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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 46
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 46's Bill Analysis](#)

Version: As Reported by Senate General Government & Agency Review

Primary Sponsor: Rep. Greenspan

Local Impact Statement Procedure Required: No

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Highlights

- Requiring the Treasurer of State (TOS) to establish an expenditure database generally would codify current practice, thereby ensuring its continuation. Because a database satisfying most, and possibly all, of the bill's requirements is currently in place and maintained, the bill should not have a fiscal effect on TOS.
- Requiring state agencies to provide assistance to TOS and to display a link to the database on their websites, using existing budgetary resources, may or may not be economically feasible. The fact that the data needed for the database are currently available in the Ohio Administrative Knowledge System (OAKS) would make it feasible at very low cost.
- The bill shifts the responsibility for auditing economic development awards granted by the Development Services Agency (DSA) from the Attorney General (AGO) to the Auditor of State (AUD), increasing the regulatory burden within AUD at a cost that is currently undetermined.
- The bill earmarks \$4 million of an existing tax credit for Broadway theater productions, but does not change the \$40 million per fiscal year limit on credits in current law, so this provision should have no effect on GRF revenue.
- No direct fiscal effect on political subdivisions.

Detailed Analysis

The bill requires the TOS to establish and maintain an expenditure database, the Ohio State and Local Government Expenditure Database, which must be available on the Treasurer's website and the website of the Office of Budget and Management (OBM), accessible to the public at no charge, and include certain information related to expenditures of state entities

made in each fiscal year that commences after the bill's effective date. The bill shifts the responsibility for auditing economic development awards from AGO to AUD. The bill modifies the law governing the existing motion picture and theater tax credit. And the bill authorizes the governing board of a regional transportation improvement project to negotiate, with property owners, voluntary assessments on their property located within a transportation financing district created by the board. The following sections describe these bill provisions in more detail and describe the fiscal effects of the provisions.

Government Expenditure Database

The bill requires TOS, in consultation with the Director of Budget and Management and the Director of Administrative Services, to establish and maintain the Ohio State and Local Government Expenditure Database. The bill requires state entities to assist the Treasurer in the development, establishment, operation, storage, hosting, and support of the database at no cost to the Treasurer. The bill specifies that state entities must comply with the bill's requirements using their existing resources, and that each state entity must display on its website a prominent Internet link to the database. The bill also requires the Department of Administrative Services or the Department of Education, as applicable, to provide data related to state and school district employee salary and employment information to the Treasurer.

The bill includes various requirements regarding the content and features of the database, reporting about usage of the database, and the bill authorizes the Treasurer to adopt reasonable rules related to its requirements, and prohibits the database from including any information that is determined to be confidential or is not a public record under Ohio law.¹

Under current law, the Treasurer of State is allowed to establish and maintain an expenditure database. In December 2014, the Treasurer of State's Office created the "Ohio Online Checkbook," that is posted on the Treasurer's website and accessible to the public at no charge. Currently, the checkbook includes information related to expenditures of state entities made in FY 2012 through FY 2020, and in the beginning months of FY 2021, and the checkbook provides a link to the Treasurer's website for salary information about state and school district employees. Thus, it appears to satisfy most, and possibly all, of the bill's provisions regarding the required database. The bill provisions imply ongoing administrative costs, however, the bill specifies that the work must be paid out of existing budgetary resources.

The provision that requires each state entity to assist the Treasurer in developing and operating the database may not have any fiscal effect on the entities' administrative costs since all the information related to state entities' expenditures is currently held in OAKS.² The bill also requires state agencies to place links to the database on their websites. The bill specifies that state entities must comply with all of the requirements in the bill using existing resources and no state entity is allowed to charge the Treasurer for any costs arising from complying with the requirements. Thus, any increase in such costs would be paid from each agency's existing

¹ The bill provides that the Treasurer, the Treasurer's employees, and state entities are not liable for the disclosure of a database record that is determined to be confidential or is not a public record under Ohio law.

² OAKS is the state's enterprise resource planning and accounting software system.

budget. It may be possible for state agencies to comply with the bill's requirements at no additional cost, but LBO economists are unsure that the no additional cost requirement guarantees that.

The bill generally excludes local governments from the definition of state entity. As a result, it creates no direct fiscal impact on local governments. Also excluded from the definition are state institutions of higher education and the five public employee retirement systems.

Audits of economic development awards

The bill requires the Development Services Agency to send AUD a report, by July 30 each year, listing state awards for economic development. The Auditor is to review each award to determine if the entity is in compliance with the terms set forth by the awarding agency, and must publish a report of its determinations within 90 days. AUD is to report any instances of noncompliance to AGO for possible pursuit of remedies at the AGO's discretion.

Similar responsibilities exist in current law for AGO; the bill removes these responsibilities from under AGO's purview. Time costs will increase within AUD's regulatory program, though it is unclear at this time whether additional staff will be required. Administrative costs at AGO should be reduced.

Changes to Motion Picture and Theater Tax Credit

The bill modifies certain aspects of eligibility for the tax credit allowed under R.C. 122.85 that are not expected to affect GRF revenue or the overall cost of the bill. Under the bill, "production contractors", who are entities involved in creation of a motion picture but are not themselves production companies, become ineligible for the existing credit. Additionally, the bill earmarks \$4 million annually to be allocated for Broadway theatrical productions, starting in FY 2022. Lastly, the bill alters the credit's approval process. Current law stipulates that credits are granted in two rounds per year, with a limit in the dollar amount of the credit that can be awarded in each round. The bill relaxes this restriction by allowing the Director of Development Services to allocate credits from the next grant period during the current grant period, if the Director determines that the production would have a significant positive economic or workforce development effect on Ohio.

There is an overall limit of \$40 million per fiscal year on the issuance of credits, which is unchanged by the bill. The bill's provision allowing the Director to issue a credit one grant period in advance, as well as a provision of continuing law,³ allow the \$40 million limit to be exceeded in a fiscal year, but over time the value of credits granted must average \$40 million per fiscal year or less.

Regional Transportation Improvement Projects

Under the bill, the regional transportation improvement projects comprising Stark, Carroll, and Columbiana counties are authorized to enter into a cooperative agreement for the purpose of completing transportation improvements. The bill allows this cooperative to levy a

³ Under continuing law, if less than \$40 million in credits is issued in a fiscal year, the difference between the amount issued and the \$40 million limit may be issued in the following fiscal year in addition to that year's \$40 million limit.

special assessment on real property located within the district, with the agreement of the property owner. The bill provides a mechanism through which moneys are spent on transportation improvement projects or, upon completion of a project, returned to taxing units and participating landowners.

LBO does not have sufficient local data to determine what potential revenue might be, however the optional nature of the assessment suggests any such assessment will most likely be borne by a targeted and sizeable number of commercial and industrial landowners.