



Updated Information on CY 2009 and CY 2010 Local Fund Distributions

July 23, 2009

Because of law changes in the recently-enacted fiscal year 2010 and 2011 state operating budget (Am. Sub. H.B. 1, 128th General Assembly), the Ohio Department of Taxation (ODT) is issuing updated estimates of the calendar year 2009 distributions from the state Public Library Fund and state Local Government Fund. In addition, the initial calendar year 2010 estimates for those two funds are being issued. This document provides summary information pertaining to the new estimates for both years.

These new calendar year 2009 and 2010 estimates are available at the following web site:
<http://tax.ohio.gov/channels/government/OhioDepartmentofTaxation.stm>

1. Revised calendar year 2009 PLF distribution estimates

Under permanent law, the PLF is funded by 2.22 percent of state General Revenue Fund tax revenues. However, a temporary reduction in the PLF funding percentage was enacted in the new budget bill: during the August 2009 through June 2011 period, the PLF will receive 1.97 percent of state General Revenue Fund (GRF) tax revenues, which is approximately 11 percent below the permanent 2.22 percent funding percentage.

The newly-revised PLF distribution estimates for CY 2009 consist of two separate components: (1) actual distributions for the January through July 2009 period; and (2) projected distributions for the August through December 2009 period, reflecting the most current GRF tax revenue projections and the reduced (1.97 percent) funding percentage.

ODT estimates that total CY 2009 distributions from the PLF will be \$369.8 million. The CY 2009 PLF distributions are projected to fall by \$80.8 million, or 17.9 percent, from the CY 2008 distribution levels. These amounts are displayed below (in millions of \$). The large majority of this decrease is attributable to a decline in state GRF tax revenues; more specifically, \$64.3 million of the total \$80.8 million estimated decline is due to the downturn in state tax revenue. The remaining \$16.5 million estimated decrease is due to the enacted reduction in the PLF's funding percentage (from 2.22 percent to 1.97 percent) that will affect distributions during the last five months of the calendar year.

Note that each county's undivided public library fund distributions during CY 2009 are estimated to decline by 17.9 percent from CY 2008. There will be no differences among the counties regarding the rate by which their distributions will change. So, for example, if overall PLF distributions in 2009 were to end up being 15 percent below 2008 levels (instead of by 17.9 percent, as we now best predict), each county will experience the same 15 percent decline relative to 2008.

Revised (July 2009) Estimated Total Calendar Year 2009 <u>PLF Distributions</u> \$369.8	Actual Total Calendar Year 2008 <u>PLF Distributions</u> \$450.6	\$ change: Est CY 2009 less <u>actual CY 2008</u> -\$80.8	% change: Est CY 2009 less <u>actual CY 2008</u> -17.9%
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2. Calendar year 2010 PLF distribution estimates

Each July, ODT is required to provide each county auditor an estimate of the amount to be distributed to such county's undivided public library fund during the next calendar year.¹

ODT estimates that CY 2010 distributions from the state PLF will amount to \$336.2 million. This represents a decline of \$33.5 million, or 9.1 percent, from the estimated CY 2009 distribution levels. The amounts are summarized below (shown in millions of \$). Note that each county's distribution is projected to decline by 9.1 percent in 2010 relative to 2009.

The year-over-year decline in overall PLF distributions is mostly attributable to the reduction in the PLF funding percentage (from 2.22 percent to 1.97 percent), which affects all 12 months of distributions during CY 2010 but only affects a portion of CY 2009 (i.e., the last five months of that year). Another, less significant factor explaining the expected decline is that CY 2010 revenues are predicted to be slightly below CY 2009 revenues.

July 2009 Estimate of Total Calendar Year 2010 <u>PLF Distributions</u>	Revised (July 2009) Estimate of Total Calendar Year 2009 <u>PLF Distributions</u>	\$ change: Est CY 2010 less <u>est CY 2009</u>	% change: Est CY 2010 less <u>est CY 2009</u>
\$336.2	\$369.8	-\$33.5	-9.1%

3. Calendar year 2009 and 2010 LGF distribution estimates

Because of updated revenue projections, ODT has revised its CY 2009 estimates of the distributions from the state LGF to the 88 county undivided local government funds. These estimates are slightly under the CY 2009 estimates issued in June 2009. See below for a summary of the revised CY 2009 and actual CY 2008 distribution amounts (in millions).

	Revised (July 2009) Estimates of Total Calendar Year 2009 Distributions to <u>88 County LGFs</u>	Total Actual Calendar Year 2008 Distributions to <u>88 County LGFs</u>	\$ change: Est CY 2009 less <u>est CY 2008</u>	% change: Est CY 2009 less <u>est CY 2008</u>
From state LGF	\$589.1	\$687.8	-\$98.7	-14.4%
Dealers in Intangibles	<u>12.6</u>	<u>11.9</u>	<u>0.7</u>	5.9%
Total distribution	\$601.7	\$699.7	-\$98.0	-14.0%

ODT estimates that CY 2010 distributions to the county undivided local government funds will be \$577.9 million (excluding dealer in intangibles tax distributions). This represents a decline of \$11.2 million, or 1.9 percent, from the estimated CY 2009 distribution levels. The amounts are summarized below (in millions of \$). The decline stems from the expectation of continued weak revenue performance in the first few months of CY 2010.

	July 2009 Estimates of Total Calendar Year 2010 Distributions to <u>88 County LGFs</u>	Revised (July 2009) Estimates of Total Calendar Year 2009 Distributions to <u>88 County LGFs</u>	\$ change: Est CY 2010 less <u>est CY 2009</u>	% change: Est CY 2010 less <u>est CY 2009</u>
From state LGF	\$577.9	\$589.1	-\$11.2	-1.9%
Dealers in Intangibles	<u>12.3</u>	<u>12.6</u>	<u>-0.3</u>	-2.4%
Total distribution	\$590.2	\$601.7	-\$11.5	-1.9%

¹ In addition, updated PLF distributions estimates are to be issued in December preceding the distribution year and in June of the distribution year. Thus, ODT's next set of distribution estimates for CY 2010 will be released in December 2009.