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H.B. 54
133rd General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Cera and Rogers

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SUMMARY

- Increases monthly allocations to the Local Government Fund (LGF), from 1.66% (currently, 1.68% due to a temporary increase) to 3.53% of the total amount of state tax revenue credited to the GRF each month.

DETAILED ANALYSIS

Local Government Fund increase

The bill increases monthly allocations to the Local Government Fund (LGF) to 3.53% of the total amount of state tax revenue credited to the GRF each month. Generally, the LGF receives 1.66% of the total state tax revenue credited to the GRF.¹ However, the General Assembly has temporarily increased this percentage to 1.68% for each month in FYs 2020 and 2021.²

Under continuing law, payments from the LGF are made to supplement the revenue of local governments. Most of the funds credited to the LGF are distributed to county undivided local government funds (county LGFs), from which the funds are allocated amongst subdivisions within the county using either a statutory or an alternative, county-specific formula. One million dollars of the LGF is set aside each month to make payments to villages with a population of less than 1,000 and to townships, and the remainder (around 5% of total LGF funds) has been used to make direct payments to municipal corporations.

The bill essentially restores the monthly LGF earmark to the level it was at in FY 2005 – 3.53%. Since 2005, the LGF has undergone several changes. Most significantly, in the 2012 and 2013 fiscal years, LGF allocations were reduced by 25% and 50%, respectively, from FY 2011

¹ R.C. 131.51.

² Section 387.20 of Am. Sub. H.B. 166 of the 133rd General Assembly.

levels.³ Since then, the LGF has generally received an earmarked percentage of GRF tax revenue based on the percentage of tax revenue allocated to the LGF in FY 2013 (1.66%).

The bill states that the increase would apply on and after July 1, 2019.⁴

HISTORY

| Action | Date |
|------------|----------|
| Introduced | 02-12-19 |

H0054-I-133/ks

³ Am. Sub. H.B. 153 of the 129th General Assembly. Under continuing law, counties whose distributions fall below \$750,000 are guaranteed a minimum distribution of \$750,000 in each fiscal year. In addition, counties whose FY 2011 distribution was below \$750,000 are protected from a decrease for any following fiscal year. R.C. 5747.501(B)(1)(a).

⁴ Section 3.