
Revenue Distribution Funds**Role and Overview**

Revenue Distribution Funds are funds used by the state to collect and distribute moneys to local governments and organizations, school districts, libraries, transit authorities, other state funds, and other states, pursuant to law.

Although each of the 20 revenue distribution funds is administered by a state agency, the funds are not shown in the Executive Budget as part of the administering agencies' budgets. These moneys are not spent by state agencies on state operations, but are distributed by the administering agencies as specified in state law. The funds are shown together, here, in order to highlight the role they play in this redistribution function of state government. Most of the moneys are distributed to local units of government, including counties, libraries, school districts, and transit authorities.

As the following Item Summary table shows, the funds are broken into four fund groups: Revenue Distribution Funds, Agency Funds, Holding Account Redistribution Funds, and Volunteer Firemen's Dependents Fund. The two largest fund groups are Revenue Distribution Funds and Agency Funds.

Agency Fund Group

Agency Funds account for revenues collected and held by the state as custodian or agent. Ultimately, the money is distributed to local units of government where the revenues originated or to other state funds. The largest of these funds is Fund 063, the Permissive Tax Distribution Fund. Counties and transit authorities are authorized to levy the permissive sales and use tax in addition to the state sales and use tax for certain purposes. As of March 2007, all counties levied the permissive sales tax and seven counties levied a sales tax for transit purposes. The counties are also granted authority to enact permissive taxes on alcoholic beverages and on cigarettes for designated purposes. The Permissive Tax Distribution Fund holds county and transit authority permissive tax collections prior to their distribution to local authorities of origin.

Fund 067, the School District Income Tax Fund, holds school district income tax collections until they are distributed to the districts of origin. According to the Department of Taxation, for tax year 2007 there were 164 school districts levying a school district income tax. Fund 608, the Investment Earnings Fund, is used to receive investment earnings from the State Treasurer's investment pool and distribute them to the appropriate state funds, including the General Revenue Fund.

Revenue Distribution Fund Group and Reform of the Local Government Funds

Revenue Distribution Funds receive the shares of taxes and fees to be distributed to local units of government, other state funds, or other organizations. Funds 064, 065, and 069 are historic examples of these funds. These three funds have distributed to local units of government and libraries about \$1.2 billion annually from the shares of the state's major tax sources as specified in law.

The Local Government Fund (Fund 069) took form when the state sales tax was established in 1935. Under current permanent law, it would receive 4.2 percent of the sales and use tax, the personal income tax, the corporation franchise tax, and the public utility excise tax, and 2.646 percent of the kilowatt-hour tax. These moneys are distributed by the Department of Taxation to counties and municipalities based on a statutory formula. The amounts received by each county are then distributed by the county based on an agreement among the local units of government within the county.

The Local Government Revenue Assistance Fund (Fund 064) has existed since July 1989. Under permanent law, it would receive 0.6 percent of the sales and use tax, the personal income tax, the corporation franchise tax, and the public utility excise tax. In addition, 0.378 percent of the kilowatt-hour tax would be deposited into the fund. These moneys are distributed by the Department of Taxation to counties on a per capita basis. They are distributed within each county based on an agreement among the local units of government within the county.

The Library and Local Government Support Fund (Fund 065) was enacted by House Bill 291 of the 115th General Assembly to replace the locally collected intangible property tax, which was repealed in calendar year 1986. Under permanent law, the fund would receive 5.7 percent of the Personal Income Tax. These moneys are distributed by the

Revenue Distribution Funds

Department of Taxation to counties based on a statutory formula. The counties oversee the distribution of the moneys to libraries and municipalities within each county.

During fiscal years 2002-2007, the monthly contribution to each of the three local government funds identified above has been capped at the lesser of the amount determined by permanent law or the same amount as the fund received in the prior year. The Executive Budget proposes to end the freeze on the distributions of these funds beginning in January 2008 and to replace the current statutory allocations with a new allocation based on a percentage of total General Revenue Fund (GRF) tax revenues. Under this proposal, Fund 064 and Fund 069 are replaced with a single Local Communities Fund (Fund 091) which receives 3.65 percent of total GRF tax revenues. The allocation method of the Local Communities Fund will ensure that, barring a decline in underlying tax revenue performance, no local government receives less than it did under the freeze and that any growth above the freeze levels will be distributed on a per capita basis. In addition to combining the two local government funds, Fund 065 is to be renamed the Local Libraries Fund and beginning in January 2008, will receive 2.20 percent of total GRF tax revenues. The only change in the allocation method is that the current guaranteed share will be replaced by calendar year 2007 funding levels. The projected distributions to these funds after these adjustments are made are presented in the following Item Summary table.

The Local Government Property Tax Replacement Fund (fund 054) was created by Amended Substitute Senate Bill 3 of the 123rd General Assembly. The fund receives 11.6 percent of the Kilowatt Hour Tax and 31.3 percent of the Natural Gas Consumption Tax. The moneys are distributed by the Department of Taxation to local authorities to compensate for their revenue losses due to reduced tax assessment rates for gas and electric utility properties. The Local Government Tangible Personal Property Tax Replacement Fund (fund 081) was created per Amended Substitute House Bill 66 of the 126th General Assembly. In fiscal years 2008-2009, this fund will receive 30 percent of the Commercial Activity Tax. The moneys are then distributed to local governments to compensate for their tax revenue losses due to the phase-out of the tangible personal property tax. After such distributions are made, the director of the Office of Budget and Management is authorized to transfer the balance of this fund to the General Revenue Fund in the end of the fiscal year.

Funds 051, 060, and 068 distribute moneys every month to counties, municipal corporations, townships, other districts, or other funds, for construction and maintenance of public highways and roads, and for other related activities. The Auto Registration Distribution Fund (Fund 051) collects revenues from the motor vehicle license tax. Both the Gasoline Excise Tax Fund (Fund 060) and the State/Local Government Highway Distribution Fund (Fund 068) receive some portion of the levies in the motor vehicle fuel tax.

The Ohio Registrar of Motor Vehicles is a member in a reciprocal registration agreement known as the International Registration Plan (IRP). The International Registration Plan Distribution Fund collects the IRP registration fees based on gross vehicle weight and motor fuel surcharge for vehicles subject to IRP. The moneys in the fund are distributed to the other member states of the IRP, the Highway Obligation Bond Retirement Fund, and to local governments.

Holding Account Redistribution Fund Group

The International Fuel Tax Distribution Fund holds motor vehicle fuel use tax payments until they are distributed to other funds in Ohio and to other jurisdictions. The federal government requires all states to join the International Fuel Tax Agreement or the states lose the right to levy a motor vehicle fuel use tax. According to the agreement, trucking companies file the fuel use tax return in their home states and the home states then make payments to other jurisdictions and also collect tax owed from other jurisdictions.

Volunteer Firemen's Dependents Fund

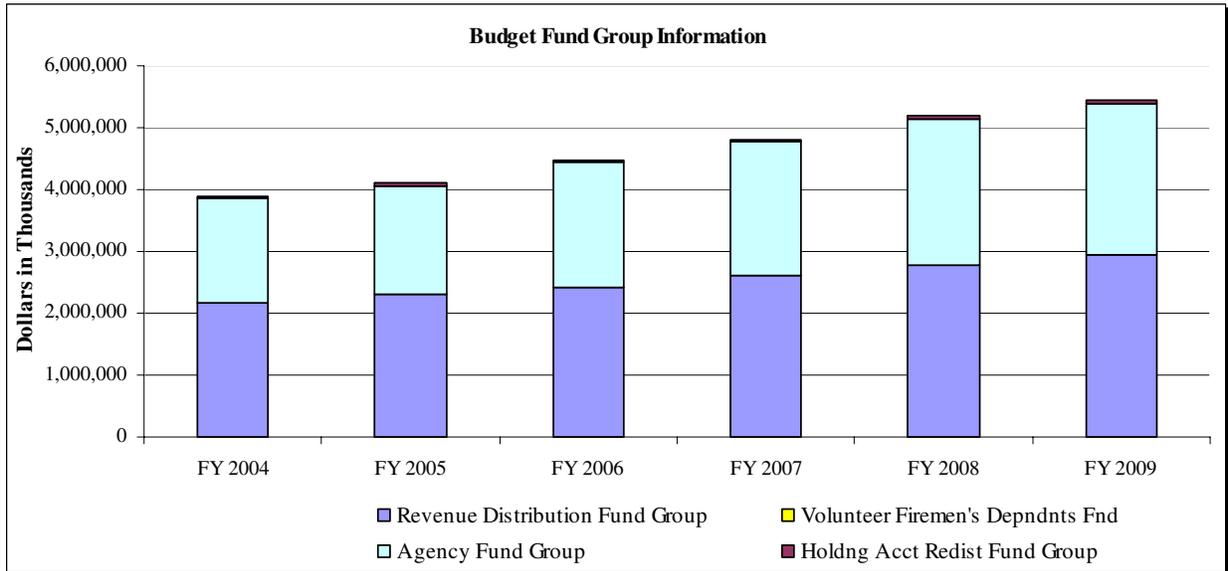
The fund collects premiums from each political subdivision or fire district that maintains a volunteer fire department. The revenues are used to pay benefits to disabled firefighters, the firefighter's surviving spouse, and dependent children.

Executive Priorities for the Revenue Distribution Funds

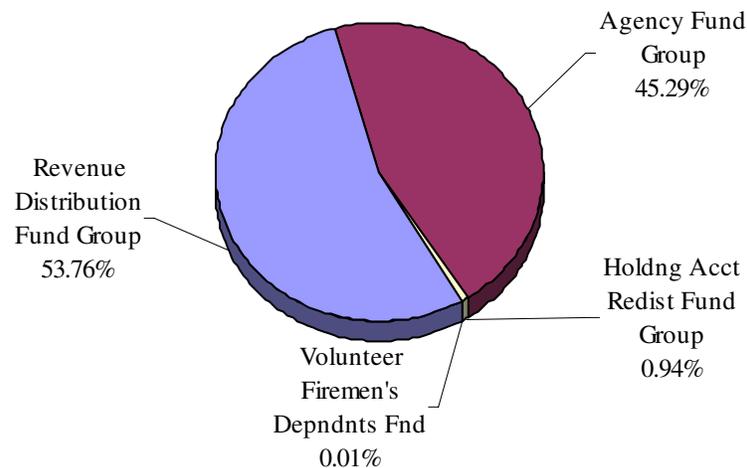
Revenue Distribution Funds

- Provide a dependable source of support for local governments and libraries by committing a set percentage of all tax revenues deposited into the General Revenue Fund.
- Collect and distribute moneys to local governments and organizations, school districts, libraries, transit authorities, other state funds, and other states.

Summary of Budget History and Recommendations



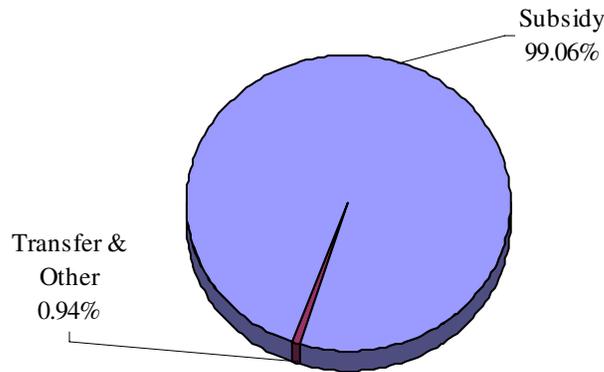
FY 2008-09 Biennial Appropriation by Budget Fund Group



State of Ohio
Revenue Distribution Funds

(In thousands) BUDGET FUND GROUP	ACTUAL			ESTIMATE FY 2007	% CHANGE FY 06-07	RECOMMENDED			
	FY 2004	FY 2005	FY 2006			FY 2008	% CHANGE	FY 2009	% CHANGE
Revenue Distribution Fund Group	2,173,830	2,296,299	2,414,440	2,611,706	8.2	2,773,775	6.2	2,937,377	5.9
Agency Fund Group	1,690,697	1,771,043	2,022,316	2,152,804	6.5	2,357,712	9.5	2,453,100	4.0
Holdng Acct Redist Fund Group	35,965	39,082	44,953	50,000	11.2	50,000	.0	50,000	.0
Volunteer Firemen's Depndnts Fnd	266	267	256	280	9.4	300	7.1	300	.0
TOTAL	3,900,757	4,106,692	4,481,965	4,814,790	7.4	5,181,787	7.6	5,440,777	5.0

**FY 2008-09 Biennial Appropriation
by Expense Category**



(In thousands) OBJECT OF EXPENSE	ACTUAL			ESTIMATE FY 2007	% CHANGE FY 06-07	RECOMMENDED			
	FY 2004	FY 2005	FY 2006			FY 2008	% CHANGE	FY 2009	% CHANGE
Maintenance	0	0	161	0	(100.0)	0	.0	0	.0
Subsidy	2,129,360	2,259,733	2,352,430	2,397,520	1.9	5,131,787	114.0	5,390,777	5.0
Transfer & Other	1,771,397	1,846,959	2,129,374	2,417,270	13.5	50,000	(97.9)	50,000	.0
TOTAL	3,900,757	4,106,692	4,481,965	4,814,790	7.4	5,181,787	7.6	5,440,777	5.0

PROGRAM SERIES 01: Revenue Distribution

This program series provides for the collection and distribution of revenues to various entities.

Program 01.01: Revenue Distribution

This program provides for the collection and distribution of moneys to local governments and organizations, school districts, libraries, transit authorities, other state funds, and other states.

The Executive Recommendation will:

Revenue Distribution Funds

- Allow for the distribution of various taxes, fees, and other revenue sources to the appropriate local entities, state funds, or other states, as appropriate; and
- Establish a new and stable funding source for local governments and libraries by removing the freeze in place since fiscal year 2002 and providing a broader resource base. The Local Government Fund and Local Government Revenue Assistance Fund will be replaced by the Local Communities Fund supported by 3.65 percent of total General Revenue Fund taxes. The Library and Local Government Support Fund will be replaced by the Local Libraries Fund supported by 2.20 percent of total GRF tax revenues.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
RDF	049	038-900	Indig Drivers Alcohol Treatmnt	1,797,000	1,832,000
RDF	050	762-900	Intl Registration Plan Distrbn	54,475,631	55,565,143
RDF	051	762-901	Auto Registration Distribution	500,000,000	539,000,000
RDF	054	110-954	Lcl Govt Prop Tax Replace- Utility	93,250,000	95,125,000
RDF	060	110-960	Gasoline Excise Tax Fund	375,000,000	375,000,000
RDF	064	110-964	Local Govt Revenue Assistance	42,400,000	0
RDF	065	110-965	Library/Local Govt Support Fd	207,200,000	0
RDF	066	800-900	Undivided Liquor Permits	13,500,000	13,500,000
RDF	068	110-968	State/Local Govt Hwy Distrbn	240,250,000	242,500,000
RDF	069	110-969	Local Government Fund	298,700,000	0
RDF	081	110-981	Lcl Govt Property Tax Rplcmt-Bus	262,500,000	366,800,000
RDF	082	110-982	Horse Racing Tax	125,000	130,000
RDF	083	700-900	Ohio Fairs Fund	2,277,000	2,325,000
RDF	091	110-991	Local Communities	430,600,000	782,800,000
RDF	092	110-992	Local Libraries	251,700,000	462,800,000
AGY	062	110-962	Resort Area Excise Tax	1,000,000	1,000,000
AGY	063	110-963	Permissive Tax Distribution	1778,662,000	1849,000,000
AGY	067	110-967	School District Income Tax	325,000,000	350,000,000
AGY	4P8	001-698	Cash Management Improvt Fund	3,050,000	3,100,000
AGY	608	001-699	Investment Earnings	250,000,000	250,000,000
090	R45	110-617	International Fuel Tax Distrbn	50,000,000	50,000,000
085	085	800-900	Vol Firefighters Depend Fund	300,000	300,000
TOTAL FOR PROGRAM				5181,786,631	5440,777,143

Revenue Distribution Funds

Appropriation Line Item Analyses for Fiscal Years 2008 and 2009**Line Item Restructuring Analysis**

Line item 110-991, Local Communities, will replace 110-964, Local Government Revenue Assistance, and 110-969, Local Government Fund, midway through fiscal year 2008 and for all of fiscal year 2009. Line item 110-965, Libraries/Local Government Support, is replaced midyear in fiscal year 2008 by 110-992, Local Libraries. The midyear changes occur due to calendar-year timing of Local Government Funds Distribution.

To illustrate changes in funding levels due to this restructuring, estimated fiscal year 2007 spending in the following table is converted from the previous line-item structure to the current line-item structure.

Fund	ALI	ALI Title	Estimated	Recommended			
			FY 2007	FY 2008	% Change	FY 2009	% Change
64	110-964	Local Gov't Revenue Assistance	-	-	-	-	-
65	110-965	Libraries/Local Gov't Support	-	-	-	-	-
69	110-969	Local Government Fund	-	-	-	-	-
91	110-991	Local Communities	756,743,028	756,300,000	-0.1%	767,800,000	1.5%
92	110-992	Local Libraries	458,510,155	458,700,000	0.0%	462,800,000	0.9%

In addition, due to the conversion to the Ohio Administrative Knowledge System (OAKS), each line item must have a unique number. In the past, line item 110-900 was used for many different funds. In fiscal year 2007, distinct line item numbers were introduced. In the Line Item Summary document, all funds that use line item 110-900 to show historical spending appear without a line item title.

To separately illustrate line item changes due to this OAKS-driven restructuring, please refer to the table below.

Fund	ALI	ALI Title	Estimated	Recommended			
			FY 2007	FY 2008	% Change	FY 2009	% Change
054	110-900	Local Gov't Tax Replacement Util.	-	-	-	-	-
054	110-954	Local Gov't Tax Replacement Util.	90,000,000	93,250,000	3.6%	95,125,000	2.0%
060	110-900	Gasoline License Tax	-	-	-	-	-
060	110-960	Gasoline Excise Tax Fund	349,000,000	375,000,000	7.4%	375,000,000	0.0%
062	110-900	Resort Area Excise Tax	-	-	-	-	-
062	110-962	Resort Area Excise Tax	1,075,000	1,000,000	-7.0%	1,000,000	0.0%
063	110-900	Permissive Tax Distribution	-	-	-	-	-
063	110-963	Permissive Tax Distribution	1,706,969,960	1,778,662,000	4.2%	1,849,000,000	4.0%
064	110-900	Local Gov't Revenue Assistance	-	-	-	-	-
064	110-964	Local Gov't Revenue Assistance	94,605,130	42,400,000	-55.2%	-	-100.0%
065	110-900	Library/Local Government Support	-	-	-	-	-
065	110-965	Library/Local Government Support	458,510,155	207,200,000	-54.8%	-	-100.0%
067	110-900	School District Income Tax	-	-	-	-	-
067	110-967	School District Income Tax	254,000,000	325,000,000	28.0%	350,000,000	7.7%
068	110-900	State/Local Government Highway	-	-	-	-	-
068	110-968	State/Local Gov't Hwy Distribution	-	-	2.0%	-	0.9%

Revenue Distribution Funds

			235,542,000	240,250,000		242,500,000	
069	110-900	Local Government	-	-	-	-	-
069	110-969	Local Government Funds	677,137,989	298,700,000	-55.9%	-	-100.0%
081	110-900	Local Gov't Prop. Tax Replacement	-	-	-	-	-
081	110-981	Local Gov't Prop. Tax Replacement	158,166,000	262,500,000	66.0%	366,800,000	39.7%
082	110-900	Horse Racing Tax	-	-	-	-	-
082	110-982	Horse Racing Tax	130,000	125,000	-3.8%	130,000	4.0%

LINE ITEM SUMMARY - Revenue Distribution Funds

FUND	ALI	ALI TITLE	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 RECOMMENDED	% CHANGE	FY 2009 RECOMMENDED	% CHANGE
049	038-900	Indig Drivers Alcohol Treatmnt	1,898,355	1,544,545	1,545,064	1,865,000	1,797,000	(3.6)	1,832,000	1.9
050	762-900	Intl Registration Plan Distrbn	43,208,147	35,470,341	41,471,701	55,000,000	54,475,631	(1.0)	55,565,143	2.0
051	762-901	Auto Registration Distribution	452,733,963	441,631,205	475,303,468	475,000,000	500,000,000	5.3	539,000,000	7.8
054	110-900		90,646,413	90,679,570	90,540,118	0	0	.0	0	.0
054	110-954	Lcl Govt Prop Tax Replace- Utility	0	0	0	90,000,000	93,250,000	3.6	95,125,000	2.0
060	110-900		185,043,902	265,387,036	335,331,862	0	0	.0	0	.0
060	110-960	Gasoline Excise Tax Fund	0	0	0	349,000,000	375,000,000	7.5	375,000,000	.0
064	110-900		90,947,173	94,597,556	94,597,555	0	0	.0	0	.0
064	110-964	Local Govt Revenue Assistance	0	0	0	94,605,130	42,400,000	(55.2)	0	(100.0)
065	110-900		422,002,689	457,970,324	457,970,324	0	0	.0	0	.0
065	110-965	Library/Local Govt Support Fd	0	0	0	458,510,155	207,200,000	(54.8)	0	(100.0)
066	800-900	Undivided Liquor Permits	13,245,143	13,883,112	13,801,947	14,300,000	13,500,000	(5.6)	13,500,000	.0
068	110-900		224,294,155	218,762,760	205,759,257	0	0	.0	0	.0
068	110-968	State/Local Govt Hwy Distrbn	0	0	0	235,542,000	240,250,000	2.0	242,500,000	.9
069	110-900		647,287,600	674,010,507	676,312,187	0	0	.0	0	.0
069	110-969	Local Government Fund	0	0	0	677,137,989	298,700,000	(55.9)	0	(100.0)
081	110-900		0	0	19,623,652	0	0	.0	0	.0
081	110-981	1CL GOVT PROPERTY TAX REPLCMT-BUS	0	0	0	158,166,000	262,500,000	66.0	366,800,000	39.7
082	110-900		125,017	128,403	114,143	0	0	.0	0	.0
082	110-982	Horse Racing Tax	0	0	0	130,000	125,000	(3.8)	130,000	4.0
083	700-900	Ohio Fairs Fund	2,397,223	2,234,115	2,068,917	2,450,000	2,277,000	(7.1)	2,325,000	2.1
091	110-991	LOCAL COMMUNITIES	0	0	0	0	430,600,000	.0	782,800,000	81.8
092	110-992	LOCAL LIBRARIES	0	0	0	0	251,700,000	.0	462,800,000	83.9
TOTAL Revenue Distribution Fund Group			2173,829,780	2296,299,474	2414,440,195	2611,706,274	2773,774,631	6.2	2937,377,143	5.9
062	110-900		643,192	729,905	633,948	0	0	.0	0	.0
062	110-962	Resort Area Excise Tax	0	0	0	1,075,000	1,000,000	(7.0)	1,000,000	.0
063	110-900		1473,079,420	1495,845,328	1588,009,559	0	0	.0	0	.0
063	110-963	Permissive Tax Distribution	0	0	0	1706,969,960	1778,662,000	4.2	1849,000,000	4.0
067	110-900		147,671,566	170,329,420	202,416,785	0	0	.0	0	.0
067	110-967	School District Income Tax	0	0	0	254,000,000	325,000,000	28.0	350,000,000	7.7
4P8	001-698	Cash Management Improvt Fund	680,706	488,874	1,139,069	3,000,000	3,050,000	1.7	3,100,000	1.6
608	001-699	Investment Earnings	68,622,253	103,649,876	230,116,915	187,759,237	250,000,000	33.1	250,000,000	.0
TOTAL Agency Fund Group			1690,697,137	1771,043,403	2022,316,276	2152,804,197	2357,712,000	9.5	2453,100,000	4.0
R45	110-617	International Fuel Tax Distrbn	35,964,512	39,082,263	44,952,537	50,000,000	50,000,000	.0	50,000,000	.0

LINE ITEM SUMMARY - Revenue Distribution Funds

FUND	ALI	ALI TITLE	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 RECOMMENDED	% CHANGE	FY 2009 RECOMMENDED	% CHANGE
TOTAL Holdng Acct Redist Fund Group			35,964,512	39,082,263	44,952,537	50,000,000	50,000,000	.0	50,000,000	.0
085	800-900	Vol Firefighters Depend Fund	265,975	267,075	256,050	280,000	300,000	7.1	300,000	.0
TOTAL Volunteer Firemen's Depndnts Fnd			265,975	267,075	256,050	280,000	300,000	7.1	300,000	.0
TOTAL Revenue Distribution Funds			3900,757,404	4106,692,215	4481,965,058	4814,790,471	5181,786,631	7.6	5440,777,143	5.0