

**As Introduced**

**131st General Assembly**

**Regular Session**

**2015-2016**

**H. B. No. 467**

**Representative Butler**

**Cosponsors: Representatives Arndt, Becker, Boose, Brinkman, Conditt, Hambley,  
Perales, Romanchuk, Ruhl, Schaffer, Terhar, Thompson, Zeltwanger**

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**A BILL**

To amend section 131.44 and to enact sections 1  
131.441, 4141.03, and 4141.091 of the Revised 2  
Code to establish a loan from the Budget 3  
Stabilization Fund to the Unemployment 4  
Compensation Fund, to require the Director of 5  
Job and Family Services to recommend a program 6  
to incentivize the purchase of private 7  
unemployment insurance, and to require a study 8  
on the solvency of the Unemployment Compensation 9  
Fund. 10

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

**Section 1.** That section 131.44 be amended and sections 11  
131.441, 4141.03, and 4141.091 of the Revised Code be enacted to 12  
read as follows: 13

**Sec. 131.44.** (A) As used in this section: 14

(1) "Surplus revenue" means the excess, if any, of the 15  
total fund balance over the required year-end balance. 16

(2) "Total fund balance" means the sum of the unencumbered 17

balance in the general revenue fund on the last day of the 18  
preceding fiscal year plus the balance in the budget 19  
stabilization fund. 20

(3) "Required year-end balance" means the sum of the 21  
following: 22

(a) Eight and one-half per cent of the general revenue 23  
fund revenues for the preceding fiscal year; 24

(b) "Ending fund balance," which means one-half of one per 25  
cent of general revenue fund revenues for the preceding fiscal 26  
year; 27

(c) "Carryover balance," which means, with respect to a 28  
fiscal biennium, the excess, if any, of the estimated general 29  
revenue fund appropriation and transfer requirement for the 30  
second fiscal year of the biennium over the estimated general 31  
revenue fund revenue for that fiscal year; 32

(d) "Capital appropriation reserve," which means the 33  
amount, if any, of general revenue fund capital appropriations 34  
made for the current biennium that the director of budget and 35  
management has determined will be encumbered or disbursed; 36

(e) "Income tax reduction impact reserve," which means an 37  
amount equal to the reduction projected by the director of 38  
budget and management in income tax revenue in the current 39  
fiscal year attributable to the previous reduction in the income 40  
tax rate made by the tax commissioner pursuant to division (B) 41  
of section 5747.02 of the Revised Code. 42

(4) "Estimated general revenue fund appropriation and 43  
transfer requirement" means the most recent adjusted 44  
appropriations made by the general assembly from the general 45  
revenue fund and includes both of the following: 46

(a) Appropriations made and transfers of appropriations 47  
from the first fiscal year to the second fiscal year of the 48  
biennium in provisions of acts of the general assembly signed by 49  
the governor but not yet effective; 50

(b) Transfers of appropriations from the first fiscal year 51  
to the second fiscal year of the biennium approved by the 52  
controlling board. 53

(5) "Estimated general revenue fund revenue" means the 54  
most recent such estimate available to the director of budget 55  
and management. 56

(B) (1) Not later than the thirty-first day of July each 57  
year, the director of budget and management shall determine the 58  
surplus revenue that existed on the preceding thirtieth day of 59  
June and transfer from the general revenue fund, to the extent 60  
of the unobligated, unencumbered balance on the preceding 61  
thirtieth day of June in excess of one-half of one per cent of 62  
the general revenue fund revenues in the preceding fiscal year, 63  
the following: 64

(a) First, to the budget stabilization fund, any amount 65  
necessary for the balance of the budget stabilization fund to 66  
equal eight and one-half per cent of the general revenue fund 67  
revenues of the preceding fiscal year~~r~~. Any money transferred by 68  
the director to the unemployment compensation fund under section 69  
131.441 of the Revised Code shall be counted as part of the 70  
balance of the budget stabilization fund for this purpose. 71

(b) Then, to the income tax reduction fund, which is 72  
hereby created in the state treasury, an amount equal to the 73  
surplus revenue. 74

(2) Not later than the thirty-first day of July each year, 75

the director shall determine the percentage that the balance in 76  
the income tax reduction fund is of the amount of revenue that 77  
the director estimates will be received from the tax levied 78  
under section 5747.02 of the Revised Code in the current fiscal 79  
year without regard to any reduction under division (B) of that 80  
section. If that percentage exceeds thirty-five one hundredths 81  
of one per cent, the director shall certify the percentage to 82  
the tax commissioner not later than the thirty-first day of 83  
July. 84

(C) The director of budget and management shall transfer 85  
money in the income tax reduction fund to the general revenue 86  
fund, the local government fund, and the public library fund as 87  
necessary to offset revenue reductions resulting from the 88  
reductions in taxes required under division (B) of section 89  
5747.02 of the Revised Code in the respective amounts and 90  
percentages prescribed by division (A) of section 5747.03 and 91  
divisions (B) and (C) of section 131.51 of the Revised Code as 92  
if the amount transferred had been collected as taxes under 93  
Chapter 5747. of the Revised Code. If no reductions in taxes are 94  
made under that division that affect revenue received in the 95  
current fiscal year, the director shall not transfer money from 96  
the income tax reduction fund to the general revenue fund, the 97  
local government fund, and the public library fund. 98

Sec. 131.441. The director of budget and management shall 99  
transfer from the budget stabilization fund created in section 100  
131.43 of the Revised Code to the loan account within the 101  
unemployment compensation fund created under section 4141.091 of 102  
the Revised Code as a loan an amount necessary for the purpose 103  
of paying unemployment compensation benefits under Chapter 4141. 104  
of the Revised Code. 105

The director of budget and management and the director of 106  
job and family services shall cooperate to establish terms for 107  
repayment of the loan. 108

**Sec. 4141.03.** Nothing in the Revised Code shall be 109  
construed to prohibit the offering or issuance of private 110  
unemployment insurance. The superintendent of insurance, in 111  
consultation with the director of job and family services, shall 112  
adopt rules necessary for the regulation of private unemployment 113  
insurance. 114

**Sec. 4141.091.** (A) The treasurer of state shall establish 115  
and maintain a separate account known as the "loan account" 116  
within the unemployment compensation fund created under section 117  
4141.09 of the Revised Code. 118

(B) The director of job and family services shall repay 119  
the amount transferred as a loan under section 131.441 of the 120  
Revised Code from amounts in the unemployment compensation fund 121  
created in section 4141.09 of the Revised Code. 122

**Section 2.** That existing section 131.44 of the Revised 123  
Code is hereby repealed. 124

**Section 3.** Notwithstanding any provision of law to the 125  
contrary, on the effective date of this section, or as soon as 126  
possible thereafter, the Director of Budget and Management shall 127  
transfer cash as a loan from the Budget Stabilization Fund (Fund 128  
7013) to the Loan Account within the Unemployment Compensation 129  
Fund for the purpose of paying benefits in an amount equal to 130  
the balance of amounts advanced to the state by the United 131  
States Secretary of the Treasury from the Federal Unemployment 132  
Compensation Fund. Notwithstanding division (B) of section 133  
4141.25 of the Revised Code, no amount shall be charged or 134

credited to the mutualized account created in that division for 135  
payments made pursuant to this section. 136

**Section 4.** Six months after the effective date of this 137  
section, the Director of Job and Family Services shall recommend 138  
to the General Assembly and the Governor a program or programs 139  
to incentivize employers to purchase private unemployment 140  
insurance to cover the employer's employees and to incentivize 141  
individuals to purchase private unemployment insurance to cover 142  
themselves. The Director shall take steps to ensure that such a 143  
program or programs do not result in Ohio's unemployment 144  
compensation system ceasing to satisfy a condition for full tax 145  
credit against the tax imposed under the "Federal Unemployment 146  
Tax Act," 26 U.S.C. 3301 to 3311, as amended. 147

**Section 5.** The Director of the Legislative Service 148  
Commission shall contract with an independent actuary to conduct 149  
a study on the solvency of the Unemployment Compensation Fund. 150  
The Director shall submit the study to the General Assembly and 151  
the Governor not later than November 15, 2016. 152