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Updated Information on CY 2009 Local Distributions

June 25, 2009

The Ohio Department of Taxation (ODT) is issuing updated estimates of the calendar year 2009 distributions from the state Local Government Fund (LGF) and the state Public Library Fund (PLF). These estimates are to be available at the following web site:

<http://tax.ohio.gov/channels/government/OhioDepartmentofTaxation.stm>

1. Updated calendar year 2009 distribution estimates

Under state law, ODT is required to issue to each county auditor regularly-updated estimates of the amount to be distributed to the county undivided public library fund from the state PLF. One of these required updates occurs in June of the distribution year (such estimates essentially consist of the distributions that have already occurred in the first sixth months of the distribution year and distributions that are estimated to occur during the last sixth months of the distribution year). Therefore, we shall be issuing revised PLF distribution estimates for CY 2009 in the near future.

In contrast, the law requires only a single estimate of the amount to be distributed to each county undivided local government fund: this estimate is issued in July preceding the distribution year. However, over the last year or so there has been significant erosion in national and state economic conditions, and thus a severe downturn in the state's tax revenues. Even though we updated the CY 2009 LGF estimates in December 2008, the continued revenue erosion warrants the issuance of new LGF estimates.

2. Historic decline in state tax revenues

The decline in state tax revenues during calendar year 2009 has been at a magnitude unprecedented in the state's recent financial history. Although the LGF and PLF distribution estimates that were issued in December 2008 did reflect a forecasted decline in CY 2009 distributions relative to CY 2008, revenue performance in nearly every month so far this year has been well below even those relatively pessimistic forecasts. The economy remains in a recession whose full effect on Ohio revenues (in both scale and duration) is uncertain, but which we continue to monitor, assess and predict as best we can.

State budget officials are currently working on finishing updated revenue forecasts that will be used in conjunction with the upcoming state biennial budget. New CY 2009 LGF and PLF distributions have been developed using newly updated forecasts.

3. Public Library Fund

At the time this document was being prepared, it was unclear whether recently-proposed reductions to the funding levels of the Public Library Fund would be enacted as part of the state budget for the FY 2010-2011 biennium. For this reason, no updated PLF distribution estimates for CY 2009 will be issued before the end of the month. The estimates will be posted at the web address listed at the top of this document.

4. Local Government Fund

The revised LGF estimates for calendar year 2009 are considerably below the calendar year 2008 distribution levels (and also below the several preceding CY 2009 distribution estimates we had produced). More specifically, the revised CY 2009 LGF distributions provided below are about 15 percent less than the actual CY 2008 distributions (amounts below are in millions). See the web link at the top of this document for the county-by-county estimates.

	June 2009 Estimates of Total Calendar Year 2009 Distributions to <u>88 County LGFs</u>	Actual Total Calendar Year 2008 Distributions to <u>88 County LGFs</u>
From state LGF	\$586.5	\$687.8
Dealers in Intangibles	<u>11.6</u>	<u>11.6</u>
Total distribution	\$598.1	\$699.4

5. CY 2010 estimates

Next month, ODT will issue the LGF and PLF distribution estimates for calendar year 2010. The figures will be sent to the county auditors and also posted to this web site.