



# Office of Budget and Management

John R. Kasich  
Governor

Timothy S. Keen  
Director

## **FOR IMMEDIATE RELEASE**

July 27, 2016

### **OBM Deposits \$29.5 Million in the Budget Stabilization Fund, Boosting Ohio's Rainy Day Reserves to \$2.034 Billion**

*Director Keen Revises Revenue Estimates for Fiscal Year 2017*

COLUMBUS – Reporting a stronger than anticipated ending balance at the close of the state's Fiscal Year 2016, Office of Budget and Management Director Timothy S. Keen today authorized a \$29.5 million deposit in the Budget Stabilization Fund (BSF), Ohio's rainy day savings account.

"The fiscal condition of the state is strong," Keen said. "We finished the year with a larger ending balance than planned due to state spending that came in below projections, making possible the fifth deposit to our rainy day account in six years. The deposit brings the balance to a record \$2.034 billion." The BSF was down to just 89 cents at the beginning of Governor John Kasich's administration in 2011.

Pursuant to Ohio Revised Code section 131.44, OBM made the deposit to the Budget Stabilization Fund (BSF) prior to the end of July after conducting its regular review of GRF revenues and expenditures at the close of the first year of the biennial operating budget. Due to a legislative change last year, the authorized BSF balance can be up to 8.5 percent of the preceding fiscal year's GRF revenues. Following the deposit, the account now holds 6 percent of last year's GRF revenues.

The year-end review, in addition to determining the amount of the BSF deposit, also led OBM to revise revenue estimates for Fiscal Year 2017 as discussed earlier this year ([MBR House Finance Committee testimony](#)).

"This revision is consistent with the Kasich administration practice of being conservative in both our forecasting and our budgeting practices," Keen said. "After the close of FY 2016, we completed our regular review of the latest economic information for both Ohio and the nation and actual revenue results from FY 2016, and revised the FY 2017 tax revenue projections downward primarily due to FY 2016 tax revenues coming in below estimate."

(See attached chart)

"Notwithstanding the downward revision of tax revenues, the FY 2017 budget remains balanced with sufficient ongoing revenues to cover expected ongoing expenditures," Keen said. "In fact, I believe the State is better positioned for fiscal challenges than at any time in recent memory."

A complete look at FY 2017 disbursement estimates and FY 2017 revised revenue estimates, as well as the projected FY 2017 GRF ending balance, will be included in the August monthly report.

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For more information, contact:  
John Charlton, Communications Director  
614-466-6573, [john.charlton@obm.ohio.gov](mailto:john.charlton@obm.ohio.gov)



**Fiscal Year 2017 GRF Revenue Estimate**  
**January 2016 Adjustment compared to July 2016 Revision**  
(Dollars in Millions)

| Revenue Source                                | FY 2017<br>Jan. 2016<br>Adjustment* | Revisions due<br>to Law<br>Changes** | Baseline<br>Revisions | FY 2017<br>July 2016<br>Revision | \$ Change      | % Change     |
|---|-------------------------------------|--------------------------------------|-----------------------|----------------------------------|----------------|--------------|
| <b><u>Tax Revenue</u></b>                     |                                     |                                      |                       |                                  |                |              |
| Non-Auto Sales & Use                          | 9,476.9                             | (32.8)                               | (36.5)                | 9,407.6                          | (69.3)         | -0.7%        |
| Auto Sales & Use                              | 1,387.0                             |                                      | 13.0                  | 1,400.0                          | 13.0           | 0.9%         |
| <b>Subtotal Sales &amp; Use</b>               | <b>10,863.9</b>                     | <b>(32.8)</b>                        | <b>(23.5)</b>         | <b>10,807.6</b>                  | <b>(56.3)</b>  | <b>-0.5%</b> |
| Personal Income                               | 8,483.0                             |                                      | (223.0)               | 8,260.0                          | (223.0)        | -2.6%        |
| Financial Institutions Tax                    | 195.9                               |                                      | 27.1                  | 223.0                            | 27.1           | 13.8%        |
| Commercial Activity Tax                       | 1,332.4                             | (10.5)                               | (34.9)                | 1,287.0                          | (45.4)         | -3.4%        |
| Petroleum Activity Tax                        | 5.2                                 |                                      | 0.8                   | 6.0                              | 0.8            | 15.4%        |
| Public Utility                                | 105.4                               |                                      | (1.9)                 | 103.5                            | (1.9)          | -1.8%        |
| Kilowatt Hour                                 | 340.6                               |                                      | (8.4)                 | 332.2                            | (8.4)          | -2.5%        |
| Natural Gas Distribution                      | 68.0                                |                                      | (2.0)                 | 66.0                             | (2.0)          | -2.9%        |
| Foreign Insurance                             | 310.0                               |                                      | (8.5)                 | 301.5                            | (8.5)          | -2.7%        |
| Domestic Insurance                            | 288.0                               |                                      | (10.0)                | 278.0                            | (10.0)         | -3.5%        |
| Other Business & Property                     | -                                   |                                      |                       | -                                | -              |              |
| Cigarette and Other Tobacco                   | 924.4                               |                                      | 45.6                  | 970.0                            | 45.6           | 4.9%         |
| Alcoholic Beverage                            | 55.0                                |                                      |                       | 55.0                             | -              | 0.0%         |
| Liquor Gallonage                              | 45.0                                |                                      |                       | 45.0                             | -              | 0.0%         |
| <b>Total of Tax Revenue</b>                   | <b>23,016.8</b>                     | <b>(43.3)</b>                        | <b>(238.7)</b>        | <b>22,734.8</b>                  | <b>(282.0)</b> | <b>-1.2%</b> |
| <b><u>Non-Tax Revenue</u></b>                 |                                     |                                      |                       |                                  |                |              |
| Earnings on Investments                       | 30.0                                |                                      | 5.0                   | 35.0                             | 5.0            | 16.7%        |
| Licenses and Fees                             | 57.0                                |                                      |                       | 57.0                             | -              | 0.0%         |
| Other Income                                  | 30.6                                |                                      | 21.7                  | 52.3                             | 21.7           | 70.9%        |
| Interagency Transfers (ISTVs)                 | 9.7                                 |                                      | 8.8                   | 18.5                             | 8.8            | 90.7%        |
| <b>Total of Non-Tax Revenue</b>               | <b>127.3</b>                        | <b>-</b>                             | <b>35.5</b>           | <b>162.8</b>                     | <b>35.5</b>    | <b>27.9%</b> |
| <b><u>Transfers</u></b>                       |                                     |                                      |                       |                                  |                |              |
| Budget Stabilization                          | -                                   |                                      |                       | -                                | -              |              |
| Transfers In - Other                          | 331.4                               |                                      | (22.3)                | 309.1                            | (22.3)         | -6.7%        |
| Temporary Transfers In                        | -                                   |                                      |                       | -                                | -              |              |
| <b>Total Transfers</b>                        | <b>331.4</b>                        | <b>-</b>                             | <b>(22.3)</b>         | <b>309.1</b>                     | <b>(22.3)</b>  | <b>-6.7%</b> |
| <b>Total Sources Excluding Federal Grants</b> | <b>23,475.5</b>                     | <b>(43.3)</b>                        | <b>(225.5)</b>        | <b>23,206.7</b>                  | <b>(268.8)</b> | <b>-1.1%</b> |

\*The January 2016 adjustment reflected the impact on revenues from passage of S.B. 208 and H.B. 340.

\*\*Revisions due to calendar year 2016 law changes including S.B. 172, S.B. 264, H.B. 466, and H.B. 390.