



Ohio Legislative Service Commission

Bill Analysis

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H.B. 467

130th General Assembly
(As Introduced)

Reps. Butler and Romanchuk, Terhar, Amstutz, Blair, Boose, Brenner, Grossman, Hood, Perales, Retherford, Roegner, Thompson

BILL SUMMARY

- Permits the chairpersons of the Finance committees of the House of Representatives and the Senate to instruct the Legislative Service Commission (LSC) on the preparation of a main operating appropriations bill independent of the Governor's budget.
- Permits the Speaker or the President to request the Director of LSC to provide certain assistance, including preparing a forecast and analysis of a tax proposal or economic policy initiative, a compilation of benchmarking data, a study of the state's financial outlook, or an independent actuarial review of any proposed bill.
- Permits the Director of LSC to retain certain consultants to assist LSC in preparing any information requested by the Speaker or President under the bill, provided that the Director determines that retaining consultants is cost effective and in the public interest.
- Requires the Director of LSC to prepare a report regarding any consultants retained.
- Requires an instrumentality, officer, or entity to comply with a request by LSC for information required in providing assistance to the General Assembly under the bill.

CONTENT AND OPERATION

Preparation of a main operating budget independent of the Governor

The bill permits the chairperson of the finance committee of the House of Representatives or the Senate to instruct the Legislative Service Commission (LSC) on

the preparation of a main operating appropriations bill independent of the state budget submitted by the Governor.¹

Before the finance chairpersons may instruct LSC to prepare an independent budget, and not later than December 31st of each even-numbered year (or, if in the following year a new governor is inaugurated, January 31st of that inauguration year), the bill requires the Director of the Office of Budget and Management (OBM) to certify to the finance chairpersons and LSC all of the following information that would be used in preparing the Governor's budget:

- The estimated beginning cash balance of the General Revenue Fund (GRF) for the next fiscal year;
- The estimated expenditure levels for all GRF and non-GRF appropriation items for the current fiscal year;
- The estimated baseline nontax revenues to the GRF for the following two fiscal years.²

Assistance provided by the Legislative Service Commission (LSC)

The bill permits the Speaker of the House of Representatives or the President of the Senate to, at any time, request the Director of LSC to provide certain assistance related to fiscal analysis.

Forecast and analysis and compilation of benchmarking data

Specifically, the Speaker and President may request the Director of LSC to arrange for a dynamic forecast and analysis of any tax proposal or other economic policy initiative, or a compilation of benchmarking data that compares Ohio to other states with respect to key business and fiscal metrics. The bill permits the Director to retain tax analysts, economists, and other finance or business professionals on a consulting basis to assist LSC in the completion of the forecast and analysis or the compilation.³

¹ R.C. 101.61.

² R.C. 126.02.

³ R.C. 103.32.



Study of the state's long-range financial outlook

The Speaker and President may also request the Director of LSC to arrange for a study of the state's long-range financial outlook to provide impartial, accurate information to assist the General Assembly in establishing the state's biennial budget. The Director may, in making this arrangement, retain certified public accountants, certified financial analysts, economists, and banking professionals on a consulting basis.⁴ The study must include all of the following:

- A review of the current fiscal position of Ohio, including the state debt and debt service, and the establishment of a method for a long-range financial projection at the state level in order to help maintain the state's financial stability between fiscal years and avoid future budget problems;
- The integration of baseline projections of the budget requirements of the major programs comprising the state's budget with revenue estimates for Ohio based on current law;
- Economic forecasts for Ohio;
- A review of Ohio's demographics;
- The collection of information from state agencies about their financial status and projections for the next four fiscal years.⁵

Long-range financial outlook report

Upon completion of the review and analysis required for the study of the state's long-range financial outlook, the bill requires those conducting the study to issue a long-range financial outlook report. The report must include the following information:

- Projections of Ohio's future financial needs for the next four fiscal years;
- Projections of future resources of the state;
- Actual revenues for the previous three fiscal years and revenue estimates for the next four fiscal years;
- A review of both revenue estimates and projections for the budget requirements and expenditures of major state-funded programs;

⁴ R.C. 103.33.

⁵ R.C. 103.34.



- Per agency workload estimates for state agencies.

The bill requires LSC to submit the report to the General Assembly.⁶

Independent actuarial review of any proposed bill

The bill also permits the Speaker of the House of Representatives or the President of the Senate to request the Director of LSC to arrange for the performance of an independent actuarial review of any proposed bill. The Director may, in making this arrangement, retain one or more private actuaries on a consulting basis. Any actuary retained must be a member in good standing of the American Academy of Actuaries.⁷

Prohibition regarding consultants retained by LSC

The bill prohibits the state from entering into a contract with any consultant under the law enacted by the bill unless the Director of LSC makes a written determination prior to entering into the contract, or within a reasonable time after entering into the contract, that utilizing such a consultant is both cost effective and in the public interest. Any written determination must include findings as to whether there exist sufficient and appropriate technical and financial resources within LSC to handle the matter involved. A copy of each such contract between the state and a consultant must be posted on LSC's website and must remain posted for the duration of the contract.⁸

Report of consultants retained by LSC

The bill requires the Director of LSC to submit, by September 1st of each year, a report to LSC regarding the use in the preceding fiscal year of consultants to assist LSC in the completion of any request received under the bill, if consultants were used.⁹

Requirement to assist LSC

The bill permits LSC to request any department, division, institution, board, authority, bureau, or other instrumentality or officer of the state, a county, a municipal corporation, a township, a school district, or other governmental entity of the state to provide any information that LSC requires for purposes of the forecast and analysis of any tax proposed or economic policy initiative, the state benchmarking data, the study

⁶ R.C. 103.35.

⁷ R.C. 103.31.

⁸ R.C. 103.37.

⁹ R.C. 103.38.

of Ohio's long-range financial outlook, or the actuarial review. LSC must specify the manner of compliance and the period of time for compliance in its request. The bill requires an "instrumentality, officer, or entity" to comply with a request within the period of time specified.¹⁰

Deadline for state-agency filing of budget requests

The bill moves up the deadline for state agencies to file duplicate copies of their budget requests with the finance chairpersons, from December 1st to November 1st. Under continuing law, each state agency must prepare a budget request and file it with the Director of OBM by November 1st in the year preceding the first regular session of the General Assembly. Under current law, the agencies must file duplicate copies of the requests with the finance chairpersons a month later. The bill essentially eliminates this extra month.¹¹

HISTORY

ACTION	DATE
Introduced	03-06-14

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¹⁰ R.C. 103.36.

¹¹ R.C. 126.02

