

GENERAL REVENUE FUND

GRF 110-100 PERSONAL SERVICES

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$55,484,132	\$57,679,031	\$60,854,072	\$68,418,774	\$69,616,215	\$69,828,215
	4.0%	5.5%	12.4%	1.8%	0.3%

Source: GRF

Legal Basis: ORC 5703

Purpose: This line item provides funds for payroll and fringe benefits for most employees of the Department of Taxation. It also pays for personal service contracts for various temporary personnel employed during tax filing season. There are employees whose wages and fringe benefits are covered by line items other than this one; appropriations for various line items in the State Special Revenue (SSR) fund group contain money to fund personnel in local tax administration and other areas.

GRF 110-200 MAINTENANCE

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$10,870,179	\$11,506,358	\$11,935,808	\$12,561,962	\$12,789,253	\$12,901,265
	5.9%	3.7%	5.2%	1.8%	0.9%

Source: GRF

Legal Basis: ORC 5703

Purpose: This line item provides the primary mechanism for maintenance expenditures for the department, although some line items in the SSR fund group have maintenance funding within their overall appropriations. Expenditures charged to this line item include: travel reimbursement, supply items, publication expenses, telephone charges, rentals, leases, printing (particularly of tax forms) and computer services provided by the Ohio Data Network.

GRF 110-300 EQUIPMENT

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$1,733,176	\$1,911,378	\$3,936,258	\$5,218,081	\$4,876,148	\$4,731,605
	10.3%	105.9%	32.6%	-6.6%	-3.0%

Source: GRF

Legal Basis: ORC 5703

Purpose: This line item provides the primary mechanism for equipment purchases for the department. Expenditures have been increasing steadily due to the department's drive to modernize and to automate as many functions as possible. FY 1997 spending was more than three times as much as FY 1994 spending. However, this pattern is broken in the upcoming biennium, when appropriations decrease across both fiscal years.

GRF 110-410 ADMINISTRATION OF ENERGY CREDITS

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$629,776	\$678,594	\$679,236	\$706,913	\$723,964	\$743,128
	7.8%	0.1%	4.1%	2.4%	2.6%

Source: ORC 5117.01 through ORC 5117.12 (originally established by H.B. 657 of the 113th G.A., effective September 24, 1979)

Legal Basis: GRF

Purpose: Funds in this line item are used to help administer the Energy Credits program. Disbursements from this account have been growing slowly in the past few years, but at a much lower level than in the 1980s, in part because there are fewer recipients of the energy assistance due to the income qualifiers not changing. Up to a point, fewer participants mean less administrative costs. However, as the number of people served by the program has continued shrinking in the 1990s, costs have not decreased further. At this point, most of the remaining costs are overhead that cannot be avoided.

GRF 110-412 CHILD SUPPORT ADMINISTRATION

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$48,872	\$44,670	\$62,760	\$55,313	\$57,268	\$58,872
	-8.6%	40.5%	-11.9%	3.5%	2.8%

Source: GRF

Legal Basis: ORC 5101.321 (originally established by Sub. S.B. 80 of the 116th G.A.)

Purpose: This line item covers computer costs involved in matching persons delinquent in child support payments with taxpayers owed an Ohio income tax refund. If such a person is owed a refund, it can then be turned over to the Ohio Department of Human Services to be used for child support.

GRF 110-506 UTILITY BILL CREDITS

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$10,321,961	\$9,580,596	\$8,338,840	\$8,249,770	\$9,500,000	\$9,500,000
	-7.2%	-13.0%	-1.1%	15.2%	0.0%

Source: GRF

Legal Basis: ORC 5117.01 through ORC 5117.12 (originally established by H.B. 657 of the 113th G.A., effective September 24, 1979).

Purpose: This appropriation is used to pay a credit against residential energy bills for qualified customers during the months of December through April. The credit is available to heads of households (or spouses) age 65 or older and to totally and permanently disabled individuals. The recipient's annual household income may not exceed \$9,000. This line item was transferred from the Auditor of State by Controlling Board action in FY 1986. Administration of this program is funded partially by line item 100-410 (see above).

Disbursements declined every year over the FY 1988 -1993 interval, increased in FY 1994, but resumed falling over the FY 1995 -1997 period. The decreases were the result of reduced eligibility for the program and of warm winters that reduced winter heating bills. The reduction in eligibility for the program is primarily the result of the household income cap remaining at \$9,000 for so long.

GRF 110-901 PROPERTY TAX ALLOCATION - TAX

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$236,489,521	\$249,329,230	\$267,877,056	\$287,049,395	\$305,000,000	\$323,300,000
	5.4%	7.4%	7.2%	6.3%	6.0%

Source: GRF

Legal Basis: ORC 319.301 and ORC 323.151 through ORC 323.157

Purpose: This line item is used to reimburse local governments other than school districts for losses incurred as a result of the 10 percent and 2.5 percent "rollback" reductions in real property taxes and as a result of the "homestead exemption" reductions in taxes. School district property tax losses due to these programs are reimbursed through line item 200-901 in the Department of Education. In FY 1997, local governments received 34.7 percent of the total tax relief for these programs, while school districts received 65.3 percent.

The rollback program actually has two components. Every real property taxpayer is granted a 10 percent reduction in his or her tax bill. Also, owner-occupied residential housing gets an additional 2.5 percent reduction.

The homestead exemption is a partial exemption from real property taxation that is provided to elderly homeowners, or to the permanently and totally disabled. Am. Sub. H.B. 117, the most recent biennial budget act, increased the income limits for the program, with the intent of increasing eligibility and providing greater relief to those already eligible. Income is defined as federal adjusted gross income (FAGI), but with numerous positive and negative adjustments. The homestead exemption is granted on a sliding scale, where the percentage of valuation exempted decreases as income rises.

This line item was transferred from the Auditor of State by Controlling Board action in FY 1986.

GRF 110-906 TANGIBLE TAX EXEMPTION - TAXATION

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$77,514,909	\$80,104,994	\$83,721,173	\$87,521,874	\$26,280,000	\$27,090,000
	3.3%	4.5%	4.5%	-70.0%	3.1%

Source: GRF

Legal Basis: ORC 5709.01

Purpose: This line item reimburses local governments other than school districts for losses incurred due to the creation of the \$10,000 tangible property tax exemption (the "small business" exemption) for both incorporated and unincorporated businesses. The \$10,000 exemption applies to the assessed value of the property, not the market value, so it is equivalent to an exemption of \$40,000 of market value. Since most businesses have more than \$10,000 of tangible assessed value, year-to-year changes in the amount of the exemption are mostly due to changes in the number of businesses receiving it. In this way, the amount serves as a kind of rough economic indicator, where bigger annual increases mean more net business formations and a stronger economy.

The sharp drop from FY 1997 disbursements to FY 1998 and FY 1999 appropriations is due to the creation of ALI 200-906 in the Department of Education. This line item now pays the school district portion of the tangible exemption, which was paid out of this line item through FY 1997.

GENERAL SERVICES FUND GROUP

433 110-602 TAPE FILE ACCOUNT

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$67,787	\$18,786	\$95,998	\$27,191	\$80,595	\$82,852
	-72.3%	411.0%	-71.7%	196.4%	2.8%

Source: fees charged to local governments for tax-related computer services and data

Legal Basis: originally established by Controlling Board in 1972

Purpose: Revenues are used to maintain and replace computer equipment, and to purchase computer tapes. The department provides computer listings of the names and addresses of taxpayers in local taxing districts (but does not share financial information on taxpayers). The fees for this service are established by the department's own computer personnel, based on their time and the costs involved in producing the lists. In addition, the department charges the Division of Tax Equalization a fee of \$4,200 per quarter for use of computer lists.

FEDERAL SPECIAL REVENUE FUND GROUP

3J6 110-601 MOTOR FUEL COMPLIANCE

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$5,807	\$11,259	\$6,867	\$11,201	\$50,000	\$50,000
	93.9%	-39.0%	63.1%	346.4%	0.0%

Source: CFDA 20.205, Highway Planning and Construction

Legal Basis: originally established by Controlling Board action in September, 1992

Purpose: Revenues offset expenses for the Department of Taxation in participating in the joint state-federal (IRS) "Fuel Tax Compliance Project." This money has been made available to the IRS and to states throughout the country for investigating and combating growing state and federal motor fuel tax evasion.

3J7 110-603 INTERNATIONAL FUEL TAX AGREEMENT

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$5,877	\$29,059	\$33,949	\$39,999	\$40,000	\$40,000
	394.5%	16.8%	17.8%	0.0%	0.0%

Source: CFDA 20.205, Highway Planning and Construction

Legal Basis: originally established by Controlling Board in September, 1992

Purpose: All states have been mandated by the federal government (Public Law 102-240, December 18, 1991) to join the International Fuel Tax Agreement (IFTA) or lose the right to collect and levy a motor fuel use tax. IFTA is a base state agreement whereby trucking companies register for fuel use tax in their home state and file one tax return in their home state instead of registering and filing in each state in which they operate. The base state then makes payments to other jurisdictions that are owed some of the fuel tax, and also collects tax it is owed from other jurisdictions. These payments are made possible by a set of reciprocal agreements between the states and provinces in IFTA. The federal law provides a \$100,000 grant (see above) to each state for additional costs the states will incur to develop programs for collecting and auditing fuel use taxes under IFTA.

Am. H.B. 515 of the 120th G.A. permitted Ohio to enter IFTA. Ohio became part of IFTA in FY 1995.

STATE SPECIAL REVENUE FUND GROUP

437 110-606 LITTER TAX AND NAT. RESOURCES ADMIN

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$1,027,029	\$1,103,574	\$1,141,417	\$1,182,271	\$1,209,943	\$1,240,870
	7.5%	3.4%	3.6%	2.3%	2.6%

Source: litter tax - special tax in addition to regular corporate franchise tax.

Legal Basis: Am. Sub. H.B. 215 of the 122nd G.A., Sec. 114. Each biennial budget bill re-authorizes this line, originally created by Am. Sub. H.B. 361 of the 113th G.A (see below).

Purpose: Funds from this line item cover the costs of collecting and administering a tax on corporations in addition to the regular corporate franchise tax. The "Litter Tax" is composed of two tiers, the first of which applies to all non-financial corporate taxpayers, and the second of which applies only to corporations that make or sell "litter stream" products. The tax was first imposed by Am. Sub. H.B. 361 of the 113th G.A., which established a comprehensive statewide litter control program, and created this line item to receive some of the revenues from this tax.

435 110-607 LOCAL TAX ADMINISTRATION

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$6,916,437	\$7,237,831	\$7,549,681	\$7,465,337	\$9,817,491	\$10,017,570
	4.6%	4.3%	-1.1%	31.5%	2.0%

Source: one percent of the proceeds from county permissive sales taxes and regional transit authority sales taxes

Legal Basis: ORC 5739.21 (B) and ORC 5741.03(B)

Purpose: The moneys help defray the costs of collecting and administering the permissive sales and use taxes. In the absence of rate changes, revenue for this line item grows at the rate of taxable sales. In recent years, expenditures have stayed relatively constant although revenues were increasing due to growth in taxable sales. However, appropriations for FY 1998 - 1999 show sizable increases from FY 1997.

436 110-608 MOTOR VEHICLE AUDIT

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$1,172,500	\$1,147,971	\$1,382,106	\$1,345,445	\$1,377,920	\$1,412,811
	-2.1%	20.4%	-2.7%	2.4%	2.5%

Source: \$0.25 charge levied against every motor vehicle transaction (technically against every certificate of title issued)

Legal Basis: ORC 4505.09 (B)(2)(c)

Purpose: Funds from this line item are used by the Tax Commissioner to investigate sales and use tax returns filed for motor vehicles in order to ensure that the tax liability is paid. Revenues to this fund declined in FY 1991, presumably due to a decline in unit sales of autos, and revenues increased only slightly in FY 1992. Surprisingly, revenues declined again in FY 1993, when one would have expected unit sales of autos to have increased. Disbursements declined in all three of those years. Revenues resumed strong growth over the FY 1994-1996 period, allowing auditing expenditures to resume growing. However, unit sales of autos have again slowed, leading to a decline in spending in FY 1997, and small appropriation increases in FY 1998-99.

438 110-609 SCHOOL DISTRICT INCOME TAX

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$1,211,433	\$1,394,934	\$1,376,979	\$1,426,982	\$2,850,000	\$2,515,000
	15.1%	-1.3%	3.6%	99.7%	-11.8%

Source: 1.5 percent of school district income tax collections (see below)

Legal Basis: ORC 5747.03(C)

Purpose: Moneys are used to reimburse the Department of Taxation for expenses incurred in administering the school district income taxes. Through FY 1993, this line item received three percent of total school district income tax collections. Am. Sub. H.B. 152 of the 120th G.A. (the biennial operating budget for FY 1994-1995) reduced the percentage of collections that the line item receives to 2.5 percent in FY 1994 and 2.0 percent in FY 1995. The prior operating budget (Am. Sub. H.B. 117 of the 121st G.A.) again reduced the percentages, to 1.75 percent in FY 1996 and 1.5 percent in FY 1997 and thereafter. These changes were made because of balances that had been accumulating in the fund. It was apparent that the Tax Department was not spending all the administrative money, so the decision was made to lower the administration percentages and return more money to the school districts.

While the transition to lower percentages has been phased in, the Tax Department has still accumulated some money. These funds will be used to beef up employer withholding programs for the school district income tax in FY 1998 and FY 1999.

The original law authorizing the school district income tax went into effect in November, 1981. H.B. 291 of the 115th G.A. repealed the authority of any school district to enact a new income tax after August 2, 1983. At that time, only six districts used an income tax. One was repealed effective 1987. Am. Sub. S.B. 28 of the 118th G.A. reauthorized new enactments of voter-approved school district income taxes, leading to 114 additional districts adopting the tax (bringing the total to 119 districts as of October, 1996). The big increases in disbursements in the FY 1991 - FY 1995 period were due to large numbers of school districts newly enacting an income tax.

4R6 110-610 TIRE TAX ADMINISTRATION

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$0	\$0	\$135,000	\$135,001	\$138,780	\$142,666
	N/A	N/A	0.0%	2.8%	2.8%

Source: four percent of the \$0.50 tire tax

Legal Basis: ORC 3734.9010

Purpose: The Tax Department uses its share of the tax (the rest of which goes to EPA's Scrap Tire Management Fund) for administration of the tax.

642 110-613 OHIO POLITICAL PARTY DISTRIBUTIONS

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$840,931	\$817,976	\$739,963	\$633,166	\$1,233,600	\$1,268,141
	-2.7%	-9.5%	-14.4%	94.8%	2.8%

Source: state income tax checkoff money: \$1 for single returns or \$2 for joint returns

Legal Basis: ORC 3517.16

Purpose: Money is distributed to qualified political parties. For each qualifying party, one-half of the receipts goes to the treasurer of the state executive committee of the party, and one half goes to the treasurers of each county executive committee. Each county committee's share is determined by the ratio of the number of checkoffs in that county to the total statewide number of checkoffs. Fund revenue and expenditures have both been declining in recent years. The FY 1998 and FY 1999 appropriations show a sizable increase. Because of the upcoming Gubernatorial election in 1998, the prediction is that contributions and expenditure will both increase.

639 110-614 CIGARETTE TAX ENFORCEMENT

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$119,044	\$118,712	\$125,315	\$129,891	\$133,549	\$136,888
	-0.3%	5.6%	3.7%	2.8%	2.5%

Source: : 47.5 percent of wholesale cigarette license tax revenue; 15 percent of retail cigarette license tax revenue

Legal Basis: ORC 5743.15

Purpose: Moneys in this fund are used to defray the costs of enforcing cigarette tax law.

688 110-615 LOCAL EXCISE TAX ADMINISTRATION

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$48,538	\$256,363	\$250,923	\$317,035	\$299,267	\$306,877
	428.2%	-2.1%	26.3%	-5.6%	2.5%

Source: two percent of county excise tax collections on cigarettes and alcoholic beverages

Legal Basis: ORC 5743.024 and ORC 4301.423

Purpose: Cuyahoga County has been collecting voter-approved local option excise taxes on cigarettes, beer, wine, and mixed beverages since August 1, 1990. Revenue from these taxes are used to pay debt service on the bonds issued for the construction of the Gateway project sports complex (Jacobs Field houses baseball's Cleveland Indians and Gund Arena hosts the NBA Cleveland Cavaliers) in Cuyahoga County. The two percent of total tax collections received by this fund are for the purpose of defraying the cost of administering the tax. Administrative activities include auditing and enforcement. Authority to deposit two percent of county cigarette tax money into this fund is contained in ORC 5743.024. Authority to deposit two percent of the county tax on beer, wine, and mixed beverages into this fund is contained in ORC 4301.423.

4C6 110-616 INTERNATIONAL REGISTRATION PLAN

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$333,614	\$530,373	\$479,205	\$446,141	\$578,097	\$593,238
	59.0%	-9.6%	-6.9%	29.6%	2.6%

Source: revenues from the IRP registration fees are deposited into the International Registration Plan Distribution Fund (IRPDF); distributions are made from the IRPDF to the International Registration Plan Auditing Fund (IRPAF) in an amount estimated to cover the annual costs of the Department of Taxation for auditing persons who have registered motor vehicles under the IRP

Legal Basis: ORC 5703.12 and ORC 4501.044

Purpose: Am. Sub. H.B. 831 of the 118th G.A. eliminated the old highway use tax (axle-mile tax) effective January 1, 1991. The act required the Registrar of Motor Vehicles in Ohio to apply for membership in a reciprocal registration agreement known as the International Registration Plan (IRP). The highway use tax and the various commercial vehicle registration taxes effective under prior law were replaced with a system of registration fees based on gross vehicle weight and a 3 cents per gallon fuel use surcharge for vehicles subject to the IRP. Revenues from the IRP registration fees are deposited into the International Registration Plan Distribution Fund (IRPDF). Distributions are to be made from the IRPDF to the International Registration Plan Auditing Fund (IRPAF) in an amount estimated to cover the annual costs of the Department of Taxation for audits of persons who have registered motor vehicles under the IRP. The IRPAF is created in ORC 5703.12, as enacted by Am. Sub. H.B. 831 of the 118th G.A. Ohio Revised Code section 4501.044 authorizes the actual distribution of moneys from the IRPDF to the Auditing Fund.

HOLDING ACCOUNT REDISTRIBUTION FUND GROUP

R10 110-611 TAX DISTRIBUTIONS

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$0	\$1,000	\$48,191	\$67,265	\$200,000	\$200,000
	N/A	4719.1%	39.6%	197.3%	0.0%

Source: sales tax payments

Legal Basis: budget bills – originally CB #933, December 1985

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

R11 110-612 MISCELLANEOUS INCOME TAX RECEIPTS

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$211,991	\$442,144	\$146,343	\$5,309	\$500,000	\$500,000
	108.6%	-66.9%	-96.4%	9318.0%	0.0%

Source: personal income tax payments

Legal Basis: budget bills – originally CB #933, December 1985

Purpose: This line item functions as a holding account for Ohio personal income tax payments when there is uncertainty as to the proper disposition of the payment. The function of this line item used to be performed by the depository trust fund, which was abolished by Am. Sub. H.B. 201 of the 116th G.A. As with line item 110-611, annual revenues and disbursements for this fund are very volatile.

R45 110-617 INTERNATIONAL FUEL TAX DISTRIBUTION

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
\$0	\$2,079,834	\$0	\$30,039,585	\$0	\$0
	N/A		N/A		N/A

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

Legal Basis: Am. H.B. 515 of the 120th G.A permitted Ohio to enter IFTA (Ohio became part of IFTA in FY 1995)

Purpose: This fund holds fuel use tax payments prior to their eventual distribution to other funds in Ohio, or to other state and jurisdictions that are owed some of the fuel tax collected from Ohio-based carriers.

Note: This line item also appears under the Revenue Distribution Funds, with the FY 98 and FY 99 appropriations, since it is contained in that section of the current budget bill.