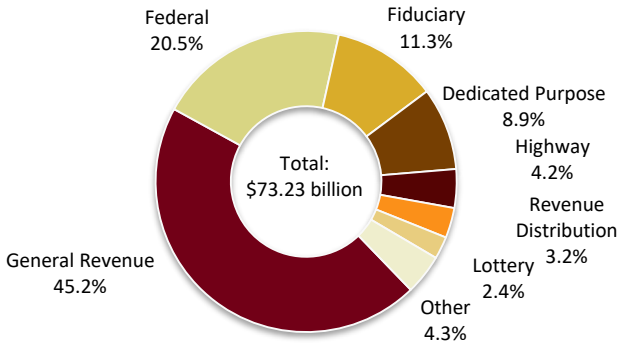


GRF Made Up 45.2% of Operating Spending in FY 2020

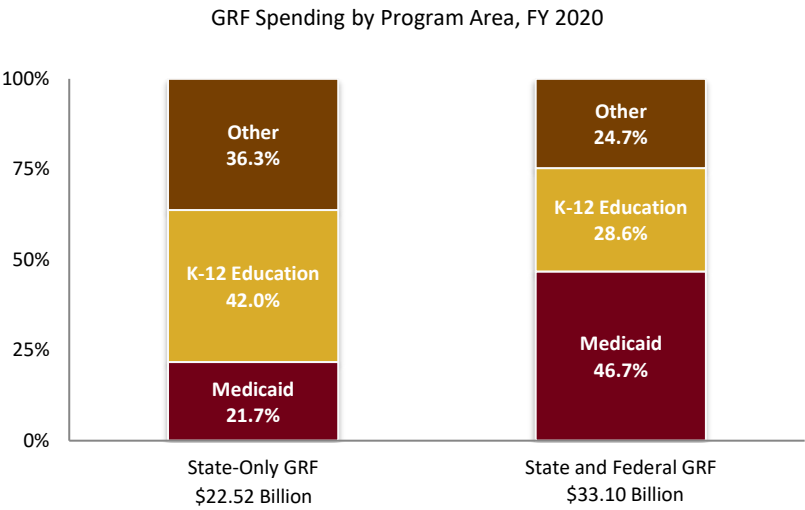
State Operating Spending by Fund Group, FY 2020



Source: Ohio Administrative Knowledge System

- In FY 2020, state operating spending totaled \$73.23 billion, of which \$33.10 billion (45.2%) was expended from the GRF. GRF spending supported Medicaid (46.7%), primary and secondary education (28.6%), higher education (7.9%), and other core government functions.
- The Federal Fund Group accounted for \$15.02 billion (20.5%) of total operating spending in FY 2020. This spending supported various federal programs that are subject to the state appropriation process. The federal share of FY 2020 total operating spending increases to 35.0% when the \$10.59 billion in federal reimbursements deposited into the GRF is counted.
- Spending from the Fiduciary Fund Group and the Revenue Distribution Fund Group was \$8.27 billion (11.3%) and \$2.37 billion (3.2%), respectively. This spending included tax distributions to local governments, tax refunds, state employee payroll and benefit deductions, and various state payments to local governments.
- Spending from the Dedicated Purpose Fund Group was \$6.50 billion (8.9%), which supported various programs with specific revenue sources.
- Spending from the Highway Operating Fund Group accounted for \$3.04 billion (4.2%). This spending supported the operations of the Ohio Department of Transportation, including highway construction and maintenance.
- Spending from the State Lottery Fund Group was \$1.76 billion (2.4%). This spending was for primary and secondary education, as well as lottery administration and prize payments.
- The remaining \$3.16 billion (4.3%) of spending was distributed from seven other smaller fund groups.

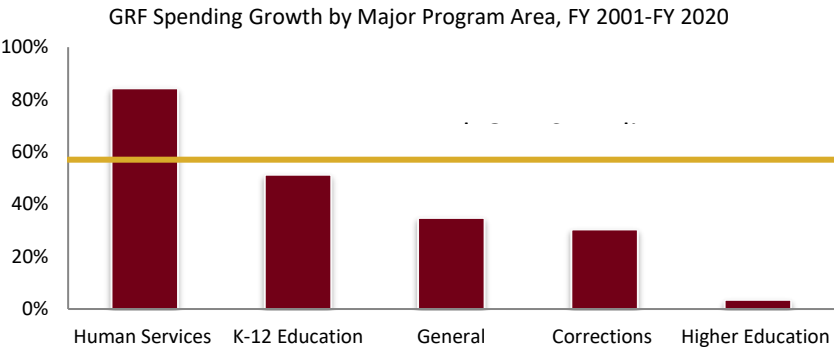
K-12 Education and Medicaid Are the Two Biggest Spending Areas in the GRF



Sources: Ohio Administrative Knowledge System; Ohio Legislative Service Commission

- GRF spending supported by only state sources totaled \$22.52 billion in FY 2020. Of this total, 42.0% (\$9.46 billion) went to K-12 Education. K-12 Education has traditionally comprised the largest share of state-only GRF spending, followed by Medicaid, which comprised 21.7% (\$4.89 billion) in FY 2020.
- The remainder of the state-only GRF in FY 2020 went to Higher Education (\$2.61 billion, 11.6%), General Government (\$2.17 billion, 9.7%), Corrections (\$2.05 billion, 9.1%), and non-Medicaid Human Services (\$1.34 billion, 5.9%).
- GRF spending for Medicaid is supported by federal reimbursements in addition to state revenue sources. In FY 2020, \$10.59 billion in federal reimbursements was deposited into the GRF, which brought total state and federal GRF spending to \$33.10 billion.
- Medicaid accounted for \$15.47 billion (46.7%) of total state and federal GRF spending in FY 2020. Medicaid has consistently made up the largest share of total GRF spending.
- K-12 Education ranked second in total state and federal GRF spending, at 28.6% in FY 2020.
- The Higher Education, General Government, Corrections, and non-Medicaid Human Services shares of FY 2020 total state and federal GRF spending were 7.9%, 6.6%, 6.2%, and 4.0%, respectively.

Total State and Federal GRF Spending Grew 57% in the Past Two Decades Due to Human Services

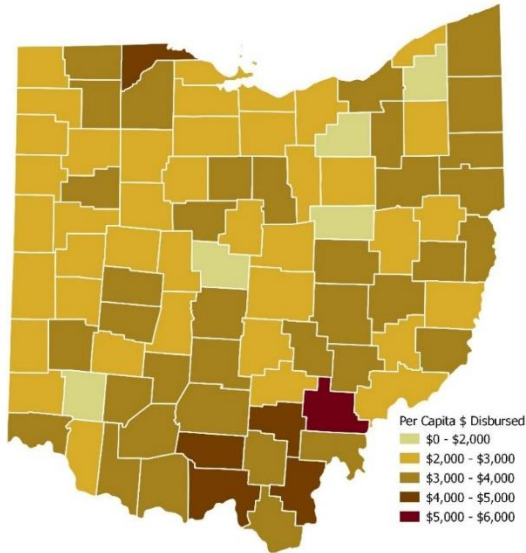


Sources: Ohio Administrative Knowledge System; Ohio Legislative Service Commission

- In nominal terms, total state and federal GRF spending increased by 57.0% over the 20 years from FY 2001 to FY 2020, with an average growth rate of 2.5% per year.
- Human Services, including Medicaid, is the main driver behind total GRF spending growth. It grew 84.3% from FY 2001 to FY 2020, much faster than total GRF spending. This spending area increased from 43.3% of total GRF spending in FY 2001 to 50.8% in FY 2020. A portion of this spending is funded by reimbursements from the federal government.
- All other categories increased by less than overall spending and, therefore, saw a decrease in their shares of total spending. K-12 Education spending increased 51.4%. This spending area decreased from 29.7% of total spending in FY 2001 to 28.6% in FY 2020.
- General Government grew by 34.7% and Corrections grew by 30.4% over this 20-year period. These two categories' shares of the total decreased from 7.7% to 6.6% and from 7.5% to 6.2%, respectively.
- Higher Education spending growth was the lowest of all spending areas, increasing by 3.5% over the past two decades. This spending area decreased from 11.9% of total spending in FY 2001 to 7.9% in FY 2020. Higher Education spending of \$2.61 billion in FY 2020 is 3.8% lower than its all-time high of \$2.71 billion in FY 2008.
- Inflation (CPI-U) was 46.9% during this 20-year period. Human Services and K-12 Education are the two areas that grew faster than inflation.
- Overall GRF spending registered only two annual declines in the past two decades, a 9.9% decrease in FY 2010 due to the Great Recession and an 8.0% decrease in FY 2018 due to a tax policy change that moved some Medicaid spending out of the GRF into non-GRF funds.

State Spends More Dollars Per Capita in Rural Counties

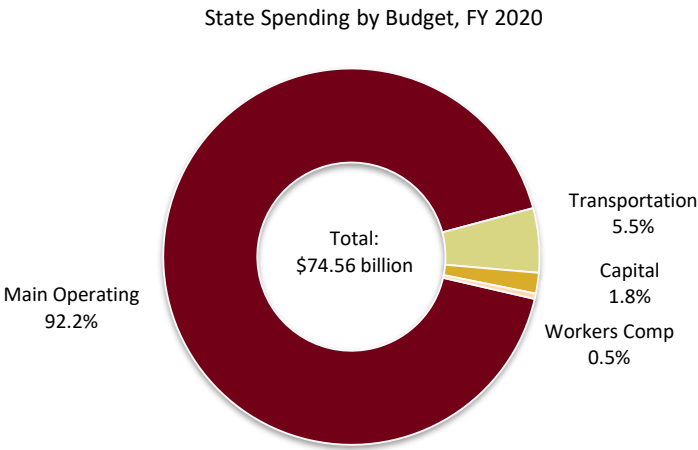
FY 2019 Per-Capita State Spending by County



Source: Annual survey of state agencies by the Ohio Legislative Service Commission

- A total of \$36.45 billion was spent on programs and projects in Ohio's 88 counties in FY 2019. The five counties in which the state spent the most money per capita in FY 2019 were in southeastern Ohio: Athens (\$5,864), Pike (\$4,969), Scioto (\$4,913), Gallia (\$4,549), and Vinton (\$4,452).
- The five counties in which the state spent the most total money were Franklin (\$4.71 billion), Cuyahoga (\$4.45 billion), Hamilton (\$2.70 billion), Summit (\$1.93 billion), and Montgomery (\$1.80 billion).
- Of the \$36.45 billion total, \$34.55 billion (94.8%) was for subsidies that support Medicaid and public assistance programs, K-12 schools and higher education, distributions to political subdivisions to offset or supplement the costs of certain public services, and loans and grants for economic development. The remaining \$1.90 billion (5.2%) was for capital projects to acquire, construct, or improve land, buildings, and infrastructure.
- The largest portion of state subsidy and capital expenditures went toward health and human services (49.8%), followed by education (36.8%), transportation and infrastructure (5.5%), revenue distribution (4.0%), general government (2.0%), and justice and corrections (1.9%).

Main Operating Budget Authorized 92.2%
of Total State Spending in FY 2020

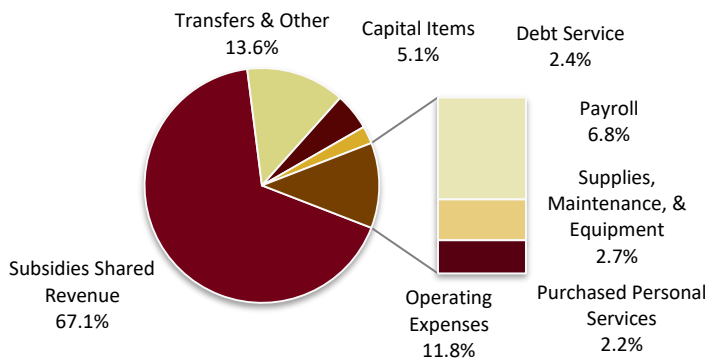


Source: Ohio Administrative Knowledge System

- In FY 2020, state spending totaled \$74.56 billion across all funds. Of this total, \$68.77 billion (92.2%) was authorized by the main operating budget act, \$4.12 billion (5.5%) by the transportation budget act, \$1.32 billion (1.8%) by the capital budget act, and \$344.3 million (0.5%) by the two budget acts for the workers’ compensation system.
- The four noncapital budget acts are commonly referred to as the operating budget. While capital appropriations are primarily funded by bonds, operating appropriations are supported by cash from sources such as taxes, fees, and federal grants. The Ohio Constitution requires a balanced operating budget.
- The main operating budget provides funding for all state agencies except the Bureau of Workers’ Compensation (BWC) and Ohio Industrial Commission (OIC). BWC and OIC each has its own budget. While the departments of Transportation (DOT) and Public Safety (DPS) receive some funding from the main operating budget, the transportation budget provides the vast majority of funding for DOT and DPS.
- Medicaid and primary and secondary education dominate state spending, comprising 38.6% (\$28.23 billion) and 17.1% (\$12.49 billion), respectively, of total operating spending in FY 2020.

State Payroll Amounted to 6.8% of Total State Spending in FY 2020

State Spending by Category, FY 2020

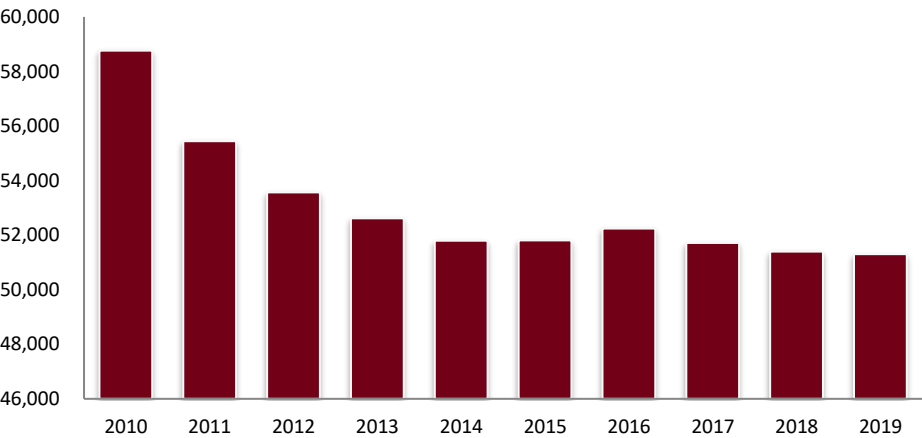


Source: Ohio Administrative Knowledge System

- In FY 2020, state operating and capital spending totaled \$74.56 billion across all funds. State payroll totaled \$5.08 billion (6.8%). Of the state payroll amount, \$2.27 billion (44.6%) came from the GRF and the other \$2.81 billion (55.4%) came from various non-GRF funds.
- In addition to payroll, the state spent \$2.03 billion for supplies, maintenance, and equipment items and \$1.66 billion for purchased services. Combined with payroll, these three categories are commonly referred to as state government operating expenses, which totaled \$8.77 billion across all funds, representing 11.8% of total state spending in FY 2020.
- Earned wages, the largest share of payroll costs, totaled \$2.91 billion, 3.9% of total FY 2020 state spending. This category includes wages for work performed, excluding paid vacation and sick leave time.
- Employee benefits – such as retirement contributions as well as health, vision, dental, and life insurance – represent the second largest portion of payroll costs, amounting to \$1.50 billion (2.0%) in FY 2020.
- The largest category of state spending is subsidies and shared revenues. This spending totaled \$50.03 billion (67.1%) in FY 2020 and includes payments to Medicaid providers, school districts, colleges and universities, and other local and state entities.
- The remaining categories are transfers and other (\$10.15 billion/13.6%), which includes items such as tax refunds and distributions of local taxes collected by the state, capital items (\$3.80 billion/5.1%), and debt service (\$1.80 billion/2.4%).

**Ohio’s State Employee Headcount Dipped Slightly
in 2019, Hitting a New Ten-Year Low**

State Employee Head Count by Calendar Year

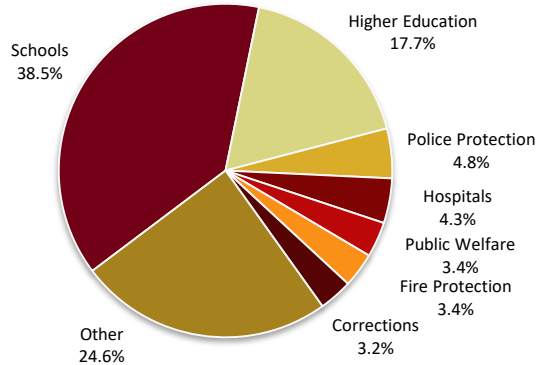


Source: Ohio Department of Administrative Services

- The number of state employees, including employees in the executive, legislative, and judicial branches, fell by 85 from 51,393 in December 2018 to 51,308 in December 2019, a ten-year low. The 2019 count was 12.7% lower than the 58,766 employees in the state workforce in December 2010.
- There were declines in state employment in all but two years over this ten-year period. The largest annual decline occurred between 2010 and 2011, when the employee roster dropped by 3,324 from 58,766 to 55,442 (5.7%). Slight increases occurred in 2015 and 2016.
- Of the 51,308 employees in 2019, 46,342 (90.3%) were employed in permanent full-time positions.
- Overall, 34,990 employees (68.2%) were in bargaining unit positions.
- There were a total of 91 state employers in the executive, legislative, and judicial branches of government as of December 2019. Together, the ten largest employed 35,773 individuals, or 69.7% of all state employees.
- Two state agencies employed just over one-third of the state workforce in 2019. The Department of Rehabilitation and Correction was the largest state employer, with 12,216 (23.8%) of the total, followed by the Department of Transportation, with 5,424 (10.6%) of the total.
- In contrast, 51 agencies (56.0%) employed less than 100 employees, and 33 agencies (36.3%) employed less than 25 employees. Most of these entities are boards and commissions, such as professional licensing boards.

Over Half of Ohio Public Employees Worked for Schools and Institutions of Higher Education in 2018

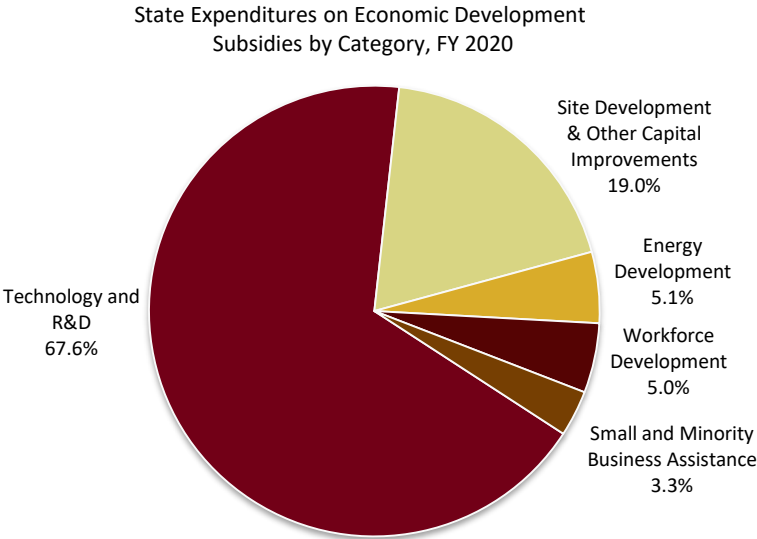
State and Local Government Employee
Head Count by Function, 2018



Source: U.S. Census Bureau

- Ohio's state and local government employee head count totaled 705,280 in 2018, of which 38.5% (271,540) worked for schools and 17.7% (124,915) worked for higher education institutions. Together, education accounted for 56.2% of total state and local government employment.
- The next largest public employee categories were police protection (4.8%, 33,970 employees), hospitals (4.3%, 30,629), public welfare (3.4%, 24,108), fire protection (3.4%, 23,758), and corrections (3.2%, 22,899). Together, these five sectors represented 19.2% (135,364) of the total state and local government employee head count in 2018.
- From 2008 to 2018, the number of public school employees decreased by 4.8% (13,566) from 285,106 to 271,540. Meanwhile, public school enrollment decreased by 6.1% (109,730) from 1.79 million in FY 2008 to 1.68 million in FY 2018.
- Employment at public institutions of higher education increased by 2.6% (3,171) from 121,744 in 2008 to 124,915 in 2018. Meanwhile, higher education enrollment decreased by 5.1% (18,170) from 356,259 in FY 2008 to 338,089 in FY 2018.
- In 2018, the public school employee head count consisted of 183,807 (67.7%) instructional employees and 87,733 (32.3%) other employees, while the higher education employee head count included 40,535 (32.5%) instructional employees and 84,380 (67.5%) other employees.
- Ohio's public employee head count total decreased by 6.1% (45,480) from 2008 to 2018. Increases in higher education and parks and recreation were more than offset by decreases in other categories.

About Two-Thirds of State Economic Development Assistance Was for Technology R&D Projects in FY 2020



Sources: Ohio Administrative Knowledge System; JobsOhio

- In FY 2020, the Development Services Agency disbursed a total of \$96.2 million in state loans and grants for economic development assistance.
- Of this total, \$65.0 million (67.6%) was for programs to support technology, research and development (R&D), and commercialization of new technologies. This includes \$52.1 million under the Third Frontier Program, which aims to expand technology-related entrepreneurship and commercialization in the state.
- Grants and loans to support private-sector site development and other capital improvements accounted for \$18.3 million (19.0%) of the total. Most of this was in the form of Roadwork Development Grants to local governments for roadway improvements that support business location and expansion.
- State energy development and workforce development incentives totaled just under \$5.0 million each, or around 5.0% of the total. Small and minority business assistance (3.3%) was mainly in the form of export assistance, minority business loans, and technical support for small businesses.
- In addition to this direct state funding, JobsOhio, the state’s private nonprofit economic development entity, awarded almost \$176.0 million in FY 2020 under several types of grant and loan programs.
- JobsOhio primarily directs funding to companies that commit to either creating at least around 25 new jobs or \$1.0 million in new fixed asset investment. It is funded by the profits of spirituous liquor sales in the state.

Ohio Per-Capita State and Local Taxes Were Lower Than the National Average in FY 2017

Combined State and Local Taxes, FY 2017				
State	Taxes Per Capita	National Rank	Taxes as % of Personal Income	National Rank
National Average	\$5,102	--	10.0%	--
Ohio	\$4,637	25	10.1%	19
Neighboring States				
Indiana	\$3,919	39	8.8%	38
Kentucky	\$3,901	40	9.7%	27
Michigan	\$4,192	31	9.2%	31
Pennsylvania	\$5,203	15	9.9%	21
West Virginia	\$3,939	37	10.5%	14

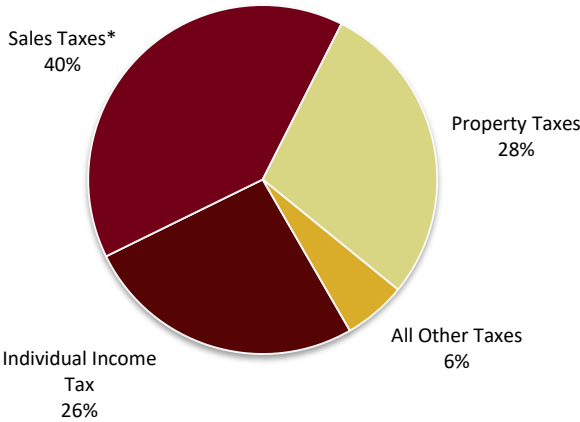
Sources: U.S. Census Bureau; Ohio Legislative Service Commission

- Ohio's combined state and local tax burden, measured by taxes per capita, was \$4,637 in FY 2017. This was lower than the national average of \$5,102 but higher than that of all neighboring states except Pennsylvania.
- Measured relative to personal income, Ohio's state and local tax burden of 10.1% was about the same as the national average. Compared to neighboring states, Ohio had higher taxes as a percentage of personal income than all except West Virginia.
- For FY 2017, Ohio's state taxes were \$2,531 per capita, below the national average of \$2,920. Local taxes in Ohio averaged \$2,106 per capita, also below the national average of \$2,182.
- For FY 2017, Ohio's state taxes were 5.5% of personal income, below the national average of 5.7%. Ohio's local taxes were 4.6% of personal income, above the national average of 4.3%.
- In FY 2017, New York had the highest per capita combined state and local tax burden among the 50 states at \$9,064. Taxes per capita in the District of Columbia were higher at \$10,800. Alabama had the lowest burden at \$3,374.
- New York also had the highest level of taxation as a percentage of personal income at 14.3% in FY 2017. Alaska had the lowest at 7.3%.¹

¹ Alaska's rank fell from highest in FY 2013 to lowest in FY 2015 and FY 2017 primarily due to its heavy reliance on a petroleum severance tax that has relatively volatile receipts.

Ohio’s State and Local Taxes Raise More Revenue From Taxation of Sales Than of Property or Income

Ohio Combined State & Local Tax Revenue by Source, FY 2017

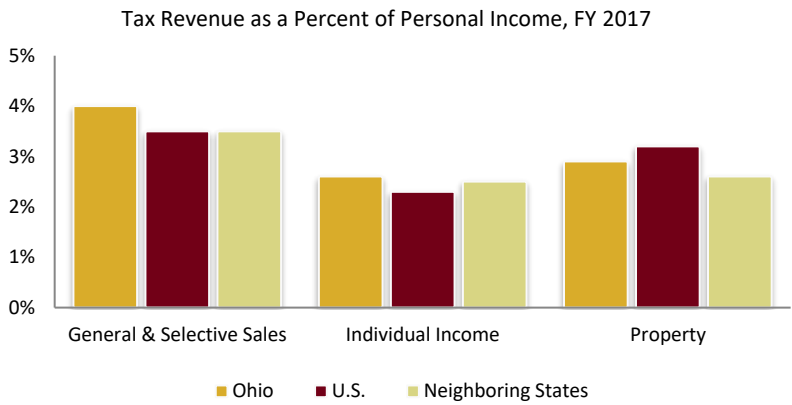


*Sales taxes include general state and local sales tax and gross receipts taxes on sales of specific products, including tobacco products, alcoholic beverages, motor fuels, and utility services.

Sources: U.S. Census Bureau; Ohio Legislative Service Commission

- In FY 2017, state and local taxes on sales, property, and individual income in Ohio raised about 94% of tax revenues. Sales and other gross receipts taxes raised 40% of total tax receipts, property taxes raised 28%, and individual income taxes raised 26%.
- State taxes accounted for 55% of Ohio’s combined state and local tax revenue in FY 2017. For the U.S. as a whole, state taxes were 57% of combined state and local tax revenue.
- Of Ohio’s state tax revenue, 64% came from sales and gross receipts taxes – with the general sales tax accounting for 42% of total tax revenue – and 28% came from the individual income tax. Nationwide, 48% of state taxes came from sales and gross receipts taxes – with general sales taxes accounting for 32% of the total – and 37% of state taxes came from individual income taxes.
- Local taxes comprised 45% of Ohio’s combined state and local tax revenue in FY 2017. For the U.S. as a whole, local taxes were 43% of combined state and local taxes.
- Of Ohio’s local taxes, 63% came from property taxes, 23% from individual income taxes, and 11% from sales and gross receipts taxes. Nationwide, 72% of local taxes were derived from property taxes, 5% from individual income taxes, and 17% from sales and gross receipts taxes.

State and Local Governments in Ohio Rely More on Sales and Income Taxes Than Neighboring States

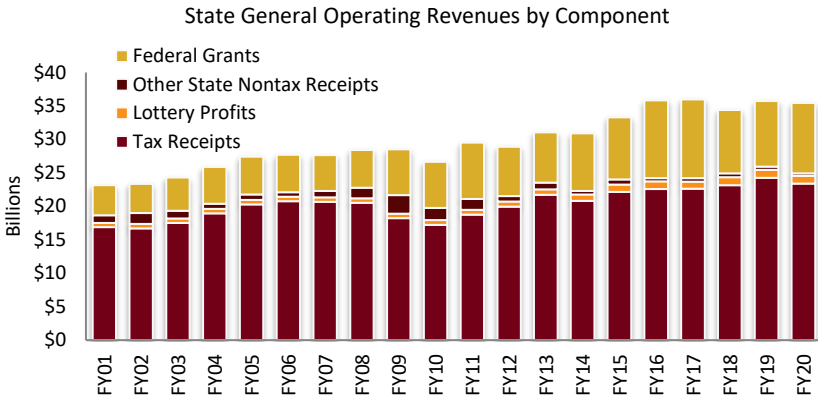


Sources: U.S. Census Bureau; Bureau of Economic Analysis

- In FY 2017, Ohio’s general and selective sales tax receipts were 4.0% of total personal income, which was higher than the national average of 3.5% and was also higher than the average of its five neighboring states (3.5%). Selective sales taxes apply to specific products, including motor fuel, alcoholic beverages, tobacco products, and public utilities.
- Ohio’s state and local individual income taxes as a percentage of total personal income were 2.6%, higher than the U.S. average of 2.3% and the average of its five neighboring states (2.5%). Ohio’s percentage was 3.4% in FY 2008, but has been decreasing in recent years due primarily to income tax policy changes.
- Ohio’s property taxes were 2.9% of total personal income, which was less than the national average (3.2%), but higher than the average of its five neighboring states (2.6%).

Tax Revenue as a Percent of Personal Income for Ohio and Neighboring States, FY 2017			
State	Individual Income	Property	General & Selective Sales
Ohio	2.6%	2.9%	4.0%
Indiana	2.0%	2.3%	3.8%
Kentucky	3.3%	2.1%	3.6%
Michigan	2.2%	3.1%	3.1%
Pennsylvania	2.6%	2.9%	3.2%
West Virginia	2.6%	2.5%	4.1%

State General Operating Revenues Grew Almost 53% in the Past Two Decades

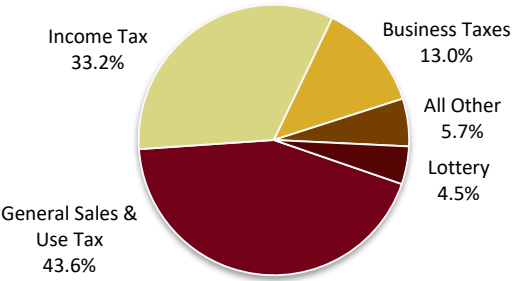


Sources: Ohio Administrative Knowledge System; Ohio Legislative Service Commission

- During the past 20 years, overall state general operating revenues increased by 52.8% from \$23.18 billion in FY 2001 to \$35.43 billion in FY 2020.
- Tax receipts, the largest component of state general operating revenues, fell by 3.6% from its all-time high of \$24.28 billion in FY 2019, to \$23.42 billion in FY 2020. This fall in receipts occurred in the final quarter of the fiscal year as the economy retracted due to the COVID-19 pandemic, which started affecting the Ohio economy in mid-March 2020. At the end of March, FY 2020 tax receipts were still 2.2% higher than the corresponding months of FY 2019.
- In addition to FY 2020, in the past two decades, overall tax receipts registered three other notable annual decreases: decreases of 11.3% in FY 2009 and 5.4% in FY 2010 due primarily to the Great Recession and a decrease of 4.1% in FY 2014 due mainly to an 8.5% across-the-board income tax rate reduction in tax year 2013.
- The GRF receives the majority of tax receipts. In FY 2020, \$22.62 billion (96.6%) of total tax receipts went to the GRF and \$791.7 million (3.4%) was distributed to local governments and public libraries.
- The tax receipt share of state general operating revenues has decreased in recent years while the federal grant share has increased due partly to federal stimulus moneys provided during the Great Recession and the COVID-19 pandemic and the Medicaid expansion through the federal Affordable Care Act. In FY 2008, the share was 72.2% for tax receipts and 19.8% for federal grants compared to 66.1% and 29.6%, respectively, for FY 2020.
- In FY 2020, lottery profits and other state nontax receipts comprised 3.2% (\$1.13 billion) and 1.1% (\$400.4 million), respectively, of the state general operating revenue total. Lottery profits are constitutionally earmarked for primary and secondary education.

General Sales and Income Taxes Lead State-Source
GRF and Lottery Profits Receipts

State-Source GRF and Lottery Profits Receipts, FY 2020

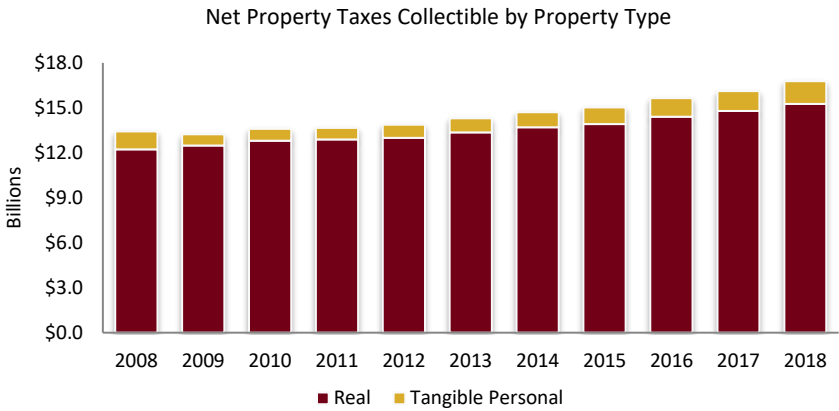


Source: Ohio Administrative Knowledge System

- In FY 2020, total state-source GRF and lottery profits receipts amounted to \$24.94 billion. The general sales and use tax (\$10.88 billion) and the personal income tax (\$8.27 billion) were the two largest revenue sources. Together, they accounted for 76.8% of total receipts in FY 2020.
- The general sales and use tax exceeded personal income tax (PIT) as the largest state-source revenue stream the last seven years. Prior to FY 2014, the PIT had been the largest revenue source each year since FY 1986. The switch was largely due to policy changes made to each respective tax rate in 2013, and also several reductions of PIT rates in the ensuing years.
- In FY 2020, business taxes¹ comprised 13.0% of total state-source GRF and lottery profits receipts, up from 12.3% in FY 2019, and from a low of 5.3% in FY 2010. Over the years, increases in the GRF share of commercial activity tax (CAT) revenue, plus steady growth in CAT revenue has increased the overall share of business taxes.
- All other receipts include primarily revenue from the cigarette tax, but also various other tax and nontax revenue sources.
- Lottery profits, which totaled \$1.13 billion in FY 2020, are used to help fund state education aid for schools. Profits grew on average of 7.7% annually from FY 2012 through FY 2018. However, they fell 1.5% in FY 2019 due to an accounting change, and 2.3% in FY 2020 due to steep revenue declines from the partial closure of lottery ticket retailers and the shuttering of horse racetracks from March to June 2020.
- State-source GRF and lottery profits receipts decreased 3.9% in FY 2020, after being up 4.1% in FY 2019. Responses to the COVID-19 pandemic took a severe toll on GRF tax receipts in the last quarter of FY 2020. The most important measures included a stay-at-home requirement and some business closures, which reduced economic activity, and an extension of the deadline to file state income taxes until July 15, 2020, which delayed a large amount of PIT receipts from FY 2020 to FY 2021.

¹ Business taxes consisted primarily of the commercial activity tax (CAT, 51.7% of the \$3.23 billion in business taxes in FY 2020), the financial institutions tax, utility-related taxes, and insurance taxes.

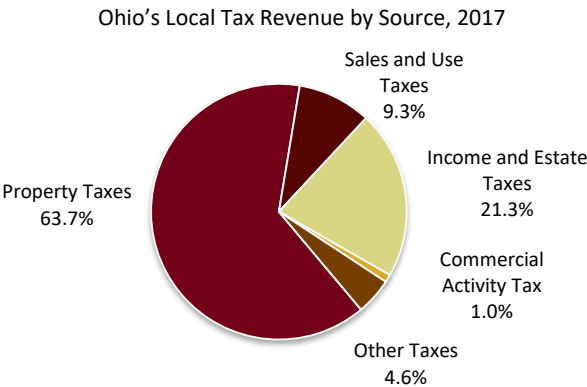
Property Tax Revenues Reached a New High in 2018



Sources: Ohio Department of Taxation; Ohio Legislative Service Commission

- Net property taxes collectible for 2018 reached an all-time high of \$16.78 billion. This was an increase of 4.1% (\$654 million) from 2017, which was the previous peak year.
- Increases in property taxes were widespread. From 2008 to 2018, net taxes collectible on real property rose 25%, while taxes on tangible personal property increased 28%. The latter gains were attributable to new gas pipelines placed into service after shale drilling began in eastern Ohio.
- The tangible personal property tax was phased out in 2009 for general business and in 2011 for telephone and inter-exchange telecommunications companies. Public utilities (including certain pipeline operators) remain subject to the tax.
- Property taxes in Ohio fund local governments, except for a small deduction retained by the state for costs of tax administration. About \$2 of every \$3 in property taxes collected go to school districts.
- Generally, taxes owed on residential and agricultural real property are net of a 10% reduction, an additional 2.5% reduction on owner-occupied residences, and a homestead exemption for certain homeowners who are age 65 or older or disabled. The state reimburses local governments for these tax rollbacks, except for levies approved after the November 2013 election, as enacted in H.B. 59 of the 130th General Assembly. The state GRF spent a total of about \$1.8 billion during FY 2020 on these reimbursements.
- In 2007, the homestead exemption was increased to \$25,000 of market value and an income test to qualify was eliminated. A new income test, which is adjusted annually for inflation, was enacted by H.B. 59 for all new applicants who become eligible on the basis of age or disability status after 2013. The income threshold was \$32,800 in 2019. The homestead exemption for certain disabled veterans and their surviving spouses has been \$50,000 of market value since tax year 2014, with no means test.

Property Taxes Accounted for 64% of
Local Government Tax Revenue in 2017

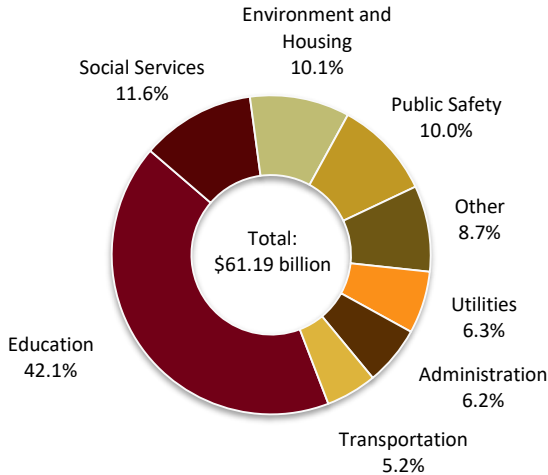


Sources: Ohio Department of Taxation; Ohio Department of Public Safety

- In 2017, local tax revenue in Ohio totaled \$27.35 billion. Property taxes amounted to \$17.43 billion. Receipts from municipal and school district income taxes and the local share of the estate tax were \$5.83 billion. Sales and use taxes provided \$2.55 billion. Business taxes, consisting of the commercial activity tax (CAT), added \$0.27 billion. Other taxes (casino, admission, alcohol, cigarette, lodging, motor vehicle fuel, and motor vehicle license) generated the remaining \$1.27 billion.
- Property taxes accounted for 63.7% of total local tax revenue in 2017, down from a high of 67.9% in 2005. The decrease is primarily the result of the phase out of taxes on business tangible personal property (equipment, inventories, furniture, and fixtures) for general business from 2006 to 2009 and for telephone and interexchange telecommunications companies from 2007 to 2011.
- Over the decade ending in 2017, total local tax revenue grew at an average of 1.8% per year. Annual growth rates were higher in the mid-2000s, slowed in 2008, 2009, and 2011, then grew modestly during the last six years. Tax revenue increased by 2.7% and 2.2% in 2016 and 2017, respectively.
- From 2007 to 2017, growth was fastest in the sales and use taxes category, averaging 4.2% annually, followed by the “other taxes” category with an average of 3.4% per year. Income and estate taxes grew at an average of 2.4% annually, slowed by falling estate tax revenue due to elimination of that tax. Property tax growth averaged 1.7% per year.
- The state distributes a portion of CAT receipts to local governments to replace lost tangible personal property tax revenue. In 2017, the receipts accounted for 1.0% of total local tax revenue, down from 1.4% in 2016. The decrease was primarily due to the phase out of reimbursement for past reductions in taxes on tangible personal property.

Local Government Expenditures in Ohio Totalled \$61.19 Billion in FY 2017

Ohio's Local Government Spending by Category, FY 2017

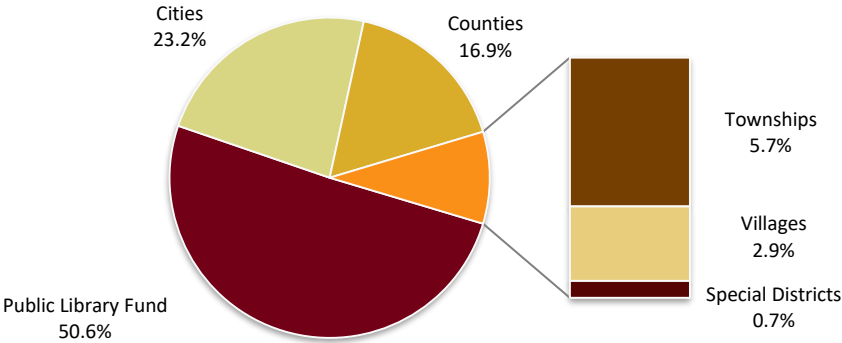


Source: U.S. Census Bureau

- Expenditures of Ohio's local governments totalled \$61.19 billion in FY 2017. Education was the largest spending area (\$25.78 billion, 42.1%), followed by Social Services (\$7.08 billion, 11.6%), Environment and Housing (\$6.19 billion, 10.1%), and Public Safety (\$6.12 billion, 10.0%). Almost three-quarters of local government spending in FY 2017 occurred in these four areas.
- Of the total spending, \$6.73 billion (10.9%) was for capital outlays and the remaining \$54.46 billion (89.0%) was for operating expenses.
- Local government payroll amounted to \$23.20 billion in FY 2017, representing 37.6% of total spending.
- Revenue among Ohio's local governments totalled \$58.71 billion in FY 2017.
- In FY 2017, local governments generated \$36.17 billion (61.6%) of revenue from their own sources, including \$15.34 billion from property taxes; \$9.19 billion from income, sales, and other taxes; and \$11.64 billion from charges and other earnings.
- Transfers from the state government accounted for 28.7% (\$16.86 billion) of local government revenue in FY 2017. Transfers from the federal government made up another 4.0% (\$2.32 billion) of local government revenue in that same year.
- In FY 2017, there were 88 counties, 733 municipalities, 1,308 townships, 610 public school districts, and 55 special districts that received Local Government Fund distributions among Ohio's local governments.

Libraries Receive the Largest Share of Distributions
From the Local Government Funds

Distributions From Local Government Funds, 2019

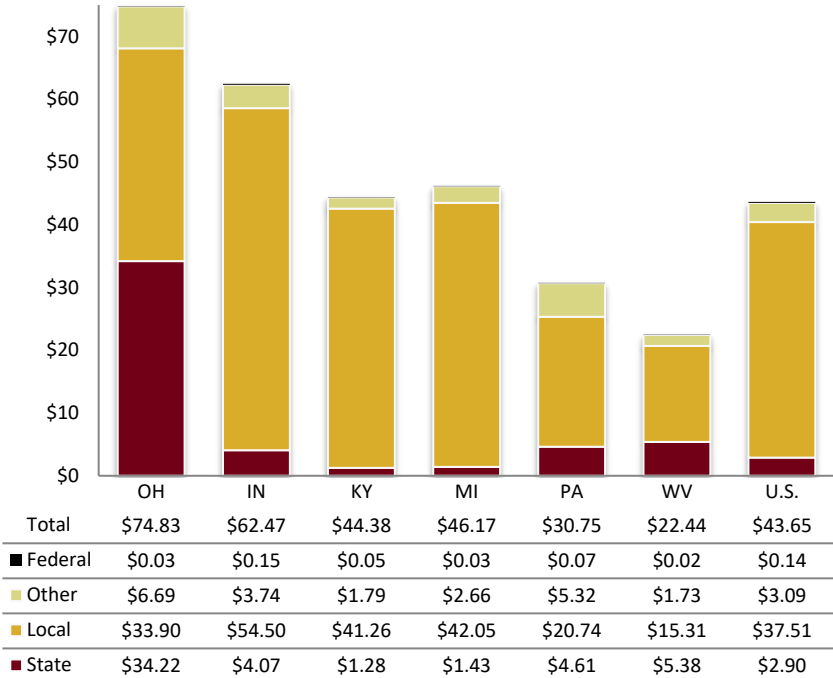


Sources: Ohio Department of Taxation; Ohio Legislative Service Commission

- In 2019, a total of \$810 million was distributed to libraries and political subdivisions across the state from the Public Library Fund (PLF) and the Local Government Fund (LGF), two revenue-sharing funds that receive a portion of GRF taxes. Of this total, \$410 million (50.6%) was distributed from the PLF and \$400 million (49.4%) from the LGF. The PLF amount does not include transfers from the fund that support the Ohio Public Library Information Network and the Library for the Blind.
- Nearly all PLF distributions support public libraries; a small amount goes to local governments. LGF distributions went to cities (\$188 million or 23.2% of LGF and PLF combined distributions), counties (\$137 million, 16.9%), townships (\$47 million, 5.7%), villages (\$23 million, 2.9%), and special districts, mostly parks (\$5 million, 0.7%).
- County budget commissions determine the distribution of money from the local government funds to subdivisions based on rules set by each, or a statutory formula. Part of LGF money is retained for county use.
- Historically, municipalities received additional LGF distributions directly from the Department of Taxation if they received such distributions in 2007, based on which levied income taxes. Starting in FY 2016, \$12 million of this distribution was directed to townships (\$10 million) and small villages (those with populations under 1,000, \$2 million). In FY 2018 and FY 2019, the full amount of distributions that would otherwise have gone to qualifying municipalities went instead to opioid addiction treatment and enforcement, townships, and small villages. In FY 2020, qualifying municipalities resumed receiving their share, minus the township and small village share; starting in August 2019, those with populations of 1,000 or more receive shares tied to population, figured with population capped at 50,000.
- In codified law, each of the LGF and PLF is to receive 1.66% of total GRF tax revenues. For FY 2020 and FY 2021, however, the LGF’s share was increased to 1.68% and the PLF’s share to 1.70% by H.B. 166 of the 133rd General Assembly.

Ohio Leads Country in State Funding for Public Libraries

Per-Capita Operating Revenue of Public Libraries, FY 2018

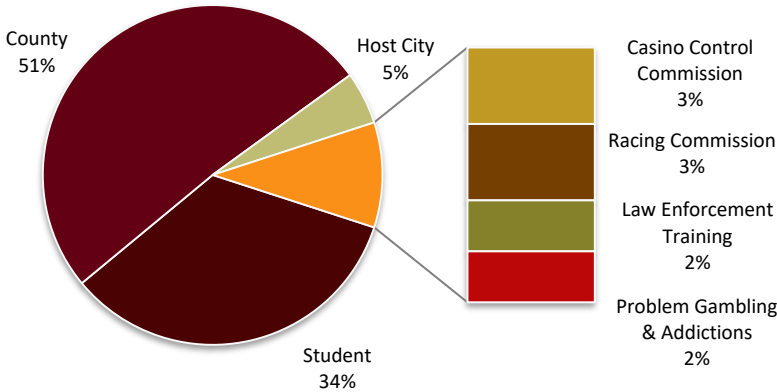


Source: Institute for Library and Museum Services

- Ohio leads the country in state per-capita operating revenue of public libraries. In FY 2018, the state per-capita operating revenue of public libraries in Ohio was \$34.22, almost 12 times higher than the U.S. average of \$2.90 and far exceeding that of neighboring states.
- Ohio’s per-capita state funding has been generally trending upward since falling to a post-recession low of \$29.76 in FY 2012, reaching a decade-high of \$34.22 in FY 2018. This amount is a 4.1% increase over the state’s FY 2017 level of \$32.87.
- Local funding per capita in the state has increased over the past ten years from \$19.34 in FY 2009 to \$33.90 in FY 2018. However, local funding per capita remains below the U.S. average of \$37.51 in FY 2018.
- Ohio’s total funding per capita of \$74.83 for FY 2018 ranked 2nd among the 50 states and 3rd overall, behind the District of Columbia (\$86.67) and New York (\$75.36).
- In FY 2018, Ohio’s total funding per capita was 71.4% higher than the U.S. average of \$43.65.
- Ohio has 774 individual library locations (including 718 central and branch locations and 56 bookmobiles) in 251 public library systems.

Casino Tax Revenue Totaled \$275.7 Million in FY 2020

Casino Tax Revenue by Fund, FY 2020

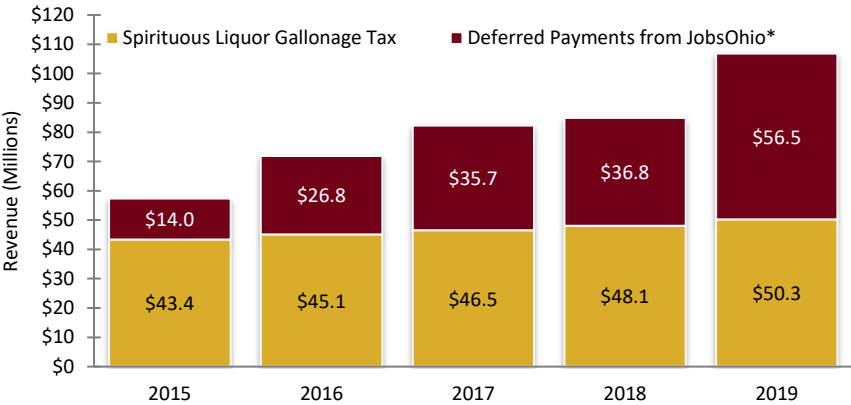


Source: Ohio Department of Taxation

- In FY 2020, casino tax revenue totaled \$275.7 million. Of this total, \$140.6 million (51%) was deposited into the County Fund, \$93.7 million (34%) into the Student Fund, \$13.8 million (5%) into the Host City Fund, \$8.3 million (3%) each into the Casino Control Commission and Racing Commission funds, and \$5.5 million (2%) each into the Law Enforcement Training and Problem Gambling and Addictions funds.
- Wagering at casinos totaled \$6.10 billion in FY 2020. Gamblers bet 86% of that amount at about 7,300 slot machines statewide, and the remainder at 413 tables. The resulting gross casino revenue was about \$637.1 million, about 25% below revenue in FY 2019 due to the closure of casinos from March 14 through June 19, 2020 (as a result of public health measures to slow the COVID-19 pandemic).
- Gross casino revenue is subject to the tax at a rate of 33%. Both the tax rate and the distribution of tax proceeds are specified in the Ohio Constitution. Casino tax proceeds collected during the preceding quarter are deposited in July, October, January, and April into the various funds as prescribed by the Constitution.
- Moneys from the County Fund are distributed to all 88 counties, on a quarterly basis, based on each county’s share of Ohio population. The cities of Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton, Toledo, and Youngstown each receive 50% of their respective county’s allocation.
- Moneys from the Student Fund are distributed to all school districts, in January and August, based on each school district’s student population.
- As host cities, Cincinnati, Cleveland, Columbus, and Toledo receive 5% of the tax revenue generated from the casino located within their territory.
- From the first casino’s opening in May 2012 through June 2020, a total of \$2.07 billion in casino tax revenue was distributed statewide. Of that total, \$1.06 billion went to counties, \$705.1 million went to schools, and \$103.7 million went to host cities.

GRF Receipts from Spirituous Liquor Sales Are Increasing

GRF Receipts from Spirituous Liquor Sales



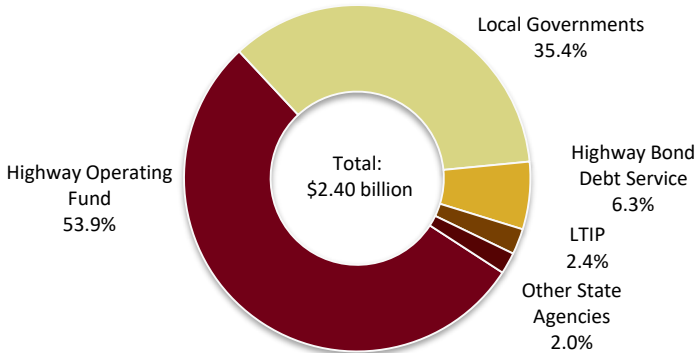
*The chart displays deferred payments of the excess profits earned in a fiscal year, which are then deposited into the GRF in the subsequent year. For example, deferred payments for FY 2019 above were deposited into the GRF in FY 2020.

Sources: Ohio Administrative Knowledge System; JobsOhio

- GRF receipts resulting from the sale of spirituous liquor (more than 21% alcohol by volume) increased 86.2%, from \$57.4 million in FY 2015 to \$106.8 million in FY 2019.
- These receipts include (1) revenue from the spirituous liquor gallonage tax of \$3.38 per gallon sold, and (2) a portion of liquor profits (referred to as “deferred payments”) remitted to the state by JobsOhio, the state’s private nonprofit economic development corporation.
- JobsOhio leased the spirituous liquor franchise from the state for a 25-year period from FY 2014 to FY 2039. Under this agreement, JobsOhio makes deferred payments to the state if liquor profits exceed an annual threshold of 3% growth. Deferred payments were \$14.0 million in FY 2015 and rose to \$56.5 million in FY 2019.
- In addition to the payments made to the state and deposited into the GRF, JobsOhio pays for some of the operating costs of the Division of Liquor Control, which manages the liquor franchise on behalf of JobsOhio. After making these payments, JobsOhio uses the net spirituous liquor profits for economic development projects.
- Total dollar sales of spirituous liquor reached an all-time high of \$1.28 billion in FY 2019, with approximately 14.9 million gallons of product sold. Between FY 2015 and FY 2019, gallonage sales increased by 16.1% while the value of liquor sales grew by 36.1%, indicating that consumers are opting for higher priced liquors in place of lower shelf products.

Motor Fuel Tax Revenue Supports State and Local Roads and Bridges

Motor Fuel Tax Distribution in FY 2020



Sources: Ohio Administrative Knowledge System; American Petroleum Institute

- Revenue from the Ohio motor fuel tax (MFT) is distributed to various state agencies and local governments under a statutory formula to support roads and bridges across the state. Distributions totaled \$2.40 billion in FY 2020.
- The Ohio MFT is levied at 38.5¢ per gallon on gasoline and 47¢ per gallon on all other motor fuels, including diesel.
- The tax rates were increased from 28¢ per gallon (on all motor fuels) in July 2019, thus FY 2020 receipts reflect the first year of the tax increase. MFT collections were 28.8% higher in FY 2020 compared to FY 2019, a \$533.0 million rise year-over-year.
- The Highway Operating Fund, the primary source of funding for road construction under the budget of the Ohio Department of Transportation (ODOT), received 53.9% (\$1.29 billion) of all MFT receipts, the largest share among uses in FY 2020.
- Local governments received the second largest share at 35.4% (\$848.5 million). Another 2.4% (\$57.9 million) went to the Public Works Commission's Local Transportation Improvement Program (LTIP), providing additional funding to local governments for noninterstate roads and bridges in their jurisdictions.
- In FY 2020, 6.3% (\$151.9 million) of total MFT revenue was used to cover debt service on highway capital improvement bonds, issued to fund additional ODOT highway construction and road and bridge preservation projects.
- The remaining 2.0% (\$47.9 million) supported roadwork development grants (Development Services Agency), waterway safety efforts (Department of Natural Resources), MFT administration costs (Department of Taxation), and rail-highway grade crossing devices (Public Utilities Commission of Ohio).
- The new MFT tax rates rank Ohio 12th highest in gasoline tax and 8th highest in diesel tax, as of July 2020. Ohio ranked 29th highest in each prior to the new MFT tax rates. The federal taxes on gasoline (18.4¢ per gallon) and diesel (24.4¢ per gallon) have been fixed since 1993.

Ohio's Motor Vehicle License Taxes Generated \$536 Million in 2019 for Local Transportation Infrastructure

Distributions to Local Governments for Roads and Bridges, Calendar Year 2019 (\$ in millions)			
Local Government	State Tax	Permissive Local Tax	Total
Counties	\$241.5	\$141.7	\$383.2
Municipalities	\$61.1	\$57.2	\$118.3
Townships	\$15.9	\$18.5	\$34.4
Total	\$318.5	\$217.4	\$535.9

Source: Ohio Department of Public Safety

- In 2019, \$535.9 million in state and local permissive motor vehicle license tax revenue was distributed to counties, municipalities, and townships to fund the planning, construction, and maintenance of roads and bridges. Included was \$318.5 million in state motor vehicle tax license revenue and \$217.4 million in local permissive motor vehicle tax license revenue.
- Since 2010, the distribution of state and local permissive motor vehicle license tax revenue to local governments has averaged \$486.0 million annually, ranging from a low of \$456.7 million in 2010 to a high of \$535.9 million in 2019.
- Motor vehicles are licensed annually but multi-year licenses, ranging from two to five years, are available. Multi-year licenses require payment of each year's state and local permissive motor vehicle license taxes and fees at the time of issuance. In 2019, there were 372,112 multi-year motor vehicle licenses issued.
- The annual cost to register a passenger car (state plus local permissive motor vehicle license taxes and fees) ranges from \$36 to \$66. The state taxes and fees total \$36 and are distributed as follows: \$20 to local governments, \$11 to the Department of Public Safety for expenses incurred in the administration and enforcement of motor vehicle and traffic laws, and \$5 to deputy registrars (or the Bureau of Motor Vehicles for mail-in and online transactions) as a service fee.¹ The state tax for other vehicles varies, with commercial trucks and tractors taxed according to weight.
- Permissive motor vehicle license taxes are levied by local governments in \$5 increments. The total amount cannot exceed \$30² per vehicle. Levy authority is as follows: (1) counties – up to \$20, (2) municipalities – \$5 to \$25, depending on the amount levied by the county, and (3) townships – up to \$10.
- Of the 12.8 million vehicle registrations processed by the Bureau of Motor Vehicles in 2019, 8.8 million were passenger cars.

¹ Effective October 17, 2019, H.B. 166 of the 133rd General Assembly required the Registrar of Motor Vehicles to set the deputy registrar fee at \$5, an increase of \$1.50 from the previous \$3.50 fee.

² Effective July 1, 2019, H.B. 62 of the 133rd General Assembly increased the maximum amount of local permissive motor vehicle taxes that a municipality and township may levy by \$5, thereby increasing the total amount of permissive motor vehicle taxes that may be levied per vehicle from \$25 to \$30.

Local Governments Are Responsible for
Most of Ohio’s Roadways

Road Maintenance Miles by Roadway Type				
Mileage Measure and Road Type	ODOT Maintained	Locally Maintained	Total	% Locally Maintained
Mileage Measure: Centerline Miles				
Interstate Routes*	1,333	--	1,333	0%
U.S. Routes and State Routes	15,616	2,302	17,918	12.9%
Local Public Roadways	--	102,407	102,407	100%
Total – Centerline Miles	16,949	104,709	121,658	86.1%
Mileage Measure: Lane Miles				
Interstate Routes*	7,094	--	7,094	0%
U.S. Routes and State Routes	35,238	7,301	42,539	20.7%
Local Public Roadways	--	205,532	205,532	100%
Total – Lane Miles	42,332	212,833	255,164	83.4%

*Excludes the Ohio Turnpike

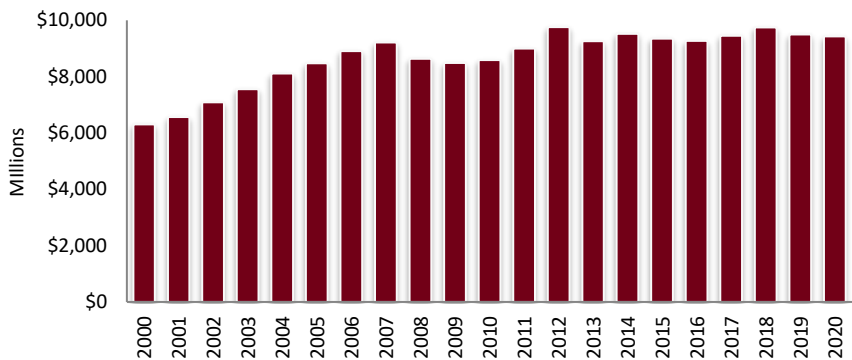
Source: Ohio Department of Transportation

- Ohio’s public roadway system, consisting of interstate routes, U.S. routes, state routes, and local public roadways, contains 121,657 centerline miles of roadway. The same roads make up 255,164 lane miles.¹
- Local governments are responsible for maintaining about 85% of both centerline miles and lane miles in Ohio. The Ohio Department of Transportation (ODOT) is responsible for maintaining the other 15% of road mileage.
- Although they account for a smaller share of mileage statewide, ODOT-maintained roads have a much higher usage rate. Overall, 42% of vehicle miles traveled in Ohio occurs on roads maintained by the state, primarily interstate routes.
- ODOT maintains 83% of the state highway system, consisting of interstate highways and U.S. and state routes. The portions of the state highway system not maintained by ODOT are (1) the Ohio Turnpike, a 241-mile toll road of interstate routes spanning Northern Ohio maintained by the Ohio Turnpike and Infrastructure Commission, and (2) U.S. and state routes within the borders of municipalities.
- As of September 2019, there were an estimated 197 million daily vehicle miles traveled (VMT) on the state highway system, on average. Passenger vehicles accounted for about 88% of VMT and trucks accounted for the remaining 12%.

¹ Centerline miles measure the total linear mileage of a roadway, regardless of the number of lanes. Lane miles measure the roadway length multiplied by the number of lanes. For example, a two-mile road with two lanes in each direction is measured as two centerline miles of road, and eight lane miles.

Outstanding GRF-Backed Debt Dips Slightly in 2020

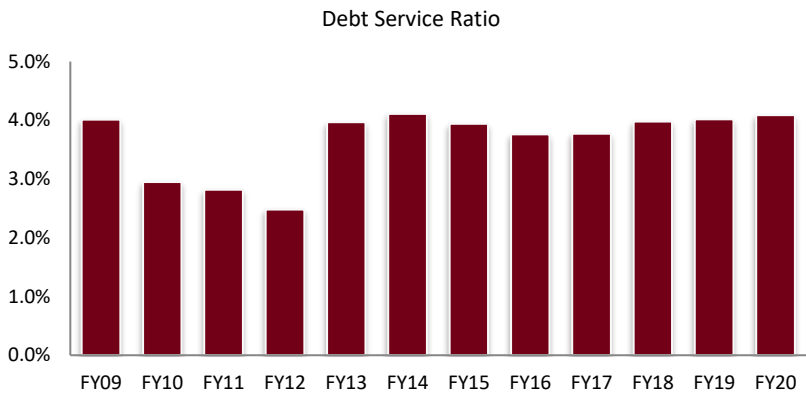
Total Outstanding GRF-Backed Debt as of July 1



Source: Ohio Office of Budget and Management

- As of July 1, 2020, Ohio’s outstanding debt payable from the GRF totaled \$9.43 billion. This is a decrease of 0.7% (\$63.9 million) from the previous year and 3.4% (\$327.6 million) below the 2012 peak level of \$9.76 billion.
- From 2000 to 2020, total GRF-backed debt grew by 49.5%, with an average annual growth rate of 2.0% over the 20-year period.
- The 2012 peak was 6.0% (\$549 million) above the previous high of \$9.21 billion on July 1, 2007. Total GRF-backed debt declined in 2008 and 2009 due largely to the use of cash from securitization of Tobacco Master Settlement payments for various capital projects. After that, outstanding debt grew, reaching its peak level in 2012. Since then it has fluctuated within a relatively narrow range, between \$9.26 billion (in 2013) and \$9.75 billion (in 2018).
- On a per-capita basis, Ohio’s outstanding debt payable from the GRF has grown from \$744 in 2010 to \$807 in 2020, a total increase of 8.5% during the ten-year period.
- Of the total debt on July 1, 2020, approximately \$7.53 billion was general obligation (GO) debt and around \$1.91 billion was special obligation (SO) debt. The issuance of both GO and SO bonds must be authorized by the Ohio Constitution. Whereas debt service payments for GO bonds are secured by the full faith, credit, and taxing power of the state, debt service payments for SO bonds are subject to appropriations of the General Assembly.
- GO bonds have been issued for the following purposes: primary and secondary education; higher education; natural resources; conservation; local infrastructure; coal development; Third Frontier research and development; the development of sites for industry, commerce, distribution, and research and development; and veterans’ compensation.

Ohio’s Debt Service Ratio Remained
Just Above 4% in FY 2020



Source: Ohio Office of Budget and Management

- Ohio’s debt service ratio was 4.09% in FY 2020. Since FY 2013, this level has been close to 4% following a period of relatively low levels from FY 2010 to FY 2012. This ratio is measured by calculating debt service payable from the GRF as a percentage of the combined revenue from the GRF and net lottery profits.
- Decreases in the debt service ratio from FY 2009 to FY 2012 were primarily due to debt restructuring and tobacco securitization, which reduced GRF debt service payments. The 2007 tobacco securitization provided \$2.84 billion cash for FY 2008 through FY 2010 for K-12 and higher education capital projects that would otherwise have been funded by GRF-backed debt.
- As a percentage of personal income, the state’s total debt service payable from the GRF decreased from a peak of 0.30% in FY 2007 to an estimated 0.24% in FY 2020.
- In FY 2000, Ohio’s Constitution established a 5% “cap” on the amount of GRF-backed debt that the state may incur in a given fiscal year. That is, the state cannot issue additional GRF-backed debt if total debt service payments in any future fiscal year would exceed 5% of the projected total GRF and net lottery profits revenue in the year of issuance. The 5% cap can be waived by a popular vote or by a three-fifths affirmative vote of each house of the General Assembly.
- As of July 1, 2020, Ohio general obligation bonds received the second highest possible rating from all three major rating agencies, AA+ by Standard & Poor’s, AA+ by Fitch, and Aa1 by Moody’s. Bond ratings indicate a rating agency’s opinion on an issuer’s ability to manage its debt effectively and make the required payments on schedule.

Nearly \$634 Million in Clean Ohio Conservation Awards From Bond Funding Since FY 2003

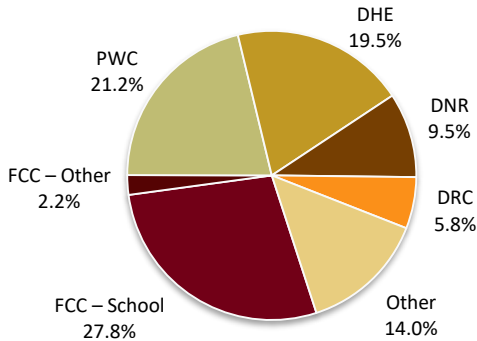
Clean Ohio Conservation Awards, FY 2003-FY 2020		
Award Component	Number of Awards	Total Amount Awarded
Public Works Commission Green Space Conservation Program	1,238	\$460,520,915
Department of Natural Resources Recreational Trails Program	301	\$94,215,875
Department of Agriculture Agricultural Easement Purchase Program	593	\$78,933,356
Total	2,132	\$633,670,146

*Sources: Ohio Public Works Commission; Ohio Department of Agriculture;
Ohio Department of Natural Resources*

- Since FY 2003, three state agencies have awarded \$633.7 million in grant funding for 2,132 projects under the Conservation component of the Clean Ohio initiative. These grants were awarded under three separate programs.
- The Public Works Commission has awarded around \$460.5 million in grants under the Green Space Conservation Program, comprising 72.7% of all Clean Ohio Conservation funding. Local governments and nonprofit organizations receive grants to preserve natural areas, watersheds, and other green space.
- Under the Recreational Trails Program administered by the Department of Natural Resources, \$94.2 million has been distributed among 301 projects sponsored by local governments and nonprofit community organizations to create or improve recreational trail networks.
- Approximately \$78.9 million has been awarded under the Agricultural Easement Purchase Program overseen by the Department of Agriculture, enabling 593 easements to preserve over 92,130 acres of farmland in Ohio. The total purchase price on these easements is \$116.0 million, thus the share paid by the state represents 68.0% of the total easement cost.
- Voters approved the issuance of general obligation bonds to fund the Conservation component of the Clean Ohio initiative via ballot issues in 2000 and 2008. A total of \$600 million has actually been issued in Conservation bonds since 2003. The total Conservation award amount (\$633.7 million) is higher because some projects received awards but were later canceled or did not use the full amount awarded.
- The brownfield remediation and revitalization component of the Clean Ohio initiative, funded with bond debt backed by spirituous liquor profits and overseen by the Development Services Agency, was concluded in FY 2014. A little over \$400 million in grants were awarded under that component of Clean Ohio.

Capital Appropriation Expenditures Total \$1.32 Billion in FY 2020

Capital Appropriation Expenditures by Agency, FY 2020



Source: Ohio Administrative Knowledge System

- In FY 2020, expenditures made from capital appropriations totaled \$1.32 billion.¹
- Of the total FY 2020 capital expenditures, \$368.1 million (27.8%) was expended by the Facilities Construction Commission (FCC) to support K-12 school facilities assistance programs. FCC spent an additional \$29.0 million (2.2%) on other capital projects, primarily for cultural and sports facilities throughout the state.
- The Public Works Commission (PWC) had the second highest capital spending in FY 2020 at \$280.3 million (21.2%). This spending was for local infrastructure and conservation projects. These funds are largely distributed to the state's 18 PWC districts on a per-capita basis.
- The Department of Higher Education's (DHE's) capital expenditures were \$257.4 million (19.5%). This spending was for the construction and renovation of academic facilities at Ohio's public colleges and universities.
- Capital expenditures in FY 2020 for the Department of Natural Resources (DNR) totaled \$125.6 million (9.5%). This spending was for state and local parks and other natural resources.
- The Department of Rehabilitation and Correction's (DRC's) capital expenditures of \$76.2 million (5.8%) were mainly for state correctional institutions.
- Eighteen other agencies spent the remaining \$185.7 million (14.0%).

¹ This number excludes capital expenditures made from operating appropriations, such as state and federal funding for highway construction and maintenance.