

As Introduced

136th General Assembly

Regular Session

H. B. No. 645

2025-2026

Representative Dovilla

To amend sections 107.03, 126.02, 126.13, and 1
126.27 and to enact section 126.025 of the 2
Revised Code to require the use of zero-based 3
budgeting in the development of the state budget 4
every ten years. 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 section 126.025 of the Revised Code be 7
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) Motor fuel excise tax-related appropriations for the 12
department of transportation, public works commission, and 13
department of development; 14

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

(3) "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) Starting for the general assembly convening in 2027 98
and for the general assembly convening every ten years 99
thereafter, the budget submissions from the governor shall be 100
based on zero-based budgeting principles. 101

Sec. 126.02. (A) The director of budget and management 102
shall prepare and submit to the governor, biennially, not later 103
than the first day of January preceding the convening of the 104
general assembly, state budget estimates of revenues and 105
expenditures for each state fund and budget estimates for each 106
state agency, except such estimates as are required under 107
section 126.022 of the Revised Code. The budget estimates for 108

each state agency for which direct appropriations are proposed 109
shall include the following details: 110

(A)(1) Estimates of the operating budget; 111

(B)(2) Estimates of the subsidy appropriations necessary, 112
delineated by a distinct subsidy program; 113

(C)(3) Estimates for special purposes, delineated by a 114
distinct special purpose program; 115

(D)(4) Estimates of appropriations necessary from each 116
fund in reasonable detail to allow for adequate planning and 117
oversight of programs and activities. 118

(B) In the preparation of state revenue and expenditure 119
estimates and in accordance with section 126.025 of the Revised 120
Code, the director of budget and management shall, not later 121
than the fifteenth day of September in the year preceding the 122
first regular session of the general assembly, distribute to all 123
affected state agencies the forms necessary for the preparation 124
of budget requests, which shall be in the form prescribed by the 125
director in consultation with the legislative service commission 126
to procure information concerning the revenues and expenditures 127
for the preceding and current bienniums, an estimate of the 128
revenues and expenditures of the current fiscal year, and an 129
estimate of the revenues and proposed expenditures for the 130
respective agencies for the two succeeding fiscal years for 131
which appropriations have to be made. Each such agency shall, 132
not later than the first day of November, file with the director 133
its estimate of revenues and proposed expenditures for the 134
succeeding biennium. 135

Each such agency shall, not later than the first day of 136
December, file with the chairperson of the finance committees of 137

the senate and house of representatives and the legislative	138
service commission a duplicate copy of such budget request.	139
The budget request shall be accompanied by a statement in	140
writing giving facts and explanation of reasons for the items	141
requested. The director and the legislative service commission	142
may make further inquiry and investigation as to any item	143
desired. The director may approve, disapprove, or alter the	144
requests, excepting those for the legislative and judicial	145
branches of the state. The requests as revised by the director	146
constitute the state budget estimates of revenues and	147
expenditures which the director is required to submit to the	148
governor.	149
The director shall determine a method to incorporate the	150
principles of zero-based budgeting into the forms prescribed in	151
this section.	152
<u>Sec. 126.025.</u> (A) <u>As used in this section, "zero-based</u>	153
<u>budgeting" is a method of calculating a budget that starts at</u>	154
<u>zero and justifies all requested or proposed appropriations</u>	155
<u>based on the purposes of the expenditures without reference to</u>	156
<u>the prior year appropriations.</u>	157
(B) <u>Starting with the general assembly convening in 2027</u>	158
<u>and for the general assembly convening every ten years</u>	159
<u>thereafter, when carrying out duties under section 126.02 of the</u>	160
<u>Revised Code:</u>	161
(1) <u>The director of budget and management shall do both of</u>	162
<u>the following:</u>	163
(a) <u>Prepare and submit the required budget estimates to</u>	164
<u>the governor, based on zero-based budgeting;</u>	165
(b) <u>Prepare and distribute to agencies budget request</u>	166

forms requiring the agencies to prepare their estimates using zero-based budgeting. 167
168

(2) Each agency shall prepare its estimate of revenues and expenditures based on zero-based budgeting principles. 169
170

Sec. 126.13. As soon as practical after the enactment of any act containing appropriations for current expenses, the director of budget and management shall designate which programs or activities receiving appropriations for current expenses in the act shall be subject to performance reviews. The director shall notify in writing the head of each affected agency of the designations, the requirement to prepare a separate program performance report for each designated program or activity, and the information to be included in the report. The director shall not designate for performance review any program or activity assigned to the attorney general, auditor of state, secretary of state, treasurer of state, or agencies of the legislative or judicial branches. The director may remove the designation from a program or activity by notifying the head of the affected agency in writing of such removal. Appropriations for capital expenses are not subject to this section. 171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186

For each designated program or activity, the affected agency shall prepare a separate program performance report containing the information required by the director and submit the report as part of the agency's budget request under division (D) of section 126.02 of the Revised Code by the dates required in that section or as otherwise required by the director. If an agency fails to submit a program performance report for a designated program or activity or if, in the judgment of the director, the report submitted does not contain the information required, the director shall disapprove the agency's budget 187
188
189
190
191
192
193
194
195
196

request for the designated program or activity in the state 197
budget estimate submitted to the governor under section 126.02 198
of the Revised Code. The governor, in ~~his~~a budget submission to 199
the general assembly under section 107.03 of the Revised Code, 200
shall not recommend any appropriation for the program or 201
activity and shall explain the reason for not recommending an 202
appropriation. 203

Sec. 126.27. Each state agency for which direct 204
appropriations are proposed shall, not later than the first day 205
of December in each year that a new governor is elected, file 206
with the governor-elect its budget estimates. The estimates 207
shall include the details set forth in divisions ~~(A)~~(A) (1) to 208
~~(D)~~(4) of section 126.02 of the Revised Code. 209

Section 2. That existing sections 107.03, 126.02, 126.13, 210
and 126.27 of the Revised Code are hereby repealed. 211