

# Library & Local Government Support Fund

In 1985, the 115<sup>th</sup> General Assembly enacted House Bill 291, that 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Library and Local Government Support Fund (LLGSF) to replace the locally-collected intangible property tax, which was repealed in calendar year 1986.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 2004, approximately \$455.5 million was distributed from the fund, a 0.6% increase over the prior year.

H.B. 94, 124<sup>th</sup> General Assembly, the Fiscal Year 2002-2003 biennium 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, 125<sup>th</sup> General Assembly, the FY 2004-2005 biennium 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 received the same amount they received during the corresponding month of the July 2002 - June 2003 period. However, the May 2004 and May 2005 deposits were reduced by the June 2003 H.B. 405 adjustment of \$31.4 million, but this amount was added back to the June 2004 and June 2005 deposits.

H.B. 66 of the 126<sup>th</sup> General Assembly basically extended the temporary freeze set in H.B. 95. Each month, during the July 2005 - June 2006 period, the LLGSF will receive the same amount it received in such month during the July 2004 - June 2005 period. In addition, during the period of July 2006 - June 2007, the LLGSF will receive the same amounts it received in such month during the July 2005 - June 2006 period.

## 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, H.B. 66, 126<sup>th</sup> General Assembly, temporarily freezes the fund. Specific dollar amounts are transferred from the income tax to the fund each month during the FY 2006 and FY 2007 period.

## 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):

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, public library trustees, municipal corporations, and the boards of township and park commissioners on or before the 15<sup>th</sup> 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 (composed of a county commissioner, the county auditor, and the county treasurer) 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<sup>th</sup> 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. However, during the periods in which the freeze is in effect, the statutory entitlement and adjustment formulas, as well as the certifications reflecting those formulas, have been temporarily suspended. Table 1 shows the amounts actually distributed to the counties in 2004, which totaled \$455.5 million.

2005 through June 2006 are to equal the deposits into the fund made during the period of July 2004 through June 2005. In addition, amounts deposited into the fund during the period of July 2006 through June 2007 are to equal the deposits made during the July 2005 through June 2006 period.

The bill also provides for a "reconciliation" mechanism. In June of 2006 and June of 2007, the Tax Commissioner is to compare the amounts distributed to the fund under the H.B. 66 freeze in the respective fiscal years and compare them to the amounts that would have been distributed under permanent law. If the amounts distributed under the H.B. 66 freeze exceed the amounts that would have been distributed under permanent law, then an amount shall be subtracted from the income tax revenue credited to the LLGSF to make up that difference.

## Recent Legislation

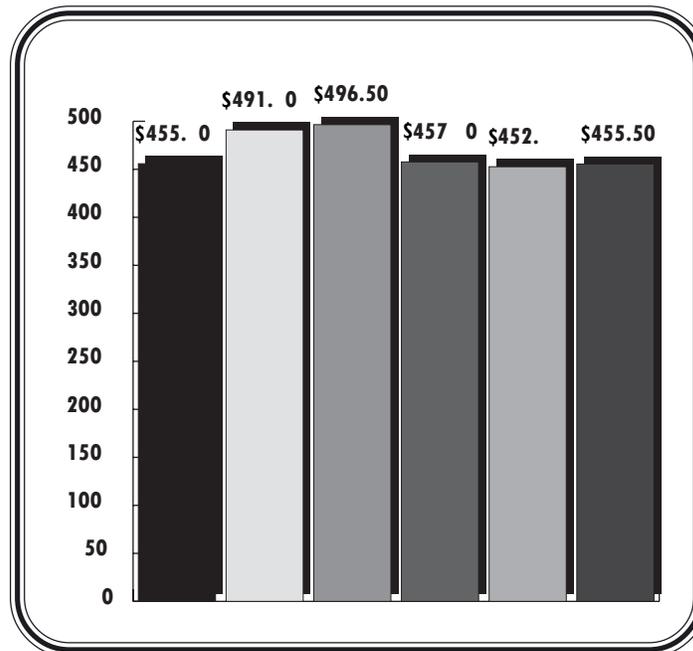
**H.B. 66, 126<sup>th</sup> General Assembly (FY 2006-2007 biennium budget bill, effective June 30, 2005).**

**Section 557.12:**

The bill continued the freeze on deposits and distributions from the LLGSF through FY 2006 and FY 2007. Amounts deposited into the fund from July

## Library & Local Government Support Fund Calendar Years 1999 - 2004

(figures in millions)



**Table 1**  
**Library and Local Government Support Fund, Total Amounts**  
**Distributed to Counties, Calendar Years 1986 - 2004**

<b>Calendar Year</b>	<b>Guaranteed Share</b>	<b>Equalization Share</b>	<b>Total Distribution</b>	<b>Percent Change in Total Distribution</b>
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	—	262,655,557	4.5
1991	268,793,142	—	268,793,142	2.3
1992(a)	268,793,142	—	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
2004 (f)	—	—	455,470,323	0.6

(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) Beginning in July 2001, distributions were “frozen” at the amount received during July 2000 - December 2000. Figure shown is after transfers to OPLIN Technology Fund.

(d) Distributions during calendar year 2002 were “frozen” based upon the amounts distributed during July 2000 - June 2001. Figure shown is after monthly transfers to OPLIN Technology Fund after March 2002 and July 2002 reconciliation adjustments pursuant to H.B. 405.

(e) Distributions during calendar year 2003 were “frozen” based upon the amounts distributed during July 2000 - June 2001. Figure shown is after monthly transfers to OPLIN Technology Fund, the July 2003 reconciliation adjustment pursuant to H.B. 405, and the \$ 9.7 million reduction in July 2003 as required by H.B. 40.

(f) Distributions during calendar year 2004 were “frozen” based on the amounts distributed during calendar year 2003. Figure shown is after transfers to OPLIN Technology Fund.

Table 2  
Library and Local Government Support Fund - Amounts  
Distributed by County\*, Calendar Year 2004

County	Amount	County	Amount
ADAMS	\$991,996	LOGAN	\$1,626,213
ALLEN	4,180,661	LORAIN	10,268,601
ASHLAND	1,920,903	LUCAS	18,557,361
ASHTABULA	3,758,568	MADISON	1,440,392
ATHENS	2,196,857	MAHONING	10,103,888
AUGLAIZE	1,764,613	MARION	2,432,930
BELMONT	2,688,679	MEDINA	4,946,858
BROWN	1,391,352	MEIGS	869,232
BUTLER	11,500,298	MERCER	1,518,343
CARROLL	1,030,982	MIAMI	3,727,432
CHAMPAIGN	1,347,620	MONROE	565,124
CLARK	5,473,188	MONTGOMERY	23,823,028
CLERMONT	5,958,023	MORGAN	526,571
CLINTON	1,446,066	MORROW	1,081,409
COLUMBIANA	4,103,717	MUSKINGUM	3,130,766
COSHOCTON	1,375,020	NOBLE	457,365
CRAWFORD	1,818,028	OTTAWA	1,557,909
CUYAHOGA	64,882,008	PAULDING	748,409
DARKE	2,018,495	PERRY	1,210,087
DEFIANCE	1,481,313	PICKAWAY	1,844,490
DELAWARE	2,977,713	PIKE	963,333
ERIE	3,156,267	PORTAGE	5,456,790
FAIRFIELD	4,251,059	PREBLE	1,522,387
FAYETTE	1,044,205	PUTNAM	1,270,524
FRANKLIN	41,243,139	RICHLAND	5,000,061
FULTON	1,535,316	ROSS	2,663,963
GALLIA	1,179,719	SANDUSKY	2,336,204
GEAUGA	3,854,557	SCIOTO	2,983,790
GREENE	5,345,041	SENECA	2,297,597
GUERNSEY	1,477,519	SHELBY	1,771,505
HAMILTON	48,045,267	STARK	14,848,277
HANCOCK	2,976,419	SUMMIT	21,348,284
HARDIN	1,153,991	TRUMBULL	8,627,144
HARRISON	683,254	TUSCARAWAS	3,240,718
HENRY	1,080,612	UNION	1,336,803
HIGHLAND	1,405,223	VAN WERT	1,136,320
HOCKING	997,583	VINTON	431,599
HOLMES	1,285,782	WARREN	4,759,383
HURON	2,190,577	WASHINGTON	2,356,637
JACKSON	1,189,116	WAYNE	4,189,572
JEFFERSON	2,941,344	WILLIAMS	1,458,738
KNOX	1,883,394	WOOD	4,932,585
LAKE	8,709,018	WYANDOT	848,762
LAWRENCE	2,325,015		
LICKING	4,993,421	<b>TOTAL</b>	<b>\$455,470,323</b>

\* Amounts shown are the actual distributions made to counties in CY 2004, including any statutory adjustments.