



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Mackenzie Damon

H.B. 415

132nd General Assembly
(As Introduced)

Reps. Greenspan and Ryan, Arndt, Carfagna, Dever, Gavarone, Ginter, Hill, Kick, Lang, Lipps, Riedel, Schaffer, Seitz, Sweeney, Young

BILL SUMMARY

- Creates the Local Government Road Improvement Fund to provide money to local governments for road improvements.
 - Allocates to the fund 50% of any state surplus revenue for each fiscal year.
 - States that the General Assembly may not decrease the amount allocated to the Local Government Fund below the amount that the fund currently receives – 1.66% of total state tax revenue credited to the GRF each month.
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CONTENT AND OPERATION

Local Government Road Improvement Fund

The bill creates a new state fund to provide money to local governments for road improvements. The Local Government Road Improvement Fund is to be funded through an allocation of 50% of the state's surplus revenue, if any, each year.

Current allocation of surplus revenue

At the end of each fiscal year, any surplus revenue in the General Revenue Fund (GRF) is required to be deposited into the state's Rainy Day Fund (formally, the Budget Stabilization Fund, or BSF). Once the balance in the Rainy Day Fund exceeds 8.5% of General Revenue Fund (GRF) revenues for the preceding fiscal year and certain other

reserve balance requirements are satisfied, the remaining surplus is deposited into the Income Tax Reduction Fund and used to lower income tax rates.¹

Allocation of surplus to LGRIF

Beginning in fiscal year 2020, the bill instead requires that 50% of any surplus revenue be allocated to a new Local Government Road Improvement Fund (LGRIF). The remaining 50% is then deposited in the Rainy Day Fund to the extent needed to maintain its 8.5%-of-GRF balance, with any remainder credited to the Income Tax Reduction Fund.

Money in the LGRIF must be distributed to each county based on the proportion of locally maintained road lane miles in the county as compared to the total number of locally maintained road lane miles in the state. The money distributed to each county must be placed in an Undivided Local Government Road Improvement Fund (ULGRIF) in the county treasury.

Within thirty days of receiving money into the county's ULGRIF, the county treasurer must distribute the balance among the political subdivisions in the county. Each subdivision receives an amount based on the proportion of the road lane miles in the county that are maintained by that subdivision.

A political subdivision that receives a distribution from the ULGRIF may use that money only for road improvements.² "Road improvements" is not defined specifically for the purposes of the bill, but in pertinent provisions of existing law the term is used to include grading, draining, paving, extending, straightening, widening, constructing, reconstructing, or resurfacing roads and, in some contexts, also includes constructing storm sewers, sidewalks, curbs, and gutters.³

Local Government Fund: required allocation

The bill also states that the General Assembly may not adopt legislation that would lower the amount allocated to existing law's Local Government Fund (LGF)

¹ R.C. 131.44. The Income Tax Reduction Fund law has operated to reduce income tax rates only three times since its 1995 enactment, for 1996, 1998, and 1999. Since 1999, there either has been no surplus or the surplus was diverted to the BSF or GRF or spent on specific expenditures before it could accrue to the ITRF.

² R.C. 131.52.

³ See, e.g., R.C. 5555.06, 5557.09, and 5559.02.

below the amount that the fund currently receives – 1.66% of the total state tax revenue credited to the GRF each month.⁴

HISTORY

ACTION	DATE
Introduced	11-14-17

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⁴ R.C. 131.51.

