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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 574
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 574's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. Daniels and Dovilla

Local Impact Statement Procedure Required: No

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Highlights

- The bill provides the Secretary of State with GRF funding of \$25 million in FY 2026 to encourage the merger of subdivisions under a Political Subdivision Consolidation Incentive Grant Pilot Program.
- A city, village, or township could receive one grant up to \$2.5 million for a merger.
- All other political subdivisions could receive one grant up to \$1 million for a merger.

Detailed Analysis

The bill appropriates \$25 million under GRF appropriation line item 050412, Political Subdivision Consolidation Incentive, for the Secretary of State to administer a program that encourages political subdivisions to merge. Using joint districts to provide services would not qualify. While the funding is appropriated for FY 2026, the bill provides for any remaining amounts not used in that fiscal year to be carried forward to issue grants in FY 2027. Grants would be awarded on a first-come first-serve basis, subject to the availability of funds. Grants may only be applied for after the merger of the political subdivisions. Finally, political subdivisions may receive only one grant under the program. The bill provides a formula for the grant amounts; cities, villages, and townships are subject to one formula while the other political subdivisions are subject to another, as shown below.

Cities, villages, and townships receive the following amount: $([\text{population after merge}] \times 40) + ([\text{lowest budget of the pre-merge political subdivisions}] \times 0.2)$, subject to a \$2.5 million maximum. For example, if City A (population 50,000; budget \$115 million) absorbs Village B

(population 3,800; budget \$5 million), City A will receive \$2.5 million.¹ If Township A (population 10,000; budget \$5 million) and Township B (population 800; budget \$400,000) merge, New Township C will receive \$512,000.²

All other political subdivisions receive the following amount: ([population after merge] x 20) + ([lowest budget of the pre-merge political subdivisions] x 0.1), subject to a \$1 million maximum.³ For example, if School District A (population 50,000; budget \$115 million) absorbs School District B (population 3,800; budget \$5 million), School District A will receive \$1 million. If Educational Service Center A (population 10,000; budget \$5 million) merges with Educational Service Center B (population 800; budget \$400,000), the resulting service center will receive \$256,000.⁴

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¹ Calculated as follows:

$$\begin{aligned} & (53,800 \times 40) + (5,000,000 \times 0.2) \\ & 2,152,000 + 1,000,000 \\ & \$3,152,000, \text{ subject to } \$2,500,000 \text{ maximum.} \end{aligned}$$

² Calculated as follows:

$$\begin{aligned} & (10,800 \times 40) + (400,000 \times 0.2) \\ & 432,000 + 80,000 \\ & \$512,000. \end{aligned}$$

³ Calculated as follows:

$$\begin{aligned} & (53,800 \times 20) + (5,000,000 \times 0.1) \\ & 1,076,000 + 500,000 \\ & \$1,576,000, \text{ subject to } \$1,000,000 \text{ maximum.} \end{aligned}$$

⁴ Calculated as follows:

$$\begin{aligned} & (10,800 \times 20) + (400,000 \times 0.1) \\ & 216,000 + 40,000 \\ & \$256,000. \end{aligned}$$