

Greenbook
LBO Analysis of Enacted Budget
Department of Transportation

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LBO Greenbook

Department of Transportation

Quick look...

- Almost all of the Ohio Department of Transportation’s (ODOT) funding comes from H.B. 62, the transportation budget act for the FY 2020-FY 2021 biennium. H.B. 166 appropriations represent 0.5% of ODOT’s total budget for the FY 2020-FY 2021 biennium.
 - The vast majority of ODOT’s budget is supported by federal and state motor fuel tax revenues and bond proceeds appropriated in H.B. 62. That act included \$7.03 billion in appropriations to ODOT.
- H.B. 166 provides GRF funding to support ODOT’s nonhighway transportation modes, including rail development and airport improvements. The main operating budget typically contains appropriations for transit subsidies. For the FY 2020-FY 2021 biennium, however, this money was appropriated under H.B. 62.
- H.B. 166 provides Dedicated Purpose Fund Group appropriations of \$11 million in FY 2020 and \$12 million in FY 2021 for a new grant program, the Ohio Maritime Assistance Program.

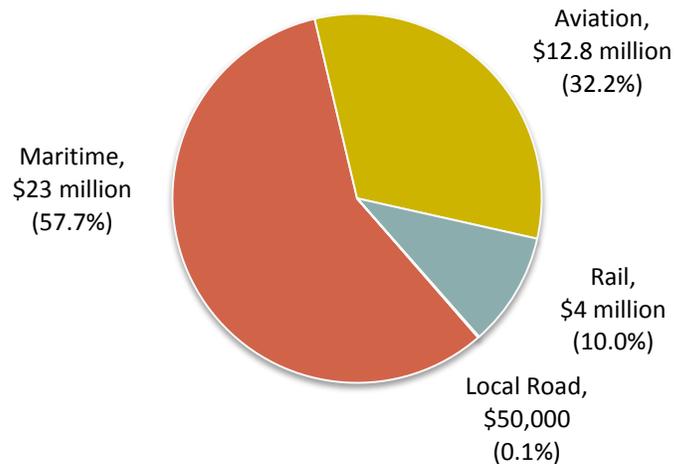
Fund Group	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
General Revenue	\$7,880,399	\$6,211,589	\$8,444,687	\$8,444,687
Dedicated Purpose	\$0	\$0	\$11,000,000	\$12,000,000
Total	\$7,880,399	\$6,211,589	\$19,444,687	\$20,444,687
% change	--	-21.2%	213.0%	5.1%
<i>GRF % change</i>	--	-21.2%	36.0%	0.0%

Overview of appropriations

H.B. 166 provides ODOT with a total of approximately \$19.4 million in FY 2020 and \$20.4 million in FY 2021, generally in the form of GRF subsidy assistance for transportation modes statewide. As the chart below shows, most of the appropriations will support maritime transportation, in the form of grants under the new Ohio Maritime Assistance Program. That program is to be funded by cash transfers from the Facilities Establishment Fund (Fund 7037). This funding is included in the Dedicated Purpose Fund Group in the table above. Of the GRF funding, approximately \$6.4 million in each fiscal year is devoted to grants for aviation. This is followed by \$2.0 million each fiscal year for rail development grants. Finally, there is an appropriation of \$25,000 in each of FY 2020 and FY 2021 earmarked for the Regional Transportation Improvement Project, a consortium of officials in Stark, Columbiana, and Carroll counties studying an area wide route expansion. Typically, the main operating budget bill also contains subsidy funding for transit systems throughout the state; however, this is not the case for the FY 2020-FY 2021 biennium. Instead, GRF funding for transit (\$70 million in each fiscal

year) is contained in H.B. 62, the transportation budget bill. The chart below shows the amount and percentage share of funding each transportation mode receives under H.B. 166.

H.B. 166 Appropriations by Transportation Mode, FY 2020-FY 2021 Biennium



Analysis of FY 2020-FY 2021 budget

The line item analysis below details ODOT's funding for maritime, airport, and rail transportation modes. It also describes the funding provided for the Canton-area Regional Transportation Improvement Project for a road expansion project. There are a total of three GRF line items and one Dedicated Purpose Fund line item. The line items are organized by amount of funding, from highest to lowest.

Ohio Maritime Assistance Program (ALI 776670)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Fund 5QT0 ALI 776670, Ohio Maritime Assistance Program					
\$0	\$0	\$0	\$0	\$11,000,000	\$12,000,000
% change	--	--	--	--	9.1%

Overview of the new program

This grant program is created under H.B. 166 to award funding to maritime port authorities for the construction of new marine cargo terminals or improvements to existing terminals. In order to fund the grant program, the bill creates the Ohio Maritime Assistance Fund (Fund 5QT0) and transfers cash amounts of \$11 million in FY 2020 and \$12 million in FY 2021 from the Facilities Establishment Fund (Fund 7037). ODOT's plan is to make grant awards in a single funding round in each fiscal year.

The Facilities Establishment Fund is used by the Development Services Agency (DSA) to provide funding for the 166 Direct Loan Program. Under that program, DSA awards loans to businesses as part of large-scale development deals, including the commitment of new or retained jobs by the company and a significant capital investment. As of September 10, 2019, the cash balance of Fund 7037 was \$311.8 million.

Program eligibility

H.B. 166 restricts the eligibility for grants to port authorities that are both (1) located in a federally qualified opportunity zone, and (2) have an active marine cargo terminal with a stevedoring operation located on the shore of either Lake Erie or the Ohio River. According to ODOT, there are six port authorities that are currently eligible for grants under the program: four port authorities on Lake Erie (near the cities of Ashtabula, Cleveland, Lorain, and Toledo) and two port authorities on the Ohio River (in Columbiana County and Monroe County).

In order to qualify for awards under the program, applicants must address the following criteria: (1) the degree to which the project will increase efficiency or capacity of terminal operations, (2) whether the project will result in the handling of new types of cargo or an increase in cargo volume, and (3) whether the project will meet an identified supply chain need or benefit Ohio firms that export goods to foreign markets, or import goods to Ohio for use in manufacturing or for value-added distribution.

The bill also sets out permissible uses of the grant assistance, including land acquisition or site development, construction of infrastructure and logistics facilities related to the terminals, acquisition of cargo handling equipment and machinery, and planning and design services associated with construction. Port authorities must provide 1:1 matching funds to grant award funding.

Airport Improvements – State (ALI 777471)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
GRF ALI 777471, Airport Improvements – State					
\$914,878	\$4,447,407	\$6,229,820	\$5,306,494	\$6,419,687	\$6,419,687
% change	386.1%	40.1%	-14.8%	21.0%	0.0%

Approximately \$5 million in each year under this line item is slated for grants under the Ohio Airport Grant Program. The remaining funds would be spent on Office of Aviation operating costs.

Ohio Airport Grant Program

The grant program provides capital improvement grants to publicly owned airports that do not receive Federal Aviation Administration (FAA) passenger or air cargo entitlements. These are typically small general aviation airports. There are currently 96 publicly owned airports eligible to receive program funding. Grant funds may provide up to 90% of the construction costs associated with airport pavement resurfacing, obstruction removal, and marking projects.

GRF funding for airport grants is augmented by funding of about \$1.0 million per fiscal year appropriated in H.B. 62. Most of this H.B. 62 funding comes from aircraft license tax revenues deposited into the Airport Assistance Fund (Fund 5W90). Total program funding is consistent with prior years.

Operating costs

Operating activities funded by the GRF include conducting safety and pavement condition inspections at 157 noncommercial service public use airports on a three-year cycle to ensure airport operations comply with FAA standards and the Ohio Airport Protection Law. The funding is also used to conduct reviews of proposed construction that will take place near airports and issue permits if these projects are approved. Finally, this portion of GRF funding is used by the Office of Aviation to monitor grant awards under the Ohio Airport Grant Program.

Aside from this GRF funding, the Office of Aviation is provided an average of \$7.2 million per year in Highway Operating Fund appropriations under H.B. 62. Specifically, this money is appropriated under line item 777475, Aviation Administration. Much of the H.B. 62 funding, however, is used for maintaining the state air fleet, comprising 25 aircraft. Additionally, the line item pays for the operating costs of the Unmanned Aerial Systems (UAS) Center, which is located in Springfield.

Rail Development (ALI 776465)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
GRF ALI 776465, Rail Development					
\$1,586,098	\$1,534,238	\$1,581,379	\$870,043	\$2,000,000	\$2,000,000
% change	-3.3%	3.1%	-45.0%	129.9%	0.0%

This line item supports grants for rail development that are awarded by the Ohio Rail Development Commission (ORDC) under the Rail Development Grant and Loan Program. The program provides financial assistance to railroads, businesses, and communities for the rehabilitation, acquisition, preservation, or construction of rail and rail-related infrastructure.

Loan funding, by contrast, is appropriated in H.B. 62 under Fund 4N40 line item 776664, Rail Transportation – Other, and, for the FY 2020-FY 2021 biennium, will be used to award about \$2.0 million per year in loans. Line item 776664 also includes appropriations that would allocate around \$900,000 in each year for ORDC’s payroll and administrative costs. ORDC coordinates with JobsOhio, the Development Services Agency, and other offices within ODOT in packaging incentives for development projects and awarding funds under the program.

Local Transportation Projects (ALI 772502)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
GRF ALI 772502, Local Transportation Projects					
\$0	\$0	\$69,200	\$35,052	\$25,000	\$25,000
% change	--	--	-49.3%	-28.7%	0.0%

This line item is earmarked to support the Regional Transportation Improvement Project (RTIP) in Stark, Columbiana, and Carroll counties. The project is to extend the four-lane U.S. Route 30 east of Canton in Stark County. This line item was also earmarked for this project in H.B. 49 of the 132nd General Assembly, the main operating budget bill for the FY 2018-FY 2019 biennium.

Transportation-related provisions in H.B. 166

Diesel Emissions Reduction Grant Program

H.B. 166 authorizes the continuation of the Diesel Emissions Reduction Grant (DERG) Program overseen by the Ohio Environmental Protection Agency (EPA). The bill provides appropriations of \$10.0 million over the FY 2020-FY 2021 biennium from the Highway Operating Fund (Fund 7002) for the program. This is the same amount devoted for the program as in the FY 2018-FY 2019 biennium.

Under this program, the EPA provides grants to public and private diesel fleet owners to replace, repower, and retrofit diesel engines or install anti-idle equipment in their diesel-powered vehicles. The bill also authorizes DERG funds to be used for projects that involve the purchase or use of hybrid and alternative fuel vehicles pursuant to federal guidance. Although the program is overseen by the Ohio EPA, it is funded by federal Congestion Mitigation and Air Quality (CMAQ) funds received under ODOT's budget. Public entities are reimbursed from moneys in Fund 7002 designated for the DERG Program. Private entities are reimbursed in a slightly different manner. For private entity projects, both ODOT and the local public sector agency project sponsor must approve the reimbursement. These reimbursements are then paid from Fund 7002 in the form of direct payments to the vendor doing the work in a prorated share of federal/state participation.

Capital appropriation change and other provisions

H.B. 166 amends a capital appropriation in H.B. 529 of the 132nd General Assembly, the capital budget for the FY 2019-FY 2020 capital biennium, to change the line item name of line item C77706 from "Allen County Building Demolition" to "Allen County Building Demolition, Maintenance, or Construction." This clarifies the intended use of the capital appropriation in FY 2020. The capital appropriation for line item C77706 was \$200,000 in H.B. 529.

H.B. 166 includes a few other transportation-related provisions that have minimal or no fiscal impact to ODOT and local governments. These changes include (1) adjustments to accessibility signage, (2) the removal of the requirement for ODOT to adopt a business plan every two years, and (3) a change in the location of a memorial bridge in Stark County.