



# OHIO LEGISLATIVE SERVICE COMMISSION

## Bill Analysis

Amanda M. Ferguson, Margaret E. Marcy, and  
Peter A. Cooper

### H.B. 26

132nd General Assembly  
(As Introduced)

Rep. McColley

---

## TABLE OF CONTENTS

<b>DEPARTMENT OF PUBLIC SAFETY</b> .....	2
Motor vehicle registration renewal.....	2
Fund merger .....	3
"Ohio Nurses Association" license plate.....	4
<b>DEPARTMENT OF TRANSPORTATION (ODOT)</b> .....	5
Variable speed limits.....	5
Highway maintenance vehicle exemptions from certain traffic laws.....	6
ODOT contract change order limits .....	6
Rail fixed guideway system funds .....	7
<b>DEPARTMENT OF TAXATION</b> .....	7
Motor fuel excise tax .....	8
Point of taxation .....	9
Consolidation of levies, revenue distribution.....	10
Biennium-specific distributions .....	11
Public transit match .....	11
Additions to tax base .....	11
Effect on PAT and CAT tax bases .....	12
Licensing.....	12
Prompt payment discount and shrinkage allowance reduction .....	12
Property Tax Administration Fund.....	13
<b>OTHER PROVISIONS</b> .....	13
Report of local airport-related spending .....	14
Cash transfers to GRF from non-GRF funds.....	14
Cash transfers from the Health and Human Services Fund.....	15

---

## DEPARTMENT OF PUBLIC SAFETY

- Allows the Registrar of Motor Vehicles to send an electronic motor vehicle registration renewal notice if the owner of a vehicle consents to receive the notice electronically.
- Allows the Registrar to establish a program to enhance the convenience and availability of vehicle registration services using electronic or other means (for example, a self-service kiosk) and to establish associated fees.
- Merges the State Bureau of Motor Vehicles Fund, the State Highway Safety Fund, the Highway Safety Salvage and Exchange Administration Fund, and the Highway Safety Salvage and Exchange Highway Patrol Fund into a single fund called the Public Safety – Highway Purposes Fund.
- Applies the existing purposes for each of the merged funds to the Public Safety – Highway Purposes Fund.
- Increases the "Ohio Nurses Association" license plate contribution amount for registration renewal from \$11.50 to \$25, which is consistent with the amount charged (\$25) for the issuance of an initial "Ohio Nurses Association" license plate.

### **Motor vehicle registration renewal**

(R.C. 4503.102)

The bill allows the Registrar of Motor Vehicles to send an electronic motor vehicle registration renewal notice if the owner of a vehicle consents to receive the notice electronically. Under current law, the Registrar is required to mail the notice, which alerts the vehicle owner that their vehicle registration needs to be renewed, how the registration may be renewed, and the amount of any taxes or fees that must be paid for renewal.

The bill also allows the Registrar to develop and implement, or permit a deputy registrar to implement, one or more programs that enhance the convenience and availability of motor vehicle registration services. This could include, for example, a self-service kiosk. The Registrar must establish any fee or fees to be paid for the convenience or service provided under the program. Any fee or fees established by the Registrar are in addition to the standard motor vehicle registration fees and taxes under current law. The Registrar currently allows the use of self-service kiosks for vehicle registration renewal at some locations pursuant to a pilot project.



## Fund merger

(R.C. 4501.06; repealed R.C. 4501.25; Sections 512.60, 512.70, and 812.30; conforming changes in numerous other R.C. sections)

The bill merges the State Bureau of Motor Vehicles Fund, the State Highway Safety Fund, the Highway Safety Salvage and Exchange Administration Fund, and the Highway Safety Salvage and Exchange Highway Patrol Fund into a single fund called the Public Safety – Highway Purposes Fund. The bill retains the purposes for which money in the existing Funds may be used with regard to the new Public Safety – Highway Purposes Fund. Under current law, the merged funds, the source of revenue for each fund, and the authorized uses of each fund are as follows:

<b>Funds being merged into the new Public Safety – Highway Purposes Fund</b>		
<b>Existing fund name</b>	<b>Source of revenue</b>	<b>Authorized uses</b>
<b>State Bureau of Motor Vehicles Fund</b>	Derived from taxes, fees, and fines related to vehicle registration, certificates of title to motor vehicles, driver's licenses and commercial driver's licenses, financial responsibility requirements, moving violations, motor vehicle dealers, auction owners, and salespersons, special vehicles, and local noncriminal parking violations.	To pay the expenses of administering the law relative to the powers and duties of the Registrar of Motor Vehicles.
<b>State Highway Safety Fund</b>	Derived from taxes, fees, and fines related to vehicle registrations, driver's licenses and commercial driver's licenses, certificates of title for motor vehicles, inspections of motor vehicles assembled from component parts, driver training school licenses, bus safety inspections, and the release of accident reports.	For purposes of enforcing and paying the expenses of administering the law relative to the registration and operation of motor vehicles on the public roads or highways and paying the expenses of administering and enforcing the laws related to vehicle registration, driver's licenses and commercial driver's licenses, driver training school licenses, and bus safety inspections.
<b>Highway Safety Salvage and Exchange Administration Fund</b>	Derived from the sale of excess or surplus motor vehicles or other related equipment by the Department of Public Safety, with the exception of such sales by the	To purchase replacement motor vehicles and related equipment.



<b>Funds being merged into the new Public Safety – Highway Purposes Fund</b>		
<b>Existing fund name</b>	<b>Source of revenue</b>	<b>Authorized uses</b>
	Bureau of Motor Vehicles and the Investigative Unit.	
<b>Highway Safety Salvage and Exchange Highway Patrol Fund</b>	Derived from the sale of excess or surplus motor vehicles or other related equipment by the Department of Public Safety, with the exception of such sales by the Bureau of Motor Vehicles and the Investigative Unit.	To purchase replacement motor vehicles and related equipment for the Ohio Highway Patrol.

The changes to the sections involved in the fund merger take effect not earlier than July 1, 2017. The Director of Budget and Management must transfer money from the Highway Safety Salvage and Exchange Administration Fund and the Highway Safety Salvage and Exchange Highway Fund to the Public Safety – Highway Purposes Fund on that date or as soon as possible thereafter. The Director must transfer a portion of the money from the State Bureau of Motor Vehicles Fund and the State Highway Safety Fund to the Public Safety – Highway Purposes Fund on that date or as soon as possible thereafter and transfer the remainder by January 1, 2018, or as soon as possible thereafter.

### **"Ohio Nurses Association" license plate**

(R.C. 4503.529)

The bill increases the required contribution for the "Ohio Nurses Association" license plate for registration *renewal* from \$11.50 to \$25. Under current law, the license plate currently requires a \$25 contribution for the initial application and an \$11.50 contribution each year with registration renewal. Contributions collected for the "Ohio Nurses Association" license plate go to the Ohio Nurses Foundation to provide educational scholarships to assist individuals who aspire to join the nursing profession, to assist nurses in the nursing profession who seek to advance their education, and to support persons conducting nursing research concerning the evidence-based practice of nursing and the improvement of patient outcomes.<sup>1</sup>

<sup>1</sup> R.C. 4503.21, not in the bill.



---

## DEPARTMENT OF TRANSPORTATION (ODOT)

- Authorizes the Director of Transportation to establish variable speed limits that differ from the statutory speed limits when the Director determines that it will facilitate the safe and orderly movement of traffic.
- Exempts a highway maintenance vehicle that is being driven to or from a manufacturer, vehicle maintenance provider, or a work location from certain traffic law provisions, including slow speed, passing, and load limit provisions.
- Allows the Director of Transportation to increase the quantities of an item under a competitively bid construction contract so long as the additional cost does not exceed \$200,000 or 5% of the total contract price, rather than \$100,000 or 5% of the total contract price as under current law.
- Specifies that the above limits do not apply if the additional cost is \$50,000 or less, rather than \$25,000 or less as under current law.
- Prohibits a rail fixed guideway system from providing funding to ODOT for ODOT's duties related to overseeing the system's safety practices.

### **Variable speed limits**

(R.C. 4511.21)

The bill authorizes the Director of Transportation to establish variable speed limits that differ from the statutory speed limits when the Director determines that it will facilitate the safe and orderly movement of traffic. The Director may establish variable speed limits based on the time of day, type of vehicle, weather conditions, traffic incidents, or other factors that affect the safe speed on a street or highway. The Director must establish criteria for determining the appropriate use of variable speed limits and establish variable speed limits in accordance with those criteria. A variable speed limit becomes effective when signs giving notice of the speed limit are displayed at the appropriate location.

Generally, under current law, the Director may only alter the speed limits for a street or highway, or a portion thereof, when the Director determines that the statutory limit is greater or less than is reasonable or safe with regard to that street, highway, or portion of the street or highway, based on a geometric and traffic characteristic study. The Director, in consultation with the Director of Public Safety and local authorities, also may alter the speed limit on certain types of highways, expressways, and freeways



after determining that the statutory limit is greater or less than is reasonable or safe based on an engineering study.

### **Highway maintenance vehicle exemptions from certain traffic laws**

(R.C. 4511.04)

The bill exempts a highway maintenance vehicle that is being driven to or from a manufacturer, vehicle maintenance provider, or a work location from certain traffic law provisions. Those provisions include the prohibition against operating a vehicle at an unreasonably slow speed, the laws governing lanes of travel and passing, the prohibition against stopping a vehicle on the highway, the prohibition against operating an unsafe vehicle, and vehicle weight, load, and size restrictions.

Under current law, unchanged by the bill, the driver of any highway maintenance vehicle owned by the state or a political subdivision of the state is exempt from the traffic provisions listed above while engaged in the performance of official duties, so long as the vehicle is equipped with flashing lights or other required markings and those lights are in operation. However, the phrase "engaged in the performance of official duties" is undefined. Thus, bill expands that provision of current law by specifying that the phrase "engaged in the performance of official duties" includes driving any highway maintenance vehicle to and from the manufacturer or vehicle maintenance provider and transporting any highway maintenance vehicle, equipment, or materials to and from a work location.

The bill also modifies a provision of current law that specifies that the driver of a vehicle that is engaged in the transport of highway maintenance equipment is not exempt from criminal liability for vehicle weight, load, and size limit violations. The bill limits that provision to a driver who is not a state employee, so as not to conflict with the authorization above.

### **ODOT contract change order limits**

(R.C. 5525.14)

The bill modifies the change order limits that apply to competitively bid construction contracts entered into by ODOT. Under current law, the Director of Transportation is permitted to increase the quantities of any item in a competitively bid construction contract so long as the additional cost does not exceed the lesser of \$100,000 or 5% of the total contract price. The bill raises the \$100,000 limit to \$200,000. Thus, any additional cost may not exceed the lesser of \$200,000 or 5% of the total contract price.



The bill also modifies the exception to the limits specified above. Under current law, the above limits do not apply to change orders or extra work contracts when the amount of the increase is \$25,000 or less. The bill raises that amount to \$50,000 or less.

## **Rail fixed guideway system funds**

(R.C. 5501.55)

The bill prohibits a rail fixed guideway system in Ohio from providing funding to ODOT for ODOT's duties related to overseeing the systems' safety practices. A "rail fixed guideway system" is a light, heavy, or rapid rail system, monorail, inclined plane, funicular, trolley, or automated guideway that is included in the Federal Transit Administration's calculation of fixed guideway route miles or that receives funding for urbanized areas under federal law and is not regulated by the Federal Railroad Administration. There are currently two transit agencies operating rail fixed guideway systems in Ohio covered by the federal program: the Greater Cleveland Regional Transit Authority (GCRTA) in the Cleveland area and the Southwest Ohio Regional Transit Authority (SORTA) in the Cincinnati area.<sup>2</sup>

Each transit agency is required to develop a system safety program plan that complies with the standards developed by ODOT. While the transit agencies manage the daily safety aspects of the rail fixed guideway system or systems they operate, they report to ODOT and ODOT oversees the overall safety practices of the systems. Under the bill, ODOT cannot receive funding from the rail fixed guideway systems for that oversight.<sup>3</sup>

---

## **DEPARTMENT OF TAXATION**

### **Motor fuel excise tax**

- Moves the point at which the motor fuel excise tax is applied from the point when the fuel is "received" in Ohio to, generally, the terminal or refinery rack, affecting who is required to report and pay the tax.

---

<sup>2</sup> Ohio Department of Transportation. Office of Transit. *REQUEST FOR PROPOSALS PT-16-1: OHIO RAIL FIXED GUIDEWAY SYSTEM SAFETY AND SECURITY OVERSIGHT PROGRAM*. January 30, 2015. <http://www.dot.state.oh.us>.

<sup>3</sup> R.C. 5501.56, not in the bill.





- Ensures that tax is imposed on motor fuel that is held in inventory when the bill's changes take effect (January 1, 2018) if tax has not yet been paid because of the change in the point of taxation.
- Consolidates the five existing levies which total 28¢ per gallon into one 28¢ levy and changes the statutory language governing the distribution of revenue from the tax among the various state funds, including those funds from which distributions are made to local governments.
- Extends the tax to aviation fuel, K-1 kerosene, and compressed natural gas (CNG).
- Extends reductions in the motor fuel excise tax prompt payment and shrinkage allowances through the end of 2017.

### **Property Tax Administration Fund**

- Suspends additional funding for the fund that is used to defray the state's property tax administration expenses for the FY 2018-2019 biennium.
- Permanently reduces the share of property tax revenue credited to that fund and scales the funding directly to the annual administrative expenses instead of a fixed percentage of property tax collections.

### **Motor fuel excise tax**

(R.C. 5735.01, 5735.11, 5735.012, 5735.013, 5735.02, 5735.021, 5735.022, 5735.023, 5735.024, 5735.025, 5735.03, 5735.04, 5735.041, 5735.044, 5735.05, 5735.051, 5735.052, 5735.053, 5735.06, 5735.061, 5735.062, 5735.063, 5735.064, 5735.07, 5735.09, 5735.10, 5735.101, 5735.11, 5735.12, 5735.122, 5735.123, 5735.124, 5735.13, 5735.14, 5735.142, 5735.145, 5735.18, 5735.19, 5735.20, 5735.23, 5735.25, 5735.26, 5735.27, 5735.28, 5735.29, 5735.30, 5735.34, 5735.70, and 5735.99; Sections 203.80, 512.20, 512.50, 757.10, 757.20, 757.50, and 812.40; conforming changes in numerous other R.C. sections)

The motor fuel excise tax consists of five separate levies that, together, total a rate of 28¢ per gallon. The tax applies to gasoline, diesel, kerosene (other than K-1 grade), and all other liquid fuels, including liquid natural gas and liquid petroleum gas. All revenue from the tax is devoted, by constitutional command, solely to road and highway purposes including construction, maintenance, signals and signs and other traffic control systems, various other highway related purposes, and to retiring debt issued for such purposes. A small percentage of the revenue is attributed to tax-paid



fuel for boats or other water-going vessels, and that part of the revenue is used for various waterway-related purposes.

### **Point of taxation**

(R.C. 5735.01 and 5735.05(A); Sections 757.50 and 812.40)

Generally, the motor fuel excise tax currently is payable at the point at which it is "received" in Ohio – typically by a wholesale distributor who takes possession in Ohio in order to distribute it in Ohio, although if fuel is produced in an Ohio refinery or delivered to an Ohio terminal it is considered to be received when it is dispensed through a refinery or terminal rack.

The bill moves the point in the distribution chain at which tax is payable generally to an upstream point – to the point of the first sale outside a distribution system, whether in Ohio or elsewhere, so long as the fuel is destined to be sold for use in Ohio. The distribution system for this purpose includes refineries, terminals, pipelines, and water-going vessels used to move fuel in bulk, so the first sale generally will occur the first time the fuel is sold and taken outside that system – generally at a dispensing rack where it is loaded into railroad cars or trucks. Exchanges between two Ohio-licensed suppliers at a terminal are not considered such a first sale if the exchange satisfies certain specified criteria, and first sale also does not include sales to the U.S. government, sales in the stream of foreign or interstate commerce (with some exceptions allowed), or when blended gasoline is sold for use as something other than making motor fuel. The new taxable point is the same as or similar to the point at which the state's petroleum activity tax is imposed.

The change in the point of taxation implies a change in the persons who are designated to be primarily responsible for reporting and paying the tax, termed in the bill a "motor fuel supplier." Generally, a supplier is someone that sells fuel from a terminal or refinery rack (wherever located) and distributes it in Ohio or imports it into Ohio for sale in Ohio but outside a rack. Suppliers also include fuel blenders and position holders (i.e., someone who holds the fuel as inventory at a terminal). Generally, every supplier must be licensed, but only if the supplier has "substantial nexus" with Ohio, meaning it has a minimum threshold of business presence in the state as measured by the amount of its property, employment, or sales are in Ohio (the criteria is the same as for taxpayers under the commercial activity tax). However, suppliers without substantial nexus, or out-of-state suppliers, still may voluntarily obtain a license to report and pay the tax. Finally, anyone who knowingly purchases fuel from an unlicensed supplier is deemed to be a supplier and therefore liable for reporting and paying the tax as if they are a supplier.



Anyone who obtains taxable fuel that has not yet been taxed in order to export it outside Ohio but later diverts it to somewhere in Ohio also must report and pay the tax on that fuel even if the person is not a supplier.

The bill's change in the point of taxation begins to apply on January 1, 2018. Tax must be reported and paid on taxable motor fuel that is held in inventory on that date if tax has not already been paid. The owner of the fuel on that date must report and pay the tax by March 31, 2018, in the manner the Tax Commissioner prescribes.

### **Consolidation of levies, revenue distribution**

(R.C. 5735.05, 5735.051, and 5735.23 to 5735.30; Sections 512.20, 512.50, 757.10, and 812.40)

Currently, the 28¢ per gallon tax on motor fuel is composed of several distinct levies, each originally imposed at different times and for varying, but largely overlapping, purposes, all related to roads and highways. There is an 8¢ levy, a 2¢ and a 1¢ levy, and a 17¢ levy (itself composed of a 15¢ and a 2¢ component). Corresponding with each distinct levy is a revenue distribution scheme to allocate revenue to various state or local road and highway purposes. Revenue equivalent to 19.3¢ per gallon, plus 2% of all revenue, is credited to the Highway Operating Fund, which is the primary state source of the road and highway funding. Revenue equivalent to about 6.9¢ per gallon is distributed among counties, townships and municipal corporations through the Gasoline Excise Tax Fund, and 1¢ per gallon is devoted to local funding of roads and bridges through the state's local infrastructure program. Several other smaller distributions are made from the remaining revenue.

The bill consolidates all the distinct levies into one 28¢ levy, but it preserves the current distribution of revenue among the various funds and purposes. Some changes are made to the language providing for how money is distributed to local governments through the Gasoline Excise Tax Fund (see LSC fiscal note for discussion of effects).

The consolidation of the levies and changes to the revenue distribution language begin to apply January 1, 2018. The bill eliminates the State and Local Government Highway Distribution Fund, which currently serves only to hold money from the 17¢ levy for eventual allocation to the Highway Operating Fund and the Gasoline Excise Tax Fund. Any money remaining to the credit of the State and Local Government Highway Distribution Fund on January 1, 2018, is to be transferred to the Gasoline Excise Tax Fund.

### **Biennium-specific distributions**

(Sections 512.20 and 757.10)

The bill continues to allocate 2% of all fuel excise tax revenue to the Highway Operating Fund before distributions are made under the statutory formula in codified law. This allocation will be made throughout the FY 2018-FY 2019 biennium (Sec. 757.10). This is a continuation of the 2% allocation for the FY 2014-FY 2015 and FY 2016-FY 2017 biennia. The bill also continues monthly transfers from the Highway Operating Fund to the Gasoline Excise Tax Fund for ultimate distribution to counties, townships, and municipal corporations (Sec. 512.20). The total amount to be transferred in FY 2018 is \$170,437,584 and in FY 2019 the transfer is to be \$172,360,236. These transfers are in addition to the 1.5¢ of the 8¢ levy and are to be distributed in the same proportions among local governments as the 1.5¢ portion.

### **Public transit match**

(Section 203.80)

The bill specifically authorizes the Director of Transportation to use revenue from the fuel excise tax to match federal grants to the state or to public transit systems to fund public transportation projects. Such projects may include construction of high-occupancy lanes, park-and-ride facilities, public transit loops, transit-related bridges, and other "public transportation highway purposes," but no fuel excise tax revenue may be used for operations or to purchase vehicles, equipment, or maintenance facilities.

### **Additions to tax base**

(R.C. 5735.01(B) and (FF) to (JJ) and 5735.011)

The bill adds compressed natural gas (CNG) to the motor fuel excise tax base. To be taxable, the CNG must be held in high-pressure containers at a pressure of at least 2,900 bars (i.e., about 2,900 times the atmospheric air pressure at sea level). The tax will apply to gallon equivalents of CNG. The gallon equivalent standard is 126.67 cubic feet or 5.67 pounds.

The bill also adds fuel used in aircraft ("aviation fuel"), which currently is exempted. Accordingly, the bill requires that anyone who purchases such fuel in order to resell it must obtain an aviation fuel dealer license and file reports with the Department of Taxation.

The bill also applies the tax to all grades of kerosene, including K-1 kerosene, which currently is exempted if it is sold to a retail station, unless it is used in a vehicle, in which case it is taxable.



## **Effect on PAT and CAT tax bases**

Because fuels that are taxable under the motor fuel excise tax are also included in the tax base of the petroleum activity tax, the bill by implication adds aviation fuel and K-1 kerosene to the petroleum activity tax (PAT) base (see R.C. 5736.01). However, the bill specifically excludes CNG from the PAT base. The PAT is levied at the rate of 0.65% of the average market value of fuel sold by a fuel supplier. Any resulting increase in revenue from the expansion of the PAT base is committed to the same road-related funding purposes as motor fuel excise tax revenue except for revenue arising from any such fuel that is not destined for use on public roads, which is credited to the GRF.

Adding CNG, aviation fuel, and K-1 kerosene to the motor fuel excise tax base also removes them, by implication, from the commercial activity tax (CAT) base (see R.C. 5751.01(F)(2)(r)). The CAT rate is 0.26% of gross receipts from all transactions throughout the distribution chain.

## **Licensing**

(R.C. 5735.02, 5735.021, 5735.022, 5735.041, and 5735.101)

In addition to requiring fuel suppliers and aviation fuel dealers to become licensed, the bill authorizes the Tax Commissioner to refuse to issue those licenses, and other motor fuel excise tax-related licenses, if the applicant has violated any provision of the state's tax law (Title 57), not just the motor fuel excise tax law. Persons who hold one of the various types of license under the motor fuel excise tax law, or any other license issued under the state's tax law (e.g., sales tax vendor license) also face revocation of the license if they sell untaxed motor fuel without the prior consent of the Commissioner.

## **Prompt payment discount and shrinkage allowance reduction**

(Section 757.20)

The codified law governing the motor fuel excise tax (R.C. 5735.06) provides that a (wholesale) motor fuel dealer that properly files and pays monthly taxes may deduct the tax due on 3% of the fuel the dealer received, minus 1% of the fuel sold to retail dealers. This discount is to cover the costs of filing the report and to account for evaporation, shrinkage, and other losses. However, each of the last five transportation appropriation acts reduced the 3% discount to 1% (minus 0.50% of fuel sold to retail dealers) for each year since FY 2008; the current discount ends June 30, 2017. The bill extends this reduced discount through the end of 2017, at which time the bill's point-of-taxation change takes effect and the reduction is repealed, including as codified law,

because the tax will then be reported and paid by suppliers instead of the fuel dealers currently required to report and pay the tax.

Existing codified law also grants a refund to retail fuel dealers who have purchased fuel on which the excise tax has been paid to account for evaporation and shrinkage (R.C. 5735.141). The refund equals 1% of the taxes paid on the fuel each semiannual period. But, as with the wholesale dealer discount, the retailer refund has been reduced to 0.5% for each fiscal year from 2008 through 2017 by the last five transportation appropriation acts. The bill extends the refund reduction through the end of 2017, at which time it will be repealed, including as codified law, as the point-of-taxation is moved to the supplier level.

### **Property Tax Administration Fund**

(R.C. 5703.80; Section 757.30)

The bill suspends, for the FY 2018-FY 2019 biennium, additional funding for the Property Tax Administration Fund, which is used to defray the Department of Taxation's expenses in performing its property tax administration duties. Those duties include overseeing and directing county-level assessment duties, assessing public utility property, and making tax exemption determinations. The bill also permanently limits the amount of such funding in future years (FY 2020 and thereafter) to the estimated costs of the Department's property tax administration duties. Currently, funding is based on a fixed percentage of property taxes charged. The percentage in future years will be limited to no more than 0.25% of taxes on real property (the current fixed percentage is 0.48%) and 0.45% of taxes on public utility tangible personal property (currently 0.951%), even if the estimated costs would require greater percentages.

The Property Tax Administration Fund receives transfers from the GRF, but the GRF is reimbursed for the transfers by local taxing units through a reduction of their own reimbursements for the 10% reduction in nonbusiness property taxes, except to the extent that a taxing unit's reimbursement is less than its share of the PTAF; in that case, the GRF covers the shortfall. Under the bill, the transfers from the GRF are suspended during the FY 2018-FY 2019 biennium.

---

## **OTHER PROVISIONS**

- Requires all counties and all regional transit authorities to provide an annual report to the Director of Transportation and the Tax Commissioner on local spending for



local airport-related capital and operating costs, and costs for other airport-related activities, for the previous state fiscal year.

- Specifies that the Director of Budget and Management may transfer up to \$200 million in the biennium ending on June 30, 2017 from non-General Revenue Funds that are not constitutionally restricted to the General Revenue Fund to support GRF appropriations.
- Specifies that if any unexpended, unobligated cash remains in the Health and Human Services Fund as of June 30, 2017, the Director of Budget and Management may transfer the money to the Budget Stabilization Fund or the General Revenue Fund.

## **Report of local airport-related spending**

(R.C. 306.50)

The bill requires all counties and regional transit authorities to provide an annual report, on or before August 31 of each year, to the Director of Transportation and the Tax Commissioner that specifies the total amount of local spending during the previous state fiscal year for capital costs, operating costs, and any costs for activities related to each of the following:

(1) Local airports;

(2) Local airport systems; and

(3) Any other local facility that is directly and substantially related to the air transportation of passengers or property and is owned or operated by any person or entity that owns or operates an airport.

## **Cash transfers to GRF from non-GRF funds**

(Section 610.10)

The bill modifies the amount that the Director of Budget and Management may transfer from non-General Revenue Funds that are not constitutionally restricted to the General Revenue Fund (GRF) in order to ensure that available GRF balances are sufficient to support GRF appropriations. The bill specifies that, notwithstanding any provision of law to the contrary, the Director may transfer up to \$200 million in the biennium ending on June 30, 2017. Current law authorizes the Director to transfer up to \$60 million in fiscal years 2016 and 2017.



## Cash transfers from the Health and Human Services Fund

(Section 610.10)

The bill specifies that if any unexpended, unobligated cash remains in the Health and Human Services Fund as of June 30, 2017, the Director of Budget and Management may transfer the money to the Budget Stabilization Fund or the General Revenue Fund. Under current law, such remaining money must be transferred to the Budget Stabilization Fund. The Health and Human Services Fund is used to pay any costs associated with programs or services provided by the state to enhance the public health and overall health care quality of citizens of Ohio.

---

## NOTE ON EFFECTIVE DATES

(Sections 812.10 and 812.20)

The bill includes a default provision stating that, except as otherwise specifically provided, the amendment, enactment, or repeal of a section is subject to the referendum under the Ohio Constitution and takes effect on the 91st day after the bill is filed with the Secretary of State (barring the filing of a referendum petition). The bill also includes specific exceptions to the default provision, for the fund merger and tax provisions, as discussed above.

Article II, Section 1d of the Ohio Constitution states that "appropriations for the current expenses of state government and state institutions" and "[l]aws providing for tax levies" go into immediate effect and are not subject to the referendum. The bill includes a statement that an appropriation of money under the bill is not subject to the referendum if a contemplated expenditure is wholly to meet a current expense within the meaning of the Ohio Constitution and R.C. 1.471. However, the appropriation is subject to the referendum if a contemplated expenditure is wholly or partly not to meet a current expense within the meaning of those provisions.

---

## HISTORY

ACTION	DATE
Introduced	02-01-17

h0026-i-132.docx/ks

