Greenbook

LBO Analysis of Enacted Budget

Ohio Department of Taxation

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Attachments:

Appropriation Spreadsheet for TAX

Appropriation Spreadsheet for RDF

LBO Greenbook

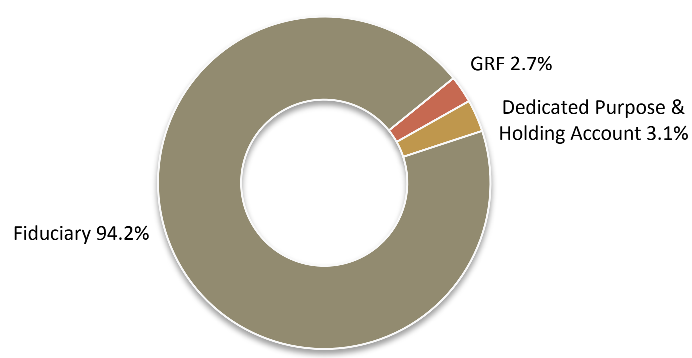
Ohio Department of Taxation

Quick look...

- The Department of Taxation (TAX) administers and enforces most state and locally levied taxes.
  - It administers state taxes, except on insurance, spirituous liquor, and motor vehicle licenses.
  - It determines amounts of various revenue distributions to local governments.
- The Tax Commissioner heads the Department and is appointed by the Governor.
- TAX is budgeted for a staff of 945 full-time equivalent employees in the biennium.
- About 94% of the funds appropriated for TAX are under the Fiduciary Fund Group, mostly for refunds of taxes paid in excess of amounts owed.
- TAX's operating expenses, about 6% of its total budget, are funded from the GRF (46%) and various non-GRF funds (54%). Revenues to these non-GRF funds are from shares of receipts from taxes administered by TAX, fees for services provided, and transfers.

Fund Group	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
General Revenue	$66,524,041	$62,673,029	$61,437,717	$62,529,386
Dedicated Purpose	$63,137,303	$55,703,194	$71,971,698	$73,484,422
Fiduciary	$2,278,285,901	$2,378,464,478	$2,205,773,300	$2,180,149,300
Holding Account	$50,000	$5,000	$25,500	$25,500
Total	$2,407,997,245	$2,496,845,701	$2,339,208,215	$2,316,188,608
% change	--	3.7%	-6.3%	-1.0%
GRF % change	--	*-5.8%*	*-2.0%*	*1.8%*

TAX Budget by Fund Group
FY 2020-FY 2021 Biennium



Biennial total: $4.66 billion

TAX budget overview

Agency overview

In administering and enforcing taxes, TAX performs such duties as assisting taxpayers, processing tax returns, determining tax liabilities, issuing refunds and assessments, conducting audits, and enforcing Ohio's tax laws. TAX also is 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, transitional assistance for the phase-out of local taxation of tangible personal property of general business and the reduction of assessment rates on public utility tangible personal property, permissive sales and use tax distributions, and allocations to counties from the Local Government Fund (LGF, Fund 7069) and the Public Library Fund (PLF, Fund 7065). The Tax Commissioner is a member of the Governor's cabinet.

Most of TAX's budget consists of transfers, principally tax refunds. Operating expenses account for the rest and mainly cover the cost of the personnel who perform TAX's various functions, along with supplies, equipment, and maintenance. In TAX's budget for the current biennium, GRF funding is used only for operating expenses. Before FY 2016, TAX's budget also included GRF funding of state reimbursements to local governments for their revenue losses from property tax rollbacks and the homestead exemption. These reimbursements have continued to be administered by TAX, but as part of the State Revenue Distributions (RDF) budget. This separate portion of the budget is discussed below.

To better meet these responsibilities, TAX has been replacing its legacy computer systems and in other ways seeking to enhance the efficiency of its operations. In FY 2018, TAX completed implementation, and took over maintenance, of its State Taxation and Accounting Revenue System (STARS). The STARS project, to modernize computer systems for taxes the Department administers, had been underway since 2008. TAX has been working with the Department of Administrative Services on making the Ohio Business Gateway (OBG) electronic portal easier to use and more secure. An improved OBG will allow direct uploads of large files by employers and payroll processors, replacing current submission of W-2 wage and tax statements for employees on compact disc. TAX participated in a state pilot project for a more secure data access system. The Department is replacing its auditing software from 2003 with an up-to-date system, the Business Refunds and Underreported Tax Unification System (BRUTUS), and is providing its criminal enforcement agents with enhanced software, the Ohio Tax Investigative System (OTIS). TAX enhanced mail processing with new equipment. Numerous businesses registered with TAX for administration of municipal income taxes on their business profits. TAX has been making other changes. The Department has been helping the Department of Commerce with tax collections on the state's nascent medical marijuana industry. Secure facilities are being set up to handle cash payments, expected because banks are not allowed to handle funds from sales of a drug considered illegal by the federal government. In response to the U.S. Supreme Court's *South Dakota v. Wayfair* decision, marketplace language and substantial nexus provisions for remote sellers were enacted in H.B. 166. Related to this, the Department may incur additional expenses for registrations, filings, and audits.

Appropriation summary

The enacted budget provides total appropriations of $2,339.2 million in FY 2020 and $2,316.2 million in FY 2021 for the Department. The table and chart in the "**Quick look**" section present the enacted appropriations by fund group. As shown in the chart, the Fiduciary Fund Group accounts for most of the Department's budget, mainly for tax refunds. Appropriations in the two GRF line items in the Department's budget totaled $61.4 million in FY 2020, $1.2 million (2.0%) less than actual FY 2019 GRF expenditures in the Department's budget. The FY 2021 appropriation amounts total $62.5 million, an increase of $1.1 million (1.8%).

Administrative changes

The budget act made a number of changes to the ways in which the Department is to administer tax laws.

The act removes a requirement of prior law that a community school file an annual exemption application for its property with the Tax Commissioner as a condition of receiving the exemption. Instead, a community school must file an exemption application for only the first year for which the exemption is sought, and thereafter the school need only file an annual statement attesting that its property continues to qualify for exemption. (Community school property used for an educational purpose qualifies for a property tax exemption. Currently, property owners, including community schools, are generally required to file an annual application with the Tax Commissioner or a county auditor to obtain an exemption.) This procedural change will have no fiscal effect.

The budget act specifies requirements for paid tax return preparers. It prohibits a tax return preparer from engaging in several practices, including any of the following: (1) recklessly, willfully, or unreasonably understating the taxpayer's tax liability, (2) failing to properly file returns or keep records, (3) failing to cooperate with the Tax Commissioner or comply with tax law, (4) failing to act diligently to determine a taxpayer's eligibility for tax reductions, (5) misrepresenting the preparer's experience or credentials, (6) guaranteeing tax refunds or credits, or (7) engaging in other fraudulent and deceptive conduct.[1] It authorizes the Commissioner to impose a penalty or request that the Attorney General seek an injunction restraining further conduct or, if the conduct is continuous or repeated, restrain the preparer from preparing tax returns. H.B. 166 also authorizes the Commissioner, beginning in 2020, to require a return preparer to include the preparer's federal tax identification number on any state tax form he or she prepares and authorizes the Commissioner to penalize a preparer that fails to do so. It authorizes the Commissioner to abate tax return preparer penalties if good cause is shown. These changes will have no fiscal effect.

H.B. 166 permits the Department of Taxation to share personal income information with the Department of Education (ODE) only for the purpose of verifying family incomes of students applying for and receiving scholarships under the Educational Choice Scholarship Pilot Program. ODE must request the verification and provide sufficient information about the student and the

[1] These provisions enacted in H.B. 166 do not apply to accountants or attorneys, whose permissible conduct is governed by other provisions of law.

student's family to make the verification. This requirement may result in an increase, likely no more than minimal, in the Department's costs.

The budget act specifies that in FY 2020 and FY 2021, balances in Fund 5V80 will be used to pay the Department of Taxation's costs to administer property taxes in the upcoming biennium, and local governments will be reimbursed in full, rather than net of administrative charges, for tax revenue losses from the 10% and 2.5% rollbacks and homestead exemption. Specifically, (1) the Tax Commissioner is not to compute or certify the amounts calculated under divisions (A) and (B) of section 321.24 of the Revised Code as amended by H.B. 166, (2) the Director of Budget and Management is not to transfer any amounts from the GRF to the Property Tax Administration Fund (Fund 5V80), and (3) the Tax Commissioner is not to subtract any amounts computed under section 5703.80 of the Revised Code from the payments made from the GRF to county treasurers under division (F) of section 321.24 of the Revised Code. This provision continues a change in procedure begun for FY 2018 and FY 2019 by Section 757.30 of H.B. 26 of the 132nd General Assembly, the transportation budget.

The act prescribes procedures for filing by pass-through entities and their investors of amended Ohio income tax returns necessitated by IRS audits, conducted at the entity level, of federal income tax obligations, and how those investors or entities pay deficiencies or obtain refunds resulting from the IRS adjustments arising from audits. The change applies to liabilities arising from federal adjustments with a final determination date of October 1, 2019, or later, and may result in an increase in personal income tax revenues.

Analysis of FY 2020-FY 2021 budget

This section provides an analysis of enacted funding for each appropriation line item (ALI) in the Department of Taxation section of the budget. It then briefly summarizes the appropriation line items that are listed under the State Revenue Distributions section of the main operating budget.

Department of Taxation

Introduction

For organizational purposes, the ALIs listed under TAX's budget section are grouped into two major categories based on their funding purposes. In the analysis that follows, ALIs for tax administration precede those for revenue distribution.

To aid the reader in locating each ALI in the analysis, the table below shows the category in which each ALI has been placed, listing the ALIs in order within their respective fund groups and funds. This is the same order the ALIs appear in the TAX section of the budget act.

In the analysis, each appropriation item's expenditures in FY 2019 and appropriations for FY 2020 and FY 2021 are listed in a table. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation. Items not appropriated in the budget for the current biennium but with spending in FY 2019 are also shown.

Categorization of TAX's Appropriation Line Items for Analysis of FY 2020-FY 2021 Budget				
Fund	**ALI**	**ALI Name**		**Category**
General Revenue Fund Group				
GRF	110321	Operating Expenses	1	Tax Administration
GRF	110404	Tobacco Settlement Enforcement	1	Tax Administration
Dedicated Purpose Fund Group				
2280	110628	CAT Administration	1	Tax Administration
4330	110602	Municipal Data Exchange Administration	1	Tax Administration
4350	110607	Local Tax Administration	1	Tax Administration
4360	110608	Motor Vehicle Audit Administration	1	Tax Administration
4370	110606	Income Tax Refund Contribution Administration	1	Tax Administration
4380	110609	School District Income Tax Administration	1	Tax Administration
4C60	110616	International Registration Plan Administration	1	Tax Administration
4R60	110610	Tire Tax Administration	1	Tax Administration
5BP0	110639	Wireless 9-1-1 Administration	1	Tax Administration
5JM0	110637	Casino Tax Administration	1	Tax Administration
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
5NY0	110643	Petroleum Activity Tax Administration	1	Tax Administration
5V70	110622	Motor Fuel Tax Administration	1	Tax Administration
5V80	110623	Property Tax Administration	1	Tax Administration
5W70	110627	Exempt Facility Administration	1	Tax Administration
6390	110614	Cigarette Tax Enforcement	1	Tax Administration
6880	110615	Local Excise Tax Administration	1	Tax Administration
Fiduciary Fund Group				
4250	110635	Tax Refunds	2	Revenue Distribution
5CZ0	110631	Vendor's License Application	2	Revenue Distribution
6420	110613	Ohio Political Party Distributions	2	Revenue Distribution
Holding Account Fund Group				
R010	110611	Tax Distributions	2	Revenue Distribution
R011	110612	Miscellaneous Income Tax Receipts	2	Revenue Distribution

Category 1: Tax Administration

This category of appropriation line items provides funding to pay TAX's costs to administer the state's tax laws. The tax administration function includes several components. The Taxpayer Services Program provides information to taxpayers and improves compliance with tax laws by telephone and email, and through presentations to groups. Tax Processing reviews paper and electronic submissions of tax forms, enters the data into TAX'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.

C1:1: Operating Expenses (ALI 110321)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
GRF ALI 110321, Operating Expenses		$62,541,371	$61,292,238	$62,378,576
	% change	--	-2.0%	1.8%

This GRF item pays for personal service, purchased services, supplies and maintenance, and equipment expenses of TAX. Part of the administrative costs of the Taxpayer Services, Tax Processing, Tax Compliance, Tax Policy and Analysis, and Tax Operations functions are paid from this line item. About 46% of the Department's costs for administration are paid from the GRF.

C1:2: Tobacco Settlement Enforcement (ALI 110404)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
GRF ALI 110404, Tobacco Settlement Enforcement		$131,658	$145,479	$150,810
	% change	--	10.5%	3.7%

This GRF item pays for enforcement of cigarette tax laws, along with the Cigarette Tax Enforcement item, ALI 110614. The full amount pays for personal service, i.e., payroll and fringe benefits. H.B. 166 raised the minimum age for cigarette purchases from 18 to 21. TAX also assists the Attorney General's Office with noncompliance and enforcement of the Tobacco Master Settlement Agreement.

C1:3: CAT Administration (ALI 110628)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
2280 ALI 110628, CAT Administration		$13,478,854	$13,872,268	$14,254,131
	% change	--	2.9%	2.8%

This item supports administration of various taxes including the commercial activity tax (CAT). The line item is funded by 0.65% of commercial activity tax receipts starting in the current biennium under a provision of H.B. 166, down from 0.75% previously, and by $100,000 of qualified distribution center annual fees.

C1:4: Local Tax Administration (ALI 110607)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
4350 ALI 110607, Local Tax Administration		$19,370,018	$30,409,575	$31,020,628
	% change	--	57.0%	2.0%

This item, drawing on Fund 4350, is used to pay costs incurred by TAX in collecting and administering the county and regional transit authority sales and use taxes. Revenues to the fund are from a 1% fee on net collections of these permissive local taxes. An uncodified provision of H.B. 166 permits this line item to be used to pay travel expenses of members of Ohio's delegation to the Streamlined Sales Tax Project.

C1:5: Motor Vehicle Audit Administration (ALI 110608)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
4360 ALI 110608, Motor Vehicle Audit Administration		$1,488,148	$1,982,731	$2,000,000
	% change	--	33.2%	0.9%

TAX's costs to investigate sales and use tax returns filed for motor vehicle transactions, to determine if tax obligations have been met, are paid from this line item, Fund 4360. The source of funding is 25¢ from issuance of each vehicle certificate of title.

C1:6: School District Income Tax Administration (ALI 110609)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
4380 ALI 110609, School District Income Tax Administration		$5,979,236	$9,027,264	$9,200,001
	% change	--	51.0%	1.9%

This item supports administration by TAX of the school district income tax. These expenses include costs to convey information to employers about the tax rate in any school district. Funding is from 1.5% of school district income tax collections. Money remaining in the fund after payment of administrative costs is returned to Fund 7067, from which collections are distributed to school districts. TAX distributed revenues to 199 school districts in the latest quarter.

C1:7: International Registration Plan Administration (ALI 110616)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
4C60 ALI 110616, International Registration Plan Administration	$573,132	$683,494	$705,869
% change	--	19.3%	3.3%

This item supports Department of Taxation audits of persons who have registered motor vehicles under the International Registration Plan, which covers most commercial motor vehicles. This plan provides for payments among states that are members of the plan for portions of registration taxes that the states are eligible to receive because of operation within their borders of apportionable vehicles registered in other states.

C1:8: Tire Tax Administration (ALI 110610)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
4R60 ALI 110610, Tire Tax Administration	$152,972	$177,706	$180,000
% change	--	16.2%	1.3%

This item supports administration of the tire tax. Revenue is from 2% of the $1 per tire tax net of refunds. The rest goes to the Scrap Tire Management Fund (Fund 4R50) used by the Ohio Environmental Protection Agency and the Soil and Water Conservation District Assistance Fund (Fund 5BV0) used by the Department of Agriculture.

C1:9: Wireless 9-1-1 Administration (ALI 110639)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5BP0 ALI 110639, Wireless 9-1-1 Administration	$260,268	$296,210	$298,794
% change	--	13.8%	0.9%

This item supports collection of wireless 9-1-1 charges by the Department. Revenue is from 1.0% of receipts from a charge of 25¢ per month on each wireless telephone number of a wireless service subscriber with an Ohio billing address.

C1:10: Casino Tax Administration (ALI 110637)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5JM0 ALI 110637, Casino Tax Administration		$74,913	$125,000	$125,000
	% change	--	66.9%	0.0%

This item supports administration of the 33% tax on gross casino revenue. Revenue is from 1% of the 3% of casino tax receipts transferred to the Casino Control Commission Fund in July, October, January, and April.

C1:11: STARS Development and Implementation (ALI 110638)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5MN0 ALI 110638, STARS Development and Implementation		$1,916,657	$0	$0
	% change	--	-100.0%	N/A

This item was used to support development of the State Tax Accounting and Revenue System (STARS), a project begun in 2008 to facilitate more efficient tax collection through updated computer hardware and software. The Department took over responsibility for maintenance and improvement of the system in FY 2018 from the Department of Administrative Services.

C1:12: Municipal Income Tax Administration (ALI 110605)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5N50 ALI 110605, Municipal Income Tax Administration		$168,388	$400,000	$400,000
	% change	--	137.5%	0.0%

This item is used to pay TAX's cost of administering municipal income taxation of business net profits, for businesses that elect to file with the Department, as well as to pay TAX's costs to administer the municipal income tax on electric light and local exchange telephone companies, the item's prior sole use. Administration by the Department of municipal income taxation of business net profits was enacted in H.B. 49 of the 132nd General Assembly. The Department distributes amounts owed to municipal corporations monthly. A provision of H.B. 166 of the 133rd General Assembly requires municipal corporations with a net distribution amount less than zero (due for example to audit adjustments and refunds in excess of collections) to remit payment to the Treasurer of State. Revenues to Fund 5N50 for TAX's costs for administration are from 0.5% of municipal net profit tax collections and 1.5% of taxes collected by the state on behalf of local governments from electric companies and telephone and telecommunications companies.

C1:13: Kilowatt Hour Tax Administration (ALI 110618)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5N60 ALI 110618, Kilowatt Hour Tax Administration	$89,774	$96,954	$100,000
% change	--	8.0%	3.1%

This item supports administration of the kilowatt hour tax owed by self-assessing purchasers. Revenue is from an annual fee of $500 on each qualifying meter or location, paid by large commercial or industrial firms that register with the Department to pay the kilowatt hour tax as self-assessors.

C1:14: Petroleum Activity Tax Administration (ALI 110643)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5NY0 ALI 110643, Petroleum Activity Tax Administration	$827,922	$992,581	$1,000,000
% change	--	19.9%	0.7%

This item supports TAX's administration of the tax on gross receipts of motor fuel suppliers. Revenue to the fund is from 1% of the balance, after payment of any refunds, in the Petroleum Activity Tax Fund (Fund R057) as of the last day of February, May, August, and November. The petroleum activity tax is levied at a rate of 0.65%.

C1:15: Motor Fuel Tax Administration (ALI 110622)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5V70 ALI 110622, Motor Fuel Tax Administration	$4,136,618	$5,899,525	$6,000,000
% change	--	42.6%	1.7%

This item supports TAX's administration of the motor fuel tax, increased July 1 from 28¢ to 38.5¢ per gallon by H.B. 62 of the 133rd General Assembly. Under a provision of that act, revenue to Fund 5V70 is from transfers from motor fuel tax (MFT) receipts equal in amount to the appropriations from Fund 5V70. This effectively decouples the revenue to the fund from motor fuel tax receipts and from possible future increases in the tax rate.

C1:16: Property Tax Administration (ALI 110623)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5V80 ALI 110623, Property Tax Administration	$5,074,869	$5,872,025	$6,000,000
% change	--	15.7%	2.2%

This item supports administration of property taxes, including real property tax equalization and taxes on real property and on personal property of public utilities. Funding for these administrative costs in the upcoming biennium is to be from balances in Fund 5V80. Section 409.20 of H.B. 166 suspends during FY 2020 and FY 2021 provisions of R.C. 5703.80 for transfers to the fund from the GRF and for reduction of the reimbursements to county treasurers from the GRF, to compensate for loss of revenue from the 10% rollback of residential and agricultural real property taxes. These transfers were also suspended during FY 2018 and FY 2019 by a similar provision of the transportation budget of the 132nd General Assembly, H.B. 26, which also reduced the percentages in codified law that determine amounts to be transferred to Fund 5V80. Previous to these changes, revenue to this fund increased due to an increase in pipeline activity subject to the tax on public utility personal property, according to TAX, while organizational changes reduced funding needed for property tax administration.

C1:17: Cigarette Tax Enforcement (ALI 110614)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
6390 ALI 110614, Cigarette Tax Enforcement	$1,520,825	$1,548,152	$1,599,999
% change	--	1.8%	3.3%

This item supports enforcement of cigarette and tobacco tax laws. The line item is funded from 100% of wholesale cigarette license application fees ($1,000 annually per place of business), 60% of retail cigarette license application fees ($125 annually per place of business), and a $25 fee to transfer a wholesale dealer cigarette license to a place of business other than that designated on the license. Enforcement costs are also paid from GRF line item 110404, Tobacco Settlement Enforcement. As noted above, H.B. 166 raised the minimum age for cigarette purchases from 18 to 21.

C1:18: Local Excise Tax Administration (ALI 110615)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
6880 ALI 110615, Local Excise Tax Administration	$443,841	$588,213	$600,000
% change	--	32.5%	2.0%

This item supports the Department's administration, including auditing and enforcement, of local taxes in Cuyahoga County on cigarettes, beer, wine, and mixed beverages. Revenue to the fund is from a 2% tax on these sales. Cuyahoga County voters approved local option excise taxes on these products beginning August 1, 1990, with the tax revenue 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. Provisions enacted in H.B. 562 of the 127th General Assembly prevent other counties from levying such taxes.

Category 2: Revenue Distribution

This category of appropriation line items provides for the distribution of revenue to parties as specified in law. Funding for line items included in this Revenue Distribution category within TAX's budget do not include amounts funded by line items contained in the State Revenue Distributions portion of the budget.

C2:1: Tax Refunds (ALI 110635)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
4250 ALI 110635, Tax Refunds		$2,377,960,995	$2,205,303,300	$2,179,769,300
	% change	--	-7.3%	-1.2%

This line item supports payment of refunds of 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 TAX's budget. Receipts of the Tax Refund Fund are transferred from current receipts of the same tax or fee for which the refund arose. Though amounts for each fiscal year are specified in the budget act, a provision in uncodified law appropriates any amounts needed to pay required refunds.

C2:2: Vendor's License Application (ALI 110631)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5CZ0 ALI 110631, Vendor's License Application		$395,600	$380,000	$380,000
	% change	--	-3.9%	0.0%

This item distributes $25 vendor license fees for each place of business collected on behalf of county auditors back to the counties. The fees are distributed monthly to each county. Any additional amounts needed to make required payments are appropriated by the budget act.

C2:3: Ohio Political Party Distributions (ALI 110613)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
6420 ALI 110613, Ohio Political Party Distributions		$107,883	$90,000	$0
	% change	--	-16.6%	-100.0%

This item supported distribution of funds from the state income tax checkoff of $1 on single returns and $1 or $2 on joint returns. H.B. 166 eliminates the checkoff for taxable years beginning after 2018, and the fund is dissolved no later than January 1, 2020. The money was distributed to qualifying political parties and their county committees, and used for audits of the parties.[2]

C2:4: Tax Distributions (ALI 110611)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
R010 ALI 110611, Tax Distributions		$5,000	$25,000	$25,000
	% change	--	400.0%	0.0%

This item functions as a holding account for motor fuel surety bonds and sales 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. Disbursements from the fund vary greatly from year to year, depending on the volume of such payments.

C2:5: Miscellaneous Income Tax Receipts (ALI 110612)

Fund/ALI		FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
R011 ALI 110612, Miscellaneous Income Tax Receipts		$0	$500	$500
	% change	--	N/A	0.0%

This line item functions as a temporary holding account when Ohio personal income tax payments are deposited which cannot be posted correctly.

[2] Amounts distributed from Fund 6420 in recent years were $147,388 in FY 2016, $167,971 in FY 2017, $135,380 in FY 2018, and $107,833 in FY 2019.

State Revenue Distributions

Each ALI listed in the State Revenue Distributions (RDF) section of the budget is administered by a state agency, but the funds are not included as part of the budget of the administering agency. The administering state agency does not spend this money on operations, but only distributes it as specified in state law. The table below summarizes the enacted appropriations for RDF ALIs by fund group.

Enacted RDF Appropriations by Fund Group			
Fund Group	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
General Revenue	$1,801,183,884	$1,842,600,000	$1,858,251,000
Revenue Distribution	$2,193,630,537	$2,185,599,080	$2,178,886,773
Fiduciary	$3,582,495,324	$3,632,405,000	$3,767,780,430
Holding Account	$57,136,984	$56,100,000	$56,100,000
Total	$7,634,446,729	$7,716,704,080	$7,861,018,203
% change	--	1.1%	1.9%

The majority of these RDF appropriations are distributed to counties, school districts, municipalities, transit authorities, and libraries. For example, two GRF line items are used by the Department of Education (ALI 200903, $2,405.6 million in the current biennium) and the Department of Taxation (ALI 110908, $1,295.2 million in the biennium) to reimburse school districts and other units of local government for property tax revenue losses from the 10% and 2.5% property tax rollbacks and the homestead exemption. Three RDF ALIs (110633, 110634, and 110636) are used by TAX to distribute casino tax revenue to counties, school districts, and host cities.

Uncodified language in the State Revenue Distributions part of the budget act provides that 1.7% of total GRF tax revenue is to be credited to the PLF in the current biennium, up from 1.68% in the previous biennium and 1.66% in codified law, increasing revenue available through line item 110965 to public libraries statewide by about $10 million each year compared to codified law. This part of the budget provides that 1.68% of total GRF tax revenue is to be credited to the LGF in the current biennium, up from 1.66% in codified law and in the previous biennium, increasing revenue available through line item 110969 to units of local government statewide by about $5 million each year.

Another provision of the budget act modifies the distribution of LGF payments made directly from the Department of Taxation to municipal corporations; under prior law, municipal corporations that levied an income tax in 2006 received a small portion of the LGF as a direct payment (in 2016, the payments totaled $10.34 million; the payments were temporarily eliminated in FY 2018 and FY 2019). The new formula extends distributions to every municipality with a population of 1,000 or more, basing each municipality's distribution on the municipality's population, except that cities with a population of more than 50,000 would be capped at that number (so that they are each considered to have a population of only 50,000).

Municipalities with a population of less than 1,000 would not receive any share under this provision, but they already receive a separate LGF set-aside amount, not paid to more populous municipal corporations. The change in the formula for direct distributions to municipalities generally shifts funds toward smaller cities and larger villages.

Spending under ALI 110995 (Fund 7095) grew rapidly through FY 2019 to distribute revenue from both state administration of net profits taxes on behalf of municipalities and of municipal income taxes on electric light and telephone companies. Starting in FY 2020, revenue from state administration of net profits taxes will be distributed to municipal corporations through a new line item, ALI 110902 (Fund 5VR0). Continuing law since 2018 allows businesses to elect to have the Department of Taxation administer the business' municipal income taxes. Under prior law, the revenue from state-administered municipal income taxes was deposited into the Municipal Income Tax Fund (Fund 7095), which also receives revenue from the state-administered municipal income tax on electric and telephone companies for distribution to municipal corporations.

H.B. 166 creates a separate Municipal Net Profit Tax Fund (Fund 5VR0) to receive revenue from the state-administered municipal tax on business income, and from which to distribute this revenue to the municipal corporations to which it is owed. Fund 7095 will continue to be used to distribute revenue from municipal income taxes on electric light and telephone companies, its use prior to enactment of state administration of net profits taxes in H.B. 49 of the 132nd General Assembly. The budget act requires the Director of Budget and Management to transfer all money balances in Fund 7095 that were collected from the state-administered municipal tax on business income into the new fund. New line item 110902, Municipal Net Profit Tax, has appropriations of $30 million in FY 2020 and $35 million in FY 2021 for the payments of municipal taxes on business income. Line item 110995, Municipal Income Tax, has appropriations of $15 million in each of FY 2020 and FY 2021 for the payments of municipal income tax on electric and telephone companies.

Though specific dollar amounts are indicated for each ALI in the RDF section, language in Section 387.20 of H.B. 166 provides for additional appropriation for these line items if needed to make required payments. The section also provides for transfers of money from the GRF to the School District Tangible Property Tax Replacement Fund (Fund 7047) and the Local Government Tangible Property Tax Replacement Fund (Fund 7081) of any amounts needed to make required payments, and for temporary transfers between the GRF and those funds.

For additional information on each RDF ALI, please refer to the appropriation spreadsheet, attached to this Greenbook, and to the RDF section of the LSC Catalog of Budget Line Items (COBLI), posted separately on LSC's website.[3] As the spreadsheet shows, two RDF line items used in the prior biennium have no appropriations for the current biennium. Fund 7068, from which expenditures were made under ALI 110968, State and Local Government Highway Distributions, was eliminated by H.B. 26 of the 132nd General Assembly,

[3] For the most recent RDF COBLI, please click on the link "Catalog of Budget Line Items" on LSC's website, https://www.lsc.ohio.gov/, choose section "P-Z" from the menu for the latest year, and then choose "RDF – State Revenue Distributions."

that General Assembly's transportation budget. ALI 110997 (Fund 7104), Medicaid Local Sales Tax Transition Fund, was a one-time program to ease the transition for counties and transit authorities to a smaller sales tax revenue base.

Analysis of enacted budget – tax provisions

Introduction

The enacted budget contains numerous provisions affecting taxes. Many of the taxes discussed below are deposited in the GRF. In the current biennium, under provisions of H.B. 166, the changes included here affect transfers to the LGF (1.68%) and the PLF (1.70%), with the GRF retaining the rest of revenue increases or decreases (96.62%).[4] The GRF taxes are the sales and use tax, state personal income tax, cigarette and other tobacco products taxes, domestic and foreign insurance taxes, certain utility taxes (kilowatt hour excise, public utility excise, and natural gas distribution or Mcf taxes), the financial institutions tax, alcoholic beverage and liquor gallonage taxes, and petroleum activity tax. Commercial activity tax receipts are deposited in the GRF and two other funds, with a GRF share of 85%. Revenue effects of policy changes are reported on an all funds basis unless otherwise indicated.

Most of the discussion that follows pertains to changes made to tax law by H.B. 166. At the end of this section, changes to tax law made by this biennium's Transportation Budget, H.B. 62, are discussed. Not included in this tax provisions summary are appropriation language provisions that, in most instances, are essentially unchanged from one main operating budget act to the next.

State income tax

The budget act eliminated the bottom two income tax brackets and reduced income tax rates by 4% on nonbusiness taxable income over $21,750, effective in tax year (TY) 2019. Inflation indexing of tax brackets and exemption amounts was suspended in TY 2019 and resumes in TY 2020. Taxation of business income was not changed except that lawyers' and lobbyists' income was excluded from taxation as business income and so will be taxed with nonbusiness income. Several means-tested income tax credits were modified to exclude from eligibility high-income taxpayers with little nonbusiness income. These changes are estimated to reduce tax revenue by $340 million in FY 2020 and $350 million in FY 2021, excluding one-time cash flow adjustments related to changes in withholding rates and possibly in rates of payment of estimated taxes, and also excludes the revenue gain from the change in tax treatment of lawyers' and lobbyists' income. TAX estimates that the exclusion of lawyers' and lobbyists' income would increase GRF (not all funds) revenue by $25 million in FY 2021.

H.B. 166 creates a nonrefundable income tax credit for investment in an Opportunity Zone, a new federal program enacted as part of the Tax Cuts and Jobs Act in December 2017. The Ohio credits equal 10% of an individual's investment in an Opportunity Zone investment

[4] In codified law, the local government funds each receive 1.66% of GRF tax revenue, with the GRF retaining the balance (96.68%).

fund,[5] invested by the fund in Opportunity Zone property, up to $1 million per biennium. The credit may also be claimed by taxable trusts and estates, and through a pass-through entity. Credits would be transferable, and could be carried forward up to five years. Aggregate credits claimed would be limited to $50 million per biennium. Opportunity Zones were designated in 320 locations in 73 Ohio counties, as well as at thousands of other locations around the country. The executive estimates a GRF only tax revenue loss of $29 million in FY 2021.

The main operating budget repealed the income tax credit for campaign contributions, and the credit for a pass-through entity investor's share of the financial institutions tax, both effective in TY 2019. According to the Tax Expenditure Report published with the executive operating budget proposal, these credits were estimated to reduce the GRF share of personal income tax receipts by $8.0 million in FY 2020 and $8.3 million in FY 2021. Thus, the repeal of these credits would increase GRF revenue commensurately.

H.B. 166 authorizes taxpayers to apply to the Department of Health for a nonrefundable income tax credit for costs to abate lead hazards in a dwelling built before 1978. The amount of each credit would be limited to the lesser of actual lead abatement costs incurred, the amount of such costs listed on an application for the credit, or $10,000. The credits are authorized in taxable years beginning on or after January 1, 2020. Any unused credits could be carried forward up to seven years. Total credits that may be awarded in a fiscal year is limited to not more than $5 million.

The budget act eliminates the Ohio political party checkoff on the income tax form for TY 2019 returns that will be filed in 2020. The fund that supported these activities, Fund 6420, will be dissolved no later than January 1, 2020.[6]

H.B. 166 makes changes to the motion picture tax credit. It extends eligibility for the credit to certain live theater productions and to companies involved in motion picture production that are not production companies. It requires companies to register with the Secretary of State to receive the credit. It adds post-production, advertising, and promotional expenses to expenditures for which the credit may be claimed. It disqualifies motion pictures and live theater productions that do not begin within 90 days after certification, unless the Director of Development Services finds good cause for the delay. The budget act stipulates that tax credit certificates are to be awarded each July and January beginning with FY 2021. It requires each round's applications to be ranked on the basis of economic and workforce development impact of the production and granted tax credits in order of the ranking. It also repeals a provision of law authorizing a production company to transfer the right to claim its awarded certificate to a third party. These changes will have no fiscal effect, as the limit on total credits in current law remained unchanged at $40 million per fiscal year, with unused credits if any added to the next year's maximum.

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[5] Under federal income tax law, investments made in an Opportunity Zone fund and held for at least five years accrue the federal tax benefit of deferred and reduce taxable capital gains. The Ohio credit does not have a minimum holding period.

[6] Over the years both revenues and expenditures for Fund 6420 have decreased, and the cash balance at the end of FY 2019 was less than $50,000.

Sales and use tax

H.B. 166 modifies Ohio's substantial nexus assumptions under sales tax law. The budget act adds a presumption of substantial nexus for sellers that have gross receipts in excess of $100,000 from sales into Ohio or engage in 200 or more separate sales transactions into Ohio during the current or preceding calendar year. It removes a presumption of substantial nexus for sellers with annual Ohio sales in excess of $500,000 that either (a) use computer software stored or distributed in Ohio to make Ohio sales or (b) provide or enter into an agreement with a third party to provide content distribution networks in Ohio to accelerate or enhance the delivery of the seller's website to Ohio consumers; and H.B. 166 also eliminates a presumption of substantial nexus for sellers that enter into "click-through" agreements with Ohio residents.

Regarding use tax collection by marketplace facilitators, the budget act requires persons that own, operate, or control a physical or electronic marketplace through which retail sales are facilitated on behalf of other sellers (i.e., "marketplace facilitators") to register as a seller and collect and remit the use tax due on all transactions facilitated through that marketplace. However, a person providing only advertising services is not a marketplace facilitator. The act specifies that a marketplace facilitator is presumed to have substantial nexus with Ohio under the conditions specified above. However, charging, collecting, or receiving selling fees, listing fees, referral fees, closing fees, or other consideration from facilitating a sale are not elements that may contribute to the determination that a sale is "facilitated" by a marketplace facilitator. The act also prohibits class action lawsuits against a marketplace facilitator related to an overpayment of use tax.

The budget act changes the phrasing of three nexus-related references in R.C. 5743.62 involving sellers of tobacco products from "nexus in this state" to "substantial nexus with this state" in order to obtain consistency with R.C. 5741.01. It requires the Tax Commissioner, upon receiving an application from a seller, to waive the requirement that a marketplace facilitator collect and remit the tax due on sales facilitated on behalf of the seller if certain conditions are met by the seller. It permits the Commissioner to divulge information related to the status of the waiver to the seller and the marketplace facilitator.

H.B. 166 excuses a marketplace facilitator from liability for failing to collect use tax from an unaffiliated seller if the firm demonstrates to the Commissioner that it made a reasonable effort to obtain sufficient and accurate information about the sale but failed to collect tax because of insufficient or incorrect information from the seller. The foregoing modifications of Ohio's substantial nexus assumptions are expected to increase revenue from the sales and use tax by $121 million in FY 2020 and $210 million in FY 2021. Revenue gains may be higher or lower depending on the behavioral response of remote sellers and marketplace facilitators. Revenue from permissive county and transit authority taxes is expected to increase by $30 million in FY 2020 and $51 million in FY 2021.

The budget act repeals the sales and use tax exemption for sales of investment bullion and coins, and the exemption for sales of qualified property to qualified motor racing teams, both effective October 2019. Based on the Tax Expenditure Report published in conjunction with the executive operating budget proposal, repeal of the exemption for sales of investment bullion and coins will increase sales and use tax revenue to the GRF by an estimated $3.6 million in

FY 2020 and $5.6 million in FY 2021. The GRF revenue gain from the repeal of the exemption for sales of qualified property to qualified motor racing teams is minimal.

H.B. 166 expands an existing sales tax exemption for equipment and supplies used to clean equipment used to produce or process dairy products, to include equipment and supplies used to clean equipment that is used to produce or process any sort of food for human consumption. The broader exemption decreases sales tax revenue by $1.5 million in FY 2020 and $2.3 million in FY 2021. In addition, it reduces revenue from permissive county and transit authority sales taxes by about $0.3 million in FY 2020 and $0.5 million in FY 2021.

The budget act authorizes personal motor vehicle rentals between vehicle owners and other licensed drivers through a peer-to-peer (P2P) car sharing program and P2P car sharing agreements. It establishes requirements and responsibilities that apply to a P2P car sharing program. It specifies that P2P car sharing and P2P car sharing agreements are consumer transactions for the purposes of the Consumer Sales Practices Law.[7] It authorizes the operator of a public-use airport to adopt reasonable standards, regulations, procedures, and fees and requires the P2P car sharing program, shared vehicle owner, and shared vehicle driver to comply with them. The budget act specifies that a P2P car sharing program, as a "technology platform," is considered a service vendor for the purposes of collecting and remitting sales taxes, and applies this provision beginning October 1, 2019. These changes are expected to increase sales tax revenue by less than $1 million each year from P2P transactions.

Cigarette and other tobacco products taxes

The budget act levies a tax of 10¢ per milliliter (mL) of vapor product, or if the vapor product is sold in nonliquid form, the tax is levied on each gram. The tax is to be paid by distributors beginning October 1, 2019. Vapor product is defined as any liquid solution or other substance that contains nicotine and is depleted as it is used in an electronic smoking product. Any product that is classified as a drug, device, or combination product by the FDA is excluded from this definition. The legal purchase age for vapor products is 21 years.

The act specifies that a retail dealer of vapor products is any person engaged in the business of selling vapor products to ultimate consumers in this state, regardless of quantity, amount, or number of sales. Distribution of vapor products without a license is prohibited by the act, which creates a new license for vapor distributor of vapor products with an application fee of $125. The act establishes a combined tobacco and vapor products distribution license with an application fee of $1,000, which is the same fee currently charged for a tobacco products distribution license. It specifies that the tax does not apply if a previously taxed vapor product is reprocessed and sold. It requires vapor product importers and manufacturers, like tobacco product importers and manufacturers, to register with and file monthly reports with the Tax Commissioner, listing sales of such products, beginning in July 2020. It requires a vapor distributor to pay the tax after receiving vapor products in this state from a manufacturer, or from another person if the tax has not already been paid, and authorizes a manufacturer of vapor products to avoid payment of the tax if it submits to the Tax Commissioner a statement

[7] But it specifies that a P2P car sharing program is not liable under that law if the program was provided false information and relied on that information in good faith.

from the retailer asserting that the retailer will pay the tax. It specifies that retailers may purchase vapor products only from licensed distributors.

H.B. 166 excludes from gross receipts, for purposes of the commercial activity tax, any moneys used to pay the vapor product excise tax. It sets the due date of monthly importer and manufacturer reports at the 23rd day of the month, which is also the day on which excise and use tax returns are due for tobacco and vapor products. It specifies that no entity shall prepare for shipment, ship, transport, deliver, prepare for distribution, or distribute vapor products with the intent to avoid taxation, when the volume of vapor products exceeds 500 milliliters or 500 grams. It requires a vapor distributor to obtain the Tax Commissioner's authorization before selling vapor products to another vapor distributor, and allows such a transfer only if the selling distributor obtained the vapor products directly from a manufacturer or importer. It excuses vapor distributors licensed solely to distribute vapor products from the requirement under continuing law for tobacco product excise taxpayers to report to the Tax Commissioner their sales of certain tobacco products, including cigarettes and "roll-your-own" tobacco. It specifies that a wholesale dealer of vapor products located outside Ohio that sells products to an Ohio wholesaler is a vapor distributor required to register with the Tax Commissioner and remit the new excise tax.

The various provisions related to taxation of vapor products are expected to increase state revenue by $3.2 million in FY 2020 and $4.9 million in FY 2021, according to the Department of Taxation.

H.B. 166 also increases from 18 to 21 the legal age for a person to receive or purchase cigarettes, other tobacco products, alternative nicotine products, or papers used to roll cigarettes. It changes the term "electronic cigarette" to "electronic smoking device" and modifies its definition for purposes of age restrictions on the purchase of tobacco products. It defines and includes vapor products within the definition of "alternative nicotine product" and modifies the definition of "tobacco product" to include any component or accessory used in the consumption of a tobacco product. In connection with the increase in minimum age, it makes various ancillary law changes. The executive estimated a GRF revenue loss of $2.7 million in FY 2020 and $4.0 million in FY 2021 under the sales and use tax from these changes, and GRF losses of $14.3 million in FY 2020 and $18.7 million in FY 2021 from cigarette tax effects. The provisions may also increase the costs of local law enforcement agencies if they result in more violation cases.

Commercial activity tax

The budget act extends to July 1, 2021, a temporary provision authorizing an owner of a historic rehabilitation tax credit certificate to claim the credit against the CAT in addition to the income tax, financial institutions tax, or the insurance company franchise taxes as authorized under continuing codified law. (A similar biennial authorization provision has been in effect since July 2013. The prior biennium's authorization expired June 30, 2019.) This provision will reduce CAT revenues by unknown amounts in FY 2020 and FY 2021.

H.B. 166 reduces an administrative earmark, the percentage of CAT revenue to be credited to the Revenue Enhancement Fund (Fund 2280), from 0.75% under prior law to 0.65% effective July 1, 2019. This reduces revenue to Fund 2280, which helps defray departmental costs of administering the CAT and other taxes, by about $2.1 million in FY 2020 and $2.2 million in FY 2021, increasing revenue retained by the GRF by corresponding amounts.

Financial institutions tax

Starting with tax years beginning on or after January 1, 2020, the tax base on which the financial institutions tax (FIT) is computed is limited to equity capital not in excess of 14% of an institution's total assets. The act also clarifies the manner by which the total assets of financial institutions are determined for purposes of the FIT. This provision will result in loss of FIT revenue up to $10 million in FY 2021, and potentially also a loss of uncertain magnitude in FY 2020.

Property taxes

The budget act modifies eligibility for the homestead exemption by requiring deducted business income for state income tax purposes to be included in the income eligibility calculation. This change applies beginning in TY 2020 (TY 2021 for manufactured homes). The only homeowners affected will be those whose eligibility for the homestead exemption is subject to means testing. The change will reduce GRF reimbursements to local governments by an estimated $6.1 million per year initially. GRF savings will rise in subsequent years. The state reimburses local governments from the GRF for revenue losses resulting from the homestead exemption.

H.B. 166 authorizes a partial real property tax exemption for child care centers that serve children from households that receive public assistance. It provides that the exemption equals 50% of the taxes that would otherwise be due on the property if at least 25%, but less than 50%, of the children that attend the center reside in households that receive public assistance. If more than 50% of the children that attend the center reside in such households, the exemption equals 75% of taxes otherwise due. Eligibility for the exemption is limited to centers that are licensed by the Ohio Department of Job and Family Services, are not the administrator's main residence, and are not used for any other commercial purpose. Local taxing authorities are not reimbursed for the effect of the exemption on their tax revenues. Property tax exemptions decrease revenues to schools and other units of local government, and increase taxes of other property owners for levies designed to raise fixed sums of money.

The budget act requires, on and after January 1, 2021, that county auditor and treasurer websites show the respective shares of property tax billed amounts or percentages to be received by the various taxing units. This requirement may result in additional costs for some counties.

H.B. 166 authorizes the board of trustees of a state community college district to levy a property tax for permanent improvements, or a combination bond issuance and tax levy for that purpose. It specifies that the tax is subject to voter approval and may be levied for a specified number of years or for a continuing period of time. The tax levy authorized by this provision is nearly identical to a tax levy authorized under continuing law for community college districts, except that community college districts that are not state community college districts can also use money from such a levy for operating expenses. The change may result in additional tax levies or bond issues from state community college districts for permanent improvements.

The budget act specifies that an amendment that adds affordable housing requirements to the terms of a community reinvestment area (CRA) in existence on July 21, 1994, will not subject the CRA to state law requirements that subsequently became effective. The fiscal effect of this change is uncertain.

H.B. 166 authorizes the board of education of a school district to propose a tax levy for school safety and security and to give some of the revenue to chartered nonpublic schools located in the district to be used for that purpose. It requires that the resolution and ballot language proposing the levy specify the portion of the proceeds allocated to chartered nonpublic schools, and specifies that the chartered nonpublic school portion would be divided proportionally among all such schools located within the territory of the school district based on the number of "resident students" (i.e., students who are entitled to attend school in the district) enrolled in each chartered nonpublic school. The provision may result in additional tax levy revenue to schools for the specified purpose.

The budget act modifies an existing tax exemption for property held or occupied by a fraternal organization by excluding rent received from other fraternal organizations in determining whether or not the property qualifies for the exemption. (Under continuing law, property that generates more than $36,000 in rental income in a year does not qualify for the exemption.) It similarly modifies an existing tax exemption for property held or occupied by certain veterans' organizations by excluding rent received from other veterans' organizations in determining whether or not the rental income produced by the property exceeds a similar $36,000-per-year limit. Easing the constraint on qualifying for property tax exemption would likely allow additional organizations to qualify. An increase in property tax exemptions would decrease revenues to schools and other units of local government, and would increase taxes of other property owners for levies designed to raise fixed sums of money.

H.B. 166 authorizes municipalities, townships, and counties, under certain conditions, to extend the term of a tax increment financing (TIF) property tax exemption by up to 30 additional years. It provides that, to be eligible for such an extension, the TIF (1) must generate $1.5 million in service payments in the immediately preceding year, (2) must not generate more than $1.5 million in any other preceding year (this requirement only applies after 2020), and (3) the property owner must compensate the school district fully for its property tax losses. (Prior law limited the term of TIF tax exemptions to 30 years. TIFs exempt tax revenue on a specified percentage, up to 100%, of the increase in real property value, and redirects service payments equal in amount to taxes that would otherwise be due into a special fund used to pay for new infrastructure.) Some units of local government may incur ongoing tax revenue losses, relative to revenues from the increase in property value if the TIF was not in effect.

H.B. 166 extends by two years, from December 31, 2020, to December 31, 2022, the deadline by which the owner or lessee of a qualified renewable energy project may apply for a property tax exemption. It also clarifies the calculation of payments-in-lieu-of taxes paid by solar energy projects that receive the exemption. The extension may result in additional applications for property tax exemptions under the program.

The budget act authorizes abatement of unpaid property taxes, penalties, and interest due on property owned by a municipality that, within the past 25 years, (a) was part of a federal disaster area declared due to severe storms or flooding and (b) obtained the title to the property pursuant to a hazard mitigation grant from the Federal Emergency Management Agency. (In the absence of such an abatement, unpaid taxes standing charged against property may not be abated for more than three years, and the property would be disqualified for tax exemption even if it otherwise qualifies.) This provision would benefit the village of Rutland, and other municipalities if any, with property that satisfies the specified criteria. Rutland owns 14 parcels on which tax delinquencies total more than $34,000. LBO does not know if this is the full extent of Rutland's fiscal issue that would be addressed by this provision.

H.B. 166 authorizes a township or municipal corporation that created a tourism development district (TDD) to enter into agreements with owners of property located within the TDD to impose a development charge on the property equal to a percentage (up to 2%) of gross receipts derived from sales made at the property. It specifies that the development charge is subject to the approval of the board of county commissioners of the county where the property is located. It provides that the development charge is collected and enforced in the same manner, and has the same lien status, as real property taxes. It prohibits a municipal corporation or township that currently levies a gross receipts tax within the TDD from also imposing a development charge. It extends the authority for municipal corporations or townships to levy a new TDD resort area gross receipts tax for the purpose of fostering and developing tourism until December 31, 2020. These changes may result in additional revenue to TDDs.

The budget act expands, to a county with a population over 750,000, a real property tax exemption in prior law that applied to a convention center or arena (1) owned by a convention facilities authority of a county with a population over one million and (2) leased to a private enterprise. The change applies beginning in TY 2019. The property tax exemption applies in Hamilton County, the only county in Ohio with a population in the 750,000 to 1,000,000 range (2010 U.S. Census). (Continuing law exempts property owned by any convention facilities authority from taxation unless the property is leased to, or used exclusively by, a private enterprise. Several exceptions to this rule have been created for certain arenas and convention centers, e.g., Nationwide Arena in Franklin County.)

H.B. 166 allows for the extension of an existing county lodging tax, from the current five-year limit to 15 years, that is levied by a county that hosts, or that has an independent agricultural society that hosts, an annual harness horse race with at least 40,000 one-day attendees. Only Delaware County qualifies. The act provides that an extension must be approved by resolution of the board of county commissioners, would not be subject to voter approval, but would be subject to referendum. (A resolution levying the tax for the first time would continue to be subject to voter approval.) Under continuing law, the maximum rate of the additional lodging tax is 3%. The proceeds of the tax are used to pay for the construction, maintenance, and operation of permanent improvements at sites where an agricultural society conducts fairs or exhibits. This provision would allow for continuation of the current additional 3% tax for another ten years. In calendar year 2016 (latest available), the tax raised $657,205.

Municipal income tax

During the current biennium, if the Tax Commissioner determines that Fund 5VR0 has insufficient cash to distribute the taxes on business net profits owed to municipal corporations, the Tax Commissioner is to certify to the Director of Budget and Management the amount of additional cash needed, and submit a plan to the Director requesting cash transfers from one or a combination of the following funds: the Municipal Income Tax Administrative Fund (Fund 5N50), the Local Sales Tax Administrative Fund (Fund 4350), the General School District Income Tax Administrative Fund (Fund 4380), the Motor Fuel Tax Administrative Fund (Fund 5V70), the Property Tax Administrative Fund (Fund 5V80), or the GRF. The plan is to include a proposed repayment schedule to reimburse those funds for the cash transfers. After receiving the certification and funding plan, if sufficient cash is available, the Director may transfer the cash to Fund 5VR0 in accordance with the Tax Commissioner's plan or as the Director determines, and may transfer cash from Fund 5VR0 to reimburse the funds from which cash was transferred.

H.B. 166 requires a municipal corporation to remit payment to the Treasurer of State if the net distribution amount for a municipal corporation's state-administered municipal income tax accounts is less than zero in any month. The Commissioner is required to distribute municipal income tax revenue on a monthly basis, after deducting 0.5% of such revenue to cover the Department's administrative expense. A municipal corporation's net distribution amount might be less than zero if audit adjustments and refunds exceed collections in a given month. The act requires that payment be remitted within 30 days of receiving notice of the deficiency. The Commissioner is allowed to recover unpaid amounts by reducing a delinquent municipal corporation's municipal income tax distributions, electric light and telephone company income tax distributions, and property tax distributions. These changes will facilitate administration of the state-administered municipal income tax.

The budget act defines "pension" and "retirement benefit plan" for purposes of the municipal income tax, essentially providing that all retirement benefit plans, including those that do not qualify for federal income tax deferment or exemption from Social Security or Medicare taxes, are exempt from municipal income tax. It specifies that the exemption applies to municipal taxable years beginning in or after 2020. Such plans include "supplemental executive retirement plans," also known as SERPs or "top hat" plans that are paid to supplement the retirement earnings of certain highly compensated executive employees. Ohio law exempted pensions from municipal income taxation starting in 2016, under provisions enacted in H.B. 5 of the 130th General Assembly, but did not define "pensions" and "retirement benefit plan" for these purposes. To the extent that it clarifies existing law, this provision would have no fiscal effect. For any municipalities that revised tax ordinances to incorporate pension revisions required by H.B. 5 and redefined pensions as limited to include certain plans, the provision could reduce municipal income tax revenues. The number of such municipalities and their revenue losses are undetermined.

School district income tax

For school districts that use "earned income" as the income tax base, the budget act requires that amounts subject to the state business income deduction must be added back when computing a taxpayer's taxable income. (Under continuing law, school districts that levy an income tax may use Ohio adjusted gross income (OAGI) or "earned income" as a tax base. "Earned income" includes compensation and self-employment earnings, but only to the extent that such income is included in OAGI.) The change would increase income tax revenue to school districts in the state that tax earned income by an estimated $11 million. This estimate is based on limited data so is only approximate.

Lodging tax

H.B. 166 authorizes a convention facilities authority (CFA) created between July and December of 2019 to levy up to a 3% excise tax on hotel lodging within its territory. It requires that the resolution authorizing the tax be adopted on or before December 30, 2020. The tax must be used to fund permanent improvements, including associated debt, the authority's operating costs, and costs to administer the tax. The tax must be approved by the board of county commissioners before it is levied but is not subject to voter approval. The budget act subjects resolutions creating a CFA between July and December of 2019 to a referendum if a referendum petition is signed by 10% of the number of persons who voted for Governor in the most recent gubernatorial election and is filed within 90 days. The imposition of the tax itself is not subject to referendum but the tax may not be imposed until after the referendum period for the resolution creating the CFA has expired. This provision may result in such a tax within the territory of the Montgomery County CFA. In calendar year 2016 (the latest available), 3% lodging taxes levied by that county and municipalities and townships in the county raised $5.9 million.

The budget act increases from 15% to 25% the maximum amount of lodging tax revenue received by the Muskingum County CFA that the CFA is permitted to divert to various county fairground purposes. It allows the CFA to use unspent revenue that was previously allocated to county fairgrounds in subsequent years without counting it towards the 25% cap.

Local sales and use tax

The budget act allows a county or transit authority to levy a sales and use tax in increments of 0.05%. Prior law limited local sales and use taxes to increments of 0.1% or 0.25%. It also allows for an additional 0.5% of sales and use tax to be levied by counties (other than charter counties) to be used for the purpose of constructing, acquiring, equipping, or repairing detention facilities, if approved by voters. The rate is limited to no more than 1.5% minus an overlapping transit authority's sales and use tax rate. The provision requires a commensurate reduction in the rate available to an overlapping transit authority (1.5% minus the rate of any county detention facility tax). Both provisions are effective October 1, 2019.

Insurance taxes

The budget act establishes specific insurance requirements for P2P transactions, such as minimum coverage limits, and makes a P2P car sharing program ultimately responsible for ensuring that insurance requirements are met. It states that a P2P car sharing program and a shared vehicle owner are exempt from vicarious liability in accordance with federal law and under any state or local law that imposes liability based only on vehicle ownership.

Revenue sharing

The budget act makes several changes to revenue sharing with political subdivisions, involving the LGF (Fund 7069) and PLF (Fund 7065). The changes are explained in the "**Analysis of the FY 2020-FY 2021 Budget: State Revenue Distributions**" above.

Other tax law provisions

The budget act specifies that in FY 2020 and FY 2021, any school district that has a nuclear power plant located within its territory is to receive the same reimbursement amount as in FY 2017 for the phase-out of taxation of tangible personal property of general business and the reduction in assessment rates on public utility personal property, under R.C. 5709.92. Perry Local School District in Lake County is estimated to receive an additional $1.86 million in the biennium as a result of this provision, and Benton-Carroll-Salem Local School District in Ottawa County is estimated to receive an additional $1.93 million in the biennium.

The budget act extends a criminal records check requirement to employees of municipal corporations and regional councils of government with access to federal tax information. Prior law required a criminal records check for state employees with access to federal tax information. The Internal Revenue Service requires such criminal records checks in order to preserve the confidentiality of federal tax information. This change may increase costs for affected units of local government.

H.B. 166 creates the Local Government Audit Support Fund (Fund 5VP0) to be used by the Auditor of State to offset a portion of the costs of audits of local public offices. It requires the Director of Budget and Management to credit monthly a portion of total tax revenue credited to the GRF, equal to $^1/_{12}$ of the annual fiscal appropriation from the Local Government Audit Support Fund. It requires the Director of Budget and Management to develop a schedule identifying the specific tax revenue sources to be used to make the monthly transfers and allows the Director to revise the schedule as necessary. It limits the appropriation from Fund 5VP0 to the amount designated by the General Assembly, and prohibits the Controlling Board from authorizing additional expenditures from that fund. The $10 million appropriated each fiscal year under Fund 5VP0 appropriation item 070611, Local Government Audit Support Fund, will offset a portion of the audit costs that would otherwise be charged to local governments.

H.B. 166 specifies that the initial action to collect a tax debt is commenced when a certified copy of the Tax Commissioner's entry making an assessment final is filed in the office of the clerk of the appropriate court of common pleas, rather than when the initial action is commenced after the certified copy is filed as under previous law. This change does not appear to have fiscal effects.

The budget act authorizes the board of township trustees of an urban township (a limited home rule township with a population of 15,000 or more in its unincorporated territory) to adopt a resolution creating a project or incentive district tax increment financing (TIF) arrangement by a majority vote rather than by unanimous vote as required by prior law. This change will have no fiscal effect.

Tax credits

H.B. 166 modifies the requirements for manufacturers and corporate headquarters to qualify for a nonrefundable job retention tax credit (JRTC). Prior law generally required businesses to have either 500 employees or $35 million in payroll in order to qualify for the JRTC at the time the tax credit authority grants the tax credit. If the taxpayer is engaged at the project site primarily as a manufacturer, eligibility required at least a $50 million capital investment in the aggregate at the project site during a period of three consecutive calendar years, and if the taxpayer is engaged at the project site primarily in significant corporate administrative functions, at least $20 million in the aggregate at the project site during a period of three consecutive calendar years.

The budget act allows a corporate headquarters to qualify for the JRTC if it is located in a foreign trade zone, regardless of whether it meets payroll or employment requirements, but continues to require it to meet minimum capital investment requirements. The budget act also specifies that manufacturers qualify for the credit if they make a capital investment over three years equal to the lesser of $50 million or 5% of the net book value of tangible personal property used at the project at the end of that three-year period. Thus, manufacturers no longer have to meet either 500 employees or $35 million in payroll in order to qualify for the JRTC. A smaller manufacturing project may qualify so long as the capital investment requirement and agreed job retention commitment are met. These changes may result in GRF revenue losses.

Section 757.30 of H.B. 166 provides a table that lists estimates of the specified business incentive credits that may be authorized in each fiscal year of the FY 2020-FY 2021 biennium, estimates of the credits expected to be claimed in each fiscal year, and estimates of the amounts of credits authorized that will remain outstanding at the end of the FY 2020-FY 2021 biennium. That table is reproduced below. The budget act specifies that in totality, the table provides an estimate of the state revenue forgone due to business incentive credits in the FY 2020-FY 2021 biennium and future biennia.

Biennial Business Incentive Tax Credit Estimates					
	Estimate of total value of tax credits authorized		Estimate of tax credits issued/claimed		Expected outstanding credits
Tax credit	FY 2020	FY 2021	FY 2020	FY 2021	End of biennium
	(All figures in thousands of dollars)				
Job Creation Tax Credit*	$105,000	$105,000	$109,000	$105,000	$700,000
Job Retention Tax Credit	$0	$0	$44,818	$42,985	$153,161
Historic Preservation Tax Credit	$60,000	$60,000	$65,000	$70,000	$175,000
Motion Picture Tax Credit	$40,000	$40,000	$50,000	$45,000	$95,000
New Markets Tax Credit	$10,000	$10,000	$9,282	$9,667	$48,038
R&D Loan Tax Credit	$1,500	$1,500	$2,606	$2,100	$12,525
InvestOhio Tax Credit	$4,000	$3,500	$2,500	$2,000	$4,500
Ohio Rural Business	$0	$0	$0	$0	$45,000
Estimate Total	**$220,500**	**$220,000**	**$283,206**	**$276,751**	**$1,233,224**

*The Job Creation Tax Credit (JCTC) estimate of credits outstanding is not just for tax credit certificates already issued, but also for the estimated potential value of certificates to be issued under the program through 2035 when looking at the existing portfolio of approved and active incentives. The estimate assumes that the companies receiving credits will continue to meet the performance objectives required to continue receiving the credit.

Vetoed tax provisions of H.B. 166

The Governor vetoed all or portions of several H.B. 166 tax provisions. These vetoes are shown below.

Municipal income tax filing election

Most of the provisions related to the state administration of municipal income taxes were enacted. However, a provision on municipal income tax filing election was vetoed. The vetoed provision would have allowed a taxpayer to terminate the taxpayer's election to file municipal income taxes with the state within the first 24 months of making the election by providing a 60-day notice of termination.

Legal age to buy nicotine products

This veto removed an exception from the increase in the legal age, from 18 to 21 years, for a person to receive or purchase cigarettes, other tobacco products, alternative nicotine products, or papers used to roll cigarettes. The vetoed exception would have let a person who will be age 18 on or before October 1, 2019, continue to buy these products legally.

Sales tax on transportation network company services

H.B. 166, as passed by the General Assembly, included a broad provision specifying that any "technology platform" facilitating taxable services is considered the vendor for sales tax purposes. For example, the bill clarified that transportation network companies (TNC) that arrange transportation with a driver (e.g., Uber and Lyft) were required to collect and remit sales taxes, and that the provision was remedial in nature. The Governor vetoed those TNC-related provisions.

Property tax exemption for subdivided residential property

The Governor vetoed a provision that would have exempted from property tax the value of land subdivided for residential development, in excess of the fair market value of the property from which that land was subdivided, for up to three years or, if later, until but not including the year of a sexennial reappraisal, except that the exemption would end when construction of a residential building started or title transferred.

Property tax relief for certain property owners

The vetoed provision would have authorized a property tax reduction for certain property owners whose taxes pay a high share of a school district's operating expenses. The tax relief was limited to properties located in both a village and a school district with an enrollment of at least 1,300 students. LBO believes this provision was intended to benefit certain homeowners in the village of Hunting Valley, and could have benefitted others meeting the specified qualifications, at a cost to affected school districts that may have ranged to millions of dollars.

Change in property tax election notices and ballot language

A change in the information content and the form of property tax election notices and ballot language was vetoed by the Governor. A property tax levy's rate would have been stated in dollars for each $100,000 of fair market value, instead of in dollars for each $100 of taxable value, the estimated amount the levy would collect annually would have been required to be shown, and type font size would have been limited.

Tax law changes in the transportation budget

State earned income tax credit increase

A provision of H.B. 62 increases the amount of the nonrefundable state earned income tax credit (EITC) from 10% to 30% of the taxpayer's federal EITC. That act also removes a limit in prior law on the EITC to not more than 50% of the taxpayer's tax liability for taxpayers whose Ohio adjusted gross income exceeds $20,000. These changes are expected to reduce income tax revenue by $38 million starting in TY 2019.

Sales and use tax

Another provision of H.B. 62 exempts from the sales tax any motor fuel purchased for use to power a refrigeration unit on any vehicle other than a unit used for the comfort of vehicle occupants. (Under prior law, if the motor fuel tax has been paid on the fuel and the taxpayer is eligible for a motor fuel tax refund, that refund would be reduced by the sales tax due on that fuel unless a sales tax exemption applied already, e.g., for railroads.) This provision will result in a revenue loss of approximately $3 million.

Increase to the Ohio motor fuel tax

H.B. 62 increases the tax rates on motor fuels. Through FY 2019, the MFT on gasoline and diesel was 28¢ per gallon. H.B. 62 increased the tax to 38.5¢ per gallon for gasoline and to 47¢ per gallon for diesel, effective July 1, 2019. These increases are expected to generate approximately $865 million in additional revenue in FY 2020. A majority of this revenue, 55%, would be used by the Ohio Department of Transportation, while the remaining 45% of revenue is to be distributed to political subdivisions under a formula. The bill also changes the MFT law in various other ways, such as subjecting compressed natural gas (CNG) to the MFT, and updating the reimbursement rate for school districts and other local entities. The Transportation Budget Greenbook provides more analysis of MFT changes, including the distribution of revenue.

TAX/lb

Line Item Detail by Agency

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TAX Department of Taxation

			FY 2018	FY 2019	Appropriations FY 2020	FY 2019 to FY 2020 % Change	Appropriations FY 2021	FY 2020 to FY 2021 % Change
GRF	110321	Operating Expenses	$ 66,524,041	$ 62,541,371	$ 61,292,238	-2.00%	$ 62,378,576	1.77%
GRF	110404	Tobacco Settlement Enforcement	$0	$ 131,658	$ 145,479	10.50%	$ 150,810	3.66%
General Revenue Fund Total			**$ 66,524,041**	**$ 62,673,029**	**$ 61,437,717**	**-1.97%**	**$ 62,529,386**	**1.78%**
2280	110628	CAT Administration	$ 16,507,067	$ 13,478,854	$ 13,872,268	2.92%	$ 14,254,131	2.75%
4330	110602	Municipal Data Exchange Administration	$ 165,673	$ 125,579	$ 0	-100.00%	$ 0	N/A
4350	110607	Local Tax Administration	$ 20,234,368	$ 19,370,018	$ 30,409,575	56.99%	$ 31,020,628	2.01%
4360	110608	Motor Vehicle Audit Administration	$ 1,209,508	$ 1,488,148	$ 1,982,731	33.23%	$ 2,000,000	0.87%
4370	110606	Income Tax Refund Contribution Administration	$ 25,395	$ 18,299	$ 0	-100.00%	$ 0	N/A
4380	110609	School District Income Tax Administration	$ 5,738,022	$ 5,979,236	$ 9,027,264	50.98%	$ 9,200,001	1.91%
4C60	110616	International Registration Plan Administration	$ 569,256	$ 573,132	$ 683,494	19.26%	$ 705,869	3.27%
4R60	110610	Tire Tax Administration	$ 219,635	$ 152,972	$ 177,706	16.17%	$ 180,000	1.29%
5BP0	110639	Wireless 9-1-1 Administration	$ 261,887	$ 260,268	$ 296,210	13.81%	$ 298,794	0.87%
5BW0	110630	Tax Amnesty Promotion and Administration	$ 1,057,262	$0	$0	N/A	$0	N/A
5JM0	110637	Casino Tax Administration	$ 57,500	$ 74,913	$ 125,000	66.86%	$ 125,000	0.00%
5MN0	110638	STARS Development and Implementation	$ 4,759,436	$ 1,916,657	$ 0	-100.00%	$ 0	N/A
5N50	110605	Municipal Income Tax Administration	$ 185,390	$ 168,388	$ 400,000	137.55%	$ 400,000	0.00%
5N60	110618	Kilowatt Hour Tax Administration	$ 73,967	$ 89,774	$ 96,954	8.00%	$ 100,000	3.14%
5NY0	110643	Petroleum Activity Tax Administration	$ 730,690	$ 827,922	$ 992,581	19.89%	$ 1,000,000	0.75%
5V70	110622	Motor Fuel Tax Administration	$ 4,531,140	$ 4,136,618	$ 5,899,525	42.62%	$ 6,000,000	1.70%
5V80	110623	Property Tax Administration	$ 4,485,545	$ 5,074,869	$ 5,872,025	15.71%	$ 6,000,000	2.18%
5W70	110627	Exempt Facility Administration	$ 48,760	$ 2,883	$ 0	-100.00%	$ 0	N/A
6390	110614	Cigarette Tax Enforcement	$ 1,887,404	$ 1,520,825	$ 1,548,152	1.80%	$ 1,599,999	3.35%
6880	110615	Local Excise Tax Administration	$ 389,397	$ 443,841	$ 588,213	32.53%	$ 600,000	2.00%
Dedicated Purpose Fund Group Total			**$ 63,137,303**	**$ 55,703,194**	**$ 71,971,698**	**29.21%**	**$ 73,484,422**	**2.10%**
4250	110635	Tax Refunds	$ 2,277,741,521	$ 2,377,960,995	$ 2,205,303,300	-7.26%	$ 2,179,769,300	-1.16%
5CZ0	110631	Vendor's License Application	$ 409,000	$ 395,600	$ 380,000	-3.94%	$ 380,000	0.00%
6420	110613	Ohio Political Party Distributions	$ 135,380	$ 107,883	$ 90,000	-16.58%	$ 0	-100.00%

Line Item Detail by Agency			FY 2018	FY 2019	Appropriations FY 2020	FY 2019 to FY 2020 % Change	Appropriations FY 2021	FY 2020 to FY 2021 % Change
TAX	**Department of Taxation**							
	Fiduciary Fund Group Total		**$ 2,278,285,901**	**$ 2,378,464,478**	**$ 2,205,773,300**	**-7.26%**	**$ 2,180,149,300**	**-1.16%**
R010	110611	Tax Distributions	$ 50,000	$ 5,000	$ 25,000	400.00%	$ 25,000	0.00%
R011	110612	Miscellaneous Income Tax Receipts	$0	$0	$ 500	N/A	$ 500	0.00%
	Holding Account Fund Group Total		**$ 50,000**	**$ 5,000**	**$ 25,500**	**410.00%**	**$ 25,500**	**0.00%**
Department of Taxation Total			**$ 2,407,997,245**	**$ 2,496,845,701**	**$ 2,339,208,215**	**-6.31%**	**$ 2,316,188,608**	**-0.98%**

Line Item Detail by Agency

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RDF State Revenue Distributions

			FY 2018	FY 2019	Appropriations FY 2020	FY 2019 to FY 2020 % Change	Appropriations FY 2021	FY 2020 to FY 2021 % Change
GRF	110908	Property Tax Reimbursement - Local Government	$ 639,251,509	$ 639,505,107	$ 644,885,000	0.84%	$ 650,342,850	0.85%
GRF	200903	Property Tax Reimbursement - Education	$ 1,163,167,088	$ 1,161,678,777	$ 1,197,715,000	3.10%	$ 1,207,908,150	0.85%
General Revenue Fund Total			**$ 1,802,418,596**	**$ 1,801,183,884**	**$ 1,842,600,000**	**2.30%**	**$ 1,858,251,000**	**0.85%**
5JG0	110633	Gross Casino Revenue Payments-County	$ 137,942,339	$ 140,765,009	$ 144,150,000	2.40%	$ 147,030,000	2.00%
5JH0	110634	Gross Casino Revenue Payments- School Districts	$ 92,032,688	$ 93,934,394	$ 95,880,000	2.07%	$ 97,800,000	2.00%
5JJ0	110636	Gross Casino Revenue- Host City	$ 13,523,759	$ 13,800,491	$ 14,150,000	2.53%	$ 14,430,000	1.98%
7047	200902	Property Tax Replacement Phase Out - Education	$ 204,889,269	$ 162,559,214	$ 135,105,080	-16.89%	$ 111,196,773	-17.70%
7049	336900	Indigent Drivers Alcohol Treatment	$ 1,336,492	$ 1,268,203	$ 2,250,000	77.42%	$ 2,250,000	0.00%
7050	762900	International Registration Plan Distribution	$ 16,035,624	$ 11,584,698	$ 23,000,000	98.54%	$ 23,000,000	0.00%
7051	762901	Auto Registration Distribution	$ 326,790,821	$ 333,114,714	$ 328,000,000	-1.54%	$ 328,000,000	0.00%
7060	110960	Gasoline Excise Tax Fund	$ 480,221,039	$ 587,456,809	$ 576,000,000	-1.95%	$ 576,000,000	0.00%
7065	110965	Public Library Fund	$ 384,639,080	$ 402,852,660	$ 422,300,000	4.83%	$ 430,000,000	1.82%
7066	800966	Undivided Liquor Permits	$ 14,994,784	$ 15,002,845	$ 14,600,000	-2.69%	$ 14,600,000	0.00%
7068	110968	State and Local Government Highway Distributions	$ 104,684,718	$0	$ 0	N/A	$ 0	N/A
7069	110969	Local Government Fund	$ 366,167,736	$ 383,541,743	$ 417,300,000	8.80%	$ 424,900,000	1.82%
7081	110907	Property Tax Replacement Phase Out - Local Government	$ 31,257,269	$ 16,903,564	$ 11,804,000	-30.17%	$ 8,620,000	-26.97%
7082	110982	Horse Racing Tax	$ 52,682	$ 47,950	$ 60,000	25.13%	$ 60,000	0.00%
7083	700900	Ohio Fairs Fund	$ 755,907	$ 798,242	$ 1,000,000	25.28%	$ 1,000,000	0.00%
7104	110997	Medicaid Local Sales Tax Transition Fund	$ 256,800,422	$ 30,000,000	$ 0	-100.00%	$ 0	N/A
Revenue Distribution Fund Group Total			**$ 2,432,124,629**	**$ 2,193,630,537**	**$ 2,185,599,080**	**-0.37%**	**$ 2,178,886,773**	**-0.31%**
4P80	001698	Cash Management Improvement Fund	$ 553,524	$ 2,642,033	$ 3,100,000	17.33%	$ 3,100,000	0.00%
5VR0	110902	Municipal Net Profit Tax	$0	$0	$ 30,000,000	N/A	$ 35,000,000	16.67%
6080	001699	Investment Earnings	$ 124,221,005	$ 208,996,062	$ 140,000,000	-33.01%	$ 160,000,000	14.29%
7001	110996	Horse Racing Tax Local Government Payments	$ 202,180	$ 189,928	$ 240,000	26.36%	$ 240,000	0.00%
7062	110962	Resort Area Excise Tax Distribution	$ 1,185,957	$ 1,426,842	$ 1,200,000	-15.90%	$ 1,200,000	0.00%
7063	110963	Permissive Sales Tax Distribution	$ 2,547,459,966	$ 2,625,310,786	$ 2,733,517,000	4.12%	$ 2,815,522,510	3.00%
7067	110967	School District Income Tax Distribution	$ 444,055,339	$ 461,217,044	$ 469,248,000	1.74%	$ 488,017,920	4.00%
7085	800985	Volunteer Firemen's Dependents Fund	$ 219,125	$ 216,300	$ 300,000	38.70%	$ 300,000	0.00%

Line Item Detail by Agency			FY 2018	FY 2019	Appropriations FY 2020	FY 2019 to FY 2020 % Change	Appropriations FY 2021	FY 2020 to FY 2021 % Change
RDF	**State Revenue Distributions**							
7093	110640	Next Generation 9-1-1	$0	$0	$ 1,000,000	N/A	$ 1,000,000	0.00%
7094	110641	Wireless 9-1-1 Government Assistance	$ 25,616,874	$ 25,599,737	$ 25,700,000	0.39%	$ 25,700,000	0.00%
7095	110995	Municipal Income Tax	$ 18,772,319	$ 58,242,012	$ 15,000,000	-74.25%	$ 15,000,000	0.00%
7099	762902	Permissive Tax Distribution - Auto Registration	$ 181,739,737	$ 198,654,580	$ 213,100,000	7.27%	$ 222,700,000	4.50%
Fiduciary Fund Group Total			**$ 3,344,026,027**	**$ 3,582,495,324**	**$ 3,632,405,000**	**1.39%**	**$ 3,767,780,430**	**3.73%**
R045	110617	International Fuel Tax Distribution	$ 50,785,740	$ 57,136,984	$ 56,100,000	-1.81%	$ 56,100,000	0.00%
Holding Account Fund Group Total			**$ 50,785,740**	**$ 57,136,984**	**$ 56,100,000**	**-1.81%**	**$ 56,100,000**	**0.00%**
State Revenue Distributions Total			**$ 7,629,354,992**	**$ 7,634,446,729**	**$ 7,716,704,080**	**1.08%**	**$ 7,861,018,203**	**1.87%**