

# Library and Local Government Support Fund

**T**he General Assembly created the Library and Local Government Support Fund (LLGSF) in 1985 as part of a broader effort to phase out the intangible personal property tax, which was then a key source of revenue for local libraries. The LLGSF was designed to offset the loss of revenue from the intangibles tax by directing a share of state income tax collections to county governments, which in turn distribute the funds to libraries and local governments.

Since 1993, permanent law had called for the LLGSF to receive a fixed 5.7 percent of income tax collections, distributed to counties according to a formula outlined in the Ohio Revised Code. But these provisions were set aside by the 124th, 125th and 126th general assemblies as part of a series of temporary local government fund "freezes." Accordingly, from mid-2001 through mid-2007, LLGSF revenue was distributed to counties based largely on the amount received during the previous year.

The LLGSF was "thawed" and reorganized as part of House Bill 119, the Fiscal Year 2008-09 state operating budget bill enacted in June, 2007. Starting in January, 2008, the LLGSF will receive a fixed 2.22 percent of all General Revenue Fund tax collections, and distributions from the fund to counties will return to the old formula outlined in R.C. 5747.46.

During the 2006 calendar year, counties received \$458 million from the fund, roughly the same amount as during the previous year.

## Revenue Source (Ohio Revised Code 131.44, 5747.03)

From 1993, through mid-2007, permanent law called for the LLGSF to receive a fixed 5.7 percent of income tax collections. But two-year operating budgets enacted by the 124th, 125th and 126th general assemblies included "freezes" that called for specific dollar amounts to be transferred on a monthly basis from income tax collections to the fund.

House Bill 119, the FY 08-09 budget bill, maintained this freeze through December, 2007, then permits a thaw as part of a broader reorganization of local government funds. Starting in January, 2008, the LLGSF will receive a fixed 2.22 percent of all General Revenue Fund tax collections,

## Distributions to Counties (R.C. 5747.46)

The statutory LLGSF distribution formula consists of two parts: the guaranteed share and the share of the excess.

**Guaranteed share** – The guaranteed share is equal to the previous year's fund total plus an inflation factor. This por-

tion of the fund is distributed to counties based on each county's share of the previous year's fund total.

**Share of the excess** – When there is an amount in the LLGSF in excess of the sum of guaranteed shares for all counties, 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 excess to determine each county's share of the excess. 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.

### LLGSF freeze:

The statutory distribution formula outlined above was set aside by the 124th, 125th and 126th general assemblies as part of a series of temporary local government fund "freezes." From mid-2001 through mid-2007, revenue was distributed to counties through the LLGSF based largely on the amount received during the previous year.

House Bill 119, the FY 2008-09 state operating budget bill, reactivates the statutory distribution formula starting in January, 2008.

## 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 townships and 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 (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 intangible property taxes that were distributed to libraries in 1982, 1983, and 1984.

After fixing the amount to be distributed to libraries within the county, the county budget commission shall fix an amount to distribute to municipal corporations in the county. Each municipal corporation shall receive a per-

centage of the remainder equal to the percent received of classified, or intangible, 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 20th 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 2006, which totaled \$458 million.

## Recent Legislation

**H.B. 119, 127th General Assembly (FY 2008-2009 biennium budget bill, effective June 30, 2007).**

**R.C. 131.51, 5747.03, 5747.46-5747.48, 5747.50-5747.53 and bill sections 757.03, 757.04, 815.09** – The bill maintained the freeze on the LLGSF through calendar year

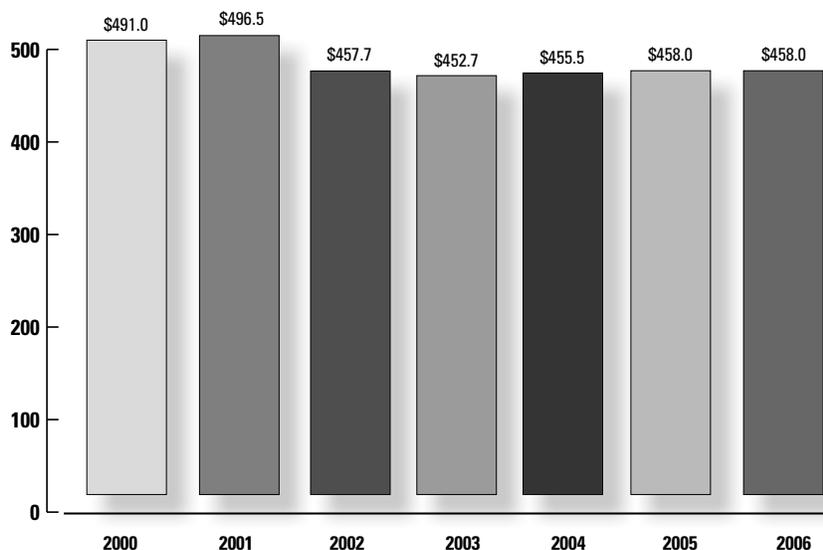
2007. Beginning January 2008, the LLGSF reverts back to "pre-freeze" distribution mechanisms. In addition, the fund will receive 2.22 percent of all General Revenue Fund tax sources. In order to transition to the "pre-freeze" distribution mechanism, the total entitlement for the 2008 distribution year shall equal the amount that was actually distributed in calendar year 2007.

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

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 2005 through June 2006 were 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 provided for a "reconciliation" mechanism. In June of 2006 and June of 2007, the Tax Commissioner was 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.

**Chart**  
**Library & Local Government Support Fund**  
**Calendar Years 2000-2006**  
 (figures in millions)



**Table 1**  
**Library and Local Government Support**  
**Fund - Total Amounts Distributed to Counties:**  
**Calendar Years 1986 - 2006**

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	—	262,655,557	4.5
1991	268,793,142	—	268,793,142	2.3
1992 <sup>1</sup>	268,793,142	—	268,793,142	0.0
1993 <sup>2</sup>	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 <sup>3</sup>	—	—	496,458,342	1.1
2002 <sup>4</sup>	—	—	457,671,290	-7.8
2003 <sup>5</sup>	—	—	452,648,009	-1.1
2004 <sup>6</sup>	—	—	455,470,323	0.6
2005 <sup>7</sup>	—	—	457,970,324	0.5
2006 <sup>7</sup>	—	—	457,970,324	—

1 Distributions during calendar year 1992 were capped at the 1991 dollar level.

2 Total calendar year 1993 distributions were guaranteed to equal at least \$284.7 million.

3 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.

4 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 and after March 2002 and July 2002 reconciliation adjustments pursuant to H.B. 405.

5 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.

6 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.

7 Distributions during calendar years 2005 and 2006 were frozen based on amounts distributed during calendar year 2004. Transfers to OPLIN no longer are applied.

**Table 2**  
**Library and Local Government Support Fund - Amounts Distributed**  
**by County:**  
**Calendar Year 2005**

County	Amount	County	Amount	County	Amount
ADAMS	\$997,465	HAMILTON	\$48,307,419	NOBLE	\$459,882
ALLEN	4,203,625	HANCOCK	2,992,729	OTTAWA	1,566,473
ASHLAND	1,931,472	HARDIN	1,160,343	PAULDING	752,525
ASHTABULA	3,779,255	HARRISON	687,000	PERRY	1,216,753
ATHENS	2,208,956	HENRY	1,086,561	PICKAWAY	1,854,662
AUGLAIZE	1,774,316	HIGHLAND	1,412,969	PIKE	968,644
BELMONT	2,703,450	HOCKING	1,003,084	PORTAGE	5,486,832
BROWN	1,399,027	HOLMES	1,292,876	PREBLE	1,530,776
BUTLER	11,563,689	HURON	2,202,634	PUTNAM	1,277,519
CARROLL	1,036,661	JACKSON	1,195,660	RICHLAND	5,027,521
CHAMPAIGN	1,355,045	JEFFERSON	2,957,495	ROSS	2,678,640
CLARK	5,503,281	KNOX	1,893,770	SANDUSKY	2,349,049
CLERMONT	5,990,898	LAKE	8,756,859	SCIOTO	3,000,202
CLINTON	1,454,027	LAWRENCE	2,337,815	SENECA	2,310,224
COLUMBIANA	4,126,295	LICKING	5,020,901	SHELBY	1,781,248
COSHOCTON	1,382,578	LOGAN	1,635,173	STARK	14,929,793
CRAWFORD	1,828,017	LORAIN	10,325,117	SUMMIT	21,465,491
CUYAHOGA	65,236,963	LUCAS	18,659,143	TRUMBULL	8,674,553
DARKE	2,029,596	MADISON	1,448,332	TUSCARAWAS	3,258,552
DEFIANCE	1,489,460	MAHONING	10,159,363	UNION	1,344,179
DELAWARE	2,994,181	MARION	2,446,308	VAN WERT	1,142,568
ERIE	3,173,589	MEDINA	4,974,140	VINTON	433,976
FAIRFIELD	4,274,505	MEIGS	874,017	WARREN	4,785,688
FAYETTE	1,049,951	MERCER	1,526,696	WASHINGTON	2,369,599
FRANKLIN	41,469,480	MIAMI	3,747,921	WAYNE	4,212,601
FULTON	1,543,765	MONROE	568,233	WILLIAMS	1,466,754
GALLIA	1,186,218	MONTGOMERY	23,953,605	WOOD	4,959,641
GEAUGA	3,875,676	MORGAN	529,470	WYANDOT	853,431
GREENE	5,374,459	MORROW	1,087,373		
GUERNSEY	1,485,654	MUSKINGUM	3,147,987	<b>TOTAL</b>	<b>\$457,970,324</b>