

Greenbook

LBO Analysis of Enacted Budget

Ohio Air Quality Development Authority

Russ Keller, Chief Economist
August 2025

TABLE OF CONTENTS

Quick look.....	1
Analysis of FY 2026-FY 2027 budget	1
Appropriation by expense category	1
OAQDA operating costs	2
Operating Expenses (ALIs 898601 and 898602)	2
Grant assistance for eligible small businesses.....	3
Small Business Assistance (ALI 898603).....	3

LBO Greenbook

Ohio Air Quality Development Authority

Quick look...

- The Ohio Air Quality Development Authority (OAQDA) assists businesses, political subdivisions, and not-for-profit entities in complying with the federal Clean Air Act by (1) issuing revenue bonds and notes to install clean air facilities and helping them qualify for tax exemptions on the project and (2) issuing grants to eligible small businesses to buy clean air equipment.
- A seven-member board governs the Authority, of whom five are paid and two serve ex officio. The Authority does not have regulatory power.
- The enacted budget provides OAQDA with increased funding for operations and small business grants. Appropriations total approximately \$4.0 million in FY 2026 and \$4.8 million for FY 2027.
- The Authority has nine permanent staff members as of August 2025.

Fund Group	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Dedicated Purpose	\$1,187,451	\$1,454,583	\$3,996,000	\$4,773,000
Total Funding	\$1,187,451	\$1,454,583	\$3,996,000	\$4,773,000
% change	--	22.5%	174.7%	19.4%

Analysis of FY 2026-FY 2027 budget

Appropriation by expense category

The total amount appropriated for the Ohio Air Quality Development Authority (OAQDA) for FY 2026 is \$4.0 million, a \$2.5 million increase from actual FY 2025 expenditures, or a 174.7% increase. Total appropriations for FY 2027 are \$777,000 higher than the appropriations for FY 2026, a 19.4% increase. The budget consists of three appropriation line items, all in the Dedicated Purpose Fund Group.

The agency anticipates at least a fivefold increase in the number of air quality improvement projects it finances during FY 2026-FY 2027. The projection is based on active project application requests as well as daily inquiries fielded by agency staff. OAQDA works with applicants in their interest to reach the capital market or to coordinate financing with the businesses' preferred lending institution in the private placement of OAQDA's air quality revenue bonds. Operating expenses are funded by administrative fees collected by OAQDA upon the issuance and implementation of its air quality revenue bonds. In response to the funding increase, the agency will add up to 12 full-time positions.

OAQDA operating costs

Operating Expenses (ALIs 898601 and 898602)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 5700 ALI 898601, Operating Expenses					
\$729,471	\$827,325	\$940,129	\$1,252,134	\$3,600,000	\$4,300,000
% change	13.4%	13.6%	33.2%	187.5%	19.4%
Fund 4290 ALI 898602, Small Business Ombudsman					
\$119,035	\$137,690	\$143,848	\$166,010	\$246,000	\$248,000
% change	15.7%	4.5%	15.4%	48.2%	0.8%
Total Operating					
\$848,506	\$965,015	\$1,083,977	\$1,418,144	\$3,846,000	\$4,548,000
% change	13.7%	12.3%	30.8%	171.2%	18.3%

These two line items pay for the operating costs of OAQDA. Together they provide approximately \$3.8 million in FY 2026 and \$4.5 million in FY 2027 to cover payroll and administrative expenses. This compares to the estimated combined spending of about \$1.4 million between the two line items in FY 2025. The additional funds will allow OAQDA to hire additional full-time employees and expand program capacity to meet rising demands associated with new project applications and new bond issuances.

Line item 898601 provides funding for the administrative costs of the Authority's air quality financing assistance programs. The funding is supported by various sources of revenue, including fees associated with project revenue bonds issued under the authority of OAQDA on behalf of firms, government entities, or not-for-profit entities wanting to finance eligible projects such as pollution control and prevention, solid waste disposal, energy efficiency, and clean generation projects.¹ The financing assistance comes in two typical forms of bond support. Primarily, the Authority assists large scale manufacturing and public utility companies by offering low-cost financing alternatives for investment in pollution control and prevention measures. Qualified Energy Conservation Bonds provide another form of assistance to public entities like local governments or universities, enabling them to install energy-efficient heating and lighting systems.

Currently, OAQDA administers about \$3.0 billion in total outstanding debt, issued for hundreds of commercial and industrial projects. The duties involved with these project financing programs include educating the potential client base about available assistance, developing potential projects, reviewing applications, authorizing and issuing the bonds, and administering

¹ Debt service on the revenue bonds is not paid either directly or indirectly from state tax revenue, but solely by the benefited business or entity; the Authority simply acts as a conduit for the flow of funds. This arrangement allows the Authority to grant the borrowers certain tax exemptions authorized by the Revised Code.

outstanding bonds throughout their terms, which last as long as 40 years. The Authority issued \$503 million in air quality revenue bonds for 27 air quality facility projects in FY 2024-FY 2025.

Line item 898602 supports the Office of Small Business Ombudsman, commonly referred to as the Clean Air Resource Center. The Center is funded by transfers of a portion of the pollution control permit fees collected by the Ohio Environmental Protection Agency (OEPA) and deposited into the Small Business Ombudsman Fund (Fund 4Z90). The Clean Air Resource Center fulfills Ohio's mandate under the Clean Air Act amendments of 1990, and authorized under section 3706.19 of the Revised Code, to offer business assistance as part of the state's efforts in attaining and maintaining national ambient air quality standards. The Center provides small business assistance including: (1) onsite visits to identify air pollution problems and solutions, (2) technical assistance for meeting pollution requirements, and (3) distribution of information on financing assistance to purchase pollution control equipment.

Grant assistance for eligible small businesses

Small Business Assistance (ALI 898603)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 5A00 ALI 898603, Small Business Assistance					
\$161,775	\$140,267	\$103,474	\$36,439	\$150,000	\$225,000
% change	-13.3%	-26.2%	-64.8%	311.7%	50.0%

These appropriations support the Small Business Assistance Grant Program to assist small businesses in purchasing pollution clean air equipment. Multiple factors affect the amount of fees generated in a particular year; generally, the fees are based on the annual actual air emissions reported by Title V permit holders.

Under the program, OAQDA offers grants of up to 20% for small businesses to purchase clean air equipment, or up to a \$20,000 maximum per grant. To qualify, the business must have 100 or fewer employees, emit less than 75 tons per year of all regulated pollutants, and 50 tons or less per year of any regulated pollutant, and have financial difficulty complying with federal Clean Air Act requirements. Once a small business moves forward with a project, the grant awards may either be used towards paying (1) fees associated with OAQDA's bond financing or (2) principal payments of loans incurred to provide necessary capital for the project. Small businesses working on energy efficiency and conservation projects are not eligible under the grant program, but they may be eligible for separate tax benefits.