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**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 7063, 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 2009, 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 7067, 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 6080, 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 7065 and 7069 are historic examples of these funds. These two 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 7069) took form when the state sales tax was established in 1935. Under current law adopted in House Bill 119 of the 127<sup>th</sup> General Assembly the fund receives 3.68 percent of total GRF tax receipts. 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 Public Library Fund (Fund 7065) was enacted by House Bill 291 of the 115<sup>th</sup> General Assembly to replace the locally collected intangible property tax, which was repealed in calendar year 1986. Under current law, the fund receives 2.22 percent of total GRF tax receipts. 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.

The Local Government Property Tax Replacement Fund (Fund 7054) was created by Amended Substitute Senate Bill 3 of the 123<sup>rd</sup> General Assembly. The fund receives 11.6 percent of the Kilowatt Hour Tax and 31.3 percent of

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**Revenue Distribution Funds**

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 7081) was created per Amended Substitute House Bill 66 of the 126<sup>th</sup> General Assembly. In fiscal years 2010-2011, 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 7051, 7060, and 7068 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 7051) collects revenues from the motor vehicle license tax. Both the Gasoline Excise Tax Fund (Fund 7060) and the State/Local Government Highway Distribution Fund (Fund 7068) 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**

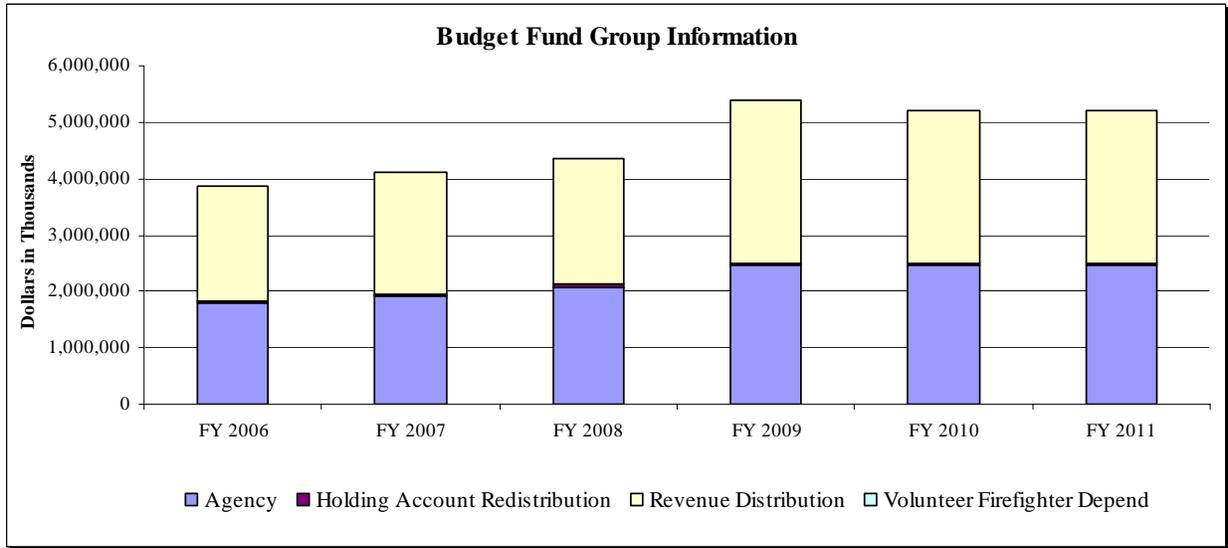
The fund collects premiums from each political subdivision or fire district that maintains a volunteer fire department. The revenues are used to pay benefits to disabled firefighters, the firefighter's surviving spouse, and dependent children.

**Executive Priorities for the Revenue Distribution Funds**

- 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.

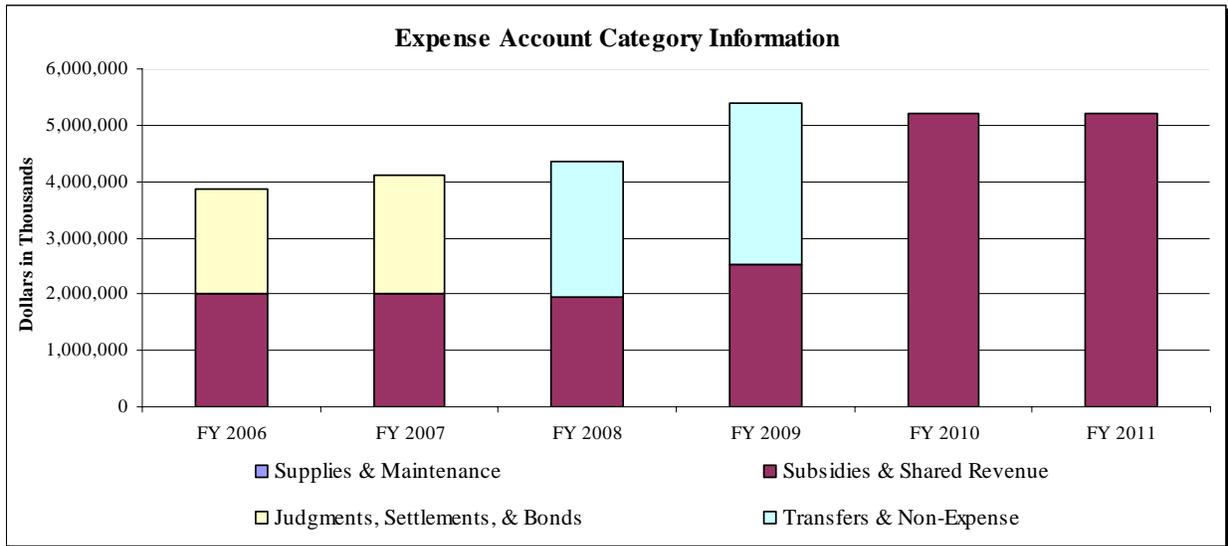
Revenue Distribution Funds

Summary of Budget History and Recommendations



(In Thousands) BUDGET FUND GROUP	ACTUAL			EST.	%	RECOMMENDED			
	FY 2006	FY 2007	FY 2008	FY 2009	FY 08-09	FY 2010	CHANGE	FY 2011	CHANGE
Agency	1,791,060	1,924,516	2,063,171	2,453,100	18.9	2,453,100	0.0	2,453,100	0.0
Holding Account Redistribution	44,953	38,544	60,599	50,000	-17.5	50,000	0.0	50,000	0.0
Revenue Distribution	2,037,648	2,158,773	2,221,917	2,885,712	29.9	2,711,012	-6.1	2,714,612	0.1
Volunteer Firefighter Depend	256	240	236	300	27.2	300	0.0	300	0.0
<b>TOTAL</b>	<b>3,873,917</b>	<b>4,122,073</b>	<b>4,345,923</b>	<b>5,389,112</b>	<b>24.0</b>	<b>5,214,412</b>	<b>-3.2</b>	<b>5,218,012</b>	<b>0.1</b>

Revenue Distribution Funds



- Due to changes in the method of coding transactions in the state accounting system, the Transfers & Non-Expense category expenditures have been aggregated and reported as the Judgments, Settlements, & Bonds category in fiscal years 2006 and 2007.

(In Thousands) EXPENSE ACCOUNT CATEGORY	ACTUAL			EST.	% CHANGE	RECOMMENDED			
	FY 2006	FY 2007	FY 2008	FY 2009	FY 08-09	FY 2010	% CHANGE	FY 2011	% CHANGE
Supplies & Maintenance	161	0	0	0	0.0	0	0.0	0	0.0
Subsidies & Shared Revenue	2,017,105	2,004,671	1,958,555	2,519,212	28.6	5,214,412	107.0	5,218,012	0.1
Judgments, Settlements, & Bonds	1,856,651	2,117,402	27	0	-100.0	0	0.0	0	0.0
Transfers & Non-Expense	0	0	2,387,340	2,869,900	20.2	0	-100.0	0	0.0
<b>TOTAL</b>	<b>3,873,917</b>	<b>4,122,073</b>	<b>4,345,923</b>	<b>5,389,112</b>	<b>24.0</b>	<b>5,214,412</b>	<b>-3.2</b>	<b>5,218,012</b>	<b>0.1</b>

**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.

State of Ohio  
Revenue Distribution Funds

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
085	7085	800985	Volunteer Firemen's Dependents Fund	300,000	300,000
090	R045	110617	International Fuel Tax Distribution	50,000,000	50,000,000
AGY	4P80	001698	Cash Management Improvement Fund	3,100,000	3,100,000
AGY	6080	001699	Investment Earnings	250,000,000	250,000,000
AGY	7062	110962	Resort Area Excise Tax	1,000,000	1,000,000
AGY	7063	110963	Permissive Tax Distribution	1,849,000,000	1,849,000,000
AGY	7067	110967	School District Income Tax	350,000,000	350,000,000
RDF	7049	038900	Indigent Drivers Alcohol Treatment	1,832,000	1,832,000
RDF	7051	762901	Auto Registration Distribution	539,000,000	539,000,000
RDF	7054	110954	Local Government Property Tax Replacement	95,125,000	95,125,000
RDF	7060	110960	Gasoline Excise Tax	375,000,000	375,000,000
RDF	7065	110965	Public Library	401,100,000	402,400,000
RDF	7066	800966	Undivided Liquor Permits	13,500,000	13,500,000
RDF	7068	110968	State/local Government Highway Distribution	242,500,000	242,500,000
RDF	7069	110969	Local Government	673,700,000	676,000,000
RDF	7081	110981	Local Government Property Tax Replacement-Bus	366,800,000	366,800,000
RDF	7082	110982	Horse Racing Tax	130,000	130,000
RDF	7083	700900	Ohio Fairs Fund	2,325,000	2,325,000
<b>TOTAL FOR PROGRAM</b>				<b>5,214,412,000</b>	<b>5,218,012,000</b>

## Revenue Distribution Funds

**LINE ITEM SUMMARY - Revenue Distribution Funds**

FUND	ALI	ALI NAME	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 RECOMMENDED	% CHANGE	FY 2011 RECOMMENDED	% CHANGE
7049	038900	Indigent Drivers Alcohol Treatment	1,545,064	1,960,783	1,971,448	1,832,000	1,832,000	0.0	1,832,000	0.0
7051	762901	Auto Registration Distribution	475,303,468	473,297,959	471,069,158	539,000,000	539,000,000	0.0	539,000,000	0.0
7054	110954	Local Government Property Tax Replacement	90,540,118	81,618,501	79,850,911	95,125,000	95,125,000	0.0	95,125,000	0.0
7060	110960	Gasoline Excise Tax	0	0	0	375,000,000	375,000,000	0.0	375,000,000	0.0
7065	110965	Public Library	457,970,324	457,970,324	449,588,702	464,500,000	401,100,000	-13.6	402,400,000	0.3
7066	800966	Undivided Liquor Permits	13,813,621	14,124,049	14,071,868	13,500,000	13,500,000	0.0	13,500,000	0.0
7068	110968	State/Local Government Highway Distribution	205,759,257	203,401,374	199,948,231	242,500,000	242,500,000	0.0	242,500,000	0.0
7069	110964	Local Government Revenue Assistance	94,597,555	94,597,555	42,396,774	0	0	.0	0	.0
7069	110969	Local Government	676,312,187	676,497,674	698,943,378	785,000,000	673,700,000	-14.2	676,000,000	0.3
7081	110981	Local Government Property Tax Replace-Bus	19,623,652	153,210,290	262,488,258	366,800,000	366,800,000	0.0	366,800,000	0.0
7082	110982	Horse Racing Tax	114,143	106,988	105,558	130,000	130,000	0.0	130,000	0.0
7083	700900	Ohio Fairs Fund	2,068,917	1,987,207	1,482,462	2,325,000	2,325,000	0.0	2,325,000	0.0
<b>TOTAL Revenue Distribution</b>			<b>2,037,648,307</b>	<b>2,158,772,704</b>	<b>2,221,916,749</b>	<b>2,885,712,000</b>	<b>2,711,012,000</b>	<b>-6.1</b>	<b>2,714,612,000</b>	<b>0.1</b>
4P80	001698	Cash Management Improvement Fund	0	0	0	3,100,000	3,100,000	0.0	3,100,000	0.0
6080	001699	Investment Earnings	0	0	0	250,000,000	250,000,000	0.0	250,000,000	0.0
7062	110962	Resort Area Excise Tax	633,948	798,662	748,348	1,000,000	1,000,000	0.0	1,000,000	0.0
7063	110963	Permissive Tax Distribution	1,588,009,559	1,682,380,507	1,754,915,170	1,849,000,000	1,849,000,000	0.0	1,849,000,000	0.0
7067	110967	School District Income Tax	202,416,785	241,336,734	307,507,948	350,000,000	350,000,000	0.0	350,000,000	0.0
<b>TOTAL Agency</b>			<b>1,791,060,292</b>	<b>1,924,515,903</b>	<b>2,063,171,467</b>	<b>2,453,100,000</b>	<b>2,453,100,000</b>	<b>0.0</b>	<b>2,453,100,000</b>	<b>0.0</b>
R045	110617	International Fuel Tax Distribution	44,952,537	38,543,611	60,598,630	50,000,000	50,000,000	0.0	50,000,000	0.0
<b>TOTAL Holding Account Redistribution</b>			<b>44,952,537</b>	<b>38,543,611</b>	<b>60,598,630</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>0.0</b>	<b>50,000,000</b>	<b>0.0</b>
7085	800985	Volunteer Firemen's Dependents Fund	256,050	240,475	235,825	300,000	300,000	0.0	300,000	0.0
<b>TOTAL Volunteer Firefighter Depend</b>			<b>256,050</b>	<b>240,475</b>	<b>235,825</b>	<b>300,000</b>	<b>300,000</b>	<b>0.0</b>	<b>300,000</b>	<b>0.0</b>
<b>TOTAL Revenue Distribution Funds</b>			<b>3,873,917,185</b>	<b>4,122,072,693</b>	<b>4,122,072,693</b>	<b>5,389,112,000</b>	<b>5,214,412,000</b>	<b>-3.2</b>	<b>5,218,012,000</b>	<b>0.1</b>