



Ohio Legislative Service Commission

Russ Keller

Fiscal Note & Local Impact Statement

Bill: [S.B. 265 of the 129th G.A.](#)

Date: March 19, 2012

Status: As Introduced

Sponsor: Sen. Bacon

Local Impact Statement Procedure Required: No

Contents: To increase from 5% to 10% the maximum percentage of GRF revenues to be maintained in the Budget Stabilization Fund

State Fiscal Highlights

- Increasing the amount intended to be maintained in the Budget Stabilization Fund (BSF or Fund 7013) from 5% to 10% of GRF revenues for the preceding fiscal year would increase BSF revenues that would otherwise be directed to the Income Tax Reduction Fund (ITRF or Fund 4R80).

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

S.B. 265 increases the amount intended to be maintained in the Budget Stabilization Fund (BSF or Fund 7013) from 5% to 10% of GRF revenues for the preceding fiscal year. Under current law, the OBM Director is required to calculate, by July 31 of each year, the amount of surplus revenue in the GRF that existed on June 30 of that year. In the event there is an unobligated, unencumbered balance in excess of 0.5% of GRF revenues in the preceding fiscal year, the OBM Director must transfer to the BSF any amount of that excess necessary for the balance of the BSF to equal 5% of the GRF revenues of the preceding fiscal year. Any surplus revenue that remains is to be transferred to the Income Tax Reduction Fund (ITRF or Fund 4R80).

The BSF was created in statute by H.B. 694 of the 114th General Assembly in November of 1981. State finances did not recover enough from the 1980-1982 recession to generate surplus cash to deposit into the BSF until FY 1986. H.B. 117 of the 121st General Assembly increased the intended amount of money in the BSF to 5% of revenues.

Fiscal effect

Increasing the amount intended to be maintained in the BSF from 5% to 10% of GRF revenues for the preceding fiscal year would increase BSF revenues that would otherwise be directed to the ITRF. On the date of this fiscal note, the BSF balance is \$246.9 million, and the ITRF has a zero balance. For FY 2011, GRF revenues were \$26.37 billion; 5% of this amount is \$1.32 billion, and 10% of this amount is \$2.64 billion.