
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 January 2005, 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, as of January 2005, there were 145 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

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 examples of these funds. These three funds distribute 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 and described below.

The Local Government Fund (Fund 069) took form when the state sales tax was established in 1935. Under 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

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permanent law, the fund would receive 5.7 percent of the Personal Income Tax. These moneys are distributed by the 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 the fiscal years 2002-2005, the monthly contribution to each of these three local government funds 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 reduce the distributions to these funds, effective January 2006, relative to their capped levels in fiscal year 2005. The distributions to the Local Government Fund and the Local Government Revenue Assistance Fund are proposed to be reduced 20 percent for counties and cities, and 10 percent for villages and townships. The distribution to the Library and Local Government Support Fund is proposed to be reduced by 5 percent. The projected distributions to these funds after these adjustments are presented in the following Item Summary table.

Funds 051, 060, and 068 distribute moneys every year 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

- 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

(In thousands)	ACTUAL			ESTIMATE	%	RECOMMENDED			
	FY 2002	FY 2003	FY 2004			FY 2005	FY 04-05	FY 2006	CHANGE
Revenue Distribution Fund Group	2,192,261	2,200,942	2,173,830	2,353,997	8.3	2,317,802	(1.5)	2,393,366	3.3
Agency Fund Group	1,764,518	1,683,972	1,690,697	1,816,191	7.4	1,901,129	4.7	1,991,045	4.7
Holding Acct Redist Fund Group	35,012	36,181	35,965	23,000	(36.0)	6,292	(72.6)	0	(100.0)
Volunteer Firemen's Depndnts Fnd	192	206	266	280	5.3	280	.0	280	.0
TOTAL	3,991,983	3,921,300	3,900,757	4,193,468	7.5	4,225,503	.8	4,384,691	3.8

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(In thousands) OBJECT OF EXPENSE	FY 2002	ACTUAL		ESTIMATE FY 2005	% CHANGE FY 04-05	RECOMMENDED			
		FY 2003	FY 2004			FY 2006	% CHANGE	FY 2007	% CHANGE
Maintenance	185	0	0	0	.0	0	.0	0	.0
Subsidy	2,146,572	2,152,783	2,129,360	2,292,977	7.7	2,261,782	(1.4)	2,337,346	3.3
Transfer & Other	1,845,226	1,768,516	1,771,397	1,900,491	7.3	1,963,721	3.3	2,047,345	4.3
TOTAL	3,991,983	3,921,300	3,900,757	4,193,468	7.5	4,225,503	.8	4,384,691	3.8

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.

What the Budget Buys:

- Allows for the distribution of various taxes, fees, and other revenue sources to the appropriate local entities, state funds, or other states, as appropriate.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
RDF	049	038-900	Indig. Drivers Alcohol Treatment	1,865,000	1,865,000
RDF	050	762-900	Intl Registration Plan Distribution	55,000,000	55,000,000
RDF	051	762-901	Auto Registration Distribution	475,000,000	475,000,000
RDF	054	110-900	Local Government Prop Tax Replace- Utility	90,000,000	90,000,000
RDF	060	110-900	Gasoline Excise Tax Fund	325,000,000	349,000,000
RDF	064	110-900	Local Government Revenue Assistance	83,754,100	77,384,100
RDF	065	110-900	Library/Local Government Support Fund	439,372,980	430,584,650
RDF	066	800-900	Undivided Liquor Permits	13,500,000	13,500,000
RDF	068	110-900	State/Local Government Hwy Distribution	231,076,000	235,542,000
RDF	069	110-900	Local Government Fund	584,454,000	538,710,300
RDF	081	110-900	Local Government Prop Tax Replace-Business	16,200,000	124,200,000
RDF	082	110-900	Horse Racing Tax	130,000	130,000
RDF	083	700-900	Ohio Fairs Fund	2,450,000	2,450,000
AGY	062	110-900	Resort Area Excise Tax	1,000,000	1,075,000
AGY	063	110-900	Permissive Tax Distribution	1627,628,631	1706,969,960
AGY	067	110-900	School District Income Tax	185,000,000	195,000,000
AGY	4P8	001-698	Cash Management Improvement Fund	2,500,000	3,000,000
AGY	608	001-699	Investment Earnings	85,000,000	85,000,000
090	R45	110-617	International Fuel Tax Distribution	6,292,029	0
085	085	800-900	Volunteer Firefighters Depend Fund	280,000	280,000
TOTAL FOR PROGRAM				4,225,502,740	4,384,691,010

LINE ITEM SUMMARY - Revenue Distribution Funds

FUND	ALI	ALI TITLE	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 RECOMMENDED	% CHANGE	FY 2007 RECOMMENDED	% CHANGE
049	038-900	Indig Drivers Alcohol Treatmnt	1,825,745	1,882,542	1,898,355	1,850,000	1,865,000	.8	1,865,000	.0
050	762-900	Intl Registration Plan Distrbn	44,678,665	47,163,980	43,208,147	60,000,000	55,000,000	(8.3)	55,000,000	.0
051	762-901	Auto Registration Distribution	460,156,238	469,132,943	452,733,963	486,875,000	475,000,000	(2.4)	475,000,000	.0
054	110-900	Lcl Govt Prop Tax Replace- Utility	45,303,329	90,581,959	90,646,413	90,000,000	90,000,000	.0	90,000,000	.0
060	110-900	Gasoline Excise Tax Fund	108,943,352	109,898,012	185,043,902	260,000,000	325,000,000	25.0	349,000,000	7.4
064	110-900	Local Govt Revenue Assistance	99,987,727	96,600,840	90,947,173	94,597,479	83,754,100	(11.5)	77,384,100	(7.6)
065	110-900	Library/Local Govt Support Fd	487,864,409	463,026,243	422,002,689	453,510,155	439,372,980	(3.1)	430,584,650	(2.0)
066	800-900	Undivided Liquor Permits	12,716,029	12,728,532	13,245,143	14,000,000	13,500,000	(3.6)	13,500,000	.0
068	110-900	State/Local Govt Hwy Distrbn	218,768,748	221,031,865	224,294,155	227,700,000	231,076,000	1.5	235,542,000	1.9
069	110-900	Local Government Fund	709,120,656	686,171,979	647,287,600	662,184,343	584,454,000	(11.7)	538,710,300	(7.8)
081	110-900	Lcl Govt Prop Tax Replace-Business	0	0	0	0	16,200,000	.0	124,200,000	666.7
082	110-900	Horse Racing Tax	120,553	115,981	125,017	130,000	130,000	.0	130,000	.0
083	700-900	Ohio Fairs Fund	2,775,234	2,606,681	2,397,223	3,150,000	2,450,000	(22.2)	2,450,000	.0
TOTAL Revenue Distribution Fund Group			2192,260,685	2200,941,557	2173,829,780	2353,996,977	2317,802,080	(1.5)	2393,366,050	3.3
062	110-900	Resort Area Excise Tax	666,176	712,705	643,192	1,075,997	1,000,000	(7.1)	1,075,000	7.5
063	110-900	Permissive Tax Distribution	1349,927,422	1401,848,614	1473,079,420	1557,985,293	1627,628,631	4.5	1706,969,960	4.9
067	110-900	School District Income Tax	147,379,328	145,603,318	147,671,566	169,629,719	185,000,000	9.1	195,000,000	5.4
4P8	001-698	Cash Management Improvt Fund	2,636,323	1,256,904	680,706	2,500,000	2,500,000	.0	3,000,000	20.0
608	001-699	Investment Earnings	263,908,274	134,550,529	68,622,253	85,000,000	85,000,000	.0	85,000,000	.0
TOTAL Agency Fund Group			1764,517,523	1683,972,070	1690,697,137	1816,191,009	1901,128,631	4.7	1991,044,960	4.7
R45	110-617	International Fuel Tax Distrbn	35,012,255	36,180,528	35,964,512	23,000,000	6,292,029	(72.6)	0	(100.0)
TOTAL Holdng Acct Redist Fund Group			35,012,255	36,180,528	35,964,512	23,000,000	6,292,029	(72.6)	0	(100.0)
085	800-900	Vol Firefighters Depend Fund	192,270	205,740	265,975	280,000	280,000	.0	280,000	.0
TOTAL Volunteer Firemen's Depndnts Fnd			192,270	205,740	265,975	280,000	280,000	.0	280,000	.0
TOTAL Revenue Distribution Funds			3991,982,733	3921,299,895	3900,757,404	4193,467,986	4225,502,740	.8	4384,691,010	3.8