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Office of Research
and Drafting

Legislative Budget
Office

H.B. 573
135th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Robinson and Brent

Zachary P. Bowerman, Attorney

SUMMARY

- Permanently increases the percentage of monthly GRF transfers to the LGF from 1.7% to 3.68% beginning in FY 2027.

DETAILED ANALYSIS

Local Government Fund increase

The bill permanently increases, beginning in FY 2027, the percentage of state tax revenue that the Local Government Fund (LGF) receives per month, to 3.68%.¹ The LGF was last allocated this percentage in FY 2011 before being reduced in FY 2012.²

Under current law, the LGF is allocated 1.7% of the total tax revenue credited to the GRF each month. This percentage was set in permanent law beginning in FY 2024 by the enactment of H.B. 33 of the 135th General Assembly, the most recent biennial budget bill. Over the prior decade the percentage of tax revenue allocated to the LGF fluctuated slightly. The LGF allocation was temporarily increased once, to 1.68% for FY 2020 and 2021, and the FY 2022 and 2023 allocation was set at 1.66%.³

Under continuing law, most of the money in the LGF is distributed monthly to each county's undivided local government fund, largely based upon that county's historical share. Each county distributes its share among local governments according to a locally approved

¹ R.C. 131.51.

² H.B. 153 of the 129th General Assembly.

³ Section 387.20 of H.B. 166 of the 133rd General Assembly and Section 375.10 of H.B. 64 of the 131st General Assembly.

formula or, in a few counties, a statutory need-based formula. A smaller portion of the LGF is paid directly to townships, smaller villages, and municipalities.

HISTORY

| Action | Date |
|------------|----------|
| Introduced | 05-15-24 |
