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136th General Assembly
Regular Session
2025-2026

Sub. H. B. No. 645

To amend sections 107.03, 126.02, 126.13, and 1
126.27 and to enact sections 126.025 and 126.026 2
of the Revised Code to require the use of zero- 3
based budgeting in the development of the state 4
budget. 5

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

Section 1. That sections 107.03, 126.02, 126.13, and 6
126.27 be amended and sections 126.025 and 126.026 of the 7
Revised Code be enacted to read as follows: 8

Sec. 107.03. (A) As used in this section, ~~"transportation:~~ 9

(1) "Transportation budget" means the biennial budget that 10
primarily includes the following: 11

~~(1)~~ (a) Motor fuel excise tax-related appropriations for 12
the department of transportation, public works commission, and 13
department of development; 14

~~(2)~~ (b) Other appropriations that pertain to transportation 15
and infrastructure related to transportation. 16

(2) "Zero-based budgeting" has the same meaning as in 17



section 126.025 of the Revised Code. 18

(B) The governor shall submit a transportation budget to 19
the general assembly not later than four weeks after the general 20
assembly's organization. 21

(C) The governor shall submit to the general assembly, not 22
later than four weeks after its organization, a state budget 23
containing a complete financial plan for the ensuing fiscal 24
biennium, excluding items of revenue and expenditure described 25
in section 126.022 of the Revised Code. However, in years of a 26
new governor's inauguration, this budget shall be submitted not 27
later than the fifteenth day of March. 28

(D) ~~In years of a new governor's inauguration, only the~~ 29
~~new governor shall submit a budget to the general assembly.~~ In 30
addition to other things required by law, each of the governor's 31
budgets shall contain: 32

(1) A general budget summary by function and agency 33
setting forth the proposed total expenses from each and all 34
funds and the anticipated resources for meeting such expenses; 35
such resources to include any available balances in the several 36
funds at the beginning of the biennium and a classification by 37
totals of all revenue receipts estimated to accrue during the 38
biennium under existing law and proposed legislation. 39

(2) A detailed statement showing the amounts recommended 40
to be appropriated from each fund for each fiscal year of the 41
biennium for current expenses, including, but not limited to, 42
personal services, supplies and materials, equipment, subsidies 43
and revenue distribution, merchandise for resale, transfers, and 44
nonexpense disbursements, obligations, interest on debt, and 45
retirement of debt, and for the biennium for capital outlay, to 46

the respective departments, offices, institutions, as defined in 47
section 121.01 of the Revised Code, and all other public 48
purposes; and, in comparative form, the actual expenses by 49
source of funds during each fiscal year of the previous two 50
bienniums for each such purpose. No alterations shall be made in 51
the requests for the legislative and judicial branches of the 52
state filed with the director of budget and management under 53
section 126.02 of the Revised Code. If any amount of federal 54
money is recommended to be appropriated or has been expended for 55
a purpose for which state money also is recommended to be 56
appropriated or has been expended, the amounts of federal money 57
and state money involved shall be separately identified. 58

(3) A detailed estimate of the revenue receipts in each 59
fund from each source under existing laws during each year of 60
the biennium; and, in comparative form, actual revenue receipts 61
in each fund from each source for each year of the two previous 62
bienniums; 63

(4) The estimated cash balance in each fund at the 64
beginning of the biennium covered by the budget; the estimated 65
liabilities outstanding against each such balance; and the 66
estimated net balance remaining and available for new 67
appropriations; 68

(5) A detailed estimate of the additional revenue receipts 69
in each fund from each source under proposed legislation, if 70
enacted, during each year of the biennium; 71

(6) The most recent report prepared by the department of 72
taxation under section 5703.48 of the Revised Code, which shall 73
be submitted to the general assembly as an appendix to the 74
governor's budget; 75

(7) The most recent TANF spending plan prepared by the 76
department of job and family services under section 5101.806 of 77
the Revised Code, which shall be submitted to the general 78
assembly as an appendix to the governor's budget; 79

(8) The medicaid caseload and expenditure forecast report 80
prepared by the office of budget and management, in consultation 81
with the department of medicaid, under section 126.021 of the 82
Revised Code. The report shall be submitted to the general 83
assembly as a supplemental budget document to provide an in- 84
depth analysis of the governor's budget recommendations for the 85
medicaid budget as a whole and for each of the major medicaid 86
appropriation items. The report shall clearly distinguish a 87
proposed policy change from continuing law or administrative 88
policy and indicate whether the data used throughout the report 89
is proposed, estimated, or actual data for the current or 90
proposed budget biennium. At a minimum, the report shall 91
delineate a part-to-whole mapping of the state and federal 92
shares of the general revenue fund appropriation item 651525, 93
medicaid health care services, or any other equivalent general 94
revenue fund appropriation item, by eligibility group and 95
subgroup, service delivery system, delivery system, medicaid 96
provider, and program. 97

(E) In years of a new governor's inauguration, only the 98
new governor shall submit a budget to the general assembly. 99

(F) Starting for the general assembly convening in 2029 100
and for each general assembly convening thereafter, the budget 101
submissions from the governor for agencies selected under 102
section 126.026 of the Revised Code shall be based on zero-based 103
budgeting principles. 104

Sec. 126.02. (A) The director of budget and management 105

shall prepare and submit to the governor, biennially, not later than the first day of January preceding the convening of the general assembly, state budget estimates of revenues and expenditures for each state fund and budget estimates for each state agency, except such estimates as are required under section 126.022 of the Revised Code. The budget estimates for each state agency for which direct appropriations are proposed shall include the following details:

~~(A)~~ (1) Estimates of the operating budget;

~~(B)~~ (2) Estimates of the subsidy appropriations necessary, delineated by a distinct subsidy program;

~~(C)~~ (3) Estimates for special purposes, delineated by a distinct special purpose program;

~~(D)~~ (4) Estimates of appropriations necessary from each fund in reasonable detail to allow for adequate planning and oversight of programs and activities.

(B) In the preparation of state revenue and expenditure estimates and in accordance with section 126.025 of the Revised Code, the director of budget and management shall, not later than the fifteenth day of September in the year preceding the first regular session of the general assembly, distribute to all affected state agencies the forms necessary for the preparation of budget requests, which shall be in the form prescribed by the director in consultation with the legislative service commission to procure information concerning the revenues and expenditures for the preceding and current bienniums, an estimate of the revenues and expenditures of the current fiscal year, and an estimate of the revenues and proposed expenditures for the respective agencies for the two succeeding fiscal years for

which appropriations have to be made. Each such agency shall, 135
not later than the first day of November, file with the director 136
its estimate of revenues and proposed expenditures for the 137
succeeding biennium. 138

Each such agency shall, not later than the first day of 139
December, file with the chairperson of the finance committees of 140
the senate and house of representatives and the legislative 141
service commission a duplicate copy of such budget request. 142

The budget request shall be accompanied by a statement in 143
writing giving facts and explanation of reasons for the items 144
requested. The director and the legislative service commission 145
may make further inquiry and investigation as to any item 146
desired. The director may approve, disapprove, or alter the 147
requests, excepting those for the legislative and judicial 148
branches of the state. The requests as revised by the director 149
constitute the state budget estimates of revenues and 150
expenditures which the director is required to submit to the 151
governor. 152

~~The director shall determine a method to incorporate the 153
principles of zero-based budgeting into the forms prescribed in 154
this section. 155~~

Sec. 126.025. (A) As used in this section, "zero-based 156
budgeting" is a method of calculating a budget that starts at 157
zero and justifies all requested or proposed appropriations 158
based on the purposes of the expenditures without reference to 159
the prior year appropriations. 160

(B) Starting with the general assembly convening in 2029 161
and for each general assembly thereafter, when carrying out 162
duties under section 126.02 of the Revised Code: 163

(1) The director of budget and management shall do both of 164
the following regarding the state agencies selected under 165
section 126.026 of the Revised Code: 166

(a) Prepare and submit the agencies' required budget 167
estimates to the governor, based on zero-based budgeting; 168

(b) Prepare and distribute to the selected agencies budget 169
request forms requiring the agencies to prepare their estimates 170
using zero-based budgeting. 171

(2) Each selected agency under section 126.026 of the 172
Revised Code shall prepare its estimate of revenues and 173
expenditures based on zero-based budgeting principles. 174

Sec. 126.026. (A) Not later than the thirtieth day of June 175
of each even-numbered year, the chairperson of the finance 176
committee of the senate or the chairperson of the finance 177
committee of the house of representatives, starting with the 178
chairperson of the house committee and alternating each general 179
assembly thereafter, shall do both of the following: 180

(1) Select at least one-third of the state agencies to 181
submit their estimates to the office of budget and management 182
using zero-based budgeting. Each chairperson may add agencies to 183
the list, at the chairperson's discretion. 184

(2) Notify, in writing, the president of the senate, the 185
speaker of the house of representatives, the director of the 186
legislative service commission, and the director of budget and 187
management of the state agencies that are selected under this 188
division. 189

(B) This section does not apply to any of the following: 190

(1) Elected officials; 191

(2) The general assembly, including any legislative agency; 192
193

(3) The supreme court, including any judicial agency. 194

Sec. 126.13. As soon as practical after the enactment of 195
any act containing appropriations for current expenses, the 196
director of budget and management shall designate which programs 197
or activities receiving appropriations for current expenses in 198
the act shall be subject to performance reviews. The director 199
shall notify in writing the head of each affected agency of the 200
designations, the requirement to prepare a separate program 201
performance report for each designated program or activity, and 202
the information to be included in the report. The director shall 203
not designate for performance review any program or activity 204
assigned to the attorney general, auditor of state, secretary of 205
state, treasurer of state, or agencies of the legislative or 206
judicial branches. The director may remove the designation from 207
a program or activity by notifying the head of the affected 208
agency in writing of such removal. Appropriations for capital 209
expenses are not subject to this section. 210

For each designated program or activity, the affected 211
agency shall prepare a separate program performance report 212
containing the information required by the director and submit 213
the report as part of the agency's budget request under ~~division~~ 214
~~(D)~~ of section 126.02 of the Revised Code by the dates required 215
in that section or as otherwise required by the director. If an 216
agency fails to submit a program performance report for a 217
designated program or activity or if, in the judgment of the 218
director, the report submitted does not contain the information 219
required, the director shall disapprove the agency's budget 220
request for the designated program or activity in the state 221

budget estimate submitted to the governor under section 126.02 222
of the Revised Code. The governor, in ~~his~~ a budget submission to 223
the general assembly under section 107.03 of the Revised Code, 224
shall not recommend any appropriation for the program or 225
activity and shall explain the reason for not recommending an 226
appropriation. 227

Sec. 126.27. Each state agency for which direct 228
appropriations are proposed shall, not later than the first day 229
of December in each year that a new governor is elected, file 230
with the governor-elect its budget estimates. The estimates 231
shall include the details set forth in divisions ~~(A)~~ (A) (1) to 232
~~(D)~~ (4) of section 126.02 of the Revised Code. 233

Section 2. That existing sections 107.03, 126.02, 126.13, 234
and 126.27 of the Revised Code are hereby repealed. 235