



LIBRARY & LOCAL GOVERNMENT SUPPORT FUND

The 115th General Assembly, in House Bill 291, created the Library and Local Government Support Fund (LLGSF) to replace the locally-collected intangible property tax, which was repealed in calendar year 1986. The LLGSF provides aid from state income tax collections to counties, on a monthly basis, which in turn distribute it to libraries and local governments that were receiving revenue from the intangible property tax. H.B. 291 also created a 12-member Public Library Financing and Support Committee to assist the General Assembly and the Governor in developing an equitable method of distributing the funds among the counties. A distribution formula was incorporated in H.B. 146 and became law on July 12, 1985.

In calendar year 2003, just under \$452.7 million was distributed from the fund. This represented a 1.1 percent decrease over the prior year. Nearly all the money in the LLGSF is distributed to libraries.

H.B. 94, 124th General Assembly, the Fiscal Year 2002-2003 Biennial Budget Bill, temporarily set aside the H.B. 146 distribution formula. Between July 2001 and July 2003, counties received the same amounts they received during the corresponding months of the July 2000 through June 2001 period. However, each county's monthly distribution was reduced by the county's proportion of the amount required to be transferred to the Ohio Public Library Information Network (OPLIN) Technology Fund. Additionally, distributions in July 2002 and July 2003 were reduced as a result of H.B. 405 adjustments.

This freeze was continued in FY 2004 with H.B. 95, 125th General Assembly, the FY 2004—2005 Biennial Budget Bill. During each month of the July 2003—June 2004 period and the July 2004—June 2005 period, the Local Government Fund and Local Government Revenue Assistance Fund receive the same amount they received during the corresponding month of the July 2002 - June 2003 period. However, the June 2004 and June 2005 distributions were reduced by the July 2003 H.B. 405 adjustment (\$25.3 million for LGF and \$3.7 million for LGRAF); but these amounts were added

back to the July 2004 distribution and will be added back to the July 2005 distribution.

Revenue Source (Ohio Revised Code 131.44, 5747.03):

According to permanent law, the LLGSF receives 5.7 percent of the individual income tax collections. However, the LLGSF funding levels were reduced according to uncodified Section 70 of H.B. 94. That section required the transfer of \$6,477,962 from the LLGSF to the OPLIN Technology Fund in FY 2003. In FY 2004, the transfer equals \$5,000,000. (According to a schedule issued by the Office of Budget and Management, the transfers occur in equal monthly installments in both fiscal years.)

Distributions to Counties (R.C. 5747.46):

The distribution formula contained in R.C. 5747.46 consists of two parts: the guaranteed share and the share of the excess.

The guaranteed share is equal to the previous year's fund total plus an inflation factor. This portion of the fund is distributed to counties based on each county's share of the previous year's fund total. When there is an amount in excess of the guaranteed share, it is distributed among counties based on their equalization ratios.

The equalization ratio is determined by the county's most recent percentage of the state's population and the county's percentage share of the previous year's total distribution. Each county's equalization ratio is multiplied by the total amount of the share of the excess to determine each county's portion of that amount. The ratio allows those counties that have had the lowest per capita LLGSF distributions in prior years to see the greatest per capita growth in funding, while assuring that all counties have relative growth.

Monthly Distribution Procedure (R.C. 5747.47, 5747.48):

H.B. 94 temporarily replaced the statutory funding mechanism described above. According to uncodified Section 140 of the bill, during each month of the July 2001—May 2002 period and the July 2002—May 2003 period, the fund received the same amount it received during the corresponding month of the July 2000 through May 2001 period. In addition, during June 2002 and June 2003, the fund received the same amount it received in June 2000, less any H.B. 405 and H.B. 40 adjustments.

H.B. 95, enacted in June 2003 for the FY 2004-2005 biennium, continued this freeze (see **Recent Legislation**). Allocations from the previous month's LLGSF balance to counties are made on or before the tenth of each month. The Department of Taxation determines the total amount available and the allocation to be made to each county. The allocation of the county LLGSF is made by the county treasurer to the county, boards of public library trustees, municipal corporations, and the board of township park commissioners on or before the 15th of each month.

Use of Funds Distributed (R.C. 3375.05, 3375.121, 3375.40, 3375.403, 3375.82, 3375.85, 5705.32):

County budget commissions determine the amounts to be given to all libraries. The amount given to each library is based on its needs for building construction and improvement, operations, maintenance, and other expenses required by the library and its branches. The amount paid to all libraries shall never be a smaller percentage than the average percentage of the county's classified property taxes that were distributed to libraries in 1982,

1983, and 1984. After fixing the amount to be distributed to libraries in the county, the county budget commission shall fix an amount to distribute to municipal corporations in the county. Each municipal corporation shall receive a percentage of the remainder equal to the percent received of classified property taxes originating from such municipality in 1984.

Revenue Entitlements to Counties (R.C. 5747.47):

The Department of Taxation certifies three estimated entitlement figures to counties for each year: one by July 20 of the previous year, one in December of the previous year, and another in June of the distribution year. Each December, the department also certifies the actual amount each county was entitled to receive under the distribution formula during the current calendar year, the amount each county actually received, and the difference between the two. During the first six months of the next year, each county's

distribution will be adjusted for any overpayment or underpayment in the preceding year. Table 1 shows the amounts actually distributed to the counties in 2003, which totaled \$452.7 million.

Recent Legislation:

H.B. 95, 125th General Assembly (effective June 26, 2003).

Section 139:

Continues the freeze on deposits to and distributions from the LLGSF through FY 2004 and FY 2005. The bill dictates that each month during August 2003 through July 2005 each county will receive the same amount it received during August 2002 through July 2003. June 2004 and June 2005 distributions are reduced by the July 2003 H.B. 405 adjustment (\$31.4 million). However, this amount was added back to the July 2004 distribution and will be added back to the July 2005 distribution. Monthly distributions were also reduced in August 2003 through July 2004 by transfers to the OPLIN Technology Fund. The monthly transfers totaled \$5.0 million in FY 2004. The July 2004 and July 2005 distributions are

also subject to a reduction if freeze deposits exceed the amount of deposits that would have been made under permanent law.

H.B. 40, 125th General Assembly (effective March 7, 2003).

Section 140:

Provided the administration the authority to reduce the LLGSF, LGF, and LGRAF funds by \$30 million to address budgetary shortfalls for FY 2003.

H.B. 405, 124th General Assembly (effective December 31, 2001), Section 140 and H.B. 390, 124th General Assembly (effective March 4, 2002),

Section 140:

Allowed the General Revenue Fund to be credited in February 2002, June 2002, February 2003, and June 2003 the difference between the base year freeze amounts and the amounts actually deposited in the LLGSF, if the funds had not been frozen. Each recipient's distribution was reduced by a pro rata share of the amount credited to the General Revenue Fund from the LLGSF.

Library & Local Government Support Fund
Calendar Years 1999-2003
(figures in millions)

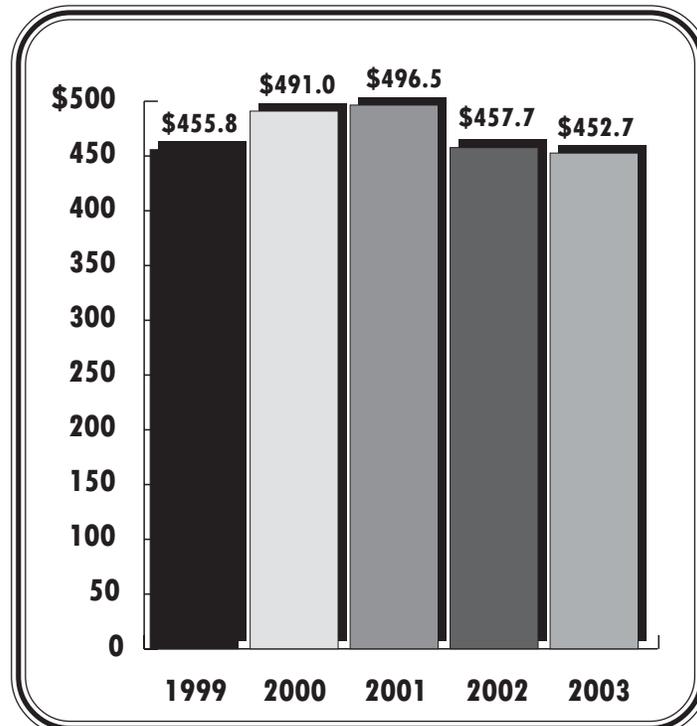


Table 1
Library and Local Government Support Fund, Total Amounts
Distributed to Counties, Calendar Years 1986-2003

Calendar Year	Guaranteed Share	Equalization Share	Total Distribution	Percent Change in Total Distribution
1986	\$167,535,449	\$10,693,752	\$178,229,201	—
1987	181,080,868	26,292,922	207,373,790	16.4%
1988	215,253,994	3,009,660	218,263,654	5.3
1989	226,775,936	24,554,945	251,330,881	15.2
1990	262,655,557	0	262,655,557	4.5
1991	268,793,142	0	268,793,142	2.3
1992 ^(a)	268,793,142	0	268,793,142	0.0
1993 ^(b)	276,856,936	7,843,064	284,700,000	5.9
1994	293,810,400	3,172,181	296,982,901	4.3
1995	303,813,180	15,019,721	318,832,901	7.4
1996	329,035,554	13,564,940	342,600,494	7.5
1997	352,535,908	23,461,438	375,997,346	9.7
1998	384,269,286	40,394,095	424,663,381	12.9
1999	431,882,659	23,881,967	455,764,626	7.3
2000	465,355,682	25,664,582	491,000,264	7.7
2001 ^(c)	—	—	496,458,342	1.1
2002 ^(d)	—	—	457,671,290	-7.8
2003 ^(e)	—	—	452,648,009	-1.1

(a) Distributions during calendar year 1992 were capped at the 1991 dollar level.
(b) Total calendar year 1993 distributions were guaranteed to equal at least \$284.7 million.
(c) Distributions during calendar year 2001 were “frozen” in July 2001 at the amount received during July 2000 – December 2000. These amounts also reflect the OPLIN adjustments made.
(d) Distributions during calendar year 2002 were “frozen” based upon distribution amounts from July 2000- June 2001. These amounts reflect OPLIN and H.B. 405 adjustments made.
(e) Distributions during calendar year 2003 were “frozen” based upon distribution amounts from July 2000- June 2001. These amounts reflect OPLIN and H. B. 405 adjustments made.



Table 2
Library and Local Government Support Fund — Amounts Distributed to
Counties*, Calendar Year 2003

County	Amount	County	Amount
ADAMS	\$985,818	LOGAN	\$1,616,092
ALLEN	4,154,735	LORAIN	10,204,772
ASHLAND	1,908,968	LUCAS	18,442,466
ASHTABULA	3,735,205	MADISON	1,431,421
ATHENS	2,183,193	MAHONING	10,041,254
AUGLAIZE	1,753,655	MARION	2,417,824
BELMONT	2,672,004	MEDINA	4,916,040
BROWN	1,382,682	MEIGS	863,828
BUTLER	11,428,691	MERCER	1,508,909
CARROLL	1,024,567	MIAMI	3,704,297
CHAMPAIGN	1,339,234	MONROE	561,613
CLARK	5,439,207	MONTGOMERY	23,675,650
CLERMONT	5,920,883	MORGAN	523,298
CLINTON	1,437,076	MORROW	1,074,673
COLUMBIANA	4,078,219	MUSKINGUM	3,111,318
COSHOCTON	1,366,487	NOBLE	454,525
CRAWFORD	1,806,748	OTTAWA	1,548,240
CUYAHOGA	64,481,465	PAULDING	743,760
DARKE	2,005,958	PERRY	1,202,556
DEFIANCE	1,472,112	PICKAWAY	1,832,999
DELAWARE	2,959,115	PIKE	957,334
ERIE	3,136,712	PORTAGE	5,422,861
FAIRFIELD	4,224,574	PREBLE	1,512,913
FAYETTE	1,037,716	PUTNAM	1,262,624
FRANKLIN	40,987,625	RICHLAND	4,969,059
FULTON	1,525,775	ROSS	2,647,385
GALLIA	1,172,377	SANDUSKY	2,321,697
GEAUGA	3,830,721	SCIOTO	2,965,256
GREENE	5,311,820	SENECA	2,283,339
GUERNSEY	1,468,332	SHELBY	1,760,503
HAMILTON	47,749,554	STARK	14,756,248
HANCOCK	2,958,011	SUMMIT	21,215,959
HARDIN	1,146,818	TRUMBULL	8,573,612
HARRISON	679,027	TUSCARAWAS	3,220,578
HENRY	1,073,893	UNION	1,328,470
HIGHLAND	1,396,474	VAN WERT	1,129,265
HOCKING	991,368	VINTON	428,913
HOLMES	1,277,768	WARREN	4,729,665
HURON	2,176,959	WASHINGTON	2,341,999
JACKSON	1,181,725	WAYNE	4,163,570
JEFFERSON	2,923,109	WILLIAMS	1,449,687
KNOX	1,871,674	WOOD	4,902,045
LAKE	8,655,005	WYANDOT	843,491
LAWRENCE	2,310,558		
LICKING	4,962,384	TOTAL	\$452,648,009

* Amounts shown are the actual distributions made to counties in CY 2003, including any statutory adjustments.