

Ohio's Bond Rating and Outlook at Highest Level in 42 Years

OBM Announces Robust Monthly Preliminary Revenue Data

(COLUMBUS, Ohio) – Office of Budget and Management (OBM) Director Kimberly Murnieks announced today that Fitch Ratings, citing the state's superior financial resilience, affirmed the state's Issuer Default Rating (IDR) at "AA+" and elevated the state's outlook to Positive from Stable. The "AA+" rated (Positive) outlook indicates the state's low default risk and is one notch below Fitch's highest credit quality rating of "AAA."

"Fitch's decision to upgrade Ohio's bond rating outlook to Positive is proof that the state of Ohio's financial management is solid and our economy is surging forward. We took the hard and necessary steps to do what is right for Ohioans, and for our communities. And we are seeing results. Ohio is the first, and so far the only, 'AA+' rated state to have its outlook elevated to Positive by one of the three major ratings agencies since the pandemic began," said Ohio Governor Mike DeWine. "Ohio is the best state to grow your career, to expand your business or to start a new one, and to raise a family."

"An improved bond rating outlook is a message that Ohio is managed well, it is a great place to invest and has a bright future," said Ohio Lt. Governor Jon Husted. "It's just another piece of evidence that Ohio and the Ohio economy are strong as we emerge from the pandemic and prepare for the future."

"This rating outlook change is strong third-party validation of Ohio's robust financial position and of Governor Mike DeWine's proactive management of the state's finances and economy throughout the turbulent global conditions caused by the pandemic. The decisive actions taken by Governor DeWine starting in February of 2020 to protect Ohioans and control state government spending, prioritizing saving lives to save our economy, worked," said OBM Director Murnieks.

The Fitch report states, "Outlook revision to Positive from Stable reflects Ohio's sustained trend of balanced finances and growth in reserves that strengthens the state's financial resilience as it confronts cyclical economic and revenue trends." The report further cites Ohio's "superior financial resilience that allowed it to absorb the immediate budgetary effects of the economic downturn."

The rating action is Fitch's first change in 11 years when Ohio's IDR was upgraded from "AA" to "AA+" in 2010. This action represents the highest rating level for Ohio's IDR by any of the three main rating agencies since 1979.

In connection with the IDR update, Fitch also rated an upcoming issuance of \$56.5 million State of Ohio (Treasurer of State) Series 2021A Capital Facilities Lease-Appropriation Bonds (Cultural and Sports Facilities Building Fund Projects) as "AA" Positive outlook and affirmed the ratings and revised outlooks to Positive on Ohio's "AA+" General Obligation bond rating, "AA" on outstanding appropriation-backed bonds, the "AA" Ohio School District Credit Enhancement

Program Rating, and the “A+” PPP Grantor Counterparty rating assigned to the Ohio Department of Transportation's Portsmouth Bypass project payment obligations.

The Fitch report citing Ohio's superior financial resilience is [available here](#).

Additionally, today OBM released the state's July 2021 preliminary revenue data, which continue to illustrate the state's positive economic momentum. Total General Revenue Fund tax receipts finished the month \$24.7 million (1.3%) above the budgeted estimate.

- Non-Auto Sales Tax collections were \$29.0 million (-3.0%) below the monthly estimate.
- Auto Sales Tax collections were \$4.1 million (2.4%) above estimate in July, the fourteenth straight month in which that revenue category has exceeded estimate.
- Personal Income Tax collections were \$14.0 million (2.2%) above estimate for the month.
- The Commercial Activity Tax performed above the estimate by \$19.6 million (29.7%).

"As we begin this new fiscal biennium, the state of Ohio's financial position is strong. To ensure our economic resurgence, we must continue Covid mitigation measures while protecting more Ohioans through vaccination. A healthy workforce builds the foundation for a vibrant economy," said OBM Director Kimberly Murnieks.

A more detailed explanation of this data will be included in the Monthly Financial Report, which will be posted on the OBM website on Tuesday, August 10. OBM Director Kimberly Murnieks can be reached for comment today. Please call Pete LuPiba at 614-949-8584.

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FOR IMMEDIATE RELEASE
OBM Communications Contact:
Pete LuPiba, 614-949-8584
Pete.LuPiba@obm.ohio.gov

Friday, August 06, 2021

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2022 VS ESTIMATE FY 2022
(\$ in thousands)

REVENUE SOURCE	MONTH			
	ACTUAL JULY	ESTIMATE JULY	\$ VAR	% VAR
TAX RECEIPTS				
Non-Auto Sales & Use	947,478	976,500	(29,022)	-3.0%
Auto Sales & Use	179,013	174,900	4,113	2.4%
SUBTOTAL SALES & USE	1,126,490	1,151,400	(24,910)	-2.2%
Personal Income	665,634	651,600	14,034	2.2%
Corporate Franchise	36	0	36	N/A
Financial Institutions Tax	(441)	700	(1,141)	-163.1%
Commercial Activity Tax	85,733	66,100	19,633	29.7%
Petroleum Activity Tax	0	0	0	N/A
Public Utility	265	200	65	32.7%
Kilowatt Hour	20,898	21,700	(802)	-3.7%
Natural Gas Distribution	1,846	800	1,046	130.8%
Foreign Insurance	5	300	(295)	-98.3%
Domestic Insurance	1,712	0	1,712	N/A
Other Business & Property	0	0	0	N/A
Cigarette and Other Tobacco	29,369	17,600	11,769	66.9%
Alcoholic Beverage	9,781	6,400	3,381	52.8%
Liquor Gallonage	4,944	4,800	144	3.0%
Estate	0	0	0	N/A
TOTAL TAX RECEIPTS	1,946,274	1,921,600	24,674	1.3%
NON-TAX RECEIPTS				
Federal Grants	1,596,068	1,596,068	0	0.0%
Earnings on Investments	0	0	0	N/A
License & Fees	784	1,548	(764)	-49.4%
Other Income	18,384	12,094	6,290	52.0%
ISTV'S	76	0	76	N/A
Total Non-Tax Receipts	1,615,312	1,609,710	5,602	0.3%
TOTAL REVENUES	3,561,585	3,531,310	30,275	0.9%
TRANSFERS				
Budget Stabilization	0	0	0	N/A
Transfers In - Other	4,948	0	4,948	N/A
Temporary Transfers In	0	0	0	N/A
Total Transfers	4,948	0	4,948	N/A
TOTAL SOURCES	3,566,533	3,531,310	35,223	1.0%

REVENUE SOURCE	YEAR-TO-DATE			
	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
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Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2022 VS ACTUAL FY 2021
(\$ in thousands)

REVENUE SOURCE	MONTH			
	JULY FY 2021	JULY FY 2020	\$ VAR	% VAR
TAX RECEIPTS				
Non-Auto Sales & Use	947,478	949,191	(1,713)	-0.2%
Auto Sales & Use	179,013	182,578	(3,565)	-2.0%
SUBTOTAL SALES & USE	1,126,490	1,131,769	(5,279)	-0.5%
Personal Income	665,634	1,179,960	(514,326)	-43.6%
Corporate Franchise	36	168	(132)	-78.6%
Financial Institutions Tax	(441)	2,004	(2,446)	-122.0%
Commercial Activity Tax	85,733	53,994	31,739	58.8%
Petroleum Activity Tax	0	0	0	N/A
Public Utility	265	256	10	3.8%
Kilowatt Hour	20,898	22,850	(1,952)	-8.5%
Natural Gas Distribution	1,846	38	1,809	4806.6%
Foreign Insurance	5	37	(32)	-86.4%
Domestic Insurance	1,712	379	1,333	351.9%
Other Business & Property	0	15	(15)	N/A
Cigarette and Other Tobacco	29,369	25,610	3,760	14.7%
Alcoholic Beverage	9,781	6,633	3,148	47.5%
Liquor Gallonage	4,944	4,876	68	1.4%
Estate	0	0	0	N/A
TOTAL TAX RECEIPTS	1,946,274	2,428,590	(482,316)	-19.9%
NON-TAX RECEIPTS				
Federal Grants	1,596,068	1,557,186	38,882	2.5%
Earnings on Investments	0	0	0	N/A
License & Fees	784	3,636	(2,852)	-78.4%
Other Income	18,384	7,198	11,185	155.4%
ISTV'S	76	6	70	1199.0%
Total Non-Tax Receipts	1,615,312	1,568,026	47,285	3.0%
TOTAL REVENUES	3,561,585	3,996,616	(435,031)	-10.9%
TRANSFERS				
Budget Stabilization	0	0	0	N/A
Transfers In - Other	4,948	75,832	(70,884)	-93.5%
Temporary Transfers In	0	0	0	N/A
Total Transfers	4,948	75,832	(70,884)	-93.5%
TOTAL SOURCES	3,566,533	4,072,448	(505,915)	-12.4%

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