	\$1,546,800,000
7095	110995	Municipal Income Tax	\$21,000,000	\$21,000,000
Agency Fund Group Subtotal			\$1,567,800,000	\$1,567,800,000
Holding Account Redistribution Fund Group				
R010	110611	Tax Distributions	\$50,000	\$50,000
R011	110612	Miscellaneous Income Tax Receipts	\$50,000	\$50,000
Holding Account Redistribution Fund Group Subtotal			\$100,000	\$100,000
Total Funding: Revenue Distribution			\$1,568,650,000	\$1,568,650,000

Tax Refunds (110635)

Appropriations to this line item are used to pay refunds for taxes or fees for which amounts in excess of those owed have been paid. Amounts in this line item are by far the largest in the budget for TAX. Receipts of the Tax Refund Fund are transferred from current receipts of the same tax or fee for which the refund arose. The recommended appropriation for both FY 2014 and FY 2015 is the same amount as estimated for FY 2013, \$1,546.8 million.

Municipal Income Tax (110995)

Municipal corporations with a municipal income tax generally either administer their own income taxes or contract with one of two outside organizations in Ohio that perform this service. However, for the municipal income tax for electric light companies and telephone companies, the Department of Taxation collects and distributes the tax, less an administrative fee. The funding for this line item covers the anticipated amounts to be distributed by TAX to the municipal corporations. The executive recommended budget includes \$21.0 million for both FY 2014 and FY 2015 for this purpose, the same amount as estimated for FY 2013.

Other Revenue Distributions (110611, 110612, 110613, and 110631)

Other line items in the Department of Taxation revenue distribution category have total funding recommended by the executive of \$850,000 in both FY 2014 and FY 2015, the same as in FY 2013. The largest item is ALI 110613, Fund 6420, Ohio Political Party Distributions, used to receive funds from the state income tax check-off to support public financing of Ohio political parties and distribute the funds to qualified political parties. The amount recommended for this line item is \$500,000 in each year of the next biennium, the same amount as estimated for FY 2013. The next largest item is ALI 110631, Vendor's License Application, for which the executive recommendation is \$250,000 in each year of the biennium, matching the estimate for FY 2013. Amounts collected are distributed back to counties.

Tax Relief

The state reimburses local governments for tax revenues that they would otherwise lose because of the 10% rollback on residential and agricultural real property, the 2.5% rollback on owner-occupied homes, and the homestead exemption. School districts are reimbursed through the Department of Education. The line item in the Department of Taxation, shown in Table 6 below, is used to reimburse units of local government other than school districts.

Table 6. Governor's Recommended Amounts for Tax Relief				
Fund		ALI and Name	FY 2014	FY 2015
General Revenue Fund				
GRF	110901	Property Tax Allocation – Taxation	\$666,640,000	\$693,305,600
General Revenue Fund Subtotal			\$666,640,000	\$693,305,600
Total Funding: Tax Relief			\$666,640,000	\$693,305,600

Property Tax Allocation – Taxation (110901)

In Ohio, real property taxes owed by residential and agricultural real property owners are reduced 10%, commonly referred to as the 10% rollback. Prior to tax year 2005, all owners of real property received the 10% rollback, but this part of the rollback was eliminated for business property owners by H.B. 66 of the 126th General Assembly. Homeowners are eligible for an additional 2.5% rollback on their owner-occupied primary residences. Homeowners age 65 or older or totally and permanently disabled are eligible for an additional tax reduction, known as the homestead exemption, for up to \$25,000 of market value of their homes. The homestead exemption was expanded by H.B. 119 of the 127th General Assembly. All three programs would reduce real property tax receipts of school districts and other units of local government, except that the state reimburses the local governments for these amounts. Line item 110901, is used by TAX to pay these reimbursements to units of local government other than school districts.

The various changes noted above, as well as changing property values and home ownership rates, account for fluctuations in amounts needed for this line item in recent years. For FY 2014, the appropriation recommended in the executive budget is \$666.6 million, an increase of 4.0% from the estimate for FY 2013. For FY 2015, \$693.3 million is recommended, an increase of 4.0% from FY 2014.

REQUESTS NOT FUNDED

All amounts in the Department's budget request are funded in the executive's recommended budget. However, not all of the funding recommended by the executive is in the line items in which the amounts were included in the request.

Costs to operate and administer the tax discovery data system, to increase tax collection efficiency, have been paid from the Discovery Project Fund, Fund 5AP0, line item 110632. The executive budget proposal notes that this fund has been supported by GRF transfers. The budget recommendation includes no appropriation for this line item, and moves appropriation to TAX's GRF Operating line item 110321, increasing the recommended GRF appropriation amounts in each fiscal year.

TAX has paid the Department of Administrative Services (DAS) for services rendered in connection with the Ohio Business Gateway, using appropriation in Fund 5W40, Centralized Tax Filing and Payment, line item 110625. The budget recommendation includes no appropriation for line item 110625, and instead consolidates appropriation in a new line item in the DAS budget. The executive budget proposal notes that this change has no net impact on the GRF.

Costs to match persons delinquent in child support payments with taxpayers owed Ohio income tax refunds have been paid from GRF line item 110412, Child Support Administration. Amounts involved were small; the estimate for FY 2013 is \$15,646. The budget recommendation includes no appropriation for this fund and line item, and moves appropriation to TAX's GRF Operating line item 110321, with no net change in the total recommended GRF appropriation amounts in each fiscal year.

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Department of Taxation

General Revenue Fund

GRF 110321 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$80,658,619	\$80,279,192	\$67,319,604	\$73,988,500	\$71,068,330	\$67,968,332
	-0.5%	-16.1%	9.9%	-3.9%	-4.4%

Source: General Revenue Fund

Legal Basis: ORC 5703; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item pays for personal service, maintenance, and equipment expenses of the Department of Taxation that are not offset by specific revenue sources.

GRF 110404 Tobacco Settlement Enforcement

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$109,844	\$204,245	\$166,053	\$198,000	\$178,200	\$178,200
	85.9%	-18.7%	19.2%	-10.0%	0.0%

Source: General Revenue Fund

Legal Basis: Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established under Section 405.10 of Am. Sub. H.B. 119 of the 127th G.A.)

Purpose: This line item is used to pay costs incurred by the Department of Taxation to enforce cigarette tax laws. The Department of Taxation also provides assistance to the Attorney General's office on non-compliance and enforcement of the Tobacco Master Settlement Agreement.

GRF 110412 Child Support Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$15,880	\$4,000	\$0	\$15,646	\$0	\$0
	-74.8%	-100%	N/A	-100%	N/A

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Sub. S.B. 80 of the 116th G.A.)

Purpose: This line item covered costs involved in matching persons delinquent in child support payments with taxpayers owed an Ohio income tax refund. If such a person was owed a refund, the refund could then be turned over to the Ohio Department of Job and Family Services to be used for child support. Starting in FY 2014, these costs are instead to be paid from TAX's GRF Operating line item, 110321.

Department of Taxation

GRF 110901 Property Tax Allocation - Taxation

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$633,376,601	\$622,245,938	\$633,014,486	\$641,000,000	\$666,640,000	\$693,305,600
	-1.8%	1.7%	1.3%	4.0%	4.0%

Source: General Revenue Fund

Legal Basis: ORC 319.302 and 323.151 through 323.157; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to reimburse local governments other than school districts for losses incurred as a result of the 10% and 2.5% "rollback" reductions in real and manufactured home property taxes and as a result of the "homestead exemption" reductions in taxes. School district property tax losses due to these programs are reimbursed through line item 200901 in the Department of Education.

Am. Sub. H.B. 66 of the 126th G.A. changed the rollback program. For real property used in a business activity, as defined in the bill, the 10% rollback of real property taxes was eliminated beginning in tax year 2005. Under previous law, all real property tax bills were reduced by credits equal to 10% of taxes charged. Types of real property still eligible for the rollback include those used for farming; leasing property for farming; occupying, holding, or leasing property improved with one-, two-, or three-family dwellings; or holding vacant land that the county auditor determines will be used for these purposes. Owner-occupants of residential real property are eligible for an additional 2.5% tax reduction for those primary residences.

The homestead exemption is an exemption from real property taxation on the first \$25,000 of a home's market value for owner-occupants who are eligible who are (1) age 65 or older, or (2) permanently and totally disabled.

Department of Taxation

General Services Fund Group

2280 110628 Revenue Enhancement

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$4,486,170	\$12,711,783	\$12,632,996	\$13,505,754	\$15,500,000	\$17,500,000
	183.4%	-0.6%	6.9%	14.8%	12.9%

Source: General Services Fund Group: Revenue starting in FY 2010 is from a 0.85% administrative fee on commercial activity tax collections; prior to FY 2009, Fund 2280 held only one-time money consisting of residual cash balances from other funds that were transferred in

Legal Basis: ORC 5751.20(B); Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item provides funding to defray costs of administering the Commercial Activity Tax and of implementing tax reform. Line item name was previously Tax Reform System Implementation.

4330 110602 Tape File Account

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$57,492	\$99,425	\$181,433	\$195,899	\$175,000	\$175,000
	72.9%	82.5%	8.0%	-10.7%	0.0%

Source: General Services Fund Group: Fees charged to local governments for tax-related computer services and data

Legal Basis: ORC 5703.41 and 5747.18; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Controlling Board in 1972)

Purpose: The Department provides computer listings of the names and addresses of taxpayers in local taxing districts (but does not share financial information on taxpayers). The fees for this service are established by the Department, based on the time spent by their computer personnel and the costs involved in producing the lists. Revenues are also used to maintain and replace computer equipment and for computer programming for this purpose.

Department of Taxation

5AP0 110632 Discovery Project

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$5,356,281	\$6,191,457	\$3,548,653	\$2,421,200	\$0	\$0
	15.6%	-42.7%	-31.8%	-100%	N/A

Source: General Services Fund Group: Transfer from GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 562 of the 127th G.A.)

Purpose: The Department of Taxation's costs associated with the Discovery Project are paid from this fund. The Discovery Project uses a data warehouse to improve discovery of tax non-filers and non-compliance with tax laws.

5BP0 110639 Wireless 911 Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$0	\$290,000	\$290,000
	N/A	N/A	N/A	N/A	0.0%

Source: General Services Fund Group: Remittances of wireless 9-1-1 charges

Legal Basis: ORC 5507.54; originally established by Am. Sub. H.B. 472 of the 129th G.A.

Purpose: Money in the fund is used by the Tax Commissioner to defray the costs of collecting wireless 9-1-1 charges.

5BQ0 110629 Commercial Activity Tax Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$103,506	\$0	\$0	\$0	\$0	\$0
	-100%	N/A	N/A	N/A	N/A

Source: General Services Fund Group: Fees charged to Commercial Activity Tax (CAT) taxpayers.

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 66 of the 126th G.A.)

Purpose: This line item previously paid for the implementation and ongoing administration of the CAT. These costs are now to be paid from the Tax Reform System Implementation Fund (Fund 2280).

Department of Taxation

5BW0 110630 Tax Amnesty Promotion and Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$701,206	\$0	\$0	\$0
	N/A	N/A	-100%	N/A	N/A

Source: General Services Fund Group: Revenue transfer from the GRF

Legal Basis: Discontinued line item (established in Sections 403.10, 403.20, and 757.40 of Am. Sub. H.B. 153 of the 129th G.A.)

Purpose: Funds are to be used for promotion and administration of a tax amnesty program to be conducted from May 1, 2012, through June 15, 2012. This appropriation item was previously used for promotion and administration of the 2006 tax amnesty program. Funding was by a transfer from the Tax Reform System Implementation Fund.

5CZ0 110631 Vendor's License Application

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$132,775	\$185,025	\$202,000	\$250,000	\$250,000	\$250,000
	39.4%	9.2%	23.8%	0.0%	0.0%

Source: General Services Fund Group: \$25 of vendor license registration fees collected on behalf of counties

Legal Basis: ORC 5739.17(A)(3); Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established in Am. Sub. H.B. 66 of the 126th General Assembly)

Purpose: The fund is used for deposits of vendor's license fees received by the Department of Taxation on behalf of county auditors. These fees are transmitted monthly from the fund to each county. Am. Sub. H. B. 66 of the 126th General Assembly created this mechanism for the Department of Taxation to return these fees to county auditors.

5MN0 110638 STARS Development and Implementation

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$0	\$5,000,000	\$3,000,000
	N/A	N/A	N/A	N/A	-40.0%

Source: General Services Fund Group: Transfer of cash from five funds used by the Department of Taxation for administrative costs.

Legal Basis: Section 395.10 of H.B. 59 of the 130th G.A.

Purpose: Money in the fund is to be used to pay costs of development and implementation of the Department's State Tax Accounting and Revenue System.

Department of Taxation

5N50 110605 Municipal Income Tax Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$248,925	\$429,586	\$342,034	\$336,575	\$150,000	\$150,000
	72.6%	-20.4%	-1.6%	-55.4%	0.0%

Source: General Services Fund Group: 1.5 percent of collections of the municipal income tax on electric light and telephone and telecommunications companies

Legal Basis: ORC 5745.03(A); Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. S.B. 287 of the 123rd G.A.)

Purpose: Money in this fund is used to cover the cost of administering the municipal income tax on electric light and telephone and telecommunications companies.

5N60 110618 Kilowatt Hour Tax Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$21,961	\$22,747	\$175,000	\$148,500	\$100,000	\$100,000
	3.6%	669.3%	-15.1%	-32.7%	0.0%

Source: General Services Fund Group: Annual fee of \$500 collected from large industrial firms that register with the Department of Taxation to pay the self-assessing purchasers' tax option of the kilowatt-hour tax

Legal Basis: ORC 5727.81; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. S.B. 3 of the 123rd G.A.)

Purpose: This line item is used for the costs of administering the kilowatt hour tax.

Department of Taxation

5V80 110623 Property Tax Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$11,177,596	\$10,222,148	\$10,606,455	\$10,553,310	\$11,978,310	\$11,978,310
	-8.5%	3.8%	-0.5%	13.5%	0.0%

Source: General Services Fund Group: 0.48% in FY 2011 and thereafter of the amount by which each parcel of real property listed on the general tax list and duplicate of real and public property for the preceding tax year was reduced pursuant to ORC 319.302; 0.951% in FY 2011 and thereafter of the amount of taxes levied against public utility personal property for the preceding tax year

Legal Basis: ORC 5703.80; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: The Department's costs for administration of the public utility personal property tax, the dealers in intangibles tax, and real property tax equalization are paid from this fund. Administrative costs were formerly paid from the GRF. Am. Sub. H.B. 1 of the 128th G.A. increased percentages in ORC 5703.80, partially offsetting the decline in revenues to this fund resulting from phaseout of the tangible personal property tax on general business, from which a percentage was paid to this fund.

5W40 110625 Centralized Tax Filing and Payment

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$127,673	\$0	\$200,000	\$198,000	\$0	\$0
	-100%	N/A	-1.0%	-100%	N/A

Source: General Services Fund Group: GRF transfer of not more than \$400,000 in the biennium

Legal Basis: Discontinued line item (originally established by Section 104 of Am. Sub. H.B. 95 of the 125th G.A.)

Purpose: This money is used to pay for ongoing maintenance of the municipal tax electronic filing application operating on the Ohio Business Gateway electronic tax filing and payment system.

Department of Taxation

5W70 110627 Exempt Facility Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$5,770	\$0	\$50,000	\$49,500	\$49,500	\$49,500
	-100%	N/A	-1.0%	0.0%	0.0%

Source: General Services Fund Group: Half of an application fee of 0.5% of the total exempt facility project cost, not to exceed \$2,000 per facility

Legal Basis: ORC 5709.212(A); Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to pay the Department of Taxation's costs for administering laws pertaining to issuance of certificates for tax exemption of the following types of facilities: air pollution control, energy conversion, noise pollution control, solid waste energy conversion, thermal efficiency improvement, and industrial water pollution control.

State Special Revenue Fund Group

4350 110607 Local Tax Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$16,900,464	\$16,988,073	\$17,400,718	\$18,533,682	\$20,000,000	\$20,700,000
	0.5%	2.4%	6.5%	7.9%	3.5%

Source: State Special Revenue Fund Group: One percent of the proceeds from county permissive sales and use taxes and regional transit authority sales and use taxes

Legal Basis: ORC 5739.21(C) and 5741.03(B); Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item pays Department of Taxation costs of collecting and administering county sales and use taxes and regional transit authority sales and use taxes.

4360 110608 Motor Vehicle Audit

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$731,379	\$878,059	\$1,021,300	\$1,459,609	\$1,459,609	\$1,459,609
	20.1%	16.3%	42.9%	0.0%	0.0%

Source: State Special Revenue Fund Group: \$0.25 charge levied against every motor vehicle certificate of title issued

Legal Basis: ORC 4505.09(B)(2)(c); Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: Funds from this line item are used by the Tax Commissioner to investigate sales and use tax returns filed for person to person motor vehicle sales, to enforce payment of sales and use taxes owed

Department of Taxation

4370 110606 Income Tax Contribution

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$20,000	\$19,800	\$38,800	\$38,800
	N/A	N/A	-1.0%	96.0%	0.0%

Source: State Special Revenue Fund Group: Up to 2.5% of the total amount contributed under the natural areas and preserves, nongame and endangered wildlife, and military injury relief checkoffs on the personal income tax return; beginning in FY 2012, contributions under the Ohio Historical Society checkoff are also a source of revenue; the previous primary source of revenue to this fund, from the corporate franchise tax, was phased out effective FY 2010

Legal Basis: ORC 5747.113(D); Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 361 of the 113th G.A.)

Purpose: The Department of Taxation's costs of administering the income tax contribution system are paid from this line item. Previously, funds from this line item also covered the costs of collecting and administering the "Litter Tax" on corporations, and the line item name was previously Litter/Natural Resource Tax Administration.

Department of Taxation

4380 110609 School District Income Tax

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$4,923,700	\$5,212,447	\$4,907,413	\$5,802,044	\$5,802,044	\$5,802,044
	5.9%	-5.9%	18.2%	0.0%	0.0%

Source: State Special Revenue Fund Group: 1.5 percent of school district income tax collections

Legal Basis: ORC 5747.03(C); Section 403.10 of Am. Sub. 153 of the 129th G.A.

Purpose: This fund is used to reimburse the Department of Taxation for expenses incurred in administering school district income taxes. Money remaining in the fund after such use is returned to the fund from which collections are distributed to school districts. The number of school districts with income taxes has been growing, to 182 as of January 2012, and collections have increased.

Through FY 1993, this line item received 3% of total school district income tax collections. Am. Sub. H.B. 152 of the 120th G.A. reduced the percentage of collections that the line item receives to 2.5% in FY 1994 and 2% in FY 1995. Am. Sub. H.B. 117 of the 121st G.A. again reduced the percentages to 1.75% in FY 1996 and 1.5% in FY 1997 and thereafter. These changes were made because the Department was not spending all the administrative money.

The original law authorizing the school district income tax went into effect in November, 1981. H.B. 291 of the 115th G.A. repealed the authority of any school district to enact a new income tax after August 2, 1983. At that time, only six districts used an income tax. One was repealed effective in 1987. Am. Sub. S.B. 28 of the 118th G.A. reauthorized new enactments of voter-approved school district income taxes.

Department of Taxation

4C60 110616 International Registration Plan

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$400,422	\$546,446	\$473,531	\$682,415	\$682,415	\$682,415
	36.5%	-13.3%	44.1%	0.0%	0.0%

Source: State Special Revenue Fund Group: Distributions from the International Registration Plan Distribution Fund (Fund 7050), which receives revenues from truck and bus registration fees

Legal Basis: ORC 5703.12(B) and 4501.044; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: Department of Taxation costs for audits of persons who have registered motor vehicles under the International Registration Plan (IRP) are paid from this line item. Am. Sub. H.B. 831 of the 118th G.A. required the Registrar of Motor Vehicles in Ohio to apply for membership in the IRP. The highway use tax (axle-mile tax) and the various commercial vehicle registration taxes imposed under prior law were replaced with a system of registration fees based on gross vehicle weight and a three cents per gallon fuel use surcharge for vehicles subject to the IRP. The surcharge was reduced to two cents in 2004 and eliminated in 2005.

4R60 110610 Tire Tax Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$116,271	\$110,915	\$238,129	\$244,193	\$244,193	\$244,193
	-4.6%	114.7%	2.5%	0.0%	0.0%

Source: State Special Revenue Fund Group: Two percent of the \$1 tire tax.

Legal Basis: ORC 3734.901 and 3734.9010; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: The Department of Taxation uses its share of the tax for administration of the tire tax. The rest goes to the Scrap Tire Management Fund used by the Ohio EPA and the Soil and Water Conservation District Assistance Fund used by the Department of Natural Resources. Am. Sub. H.B. 153 of the 129th G.A. extended this tax through June 30, 2013.

Department of Taxation

5V70 110622 Motor Fuel Tax Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$3,413,767	\$4,429,545	\$3,788,087	\$5,035,374	\$5,035,374	\$5,035,374
	29.8%	-14.5%	32.9%	0.0%	0.0%

Source: State Special Revenue Fund Group: 0.275% from motor fuel taxes collected net of refunds

Legal Basis: ORC 5735.053; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item pays for the administration of the motor fuel tax.

6390 110614 Cigarette Tax Enforcement

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$431,570	\$989,963	\$1,527,729	\$1,370,471	\$1,750,000	\$1,750,000
	129.4%	54.3%	-10.3%	27.7%	0.0%

Source: State Special Revenue Fund Group: 100% of wholesale cigarette license tax revenue, 60% of retail cigarette license tax revenue, and \$25 fee to transfer wholesale dealer cigarette license to other place of business

Legal Basis: ORC 5743.15(E); Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to defray the costs of enforcing cigarette tax laws. Am. Sub. H.B. 1 of the 128th G.A. increased the fees generating revenues to this fund.

6420 110613 Ohio Political Party Distributions

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$356,899	\$318,259	\$307,250	\$500,000	\$500,000	\$500,000
	-10.8%	-3.5%	62.7%	0.0%	0.0%

Source: State Special Revenue Fund Group: State income tax checkoff of \$1 on single returns and \$1 or \$2 on joint returns

Legal Basis: ORC 3517.16; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: Money is distributed to the Auditor of State to conduct audits of financial statements of the state committee of a political party eligible to receive public money, and of county committees of such a political party. Remaining money in the fund is distributed to qualified political parties. For each qualifying party, half of the distribution goes to the treasurer of the state executive committee of the party, and half goes to the treasurers of each county executive committee. Each county committee's share is determined by the ratio of the number of checkoffs in that county to the total statewide number of checkoffs.

Department of Taxation

6880 110615 Local Excise Tax Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$594,812	\$655,578	\$575,518	\$775,015	\$775,015	\$775,015
	10.2%	-12.2%	34.7%	0.0%	0.0%

Source: State Special Revenue Fund Group: 2% of Cuyahoga County excise tax collections on cigarettes and alcoholic beverages

Legal Basis: ORC 5743.024 and 4301.423; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: Cuyahoga County voters approved local option excise taxes on cigarettes, beer, wine, and mixed beverages beginning August 1, 1990. Revenue from these taxes is used to pay debt service on bonds issued for the construction of professional sports facilities. Part of the revenue from the tax on cigarettes goes to the regional arts and cultural district. The Department of Taxation's costs of administering the tax, including auditing and enforcement, are paid from this line item.

Agency Fund Group

4250 110635 Tax Refunds

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$1,529,754,807	\$1,369,879,140	\$1,581,196,812	\$1,546,800,000	\$1,546,800,000	\$1,546,800,000
	-10.5%	15.4%	-2.2%	0.0%	0.0%

Source: Agency Fund Group: Money transferred from current receipts of the tax or fee for which the refund arose

Legal Basis: ORC 5703.052; Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: Refunds for various overpaid taxes or fees are paid from this line item. Refunds related to insurance and public utility excise taxes are paid from Fund 4250 appropriation item 090635, Tax Refunds, in the Treasurer of State's budget.

Department of Taxation

7095 110995 Municipal Income Tax

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$20,456,756	\$23,953,121	\$12,399,943	\$21,000,000	\$21,000,000	\$21,000,000
	17.1%	-48.2%	69.4%	0.0%	0.0%

Source: Agency Fund Group: 98.5% of taxes collected by the state on behalf of local governments from electric companies and telephone and telecommunications companies subject to the municipal income tax

Legal Basis: ORC 5745.03(A); Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This fund is used to distribute taxes collected by the state from electric companies and telephone and telecommunications companies to the local governments to which these taxes are owed.

Holding Account Redistribution Fund Group

R010 110611 Tax Distributions

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$10,000	\$5,000	\$15,000	\$50,000	\$50,000	\$50,000
	-50.0%	200.0%	233.3%	0.0%	0.0%

Source: Holding Account Redistribution Fund Group: Sales tax payments

Legal Basis: Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Controlling Board in December 1985)

Purpose: This line item functions as a holding account for sales tax and excise tax payments when the proper disposition of the payment is uncertain. The line item also temporarily holds money from checks that include payment for more than one purpose, such as sales tax and employers' workers' compensation premiums. The function of this line item used to be performed by the Depository Trust Fund, which was abolished by Am. Sub. H.B. 201 of the 116th G.A. Disbursements from the fund vary greatly from year to year, depending on the volume of misdirected sales tax payments.

Department of Taxation

R011 110612 Miscellaneous Income Tax Receipts

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$50,000	\$50,000	\$50,000
	N/A	N/A	N/A	0.0%	0.0%

Source: Holding Account Redistribution Fund Group: Personal income tax payments

Legal Basis: Section 403.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Controlling Board in December 1985)

Purpose: This line item functions as a holding account for Ohio personal income tax payments when the proper disposition of the payment is uncertain. The function of this line item used to be performed by the Depository Trust Fund, which was abolished by Am. Sub. H.B. 201 of the 116th G.A.

FY 2014 - FY 2015 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
TAX Department of Taxation								
GRF	110321	Operating Expenses	\$ 67,319,604	\$ 73,988,500	\$ 71,068,330	-3.95%	\$ 67,968,332	-4.36%
GRF	110404	Tobacco Settlement Enforcement	\$ 166,053	\$ 198,000	\$ 178,200	-10.00%	\$ 178,200	0.00%
GRF	110412	Child Support Administration	\$ 0	\$ 15,646	\$ 0	-100.00%	\$ 0	N/A
GRF	110901	Property Tax Allocation - Taxation	\$ 633,014,486	\$ 641,000,000	\$ 666,640,000	4.00%	\$ 693,305,600	4.00%
General Revenue Fund Total			\$ 700,500,143	\$ 715,202,146	\$ 737,886,530	3.17%	\$ 761,452,132	3.19%
2280	110628	Revenue Enhancement	\$ 12,632,996	\$ 13,505,754	\$ 15,500,000	14.77%	\$ 17,500,000	12.90%
4330	110602	Tape File Account	\$ 181,433	\$ 195,899	\$ 175,000	-10.67%	\$ 175,000	0.00%
5AP0	110632	Discovery Project	\$ 3,548,653	\$ 2,421,200	\$ 0	-100.00%	\$ 0	N/A
5BP0	110639	Wireless 911 Administration	\$ 0	\$ 0	\$ 290,000	N/A	\$ 290,000	0.00%
5BW0	110630	Tax Amnesty Promotion and Administration	\$ 701,206	\$ 0	\$ 0	N/A	\$ 0	N/A
5CZ0	110631	Vendor's License Application	\$ 202,000	\$ 250,000	\$ 250,000	0.00%	\$ 250,000	0.00%
5MN0	110638	STARS Development and Implementation	\$ 0	\$ 0	\$ 5,000,000	N/A	\$ 3,000,000	-40.00%
5N50	110605	Municipal Income Tax Administration	\$ 342,034	\$ 336,575	\$ 150,000	-55.43%	\$ 150,000	0.00%
5N60	110618	Kilowatt Hour Tax Administration	\$ 175,000	\$ 148,500	\$ 100,000	-32.66%	\$ 100,000	0.00%
5V80	110623	Property Tax Administration	\$ 10,606,455	\$ 10,553,310	\$ 11,978,310	13.50%	\$ 11,978,310	0.00%
5W40	110625	Centralized Tax Filing and Payment	\$ 200,000	\$ 198,000	\$ 0	-100.00%	\$ 0	N/A
5W70	110627	Exempt Facility Administration	\$ 50,000	\$ 49,500	\$ 49,500	0.00%	\$ 49,500	0.00%
General Services Fund Group Total			\$ 28,639,778	\$ 27,658,738	\$ 33,492,810	21.09%	\$ 33,492,810	0.00%
4350	110607	Local Tax Administration	\$ 17,400,718	\$ 18,533,682	\$ 20,000,000	7.91%	\$ 20,700,000	3.50%
4360	110608	Motor Vehicle Audit	\$ 1,021,300	\$ 1,459,609	\$ 1,459,609	0.00%	\$ 1,459,609	0.00%
4370	110606	Income Tax Contribution	\$ 20,000	\$ 19,800	\$ 38,800	95.96%	\$ 38,800	0.00%
4380	110609	School District Income Tax	\$ 4,907,413	\$ 5,802,044	\$ 5,802,044	0.00%	\$ 5,802,044	0.00%
4C60	110616	International Registration Plan	\$ 473,531	\$ 682,415	\$ 682,415	0.00%	\$ 682,415	0.00%
4R60	110610	Tire Tax Administration	\$ 238,129	\$ 244,193	\$ 244,193	0.00%	\$ 244,193	0.00%
5V70	110622	Motor Fuel Tax Administration	\$ 3,788,087	\$ 5,035,374	\$ 5,035,374	0.00%	\$ 5,035,374	0.00%

FY 2014 - FY 2015 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
TAX Department of Taxation								
6390	110614	Cigarette Tax Enforcement	\$ 1,527,729	\$ 1,370,471	\$ 1,750,000	27.69%	\$ 1,750,000	0.00%
6420	110613	Ohio Political Party Distributions	\$ 307,250	\$ 500,000	\$ 500,000	0.00%	\$ 500,000	0.00%
6880	110615	Local Excise Tax Administration	\$ 575,518	\$ 775,015	\$ 775,015	0.00%	\$ 775,015	0.00%
State Special Revenue Fund Group Total			\$ 30,259,676	\$ 34,422,603	\$ 36,287,450	5.42%	\$ 36,987,450	1.93%
4250	110635	Tax Refunds	\$ 1,581,196,812	\$ 1,546,800,000	\$ 1,546,800,000	0.00%	\$ 1,546,800,000	0.00%
7095	110995	Municipal Income Tax	\$ 12,399,943	\$ 21,000,000	\$ 21,000,000	0.00%	\$ 21,000,000	0.00%
Agency Fund Group Total			\$ 1,593,596,755	\$ 1,567,800,000	\$ 1,567,800,000	0.00%	\$ 1,567,800,000	0.00%
R010	110611	Tax Distributions	\$ 15,000	\$ 50,000	\$ 50,000	0.00%	\$ 50,000	0.00%
R011	110612	Miscellaneous Income Tax Receipts	\$ 0	\$ 50,000	\$ 50,000	0.00%	\$ 50,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 15,000	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%
Department of Taxation Total			\$ 2,353,011,352	\$ 2,345,183,487	\$ 2,375,566,790	1.30%	\$ 2,399,832,392	1.02%

Revenue Distribution Funds

State Special Revenue Fund Group

5JG0 110633 Gross Casino Revenue County Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$89,996,921	\$158,005,325	\$168,977,942
	N/A	N/A	N/A	75.6%	6.9%

Source: State Special Revenue Fund Group: 51% of the 33% tax on gross casino revenue

Legal Basis: ORC 5753.03; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 519 of the 128th G.A.)

Purpose: This line item is used to make payments to all counties in proportion to population, as required by Section 6(C)(3)(a) of Article XV, Ohio Constitution.

Volunteer Firefighters Dependents Fund Group

7085 800985 Volunteer Firemen's Dependents Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$231,775	\$223,000	\$236,750	\$300,000	\$300,000	\$300,000
	-3.8%	6.2%	26.7%	0.0%	0.0%

Source: Volunteer Firefighters Dependents Fund Group: "Initial premiums" paid by each political subdivision or fire district that maintains a volunteer fire department or employs volunteer firefighters, and each private volunteer fire company under contract to afford fire protection to a political subdivision or fire district and which has elected to become a member of the fund; if needed to meet funding requirements, additional assessments by the state fire marshal

Legal Basis: ORC 146.07; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to pay three types of benefits: (1) surviving spouse benefits to anyone whose firefighter spouse was killed in the line of duty, (2) monthly benefits for dependent children until age 18 or age 23 if the child is attending a post-secondary educational institution, and (3) monthly benefits to firefighters totally and permanently disabled in the line of duty.

Revenue Distribution Funds

Agency Fund Group

4P80 001698 Cash Management Improvement Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$487,040	\$132,713	\$110,089	\$3,100,000	\$3,100,000	\$3,100,000
	-72.8%	-17.0%	2,715.9%	0.0%	0.0%

Source: Agency Fund Group: Interest earnings of various state funds that draw federal money

Legal Basis: ORC 131.37; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to pay interest earnings to the federal government that the state must pay under the federal Cash Management Improvement Act of 1990.

5JH0 110634 Gross Casino Revenue County Student Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$59,997,947	\$105,336,883	\$112,651,961
	N/A	N/A	N/A	75.6%	6.9%

Source: Agency Fund Group: 34% of the 33% tax on gross casino revenue

Legal Basis: ORC 5753.03; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 519 of the 128th G.A.)

Purpose: This line item is used to make payments among all counties in proportion to public school district student population, as required by Section 6(C)(3)(b) of Article XV, Ohio Constitution.

5JJ0 110636 Gross Casino Revenue Host City Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$8,823,228	\$15,490,718	\$16,566,465
	N/A	N/A	N/A	75.6%	6.9%

Source: Agency Fund Group: 5% of the 33% tax on gross casino revenue

Legal Basis: ORC 5753.03; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 519 of the 128th G.A.)

Purpose: This line item is used to make payments to the cities in which casino facilities are located.

Revenue Distribution Funds

6080 001699 Investment Earnings

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$55,033,982	\$17,347,286	\$14,089,663	\$150,000,000	\$30,000,000	\$30,000,000
	-68.5%	-18.8%	964.6%	-80.0%	0.0%

Source: Agency Fund Group: Investment earnings from various state funds

Legal Basis: ORC 113.09; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to pay investment earnings from the State Treasurer's investment pool to the funds that ultimately receive them, including the GRF, as apportioned by the Office of Budget and Management.

7062 110962 Resort Area Excise Tax

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$842,246	\$805,881	\$1,002,111	\$1,000,000	\$1,000,000	\$1,000,000
	-4.3%	24.3%	-0.2%	0.0%	0.0%

Source: Agency Fund Group: Qualified municipal corporations and townships may impose a resort area excise tax of up to 1.5% on gross receipts from general sales or intrastate transportation within the resort area. Three jurisdictions impose the tax, all at the rate of 1.5%: the villages of Kelley's Island and Put-in-Bay, and the township of Put-in-Bay.

Legal Basis: ORC 5739.102; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used by the Tax Commissioner to distribute money from the resort area excise tax to each jurisdiction that levies the tax, 45 days after the month of collection, minus 1% retained by the GRF for administration.

7063 110963 Permissive Tax Distribution

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$1,716,314,049	\$1,801,089,506	\$1,893,335,506	\$1,980,700,000	\$2,066,331,400	\$2,151,135,100
	4.9%	5.1%	4.6%	4.3%	4.1%

Source: Agency Fund Group: County and transit authority permissive sales and use taxes and county permissive cigarette taxes and alcoholic beverage taxes (Cuyahoga County is the only county levying excise taxes on cigarettes and alcoholic beverages)

Legal Basis: ORC 4301.423, 5743.024, 5739.21, and 5741.03; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used by the Tax Commissioner to distribute revenue from county and transit authority permissive taxes to the county or transit authority of origin.

Revenue Distribution Funds

7067 110967 School District Income Tax

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$298,102,753	\$311,103,024	\$336,546,812	\$330,000,000	\$346,669,300	\$365,277,800
	4.4%	8.2%	-1.9%	5.1%	5.4%

Source: Agency Fund Group: School district income tax collections

Legal Basis: ORC 5747.03(C); Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used by the Tax Commissioner to distribute school district income tax collections to the districts of origin, less 1.5% for administration of the tax. Money deducted to pay costs of administration of the tax but not used for that purpose is to be returned to the fund.

7099 762902 Permissive Tax Distribution - Auto Registration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$0	\$184,000,000	\$184,000,000
	N/A	N/A	N/A	N/A	0.0%

Source: Agency Fund Group: County, township, municipal, or transportation improvement district motor vehicle license tax paid with application for motor vehicle registration

Legal Basis: Proposed in ORC 4501.031 in H.B. 35 of the 130th G.A.

Purpose: This line item is to be used to distribute tax payments to the local governments levying them.

Revenue Distribution Funds

Holding Account Redistribution Fund Group

R045 110617 International Fuel Tax Distribution

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$30,138,412	\$34,463,754	\$40,422,399	\$40,000,000	\$40,000,000	\$40,000,000
	14.4%	17.3%	-1.0%	0.0%	0.0%

Source: Holding Account Redistribution Fund Group: Fuel use tax payments

Legal Basis: ORC 5728.05, 5735.27, and 5735.291; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This fund holds fuel use tax payments prior to distribution to other funds in Ohio or to other jurisdictions owed a portion of the fuel tax collected from Ohio-based carriers. All states have been mandated by the federal government (Public Law 102-240, December 18, 1991) to join the International Fuel Tax Agreement (IFTA) or lose the right to collect and levy a motor fuel use tax. IFTA is a base state agreement whereby trucking companies register for fuel use tax in their home state and file one tax return in their home state instead of registering and filing in each state in which they operate. The base state then makes payments to other jurisdictions that are owed some of the fuel tax, and also collects tax it is owed from other jurisdictions. These payments are made possible by a set of reciprocal agreements between the states and provinces in IFTA.

Revenue Distribution Fund Group

7049 038900 Indigent Drivers Alcohol Treatment

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$1,830,837	\$1,804,291	\$2,050,650	\$2,200,000	\$0	\$0
	-1.4%	13.7%	7.3%	-100%	N/A

Source: Revenue Distribution Fund Group: \$37.50 of the fine paid for reinstatement of a driver's license after it was suspended for operation of a vehicle while under the influence of alcohol or a controlled substance

Legal Basis: Discontinued line item (originally established by Am. Sub. S.B. 131 of the 118th G.A.)

Purpose: The Department of Alcohol and Drug Addiction Services distributes money from the fund to local courts through county and municipal indigent drivers treatment funds, which pay the costs of alcohol and drug addiction treatment programs ordered by the courts for indigent persons. Line item 335900 in the Revenue Distribution Funds contains additional information.

Revenue Distribution Funds

7049 335900 Indigent Drivers Alcohol Treatment

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$0	\$2,250,000	\$2,250,000
	N/A	N/A	N/A	N/A	0.0%

Source: Revenue Distribution Fund Group: \$37.50 of the fine paid for reinstatement of a driver's license after it was suspended for operation of a vehicle while under the influence of alcohol or a controlled substance

Legal Basis: ORC 4511.191(F)(2)(c): Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: The Department of Alcohol and Drug Addiction Services, consolidated into the Department of Mental Health and Addiction Services by H.B. 59 of the 130th G.A., has distributed money from the fund to local courts through county and municipal indigent drivers treatment funds, which pay the costs of alcohol and drug addiction treatment programs ordered by the courts for indigent persons.

Revenue Distribution Funds

7050 762900 International Registration Plan Distribution

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$19,003,920	\$15,102,953	\$15,644,416	\$30,000,000	\$30,000,000	\$30,000,000
	-20.5%	3.6%	91.8%	0.0%	0.0%

Source: Revenue Distribution Fund Group: Registration fees based on gross vehicle weight for vehicles subject to the International Registration Plan (IRP)

Legal Basis: ORC 4501.044; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: Distributions are made from Fund 7050 as follows: (1) to make payments to member states for portions of Ohio registration taxes that the states are eligible to receive because of the operation within their borders of apportionable vehicles that are registered in Ohio; (2) to the State Highway Safety Fund; (3) to the Highway Obligations Bond Retirement Fund; (4) to offset operation costs of the Department of Taxation and the Bureau of Motor Vehicles; and (5) to local governments as compensation for lost revenue which would have been received under prior law.

Am. Sub. H.B. 831 of the 118th G.A. eliminated the highway use tax (axle-mile tax) effective January 1, 1991. The act required the Registrar of Motor Vehicles in Ohio to apply for membership in a reciprocal registration agreement, the IRP. The highway use tax and the various commercial vehicle registration taxes effective under prior law were replaced with a system for registration fees based on gross vehicle weight and a three cents per gallon motor fuel surcharge for vehicles subject to the IRP. This surcharge was reduced to two cents per gallon on July 1, 2004, and eliminated on July 1, 2005 (ORC 5728.06). IRP registration fees are deposited into Fund 7050.

7051 762901 Auto Registration Distribution

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$461,178,278	\$466,106,625	\$473,898,744	\$539,000,000	\$360,000,000	\$360,000,000
	1.1%	1.7%	13.7%	-33.2%	0.0%

Source: Revenue Distribution Fund Group: Motor vehicle license tax

Legal Basis: ORC 4501.03; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: Money in this fund is returned to the counties and districts of registration, except that a portion is paid to the Auditor of State to offset the costs of audits of deputy registrars and of the motor vehicle registration system and related systems. Amounts returned to the counties and districts are used for the planning, construction, and maintenance of public highways and roads, and for other related activities.

Revenue Distribution Funds

7054 110954 Local Government Property Tax Replacement - Utility

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$84,531,759	\$81,282,036	\$12,428,556	\$11,000,000	\$5,649,000	\$5,649,000
	-3.8%	-84.7%	-11.5%	-48.6%	0.0%

Source: Revenue Distribution Fund Group: The kilowatt-hour tax and, prior to FY 2012, the natural gas consumption tax

Legal Basis: ORC 5727.84(B)(3); Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. S.B. 3 and Am. Sub. S.B. 287 of the 123rd G.A.)

Purpose: This line item is used to reimburse local governments other than school districts for property tax revenue lost due to reductions in 2001 in assessment rates on tangible property owned by electric and natural gas utilities. The phase-out schedule for these payments was changed by Am. Sub. H.B. 153 of the 129th G.A.

7060 110960 Gasoline Excise Tax Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$381,098,704	\$385,397,089	\$364,527,675	\$395,000,000	\$395,000,000	\$395,000,000
	1.1%	-5.4%	8.4%	0.0%	0.0%

Source: Revenue Distribution Fund Group: Motor vehicle fuel tax

Legal Basis: ORC 5735.27; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to distribute funds to (1) municipal corporations for constructing and maintaining public highways and roads, maintaining bridges, and purchasing and installing traffic signs, markers, lights, and signals; (2) counties (under the authority of the county treasurer) for planning, constructing, and maintaining public highways and roads, constructing and repairing walks and paths along country roads, constructing and maintaining buildings for county road machinery, and payment of bond obligations for road construction and improvements; and (3) townships (after first going to the county treasurer) for planning, constructing, and maintaining public roads and highways.

Revenue Distribution Funds

7065 110965 Public Library Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$340,617,890	\$367,596,036	\$352,167,638	\$345,000,000	\$359,300,000	\$369,000,000
	7.9%	-4.2%	-2.0%	4.1%	2.7%

Source: Revenue Distribution Fund Group: Revenue arising from the kilowatt-hour tax and sales tax; from August 2011 through June 2013, 95% of the amount distributed in the same month of FY 2011; thereafter total state GRF tax revenue multiplied by a percentage, calculated as FY 2013 Public Library Fund distributions divided by FY 2013 total state GRF tax revenue.

Legal Basis: ORC 131.51 and 5747.47; Sections 379.10 and 757.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: Public Library Fund money is distributed to counties, and county budget commissions determine the amounts to be given to individual libraries based on needs for building construction and improvements, operations, maintenance, and other expenses. In a few counties, a small amount of this money is allocated to municipal corporations.

This fund was known as the Library and Local Government Support Fund prior to June 20, 2008. The name was changed by S.B. 185 of the 127th G.A.

7066 800966 Undivided Liquor Permits

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$13,915,871	\$13,946,760	\$14,318,961	\$14,100,000	\$14,100,000	\$14,100,000
	0.2%	2.7%	-1.5%	0.0%	0.0%

Source: Revenue Distribution Fund Group: Liquor permit fees

Legal Basis: ORC 4301.30; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item provides the appropriations necessary to pay liquor permit fee refunds as well as distribute the appropriate amount of liquor permit fee revenue back to the local taxing district where the permit was issued. The moneys deposited to the Undivided Liquor Permit Fund (Fund 7066) are distributed to the State Liquor Regulatory Fund (Fund 5LP0, 45%), the local taxing districts in which the permitted premises are located (35%), and the Statewide Treatment and Prevention Fund (Fund 4750, 20%), which is used by the Department of Alcohol and Drug Addition Services, to fund alcohol treatment and education efforts statewide.

Revenue Distribution Funds

7068 110968 State and Local Government Highway Distribution

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$184,962,714	\$189,202,603	\$187,275,297	\$196,000,000	\$196,000,000	\$196,000,000
	2.3%	-1.0%	4.7%	0.0%	0.0%

Source: Revenue Distribution Fund Group: Motor vehicle fuel tax

Legal Basis: ORC 5735.23; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to appropriate funding for payments to units of local government. The amount of this fund's balance that is derived from applying the variable cents per gallon levy to fuel sales at stations operated by the Ohio Turnpike Commission is paid to the Commission. The remaining balance is distributed among counties, municipal corporations, townships, and the state Highway Operating Fund. These moneys are to be spent according to the same guidelines as the Gasoline Excise Tax Fund (see line item 110960, Revenue Distribution Fund (Fund 7060)).

7069 110969 Local Government Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$641,794,520	\$694,441,455	\$594,483,565	\$348,000,000	\$363,600,000	\$376,400,000
	8.2%	-14.4%	-41.5%	4.5%	3.5%

Source: Revenue Distribution Fund Group: Revenue arising from the personal income tax; from August 2011 through June 2012, 75% of the amount distributed in the same month of FY 2011, plus approximately \$50 million; from July 2012 through June 2013, 50% of the amount distributed in the same month of FY 2011; thereafter total state GRF tax revenue multiplied by a percentage, calculated as FY 2013 Local Government Fund distributions divided by FY 2013 total state GRF tax revenue.

Legal Basis: ORC 131.51 and 5747.50; Sections 379.10 and 757.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: The Local Government Fund (LGF) provides state aid to counties and municipalities. In FY 2012 and FY 2013, the distribution of money from the Local Government Fund to counties and municipal corporations is based on proportionate shares of distributions in FY 2011. Previously, distributions were based on population, property values, and (for direct distributions from the state to municipalities) shares of total municipal income taxes collected statewide, and was subject to minimums. County amounts are disbursed to local subdivisions to be used for current operating expenses of the county government, municipalities, townships, and certain special districts.

Revenue Distribution Funds

7081 110981 Local Government Property Tax Replacement - Business

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$473,918,184	\$481,551,525	\$261,500,518	\$181,000,000	\$146,500,000	\$107,900,000
	1.6%	-45.7%	-30.8%	-19.1%	-26.3%

Source: Revenue Distribution Fund Group: Commercial Activity Tax

Legal Basis: ORC 5751.20(B); Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established in Am. Sub. H. B. 66 of the 126th General Assembly)

Purpose: This line item is used to reimburse local taxing units other than school districts for the revenue loss due to the phase-out of general business tangible personal property taxes as a result of Am. Sub. H.B. 66 of the 126th G.A. The phase-out schedule for these payments was changed by Am. Sub. H.B. 153 of the 129th G.A.

7082 110982 Horse Racing Tax

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$80,104	\$78,739	\$71,454	\$100,000	\$100,000	\$100,000
	-1.7%	-9.3%	40.0%	0.0%	0.0%

Source: Revenue Distribution Fund Group: Revenue from the tax on Ohio pari-mutuel wagering on races at Ohio county fairs

Legal Basis: ORC 3769.08; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to distribute revenues to the agricultural societies of the counties in which the revenues originated.

Revenue Distribution Funds

7083 700900 Ohio Fairs Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$1,401,504	\$1,154,000	\$1,129,171	\$1,400,000	\$1,400,000	\$1,400,000
	-17.7%	-2.2%	24.0%	0.0%	0.0%

Source: Revenue Distribution Fund Group: 0.5% of amounts wagered, or a lesser amount on a prorated basis if sufficient funds from the tax are not available, plus 0.25% of the amount of "exotic" wagers

Legal Basis: ORC 3769.082; Section 379.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: Moneys from Fund 7083 are distributed as follows: (1) 12% of the fund balance is distributed to county agricultural societies and to independent agricultural societies that hold annual fairs, for general operations; (2) each county or independent agricultural society that conducts horse races at its annual fair receives \$4,000 to be used for purse money, and \$1,000 for racetrack maintenance and other expenses necessary for conducting stakes races; and (3) the Ohio Expositions Commission receives \$120,000 to conduct stakes races. Any shortfall is to be prorated; any excess is to be distributed to agricultural societies conducting stakes races and to the Ohio Expositions Commission.

7088 110900 Local Government Services Collaboration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$566,548	\$40,000	\$64,025	\$0	\$0	\$0
	-92.9%	60.1%	-100%	N/A	N/A

Source: Revenue Distribution Fund Group: Funds otherwise scheduled to be deposited into the Local Government Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 119 of the 127th G.A.)

Purpose: The Local Government Services Collaboration Grant Program, administered by the Director of Development, provided competitive formula grants to counties, municipal corporations, and townships that were interested in combining the provision of local government services with those of other counties, municipal corporations, or townships. Awards were solely for the cost of conducting a feasibility study addressing whether, and in what manner, counties, municipal corporations, and townships may combine their respective provision of local government services.

FY 2014 - FY 2015 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
RDF Revenue Distribution Funds								
5JG0	110633	Gross Casino Revenue County Fund	\$ 0	\$ 89,996,921	\$ 158,005,325	75.57%	\$ 168,977,942	6.94%
State Special Revenue Fund Group Total			\$ 0	\$ 89,996,921	\$ 158,005,325	75.57%	\$ 168,977,942	6.94%
7085	800985	Volunteer Firemen's Dependents Fund	\$ 236,750	\$ 300,000	\$ 300,000	0.00%	\$ 300,000	0.00%
Volunteer Firefighters Dependents Fund Group Total			\$ 236,750	\$ 300,000	\$ 300,000	0.00%	\$ 300,000	0.00%
4P80	001698	Cash Management Improvement Fund	\$ 110,089	\$ 3,100,000	\$ 3,100,000	0.00%	\$ 3,100,000	0.00%
5JH0	110634	Gross Casino Revenue County Student Fund	\$ 0	\$ 59,997,947	\$ 105,336,883	75.57%	\$ 112,651,961	6.94%
5JJ0	110636	Gross Casino Revenue Host City Fund	\$ 0	\$ 8,823,228	\$ 15,490,718	75.57%	\$ 16,566,465	6.94%
6080	001699	Investment Earnings	\$ 14,089,663	\$ 150,000,000	\$ 30,000,000	-80.00%	\$ 30,000,000	0.00%
7062	110962	Resort Area Excise Tax	\$ 1,002,111	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
7063	110963	Permissive Tax Distribution	\$ 1,893,335,506	\$ 1,980,700,000	\$ 2,066,331,400	4.32%	\$ 2,151,135,100	4.10%
7067	110967	School District Income Tax	\$ 336,546,812	\$ 330,000,000	\$ 346,669,300	5.05%	\$ 365,277,800	5.37%
7099	762902	Permissive Tax Distribution - Auto Registration	\$ 0	\$ 0	\$ 184,000,000	N/A	\$ 184,000,000	0.00%
Agency Fund Group Total			\$ 2,245,084,181	\$ 2,533,621,175	\$ 2,751,928,301	8.62%	\$ 2,863,731,326	4.06%
R045	110617	International Fuel Tax Distribution	\$ 40,422,399	\$ 40,000,000	\$ 40,000,000	0.00%	\$ 40,000,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 40,422,399	\$ 40,000,000	\$ 40,000,000	0.00%	\$ 40,000,000	0.00%
7049	038900	Indigent Drivers Alcohol Treatment	\$ 2,050,650	\$ 2,200,000	\$ 0	N/A	\$ 0	N/A
7049	335900	Indigent Drivers Alcohol Treatment	\$ 0	\$ 0	\$ 2,250,000	N/A	\$ 2,250,000	0.00%
7050	762900	International Registration Plan Distribution	\$ 15,644,416	\$ 30,000,000	\$ 30,000,000	0.00%	\$ 30,000,000	0.00%
7051	762901	Auto Registration Distribution	\$ 473,898,744	\$ 539,000,000	\$ 360,000,000	-33.21%	\$ 360,000,000	0.00%
7054	110954	Local Government Property Tax Replacement - Utility	\$ 12,428,556	\$ 11,000,000	\$ 5,649,000	-48.65%	\$ 5,649,000	0.00%
7060	110960	Gasoline Excise Tax Fund	\$ 364,527,675	\$ 395,000,000	\$ 395,000,000	0.00%	\$ 395,000,000	0.00%
7065	110965	Public Library Fund	\$ 352,167,638	\$ 345,000,000	\$ 359,300,000	4.14%	\$ 369,000,000	2.70%
7066	800966	Undivided Liquor Permits	\$ 14,318,961	\$ 14,100,000	\$ 14,100,000	0.00%	\$ 14,100,000	0.00%
7068	110968	State and Local Government Highway Distribution	\$ 187,275,297	\$ 196,000,000	\$ 196,000,000	0.00%	\$ 196,000,000	0.00%

FY 2014 - FY 2015 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
RDF Revenue Distribution Funds								
7069	110969	Local Government Fund	\$ 594,483,565	\$ 348,000,000	\$ 363,600,000	4.48%	\$ 376,400,000	3.52%
7081	110981	Local Government Property Tax Replacement - Business	\$ 261,500,518	\$ 181,000,000	\$ 146,500,000	-19.06%	\$ 107,900,000	-26.35%
7082	110982	Horse Racing Tax	\$ 71,454	\$ 100,000	\$ 100,000	0.00%	\$ 100,000	0.00%
7083	700900	Ohio Fairs Fund	\$ 1,129,171	\$ 1,400,000	\$ 1,400,000	0.00%	\$ 1,400,000	0.00%
7088	110900	Local Government Services Collaboration	\$ 64,025	\$0	\$0	N/A	\$0	N/A
Revenue Distribution Fund Group Total			\$ 2,279,560,670	\$ 2,062,800,000	\$ 1,873,899,000	-9.16%	\$ 1,857,799,000	-0.86%
Revenue Distribution Funds Total			\$ 4,565,304,000	\$ 4,726,718,096	\$ 4,824,132,626	2.06%	\$ 4,930,808,268	2.21%

Prepared by the Legislative Service Commission