OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 434
(with AM1161)
136th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 434's Bill Analysis

Version: In Senate Finance

Primary Sponsors: Reps. Willis and Lampton

Local Impact Statement Procedure Required: No

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Highlights

Operating appropriations

The bill increases GRF appropriations by a total of $2,000,000 in FY 2026 and $16,779,030 in FY 2027. In addition, appropriations from federal funds are increased by $10,550,000 in FY 2026 and $7,389,515 in FY 2027 and appropriations from the dedicated purpose Ohio Future Fund (Fund 5XM0) are increased by $6,100,000 in FY 2026 and $1,200,000 in FY 2027. The bill also modifies the required use of existing appropriations. Highlights of those changes are listed below.

- The bill increases the following under the Ohio Department of Job and Family Services (ODJFS) budget: GRF appropriation line item (ALI) 600450, Program Operations, by $14,779,030 in FY 2027; and federal Fund 3840 ALI 600610, Food Assistance Programs, by $10,550,000 in FY 2026 and $7,389,515 in FY 2027.
- The bill establishes an appropriation in GRF ALI 600551, Job and Family Services Program Support, of $10,550,000 in FY 2026, under ODJFS. The funds are required to be used for updates to the Ohio Benefits system to help reduce Supplemental Nutrition Assistance Program (SNAP) county and state error rates. The bill reappropriates the available balance for FY 2027.
- The bill decreases GRF ALI 830416, Adoption Grant Program, by $10,550,000 in FY 2026 and instead earmarks this same amount in federal Fund 3V62 ALI 830605, TANF Block Grant, under the Department of Children and Youth's budget. These earmarked funds will be used for the Adoption Grant Program.

- The bill increases GRF ALI 200448, Educator and Principal Preparation, in the Department of Education and Workforce (DEW) budget, by $2,000,000 in each fiscal year and earmarks the additional amounts to Teach for America.
- The bill increases Fund 5XM0 ALI 195576, All Ohio Future Fund, appropriations by $6,100,000 in FY 2026 and $1,200,000 in FY 2027 under the budget for the Department of Development. The FY 2026 amount is earmarked for the Zanesville-Muskingum County Port Authority. The FY 2027 amount is earmarked for program administration.
- The bill earmarks $2,150,000 in each fiscal year in GRF ALI 490414, Alzheimer's and Other Dementia Respite, for the area agencies on aging, under the Department of Aging's budget.

School funding provisions

- The bill's changes to the count of economically disadvantaged students for school funding purposes is estimated by DEW to decrease state foundation aid and school district and other public school revenues by a net total of roughly $5 million each fiscal year.

Drones for First Responders Pilot Program

- The bill makes county and township first responders eligible to apply for the Drones for First Responders Pilot Program. H.B. 96 of the 136th General Assembly provided $2.5 million in FY 2026 under GRF ALI 772456, Unmanned Aerial Systems Center, to administer the program and provide funding to eligible first responders within municipal corporations.

Detailed Analysis

Operating appropriations, earmarks, and modifications

The bill increases GRF appropriations by a total of $2,000,000 in FY 2026 and $16,779,030 in FY 2027. In addition, appropriations from federal funds are increased by $10,550,000 in FY 2026 and $7,389,515 in FY 2027 and appropriations from the dedicated purpose Ohio Future Fund (Fund 5XM0) are increased by $6,100,000 in FY 2026 and $1,200,000 in FY 2027. The bill also modifies the required use of existing appropriations. Details of those changes are listed below.

Ohio Department of Job and Family Services

The bill requires the Ohio Department of Job and Family Services (ODJFS) to establish a methodology and technical system to determine payment error rates within the Supplemental Nutrition Assistance Program (SNAP) that result from agency error, assistance group error, and errors resulting from the Ohio Benefits Program. Additionally, beginning in the second quarter of calendar year 2026, ODJFS is required to include information regarding SNAP payment error rates in the quarterly reports submitted to the General Assembly under current law.

The bill increases the following: GRF ALI 600450, Program Operations, by $14,779,030 in FY 2027 and federal Fund 3840 ALI 600610, Food Assistance Programs, by $10,550,000 in FY 2026 and $7,389,515 in FY 2027. It also establishes an appropriation in GRF ALI 600551, Job and Family Services Program Support, of $10,550,000 million in FY 2026. The bill requires ALI 600551 to be used for updates to the Ohio Benefits system to reduce county and state SNAP error rates. Lastly, the bill requires the ODJFS Director to certify to the Office of Budget and Management (OBM) Director the available balance of ALI 600551 at the end of FY 2026 to be reappropriated for FY 2027 and appropriates the certified amounts.

Department of Education and Workforce

The bill increases GRF ALI 200448, Educator and Principal Preparation, in the Department of Education and Workforce budget, by $2,000,000 in each fiscal year and earmarks the additional amount to Teach for America. The organization must use the funds to increase recruitment of prospective corps members, provide training and professional development for first- and second-year teachers in the Teach for America Program in Ohio, and support the continued development and impact of Teach for America alumni working in the state.

Ohio Department of Aging

The bill earmarks $2,150,000 in each fiscal year in GRF ALI 490414, Alzheimer's and Other Dementia Respite, for the area agencies on aging. H.B. 96 appropriated a total of $4,300,000 in each fiscal year in this ALI.

Ohio Department of Children and Youth

The bill decreases GRF ALI 830416, Adoption Grant Program, by $10,550,000 in FY 2026 and instead earmarks this same amount in federal Fund 3V62 ALI 830605, TANF Block Grant. These earmarked funds will be used to administer grants to adoptive parents through the Adoption Grant Program.

Ohio Department of Health

H.B. 96 earmarked $7,800,000 in both FY 2026 and FY 2027 in federal Fund 3920 ALI 440618, Federal Public Health Programs, for Ohio Adolescent Health Centers. The bill allows the Ohio Department of Health (ODH) to utilize this ALI, as well as any other eligible ALIs in ODH's budget, except for GRF ALIs, to support this existing earmark.

Ohio Department of Higher Education

The bill repurposes a $100,000 earmark in FY 2026 under GRF ALI 235533, Program and Project Support, in the Ohio Department of Higher Education's budget from Ashland University's Ashbrook Center civics education K-12 teacher training and student learning initiative to Ashland University.

Chemical Dependency Professionals Board

The bill eliminates Fund 5CF1 ALI 930600, Peer Support Program. H.B. 96 provides funding for the Peer Support Program in the Department of Behavioral Health. This change is corrective.

Department of Development

All Ohio Future Fund

The bill increases Fund 5XM0 ALI 195576, All Ohio Future Fund, by $6,100,000 in FY 2026 and $1,200,000 in FY 2027. The FY 2026 amount is earmarked for the Zanesville-Muskingum County Port Authority. The bill specifies that this is in addition to $20.7 million approved by the Controlling Board in July 2025 for the Zanesville-Muskingum County Port Authority to support water and wastewater infrastructure for 600 acres in Jackson Township, within the Frazeysburg development area. Additionally, the bill earmarks up to $1,200,000 in FY 2027 to administer the All Ohio Future Fund.

Residential Economic Development District Program

The bill removes a grant scoring metric under the Residential Economic Development District (REDD) Program that favors polyvinyl chloride water pipe over ductile iron. The grant program was established under H.B. 96, which provided funding of $10.0 million in FY 2026 and $15.0 million in FY 2027 for this purpose. Under the program, qualifying counties, municipalities, and townships apply for grants for the development of workforce housing. Removing this grant scoring metric has no direct fiscal effect on the state or political subdivisions. Indirectly, some political subdivisions may choose to use ductile iron over polyvinyl chloride for water pipes in the absence of this scoring metric. As an initial capital expense, ductile iron pipes are more durable and expensive than polyvinyl chloride pipes.

Attorney General

Court technology initiative

The bill decreases GRF ALI 055321, Operating Expenses, by $1,155,000 in each fiscal year, from $4,505,000 to $3,350,000, reduces the associated earmark by that same amount, and adjusts the use of that earmarked funding for the delivery of technology services to courts throughout the state, including the provision of hardware, software, and the development and implementation of educational and training programs for judges and court personnel.

The bill clarifies that at the request of the Administrative Director of the Supreme Court of Ohio and the Attorney General, or their designees, the Director of Budget and Management shall cancel any existing encumbrances, against ALI 005409, Ohio Courts Technology Initiative, used by the Supreme Court of Ohio, and reestablish them against ALI 055321, Operating Expenses.

Targeted Addiction Assistance Fund

The bill clarifies that, beginning January 15, 2027, funds from any case brought or joined by the Attorney General to recompense for damages to the state by the opioid crisis shall be remitted for deposit into the Targeted Addiction Assistance Fund (Fund 5TZ0), including but not limited to the following cases: *State of Ohio v. McKesson Corp.*, *State of Ohio v. CVS Health Corporation*, and *State of Ohio v. Purdue Pharma L.P.*, and any other case brought or joined by the Attorney General to recompense for damages to the state by the opioid crisis. H.B. 96 created the Targeted Addiction Assistance Fund in the state treasury, to consist of all money awarded to the state by court order that is intended to address the effects of the opioid crisis, however, only specified that proceeds received by the state under the settlement agreement in *State of Ohio v. McKesson Corp.* must be certified for deposit into the fund. As a result of the clarification, there may be increased efficiency for state accounting when directing certain opioid settlement funds for deposit.

Supreme Court/Judiciary

The bill reestablishes GRF ALI 005409, Ohio Courts Technology Initiative, and appropriates $1,155,000 in each of FY 2026 and FY 2027. The bill requires the appropriated amounts to be used to fund an initiative by the Supreme Court to facilitate the exchange of information and warehousing of data by and between courts and other justice system partners through the maintenance of an Ohio Courts Network.

Capital appropriations, reappropriations, and modifications

Ohio Department of Behavioral Health

The bill modifies an existing earmark of $100,000 in capital ALI C58050, Community Support, by changing the project from the "Mansfield Domestic Violence Shelter Child Advocacy Center Renovation" to the "Mansfield Champions for Children Child Advocacy Center."

Department of Administrative Services

The bill corrects the name of the recipient of a $250,000 capital reappropriation under Fund 7016 capital ALI C10044 from "Lorain County MARCS Tower/Sheffield Lake" to "Lorain County MARCS Tower/Sheffield Village."

Ohio Facilities Construction Commission

The bill redirects capital reappropriations of $250,000 from Fund 7034 ALI C37861, Greater Cleveland Food Bank, and $750,000 from Fund 7034 ALI C37868, Greater Cleveland Foodbank, both in the budget of Cuyahoga Community College, to an earmark of $1,000,000 for the Greater Cleveland Foodbank under the reappropriation of Fund 7030 ALI C230FM, Cultural and Sports Facilities Projects, in the budget of the Ohio Facilities Construction Commission.

School funding formula – economically disadvantaged student count

Student count cap

The bill modifies the calculation of the economically disadvantaged student count ("economically disadvantaged ADM") for school districts and community schools that are not newly opened in FY 2026 or FY 2027. Under current law, the school funding formula calculates economically disadvantaged average daily membership (ADM) by weighting two counts as follows:

- The FY 2025 count (generally based on the number of students eligible for free or reduced-price meals, including those identified through the traditional household income application or as eligible for free meals due to their school's participation in the federal Community Eligibility Provision (CEP)), weighted at 75% in FY 2026 and 65% in FY 2027;
- The count of students identified through direct certification ("directly certified ADM"), due to participation in certain public assistance programs, or because of certain student characteristics, such as students who are foster youth or homeless, weighted at 25% in FY 2026 and 35% in FY 2027.

Because the formula uses the economically disadvantaged student count from FY 2025, the economically disadvantaged student count may be higher than total enrollment ("enrolled ADM") in FY 2026 for some districts and schools. The bill addresses this situation by capping economically disadvantaged ADM in FY 2026 and FY 2027 at the district or school's enrolled ADM for the applicable fiscal year. DEW estimates that this change will decrease state foundation aid payments and school district and other public school revenues by a net total of roughly $5 million in each fiscal year.

Definition of "newly opened community school"

In addition, the bill revises the definition of a "newly opened community school" for the purpose of calculating economically disadvantaged ADM. Under current law, a newly opened community school is one that opens for the first time in FY 2026 or FY 2027. The bill changes this definition to any community school that was not open in FY 2025. Under continuing law, the economically disadvantaged ADM for a newly opened community school is based entirely on its directly certified ADM, rather than the weighted calculation used for other districts and schools.

In FY 2026, this change applies to one school, Banyan High School in Hamilton County, which last operated in FY 2024 under a different name. Under current law, the economically disadvantaged ADM in FY 2026 and FY 2027 for this school or any other applicable school in FY 2027 is based on the weighted calculation (with the FY 2025 count being zero students). Under the bill, it will be based only on directly certified ADM, which may lead to higher state foundation aid depending on whether a school benefits from the formula's funding guarantee (the guarantee ensures a school's per-pupil foundation aid in FY 2026 or FY 2027 does not fall below what is received in FY 2021). For a school on the guarantee to actually receive any additional funding, the change would have to increase the school's state aid by more than the guarantee payment. Based on preliminary data for FY 2026, Banyan High School benefits from the guarantee, so it may not receive any additional state foundation aid from this change.

Drones for First Responders Pilot Program

The bill includes county and township first responders as those eligible to apply for funding under the Drones for First Responders Pilot Program. The pilot program provides funding for the acquisition of unmanned aerial vehicle systems for first responders, training, obtaining necessary Federal Aviation Administration (FAA) approvals, and integrating related infrastructure. H.B. 96 provided $2.5 million in FY 2026 under GRF ALI 772456, Unmanned Aerial Systems Center, for the Ohio Department of Transportation to administer the program and distribute funding to eligible applicants. Under H.B. 96, only first responders within municipal corporations qualified for these grants.

Tax provisions

The bill makes corrective amendments to several recently enacted tax credits and tax exemptions. The provisions better enable these tax policies to be administered according to legislative intent, and their enactment buttresses previously published fiscal effects on these assorted tax topics.

General government provisions

Court special project funds

The bill permits fees collected by a municipal, county, common pleas, or appeals court for special projects of the court to be used for training or education that takes place within the continental United States, rather than just within the state as under current law. This provision has no direct fiscal effect on courts but allows for more flexible use of special project funds.

Vehicles towed by law enforcement

The bill requires a victim whose motor vehicle was towed by order of law enforcement to pay the costs of the related towing and storage of that motor vehicle to retrieve it. This provision will result in a potential revenue increase for towing and storage facilities operated by local governments.

Joint Medicaid Oversight Committee

The bill removes a reference to the former Joint Medicaid Oversight Committee (JMOC) in law requiring the Director of Behavioral Health and the Department of Insurance to annually report to the General Assembly and the Governor on the departments' efforts regarding consumer education about behavioral health insurance parity and accessing insurance benefits. This provision is corrective.

Military-related limited term driver's licenses

The bill exempts certain military-related limited term driver's license applicants from driver education requirements, thus allowing certain foreign government officials and contractors associated with the United States military or with the United States Department of Defense or any of its subordinate agencies to drive in Ohio without having to complete the state's driver education requirements. The driver education requirements, which include successful completion of the full driver training course and 50 hours of practice driving accompanied by a licensed adult prior to the first issuance of a limited term driver's license, were enacted in H.B. 54 of the 136th General Assembly and took effect June 30, 2025. Prior to that date, limited term driver's license applicants were generally not required to complete driver's training.

Deputy registrars

The bill will not impact the number of applications received for a limited term driver's license by deputy registrars, including deputy registrar locations in which a county auditor or clerk of a court of common pleas has been awarded a contract to serve as a deputy registrar.[1] Any potential reduction in administrative work from not having to verify driver education requirements for these deputy registrars will likely be offset by having to verify an applicant's eligibility for the driver education exemption. The number of limited term license applicants impacted by the bill is expected to be very small.

Bureau of Motor Vehicles

The Bureau of Motor Vehicles (BMV) may incur minimal one-time costs to establish a form for certain limited term driver's license applicants to attest to their relationship with the United States military or the United States Department of Defense or any of its subordinate agencies to qualify for the bill's driver education requirement exemption.

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[1] As of August 13, 2025, the Department of Public Safety reported a total of 22 counties that were served by a county auditor or a clerk of a court of common pleas. Those counties include Butler, Champaign, Erie, Fayette, Franklin, Gallia, Guernsey, Harrison, Holmes, Huron, Jackson, Jefferson, Lorain, Mahoning, Meigs, Montgomery, Noble, Perry, Summit, Trumbull, Vinton, and Wyandot.