

As Introduced

126th General Assembly
Regular Session
2005-2006

S. B. No. 80

Senators Dann, Fingerhut, Zurz, Wilson, Hagan

—

A BILL

To amend sections 5727.45, 5727.84, 5733.12, 5739.21,
5741.03, and 5747.03 and to enact sections 9.27,
9.271, 9.272, 9.273, 9.274, 9.275, 9.276, 9.277,
9.278, and 9.279 of the Revised Code, and to
repeal section 139 of Am. Sub. H. B. 95 of the
125th General Assembly to provide financial
incentives to encourage counties, townships, and
municipal corporations to save money through
expenditure reductions and consolidation of
services.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 5727.45, 5727.84, 5733.12, 5739.21,
5741.03, and 5747.03 be amended and sections 9.27, 9.271, 9.272,
9.273, 9.274, 9.275, 9.276, 9.277, 9.278, and 9.279 of the Revised
Code be enacted to read as follows:

Sec. 9.27. As used in sections 9.271 to 9.279 of the Revised
Code, "government entity" means a municipal corporation, township,
or county.

Sec. 9.271. The auditor of state shall pay, to the extent of
available funds, a bonus to a government entity that reduces its

operating expenses. The amount of the bonus shall be twice the
amount of money certified by the auditor to have been saved by the
entity in a single fiscal year. No more than one bonus may be
received under this section by a particular government entity. The
auditor of state shall pay bonuses from the innovation fund
created in section 9.278 of the Revised Code.

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Sec. 9.272. To receive a bonus under section 9.271 of the
Revised Code, a government entity shall apply to the auditor of
state. The application must contain information sufficient to
prove the savings attained from the reduction in operating
expenses as well as any other information the auditor requests. If
the auditor determines the savings were attained, the auditor
shall certify the savings.

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Sec. 9.273. The auditor of state, on the request of a
government entity, shall conduct a performance audit of the
entity's operations to determine if there are any measures the
entity could take to save money by reducing its operating
expenses. The audit shall focus on all operations or specific
areas, as the entity requests. On completion of the audit, the
auditor of state shall issue a report that lists recommendations
the entity could implement to save money by reducing its operating
expenses. For each recommendation, the auditor of state shall
state the projected savings and calculate the bonus that would be
received by the entity pursuant to section 9.271 of the Revised
Code if the entity implements the recommendation. The cost of the
audit shall be paid from the innovation fund created in section
9.278 of the Revised Code.

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Sec. 9.274. If a government entity implements any or all of
the recommendations made pursuant to section 9.273 of the Revised

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Code, the auditor of state shall assume the projected savings for 49
those implemented recommendations have been attained. The auditor 50
of state shall verify implementation of the recommendations and, 51
if verified, certify the savings as attained. 52

Sec. 9.275. A government entity may use a bonus paid pursuant 53
to section 9.271 of the Revised Code for any lawful purpose. 54

Sec. 9.276. Unless otherwise prohibited by law, a government 55
entity may reduce operating expenses by consolidating services 56
with other government entities. Services that may be consolidated 57
include police and fire protection and other services offered as 58
of the effective date of this section by the government entities 59
seeking to consolidate. Services shall be consolidated pursuant to 60
a joint service agreement between the government entities. 61

Sec. 9.277. The auditor of state may award grants to 62
government entities to provide financial assistance to do the 63
following: 64

(A) Implement recommendations made by a performance audit 65
pursuant to section 9.273 of the Revised Code; 66

(B) Achieve consolidation of services pursuant to a joint 67
service agreement; 68

(C) Implement other money-saving ideas or concepts. 69

Government entities seeking a grant shall apply to the 70
auditor of state. The auditor shall pay grants awarded pursuant to 71
this section from the innovation fund created in section 9.278 of 72
the Revised Code. 73

Sec. 9.278. As used in this section, "local government funds" 74
means the local government fund created under section 5747.03 of 75

the Revised Code and the local government revenue assistance fund
created under section 5747.61 of the Revised Code.

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Ten per cent of each amount otherwise required to be credited
to the local government funds under sections 5727.45, 5727.84,
5733.12, 5739.21, 5741.03, and 5747.03 of the Revised Code shall
instead be credited to the innovation fund, which is hereby
created and shall be in the custody of the treasurer of state but
shall not be part of the state treasury. In addition, each month
the treasurer of state shall determine the amount so credited to
the innovation fund the previous month and shall transfer an equal
amount from the general revenue fund to the innovation fund.

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The auditor of state shall use the innovation fund to pay
bonuses under section 9.271 of the Revised Code and to make grants
under section 9.277 of the Revised Code.

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Sec. 9.279. The auditor of state shall adopt rules under
Chapter 119. of the Revised Code that are necessary and proper to
administer the requirements of sections 9.27 to 9.279 of the
Revised Code. The rules also shall do all of the following:

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(A) Establish an application form for a bonus under section
9.271 of the Revised Code;

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(B) Establish distribution guidelines for the auditor of
state to follow if amounts in the innovation fund are sufficient
to pay bonuses in amounts prescribed by section 9.271 of the
Revised Code;

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(C) Specify the information that a government entity must
provide to prove the savings attained from the reduction of
operating expenses for which a bonus is claimed if the savings
were not attained through the implementation of recommendations
made pursuant to section 9.273 of the Revised Code;

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(D) Establish requirements for joint service agreements 105
required under section 9.276 of the Revised Code; 106

(E) Establish grant application forms, standards for grant 107
applications, and standards for determining whether the auditor of 108
state should award a grant under section 9.277 of the Revised 109
Code; 110

(F) Establish guidelines and procedures for conducting 111
performance audits and making recommendations pursuant to section 112
9.273 of the Revised Code; 113

(G) Establish guidelines and procedures for verifying a 114
government entity's implementation of recommendations made 115
pursuant to section 9.273 of the Revised Code. 116

Sec. 5727.45. ~~Four~~ Except as provided in section 9.278 of the 117
Revised Code, four and two-tenths per cent of all excise taxes and 118
penalties collected under sections 5727.01 to 5727.62 of the 119
Revised Code shall be credited to the local government fund for 120
distribution in accordance with section 5747.50 of the Revised 121
Code, six-tenths of one per cent shall be credited to the local 122
government revenue assistance fund for distribution in accordance 123
with section 5747.61 of the Revised Code, and ninety-five and 124
two-tenths per cent shall be credited to the general revenue fund. 125

Sec. 5727.84. (A) As used in this section and sections 126
5727.85, 5727.86, and 5727.87 of the Revised Code: 127

(1) "School district" means a city, local, or exempted 128
village school district. 129

(2) "Joint vocational school district" means a joint 130
vocational school district created under section 3311.16 of the 131
Revised Code, and includes a cooperative education school district 132
created under section 3311.52 or 3311.521 of the Revised Code and 133

a county school financing district created under section 3311.50 134
of the Revised Code. 135

(3) "Local taxing unit" means a subdivision or taxing unit, 136
as defined in section 5705.01 of the Revised Code, a park district 137
created under Chapter 1545. of the Revised Code, or a township 138
park district established under section 511.23 of the Revised 139
Code, but excludes school districts and joint vocational school 140
districts. 141

(4) "State education aid" means the sum of state aid amounts 142
computed for a school district or joint vocational school district 143
under Chapter 3317. of the Revised Code. 144

(5) "State education aid offset" means the amount determined 145
for each school district or joint vocational school district under 146
division (A)(1) of section 5727.85 of the Revised Code. 147

(6) "Recognized valuation" has the same meaning as in section 148
3317.02 of the Revised Code. 149

(7) "Electric company tax value loss" means the amount 150
determined under division (D) of this section. 151

(8) "Natural gas company tax value loss" means the amount 152
determined under division (E) of this section. 153

(9) "Tax value loss" means the sum of the electric company 154
tax value loss and the natural gas company tax value loss. 155

(10) "Fixed-rate levy" means any tax levied on property other 156
than a fixed-sum levy. 157

(11) "Fixed-rate levy loss" means the amount determined under 158
division (G) of this section. 159

(12) "Fixed-sum levy" means a tax levied on property at 160
whatever rate is required to produce a specified amount of tax 161
money or levied in excess of the ten-mill limitation to pay debt 162
charges, and includes school district emergency levies imposed 163

pursuant to section 5705.194 of the Revised Code. 164

(13) "Fixed-sum levy loss" means the amount determined under 165
division (H) of this section. 166

(14) "Consumer price index" means the consumer price index 167
(all items, all urban consumers) prepared by the bureau of labor 168
statistics of the United States department of labor. 169

(B) The kilowatt-hour tax receipts fund is hereby created in 170
the state treasury and shall consist of money arising from the tax 171
imposed by section 5727.81 of the Revised Code. ~~All~~ Except as 172
provided in section 9.278 of the Revised Code, all money in the 173
kilowatt-hour tax receipts fund shall be credited as follows: 174

(1) Fifty-nine and nine hundred seventy-six one-thousandths 175
per cent, shall be credited to the general revenue fund. 176

(2) Two and six hundred forty-six one-thousandths per cent 177
shall be credited to the local government fund, for distribution 178
in accordance with section 5747.50 of the Revised Code. 179

(3) Three hundred seventy-eight one-thousandths per cent 180
shall be credited to the local government revenue assistance fund, 181
for distribution in accordance with section 5747.61 of the Revised 182
Code. 183

(4) Twenty-five and four-tenths per cent shall be credited to 184
the school district property tax replacement fund, which is hereby 185
created in the state treasury for the purpose of making the 186
payments described in section 5727.85 of the Revised Code. 187

(5) Eleven and six-tenths per cent shall be credited to the 188
local government property tax replacement fund, which is hereby 189
created in the state treasury for the purpose of making the 190
payments described in section 5727.86 of the Revised Code. 191

(6) In fiscal years 2002, 2003, 2004, 2005, and 2006, if the 192
revenue arising from the tax levied by section 5727.81 of the 193

Revised Code is less than five hundred fifty-two million dollars, 194
the amount credited to the general revenue fund under division 195
(B)(1) of this section shall be reduced by the amount necessary to 196
credit to each of the funds in divisions (B)(2) and (3) of this 197
section the amount it would have received if the tax did raise 198
five hundred fifty-two million dollars for that fiscal year. The 199
tax commissioner shall certify to the director of budget and 200
management the amounts that shall be credited under this division. 201

(7) Beginning in fiscal year 2007, if the revenue arising 202
from the tax levied by section 5727.81 of the Revised Code is less 203
than five hundred fifty-two million dollars, the amount credited 204
to the general revenue fund under division (B)(1) of this section 205
shall be reduced by the amount necessary to credit to each of the 206
funds in divisions (B)(2), (3), (4), and (5) of this section the 207
amount that it would have received if the tax did raise five 208
hundred fifty-two million dollars for that fiscal year. The tax 209
commissioner shall certify to the director of budget and 210
management the amounts to be credited under division (B)(7) of 211
this section. 212

(C) The natural gas tax receipts fund is hereby created in 213
the state treasury and shall consist of money arising from the tax 214
imposed by section 5727.811 of the Revised Code. All money in the 215
fund shall be credited as follows: 216

(1) Sixty-eight and seven-tenths per cent shall be credited 217
to the school district property tax replacement fund for the 218
purpose of making the payments described in section 5727.85 of the 219
Revised Code. 220

(2) Thirty-one and three-tenths per cent shall be credited to 221
the local government property tax replacement fund for the purpose 222
of making the payments described in section 5727.86 of the Revised 223
Code. 224

(3) Beginning in fiscal year 2007, if the revenue arising 225
from the tax levied by section 5727.811 of the Revised Code is 226
less than ninety million dollars, an amount equal to the 227
difference between the amount collected and ninety million dollars 228
shall be transferred from the general revenue fund to each of the 229
funds in divisions (C)(1) and (2) of this section in the same 230
percentages as if that amount had been collected as taxes under 231
section 5727.811 of the Revised Code. The tax commissioner shall 232
certify to the director of budget and management the amounts that 233
shall be transferred under this division. 234

(D) Not later than January 1, 2002, the tax commissioner 235
shall determine for each taxing district its electric company tax 236
value loss, which is the sum of the applicable amounts described 237
in divisions (D)(1) to (3) of this section: 238

(1) The difference obtained by subtracting the amount 239
described in division (D)(1)(b) from the amount described in 240
division (D)(1)(a) of this section. 241

(a) The value of electric company and rural electric company 242
tangible personal property as assessed by the tax commissioner for 243
tax year 1998 on a preliminary assessment, or an amended 244
preliminary assessment if issued prior to March 1, 1999, and as 245
apportioned to the taxing district for tax year 1998; 246

(b) The value of electric company and rural electric company 247
tangible personal property as assessed by the tax commissioner for 248
tax year 1998 had the property been apportioned to the taxing 249
district for tax year 2001, and assessed at the rates in effect 250
for tax year 2001. 251

(2) The difference obtained by subtracting the amount 252
described in division (D)(2)(b) from the amount described in 253
division (D)(2)(a) of this section. 254

(a) The three-year average for tax years 1996, 1997, and 1998 255

of the assessed value from nuclear fuel materials and assemblies 256
assessed against a person under Chapter 5711. of the Revised Code 257
from the leasing of them to an electric company for those 258
respective tax years, as reflected in the preliminary assessments; 259

(b) The three-year average assessed value from nuclear fuel 260
materials and assemblies assessed under division (D)(2)(a) of this 261
section for tax years 1996, 1997, and 1998, as reflected in the 262
preliminary assessments, using an assessment rate of twenty-five 263
per cent. 264

(3) In the case of a taxing district having a nuclear power 265
plant within its territory, any amount, resulting in an electric 266
company tax value loss, obtained by subtracting the amount 267
described in division (D)(1) of this section from the difference 268
obtained by subtracting the amount described in division (D)(3)(b) 269
of this section from the amount described in division (D)(3)(a) of 270
this section. 271

(a) The value of electric company tangible personal property 272
as assessed by the tax commissioner for tax year 2000 on a 273
preliminary assessment, or an amended preliminary assessment if 274
issued prior to March 1, 2001, and as apportioned to the taxing 275
district for tax year 2000; 276

(b) The value of electric company tangible personal property 277
as assessed by the tax commissioner for tax year 2001 on a 278
preliminary assessment, or an amended preliminary assessment if 279
issued prior to March 1, 2002, and as apportioned to the taxing 280
district for tax year 2001. 281

(E) Not later than January 1, 2002, the tax commissioner 282
shall determine for each taxing district its natural gas company 283
tax value loss, which is the sum of the amounts described in 284
divisions (E)(1) and (2) of this section: 285

(1) The difference obtained by subtracting the amount 286

described in division (E)(1)(b) from the amount described in 287
division (E)(1)(a) of this section. 288

(a) The value of all natural gas company tangible personal 289
property, other than property described in division (E)(2) of this 290
section, as assessed by the tax commissioner for tax year 1999 on 291
a preliminary assessment, or an amended preliminary assessment if 292
issued prior to March 1, 2000, and apportioned to the taxing 293
district for tax year 1999; 294

(b) The value of all natural gas company tangible personal 295
property, other than property described in division (E)(2) of this 296
section, as assessed by the tax commissioner for tax year 1999 had 297
the property been apportioned to the taxing district for tax year 298
2001, and assessed at the rates in effect for tax year 2001. 299

(2) The difference in the value of current gas obtained by 300
subtracting the amount described in division (E)(2)(b) from the 301
amount described in division (E)(2)(a) of this section. 302

(a) The three-year average assessed value of current gas as 303
assessed by the tax commissioner for tax years 1997, 1998, and 304
1999 on a preliminary assessment, or an amended preliminary 305
assessment if issued prior to March 1, 2001, and as apportioned in 306
the taxing district for those respective years; 307

(b) The three-year average assessed value from current gas 308
under division (E)(2)(a) of this section for tax years 1997, 1998, 309
and 1999, as reflected in the preliminary assessment, using an 310
assessment rate of twenty-five per cent. 311

(F) The tax commissioner may request that natural gas 312
companies, electric companies, and rural electric companies file a 313
report to help determine the tax value loss under divisions (D) 314
and (E) of this section. The report shall be filed within thirty 315
days of the commissioner's request. A company that fails to file 316
the report or does not timely file the report is subject to the 317

penalty in section 5727.60 of the Revised Code. 318

(G) Not later than January 1, 2002, the tax commissioner 319
shall determine for each school district, joint vocational school 320
district, and local taxing unit its fixed-rate levy loss, which is 321
the sum of its electric company tax value loss multiplied by the 322
tax rate in effect in tax year 1998 for fixed-rate levies and its 323
natural gas company tax value loss multiplied by the tax rate in 324
effect in tax year 1999 for fixed-rate levies. 325

(H) Not later than January 1, 2002, the tax commissioner 326
shall determine for each school district, joint vocational school 327
district, and local taxing unit its fixed-sum levy loss, which is 328
the amount obtained by subtracting the amount described in 329
division (H)(2) of this section from the amount described in 330
division (H)(1) of this section: 331

(1) The sum of the electric company tax value loss multiplied 332
by the tax rate in effect in tax year 1998, and the natural gas 333
company tax value loss multiplied by the tax rate in effect in tax 334
year 1999, for fixed-sum levies for all taxing districts within 335
each school district, joint vocational school district, and local 336
taxing unit. For the years 2002 through 2006, this computation 337
shall include school district emergency levies that existed in 338
1998 in the case of the electric company tax value loss, and 1999 339
in the case of the natural gas company tax value loss, and all 340
other fixed-sum levies that existed in 1998 in the case of the 341
electric company tax value loss and 1999 in the case of the 342
natural gas company tax value loss and continue to be charged in 343
the tax year preceding the distribution year. For the years 2007 344
through 2016 in the case of school district emergency levies, and 345
for all years after 2006 in the case of all other fixed-sum 346
levies, this computation shall exclude all fixed-sum levies that 347
existed in 1998 in the case of the electric company tax value loss 348
and 1999 in the case of the natural gas company tax value loss, 349

but are no longer in effect in the tax year preceding the 350
distribution year. For the purposes of this section, an emergency 351
levy that existed in 1998 in the case of the electric company tax 352
value loss, and 1999 in the case of the natural gas company tax 353
value loss, continues to exist in a year beginning on or after 354
January 1, 2007, but before January 1, 2017, if, in that year, the 355
board of education levies a school district emergency levy for an 356
annual sum at least equal to the annual sum levied by the board in 357
tax year 1998 or 1999, respectively, less the amount of the 358
payment certified under this division for 2002. 359

(2) The total taxable value in tax year 1999 less the tax 360
value loss in each school district, joint vocational school 361
district, and local taxing unit multiplied by one-fourth of one 362
mill. 363

If the amount computed under division (H) of this section for 364
any school district, joint vocational school district, or local 365
taxing unit is greater than zero, that amount shall equal the 366
fixed-sum levy loss reimbursed pursuant to division (E) of section 367
5727.85 of the Revised Code or division (A)(2) of section 5727.86 368
of the Revised Code, and the one-fourth of one mill that is 369
subtracted under division (H)(2) of this section shall be 370
apportioned among all contributing fixed-sum levies in the 371
proportion of each levy to the sum of all fixed-sum levies within 372
each school district, joint vocational school district, or local 373
taxing unit. 374

(I) Notwithstanding divisions (D), (E), (G), and (H) of this 375
section, in computing the tax value loss, fixed-rate levy loss, 376
and fixed-sum levy loss, the tax commissioner shall use the 377
greater of the 1998 tax rate or the 1999 tax rate in the case of 378
levy losses associated with the electric company tax value loss, 379
but the 1999 tax rate shall not include for this purpose any tax 380
levy approved by the voters after June 30, 1999, and the tax 381

commissioner shall use the greater of the 1999 or the 2000 tax
rate in the case of levy losses associated with the natural gas
company tax value loss.

(J) Not later than January 1, 2002, the tax commissioner
shall certify to the department of education the tax value loss
determined under divisions (D) and (E) of this section for each
taxing district, the fixed-rate levy loss calculated under
division (G) of this section, and the fixed-sum levy loss
calculated under division (H) of this section. The calculations
under divisions (G) and (H) of this section shall separately
display the levy loss for each levy eligible for reimbursement.

(K) Not later than September 1, 2001, the tax commissioner
shall certify the amount of the fixed-sum levy loss to the county
auditor of each county in which a school district with a fixed-sum
levy loss has territory.

Sec. 5733.12. (A) ~~Four~~ Except as provided in section 9.278 of
the Revised Code, four and two-tenths per cent of all payments
received from the taxes imposed under sections 5733.06 and 5733.41
of the Revised Code shall be credited to the local government fund
for distribution in accordance with section 5747.50 of the Revised
Code, six-tenths of one per cent shall be credited to the local
government revenue assistance fund for distribution in accordance
with section 5747.61 of the Revised Code, and ninety-five and
two-tenths per cent shall be credited to the general revenue fund.

(B) Except as otherwise provided under divisions (C) and (D)
of this section, an application to refund to the corporation the
amount of taxes imposed under section 5733.06 of the Revised Code
that are overpaid, paid illegally or erroneously, or paid on any
illegal, erroneous, or excessive assessment, with interest thereon
as provided by section 5733.26 of the Revised Code, shall be filed
with the tax commissioner, on the form prescribed by the

commissioner, within three years from the date of the illegal,
erroneous, or excessive payment of the tax, or within any
additional period allowed by division (C)(2) of section 5733.031,
division (D)(2) of section 5733.067, or division (A) of section
5733.11 of the Revised Code. For purposes of division (B) of this
section, any payment that the applicant made before the due date
or extended due date for filing the report to which the payment
relates shall be deemed to have been made on the due date or
extended due date.

On the filing of the refund application, the commissioner
shall determine the amount of refund to which the applicant is
entitled. If the amount is not less than that claimed the
commissioner shall certify the amount to the director of budget
and management and treasurer of state for payment from the tax
refund fund created by section 5703.052 of the Revised Code. If
the amount is less than that claimed, the commissioner shall
proceed in accordance with section 5703.70 of the Revised Code.

(C) "Ninety days" shall be substituted for "three years" in
division (B) of this section if the taxpayer satisfies both of the
following:

(1) The taxpayer has applied for a refund based in whole or
in part upon section 5733.0611 of the Revised Code;

(2) The taxpayer asserts that the imposition or collection of
the tax imposed or charged by section 5733.06 of the Revised Code
or any portion of such tax violates the Constitution of the United
States or the Constitution of this state.

(D)(1) Division (D)(2) of this section applies only if all of
the following conditions are satisfied:

(a) A qualifying pass-through entity pays an amount of the
tax imposed by section 5733.41 of the Revised Code;

(b) The taxpayer is a qualifying investor as to that 443
qualifying pass-through entity; 444

(c) The taxpayer did not claim the credit provided for in 445
section 5733.0611 of the Revised Code as to the tax described in 446
division (D)(1)(a) of this section; 447

(d) The three-year period described in division (B) of this 448
section has ended as to the taxable year for which the taxpayer 449
otherwise would have claimed that credit. 450

(2) A taxpayer shall file an application for refund pursuant 451
to this division within one year after the date the payment 452
described in division (D)(1)(a) of this section is made. An 453
application filed under this division shall only claim refund of 454
overpayments resulting from the taxpayer's failure to claim the 455
credit described in division (D)(1)(c) of this section. Nothing in 456
this division shall be construed to relieve a taxpayer from 457
complying with the provisions of division (I)(14) of section 458
5733.04 of the Revised Code. 459

Sec. 5739.21. (A) ~~Four~~ Except as provided in section 9.278 of 460
the Revised Code, four and two-tenths per cent of all money 461
deposited into the state treasury under sections 5739.01 to 462
5739.31 of the Revised Code and not required to be distributed as 463
provided in section 5739.102 of the Revised Code or division (B) 464
of this section shall be credited to the local government fund for 465
distribution in accordance with section 5747.50 of the Revised 466
Code, six-tenths of one per cent shall be credited to the local 467
government revenue assistance fund for distribution in accordance 468
with section 5747.61 of the Revised Code, and ninety-five and 469
two-tenths per cent shall be credited to the general revenue fund. 470

(B)(1) In any case where any county or transit authority has 471
levied a tax or taxes pursuant to section 5739.021, 5739.023, or 472

5739.026 of the Revised Code, the tax commissioner shall, within
forty-five days after the end of each month, determine and certify
to the director of budget and management the amount of the
proceeds of such tax or taxes received during that month from
billings and assessments, or associated with tax returns or
reports filed during that month, to be returned to the county or
transit authority levying the tax or taxes. The amount to be
returned to each county and transit authority shall be a fraction
of the aggregate amount of money collected with respect to each
area in which one or more of such taxes are concurrently in effect
with the tax levied by section 5739.02 of the Revised Code. The
numerator of the fraction is the rate of the tax levied by the
county or transit authority and the denominator of the fraction is
the aggregate rate of such taxes applicable to such area. The
amount to be returned to each county or transit authority shall be
reduced by the amount of any refunds of county or transit
authority tax paid pursuant to section 5739.07 of the Revised Code
during the same month, or transfers made pursuant to division
(B)(2) of section 5703.052 of the Revised Code.

(2) On a periodic basis, using the best information
available, the tax commissioner shall distribute any amount of a
county or transit authority tax that cannot be distributed under
division (B)(1) of this section. Through audit or other means, the
commissioner shall attempt to obtain the information necessary to
make the distribution as provided under that division and, on
receipt of that information, shall make adjustments to
distributions previously made under this division.

(C) The aggregate amount to be returned to any county or
transit authority shall be reduced by one per cent, which shall be
certified directly to the credit of the local sales tax
administrative fund, which is hereby created in the state
treasury. For the purpose of determining the amount to be returned

to a county and transit authority in which the rate of tax imposed
by the transit authority has been reduced under section 5739.028
of the Revised Code, the tax commissioner shall use the respective
rates of tax imposed by the county or transit authority that
results from the change in the rates authorized under that
section.

(D) The director of budget and management shall transfer,
from the same funds and in the same proportions specified in
division (A) of this section, to the permissive tax distribution
fund created by division (B)(1) of section 4301.423 of the Revised
Code and to the local sales tax administrative fund, the amounts
certified by the tax commissioner. The tax commissioner shall
then, on or before the twentieth day of the month in which such
certification is made, provide for payment of such respective
amounts to the county treasurer and to the fiscal officer of the
transit authority levying the tax or taxes. The amount transferred
to the local sales tax administrative fund is for use by the tax
commissioner in defraying costs incurred in administering such
taxes levied by a county or transit authority.

Sec. 5741.03. (A) ~~Four~~ Except as provided in section 9.278 of
the Revised Code, four and two-tenths per cent of all money
deposited into the state treasury under sections 5741.01 to
5741.22 of the Revised Code that is not required to be distributed
as provided in division (B) of this section shall be credited to
the local government fund for distribution in accordance with
section 5747.50 of the Revised Code, six-tenths of one per cent
shall be credited to the local government revenue assistance fund
for distribution in accordance with section 5747.61 of the Revised
Code, and ninety-five and two-tenths per cent shall be credited to
the general revenue fund.

(B) In any case where any county or transit authority has

levied a tax or taxes pursuant to section 5741.021, 5741.022, or 5741.023 of the Revised Code, the tax commissioner shall, within forty-five days after the end of each month, determine and certify to the director of budget and management the amount of the proceeds of such tax or taxes from billings and assessments received during that month, or shown on tax returns or reports filed during that month, to be returned to the county or transit authority levying the tax or taxes, which amounts shall be determined in the manner provided in section 5739.21 of the Revised Code. The director of budget and management shall transfer, from the same funds and in the same proportions specified in division (A) of this section, to the permissive tax distribution fund created by division (B)(1) of section 4301.423 of the Revised Code and to the local sales tax administrative fund created by division ~~(B)~~(C) of section 5739.21 of the Revised Code, the amounts certified by the tax commissioner. The tax commissioner shall then, on or before the twentieth day of the month in which such certification is made, provide for payment of such respective amounts to the county treasurer or to the fiscal officer of the transit authority levying the tax or taxes. The amount transferred to the local sales tax administrative fund is for use by the tax commissioner in defraying costs the commissioner incurs in administering such taxes levied by a county or transit authority.

Sec. 5747.03. (A) All money collected under this chapter arising from the taxes imposed by section 5747.02 or 5747.41 of the Revised Code shall be credited to the general revenue fund, except that the treasurer of state shall:

(1) ~~Credit~~ Except as provided in section 9.278 of the Revised Code, credit an amount equal to four and two-tenths per cent of those taxes collected under this chapter to the local government

fund, which is hereby created in the state treasury, for 567
distribution in accordance with section 5747.50 of the Revised 568
Code; 569

(2) Credit an amount equal to five and seven-tenths per cent 570
of those taxes collected under this chapter to the library and 571
local government support fund, which is hereby created in the 572
state treasury, for distribution in accordance with section 573
5747.47 of the Revised Code; 574

(3) At the beginning of each calendar quarter, credit to the 575
Ohio political party fund, pursuant to section 3517.16 of the 576
Revised Code, an amount equal to the total dollar value realized 577
from the taxpayer exercise of the income tax checkoff option on 578
tax forms processed during the preceding calendar quarter; 579

(4) ~~Credit~~ Except as provided in section 9.278 of the Revised 580
Code, credit an amount equal to six-tenths of one per cent of 581
those taxes collected under this chapter to the local government 582
revenue assistance fund for distribution in accordance with 583
section 5747.61 of the Revised Code. 584

(B)(1) Following the crediting of moneys pursuant to division 585
(A) of this section, the remainder deposited in the general 586
revenue fund shall be distributed pursuant to division (F) of 587
section 321.24 and section 323.156 of the Revised Code; to make 588
subsidy payments to institutions of higher education from 589
appropriations to the Ohio board of regents; to support 590
expenditures for programs and services for the mentally ill, 591
mentally retarded, developmentally disabled, and elderly; for 592
primary and secondary education; for medical assistance; and for 593
any other purposes authorized by law, subject to the limitation 594
that at least fifty per cent of the income tax collected by the 595
state from the tax imposed by section 5747.02 of the Revised Code 596
shall be returned pursuant to Section 9 of Article XII, Ohio 597
Constitution. 598

(2) To ensure that such constitutional requirement is 599
satisfied the tax commissioner shall, on or before the thirtieth 600
day of June of each year, from the best information available to 601
the tax commissioner, determine and certify for each county to the 602
director of budget and management the amount of taxes collected 603
under this chapter from the tax imposed under section 5747.02 of 604
the Revised Code during the preceding calendar year that are 605
required to be returned to the county by Section 9 of Article XII, 606
Ohio Constitution. The director shall provide for payment from the 607
general revenue fund to the county in the amount, if any, that the 608
sum of the amount so certified for that county exceeds the sum of 609
the following: 610

(a) The sum of the payments from the general revenue fund for 611
the preceding calendar year to the credit of the county's 612
undivided income tax fund pursuant to division (F) of section 613
321.24 and section 323.156 of the Revised Code; 614

(b) The sum of the amounts from the general revenue fund 615
distributed in the county during the preceding calendar year for 616
subsidy payments to institutions of higher education from 617
appropriations to the Ohio board of regents; for programs and 618
services for mentally ill, mentally retarded, developmentally 619
disabled, and elderly persons; for primary and secondary 620
education; and for medical assistance. 621

(c) The amount distributed to the county during the preceding 622
calendar year from the local government fund; 623

(d) The amount distributed to the county during the preceding 624
calendar year from the library and local government support fund; 625

(e) The amount distributed to the county during the preceding 626
calendar year from the local government revenue assistance fund; 627

(f) The amount distributed to local government entities in 628
the county during the preceding calendar year from the innovation 629

fund. 630

Payments under this division shall be credited to the 631
county's undivided income tax fund, except that, notwithstanding 632
section 5705.14 of the Revised Code, such payments may be 633
transferred by the board of county commissioners to the county 634
general fund by resolution adopted with the affirmative vote of 635
two-thirds of the members thereof. 636

(C) All payments received in each month from taxes imposed 637
under Chapter 5748. of the Revised Code and any penalties or 638
interest thereon shall be paid into the school district income tax 639
fund, which is hereby created in the state treasury, except that 640
an amount equal to the following portion of such payments shall be 641
paid into the general school district income tax administrative 642
fund, which is hereby created in the state treasury: 643

(1) One and three-quarters of one per cent of those received 644
in fiscal year 1996; 645

(2) One and one-half per cent of those received in fiscal 646
year 1997 and thereafter. 647

Money in the school district income tax administrative fund 648
shall be used by the tax commissioner to defray costs incurred in 649
administering the school district's income tax, including the cost 650
of providing employers with information regarding the rate of tax 651
imposed by any school district. Any moneys remaining in the fund 652
after such use shall be deposited in the school district income 653
tax fund. 654

All interest earned on moneys in the school district income 655
tax fund shall be credited to the fund. 656

(D)(1)(a) Within thirty days of the end of each calendar 657
quarter ending on the last day of March, June, September, and 658
December, the director of budget and management shall make a 659

payment from the school district income tax fund to each school 660
district for which school district income tax revenue was received 661
during that quarter. The amount of the payment shall equal the 662
balance in the school district's account at the end of that 663
quarter. 664

(b) After a school district ceases to levy an income tax, the 665
director of budget and management shall adjust the payments under 666
division (D)(1)(a) of this section to retain sufficient money in 667
the school district's account to pay refunds. For the calendar 668
quarters ending on the last day of March and December of the 669
calendar year following the last calendar year the tax is levied, 670
the director shall make the payments in the amount required under 671
division (D)(1)(a) of this section. For the calendar quarter 672
ending on the last day of June of the calendar year following the 673
last calendar year the tax is levied, the director shall make a 674
payment equal to nine-tenths of the balance in the account at the 675
end of that quarter. For the calendar quarter ending on the last 676
day of September of the calendar year following the last calendar 677
year the tax is levied, the director shall make no payment. For 678
the second and succeeding calendar years following the last 679
calendar year the tax is levied, the director shall make one 680
payment each year, within thirty days of the last day of June, in 681
an amount equal to the balance in the district's account on the 682
last day of June. 683

(2) Moneys paid to a school district under this division 684
shall be deposited in its school district income tax fund. All 685
interest earned on moneys in the school district income tax fund 686
shall be apportioned by the tax commissioner pro rata among the 687
school districts in the proportions and at the times the districts 688
are entitled to receive payments under this division. 689

Section 2. That existing sections 5727.45, 5727.84, 5733.12, 690

5739.21, 5741.03, and 5747.03 of the Revised Code are hereby 691
repealed. 692

Section 3. Section 139 of Am. Sub. H. B. 95 of the 125th 693
General Assembly is hereby repealed. 694