



The Montrose Group, LLC

Ohio Municipal
League State
Budget Update

Montrose Group, LLC

Ohio General Assembly Update

Budget Review

What Can You Do?

Q&A





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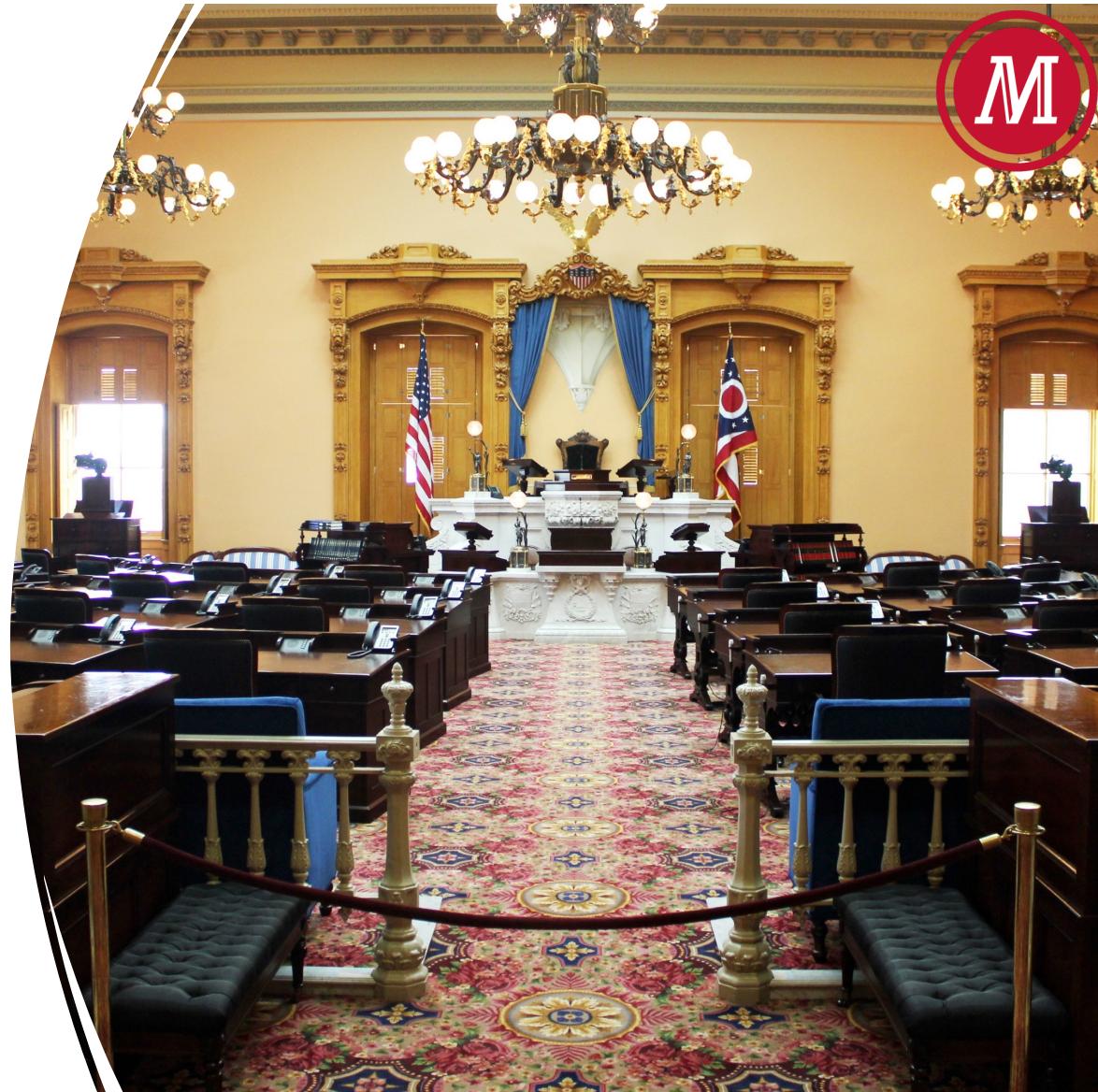
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Ohio General Assembly Update

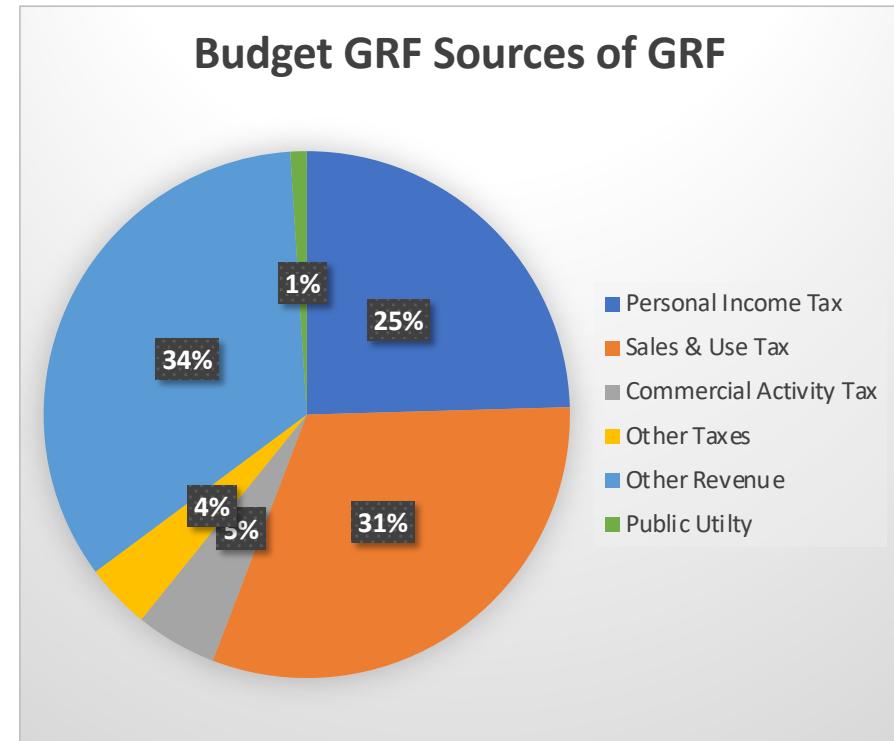
- Legislature currently on Summer Recess and will return to committees and sessions in the fall.
- Redistricting of Ohio Statehouse and Congressional Seats on tap for late summer
- August 8th Special Election and November General Election ballot initiatives dominating political discussions statewide
- Lt. Gov Husted and Attorney General Yost signal interest in campaigns for Governor





Operating Budget Sources of Revenue

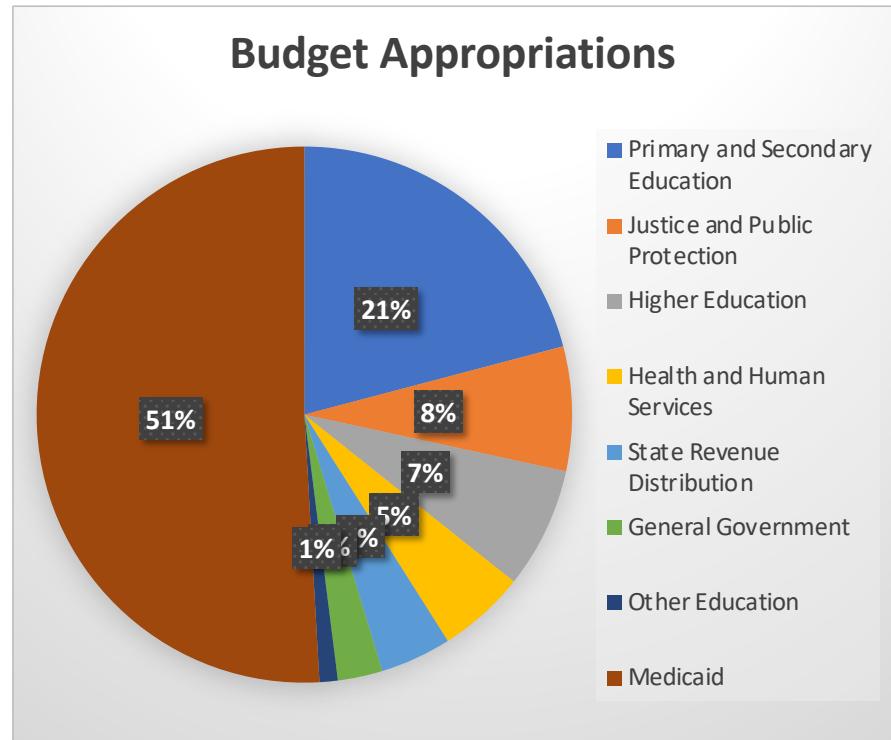
Revenue Source	FY 2024	FY 2025	Total
General Funds	\$44 B	\$47 B	\$91 B
Enterprise Funds	\$3.2 B	\$3.2 B	\$6.5 B
Special Revenue	\$44 B	\$35 B	\$80 B
Agency Funds	\$ 13.5 B	\$ 14.2 B	\$27.8 B
Debt Service	\$ 1.1 B	\$1 B	\$2.1 B
Capital	\$420 M	\$ 424 M	\$845 M
Total	\$108 B	\$101 B	\$209 B





Operating Budget All Funds Appropriations

Function	FY 2024	FY 2025	Total
Education	\$15.8 B	\$14.4 B	\$30.2 B
Higher Ed	\$3.1 B	\$3.1 B	\$6.2 B
Other Ed	\$501 M	\$432 M	\$934 M
Medicaid	\$36.1 B	\$39.3 B	\$75.4 B
Health & Human Services	\$2.2 B	\$2.3 B	\$4.5 B
Justice	\$3.1 B	\$3.3 B	\$6.5 B
General	\$1.2 B	\$1.1 B	\$2.3 B
State Rev	\$1.8 B	\$1.8 B	\$3.7 B
Total	\$95 B	\$95.7 B	\$190.7





Ohio Municipal League Policy Priorities

Restore Local Government Fund

Preserve Home Rule

Respect Municipal Tax Authority

Invest in Public Infrastructure

Public Safety & Public Health



Budget Highlights



Operating Budget Highlights

Budget Highlights

- \$95 billion per year GRF state operating budget
- Nearly \$3 billion in tax reductions, including state income tax rates & brackets, expanded sales tax holiday
- Increased funding for K-12 education including expanding eligibility for Ohio's EdChoice vouchers & newly created education agency
- ~\$2 Billion in economic development program funding
- Investments in Infrastructure
- Housing Tax Credits
- \$700 community investments fund in FY 25



Public Infrastructure & Development

\$500 Million Connect4Ohio funding for rural highway funding; ODOT is required to prioritize TRAC tier 1,2&3 projects in rural counties

\$500 Million Brownfield Remediation, Site Demo & Revitalization Grants

\$750 Million Governor DeWine's All Ohio Future Fund program

\$125 Million Water & Sewer grant funding

\$100 million state low-income housing tax credit to complement the federal low-income housing tax credit

\$100 Million Single Family Home Tax Credit

\$250 Million regional innovation hubs, broadband pole replacement & underground program, commercial airport development grants

Increases competitive bidding thresholds to \$75,000 for municipalities & Increases the thresholds by 3% annually

Public Safety



Provides \$46 million in one-time funding for NextGen 911 system startup costs for the state, and for local governments who will be operating the system; Includes a fee of \$.40/month for operation of the system

Provides \$40 million for law enforcement training each fiscal year; Requires every law enforcement officer to complete 24 hours of continued professional training each year and provides reimbursements for a minimum of 24 hours of training and maximum of 40 hours

Rail safety funding; \$10 million wayside detector grant program & \$1 Million Orphan Rail Crossing Program at the Rail Safety Commission

Provides grant funding of \$7.5 million per fiscal year to fire departments for equipment, gear, and training; Provides funding for training through state fire marshal.

Provides \$5 million each fiscal year for body-worn camera programs

Sets MARCS radio funding at \$10.5 million per fiscal year, which partially covers costs of local fees

Codifies the Ohio Narcotics Intelligence Center & Provides funding for the Recovery Ohio Law Enforcement fund to be used on narcotics task forces

Governor DeWine also recently announced his intentions to propose a statewide police training center and potential dedicated funding in next year's capital budget



Local Government Fund

Increases Local Government Fund from the current 1.66% of the General Revenue Fund to 1.7% -- estimated to be \$12 million in FY24 and \$12.6 million in FY25

Increases, beginning in FY 2024, the floor for the amount distributed from the Local Government Fund to county undivided funds from the lesser of \$750,000 or the amount that was distributed in FY 2013 to \$850,000 for all counties.

Requires the County Budget Commission of any county that adopts an alternative distribution formula to review the alternative formula at least once every five years and take testimony from political subdivisions at such hearings.



Housing

Creates the Welcome Home Ohio Program and provides \$50 million each fiscal year to administer a grant program for land banks to apply for funds to purchase, rehabilitate and construct residential property.

Creates a state income tax deduction for amounts contributed to a homeownership savings linked deposit account. . Ohioans who create an account are eligible for a deduction of up to \$10,000 per year per account for couples filing jointly and \$5,000 per year per account for individuals, with a lifetime maximum per account of \$25,000.

New Ohio Single Family Affordable Housing Tax Credit. Like the Low-Income Housing credit, the new single family affordable housing credit will allow up-to \$50 million in available credits each fiscal year for the development and construction of new Single-Family Homes.

The budget adopts a higher threshold of 15% for the number of electors in a township it will take to reverse the zoning decisions of the elected township trustee board..

Provides \$1 million per fiscal year to be distributed to local governments for projects that include lead hazard control and housing rehabilitation initiatives.



Tax Reform

Ohio continued the two-decades long effort to reduce the state income tax with additional reforms in the operating budget.

The bill introduces a two-year phase-in of income tax reduction, reducing the number of brackets from four to two.

Ohio residents earning less-than \$26,050 will pay no personal income tax
Individuals making \$26,050-\$100,000 will pay an income tax rate of 2.75%
New top rate of 3.5% for incomes over \$100,000

Expansion of the annual August Sales Tax Holiday



Municipal Taxation Impacts

Reduces the amount a municipality can charge in penalties for late municipal income tax filings to a one-time \$25 penalty and waives the fee for first-time failure to file

Provides an additional, automatic one-month extension for municipal income tax returns where a business entity has received a six-month federal extension.

Exempts those under 18 years of age from municipal income taxation.

Allows a municipality to extend the life of a TIF incentive district created prior to 2006 by up to 15 years.

Limits the circumstances under which municipal income tax inquiries or notices may be sent by a municipal income tax administrator to a taxpayer subject to a filing extension; Limits, to \$150, the amount a municipality or the state must reimburse a municipal income taxpayer for costs incurred by the taxpayer to respond to a tax inquiry or notice delivered following a filing extension.

Allows businesses with remote employees or owners to use a modified municipal income tax apportionment formula with respect to net profits attributable to the activities of those employees and owners; delays it to TY24



Community Investments Fund

\$700 Million in One-Time Funding for projects throughout the state; funding is surplus GRF and will not have the same bondable restrictions as traditional capital funding

Process & Guidance likely to be announced sometime this year

Project Funding likely coupled with the state capital budget in FY 25



Additional Items of Interest

- Ohio Municipal League successfully advocated for the inclusion giving a municipality the option to publish the following items on the state's public notice website or on the municipality's website and social media account, rather than only in a newspaper: summaries of each municipal ordinance or resolution and all statements, orders, proclamations, notices, and reports required by law to be published.
- The budget includes continued funding for H2Ohio providing \$223 million with an additional \$~\$50 million for the Ohio Rivers Initiative within the H2Ohio program.



How Can You Support The OML



Meet locally with your members of the Ohio General Assembly



Support the Ohio Municipal League's Public Policy through consistent communication



Stay on Message, don't say something different than your association on related public policy issues

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