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Legislative Budget
Office

S.B. 357
133rd General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Dolan

Joe McDaniels, Attorney

SUMMARY

- Appropriates \$650 million of funding allocated to the state from the federal “Coronavirus Aid, Relief, and Economic Security Act” (CARES Act) to counties, municipalities, and townships to fund COVID-19 pandemic-related expenses.
- Distributes funds based on population (excluding local governments that receive direct federal funding under the CARES Act).
- Requires subdivisions to spend the funds only on pandemic-related expenses as required under the CARES Act.
- Requires local funds unspent as of October 15, 2020, to be redistributed to local governments that have spent their full allocation.
- Requires subdivisions to return unspent CARES Act funds to the state by December 28, 2020.
- Declares an emergency.

DETAILED ANALYSIS

Local CARES Act revenue distribution

The bill appropriates \$650 million of the money allocated to the state under the federal “Coronavirus Aid, Relief, and Economic Security Act” (CARES Act) to counties, townships, and municipalities to fund necessary COVID-19 pandemic-related expenses. This appropriation is in addition to the \$350 million previously allocated by the state to counties, townships, and

municipalities under H.B. 481 of the 133rd General Assembly and an additional \$175 million appropriated and allocated to those subdivisions by the Controlling Board on August 24, 2020.¹

Federal CARES Act

Among other provisions, the CARES Act directs federal money to states and more populous local governments to fund “necessary expenditures incurred due to the public health emergency” connected with the COVID-19 pandemic, provided those expenses are incurred between March 1 and December 30, 2020, and are not accounted for in the state’s or subdivision’s current budget.²

The state is slated to receive approximately \$4.53 billion in CARES Act funding.³ Under the CARES Act, local governments with a population of 500,000 or more may receive a direct payment from the federal government out of their state’s allocation. Ohio has six of these subdivisions – the City of Columbus, and Cuyahoga, Franklin, Hamilton, Montgomery, and Summit counties – that will receive directly \$778 million altogether, accounting for 17% of Ohio’s total allocated share.⁴ Thus, the state treasury will receive approximately \$3.75 billion of the state’s total allocation.

Distribution to local governments

The bill appropriates \$650 million of this state share for distribution to the counties, municipalities, and townships that did not receive direct federal CARES Act payments (which the bill refers to as “eligible subdivisions”).⁵ The money is distributed on the basis of each eligible subdivision’s population. The money is first distributed to the 88 county treasuries from the state fund that receives CARES Act revenue – the Coronavirus Relief Fund – by the Director of Budget and Management. This distribution is deposited to each county’s coronavirus relief distribution fund – created pursuant to H.B. 481.⁶ The amount received by each county is based on the proportion that the sum of the populations of each eligible subdivision located or, in the case of a municipal corporation, primarily located in the county plus the population of the county (if the county is an eligible subdivision) bears to the sum of the populations of all eligible subdivisions in Ohio. Even if a county is not an eligible subdivision, municipalities and townships in that county will still receive an allocation, as described below.⁷

¹ See Fund/Appropriation Request No. OBM0100130, August 24, 2020, available at <https://www.ecb.ohio.gov/Print/PrintCBR.aspx?CBR=OBM0100130>.

² Section 5001 of the “Coronavirus Aid, Relief, and Economic Security Act,” Pub. L. 116-136.

³ Grant A. Driessen, The Coronavirus Relief Fund (CARES Act, Title V): Background and State and Local Allocations, Congressional Research Service, p. 4 (August 25, 2020), available at <https://crsreports.congress.gov/product/pdf/R/R46298>.

⁴ CRS CARES Act Report, p. 7.

⁵ Section 1(A)(1); Section 2.

⁶ Section 27(B) of H.B. 481 of the 133rd General Assembly.

⁷ Section 1(B).

Once the CARES Act revenue is paid to the county, the money is further divided between the county and its townships and municipalities, except for those that are not eligible subdivisions. The amount distributed from the county coronavirus relief distribution fund to each eligible subdivision is based on the proportion that the population of the eligible subdivision bears to the sum of the populations of all eligible subdivisions located or, in the case of a municipal corporation, primarily located in the county plus the population of the county if the county is an eligible subdivision.⁸

For purposes of the computations described above, the populations of eligible subdivisions are based on the most recent estimates published by the Development Services Agency.⁹ The population of a township does not include persons who reside in its incorporated areas. A municipal corporation is “primarily located” in the county in which the majority of its population resides or, if the majority of its population does not reside in one county, the county in which the plurality of its population resides. Since the full population of a municipal corporation is attributed to the county in which the municipal corporation is “primarily located,” and since the population of a township includes only those persons residing in unincorporated areas, no eligible subdivision will receive CARES Act distributions from more than one county.¹⁰

Once a subdivision receives its share of the CARES Act revenue it must deposit the money in its local coronavirus relief fund – also created pursuant to H.B. 481.¹¹ The eligible subdivision must use the revenue solely for the purposes prescribed in the CARES Act. The Auditor of State must audit this fund during the subdivision’s next regular audit to ensure the revenue was used properly.¹²

Redistribution of unused funds

The same rules for the return and redistribution of unspent funds that apply to CARES Act appropriations under H.B. 481 also apply to the funds appropriated under the bill. Subdivisions must return to the county treasury any funding that remains unencumbered as of October 15, 2020. Returned revenue is then redistributed to the county and townships and municipalities in the county, except that no amount may be paid to a subdivision that is not an eligible subdivision, a subdivision that returned any of its funds, or a subdivision that has not adopted a resolution affirming its use of the revenue in conformity with the CARES Act (a prerequisite to receiving funds under H.B. 481). One-quarter of the returned revenue is paid to the county, if eligible, and the remainder is paid to the other eligible municipalities and townships based on each subdivision’s population relative to the population of all such

⁸ Section 1(C).

⁹ See, Ohio Development Services Agency, State and U.S. Population Estimates, *available at* https://development.ohio.gov/reports/reports_pop_est.htm.

¹⁰ Section 1(A)(2) and (3).

¹¹ Section 27(E) of H.B. 481 of the 133rd General Assembly.

¹² Section 1(D).

subdivisions. Unlike the initial distribution under the bill, the populations used to compute the redistribution of unspent CARES Act funds are based on the 2010 decennial census.¹³

Reporting to OBM

Whenever a county auditor distributes or redistributes the CARES Act payments under the bill to local subdivisions, the auditor must report the amount that is being paid to each subdivision to the OBM Director. In addition, any subdivision that receives CARES Act revenue under the bill must comply with any request from the Director for information on how those funds were spent.¹⁴

Return of unused funds

A subdivision must return any unspent balance of its local coronavirus relief fund to the state treasury by December 28, 2020, in the manner prescribed by the OBM Director.¹⁵ As discussed above, the CARES Act requires this money to be spent only for COVID-19 pandemic related costs incurred no later than December 30, 2020.

HISTORY

Action	Date
Introduced	08-27-20

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¹³ Section 1(E); Sections 27(A) and (F) of H.B. 481 of the 133rd General Assembly.

¹⁴ Section 1(E) and (F).

¹⁵ Section 1(E).