

As Introduced

131st General Assembly

Regular Session

2015-2016

H. B. No. 467

Representative Butler

**Cosponsors: Representatives Arndt, Becker, Boose, Brinkman, Conditt, Hambley,
Perales, Romanchuk, Ruhl, Schaffer, Terhar, Thompson, Zeltwanger**

A BILL

To amend section 131.44 and to enact sections 1
131.441, 4141.03, and 4141.091 of the Revised 2
Code to establish a loan from the Budget 3
Stabilization Fund to the Unemployment 4
Compensation Fund, to require the Director of 5
Job and Family Services to recommend a program 6
to incentivize the purchase of private 7
unemployment insurance, and to require a study 8
on the solvency of the Unemployment Compensation 9
Fund. 10

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 131.44 be amended and sections 11
131.441, 4141.03, and 4141.091 of the Revised Code be enacted to 12
read as follows: 13

Sec. 131.44. (A) As used in this section: 14

(1) "Surplus revenue" means the excess, if any, of the 15
total fund balance over the required year-end balance. 16

(2) "Total fund balance" means the sum of the unencumbered 17

balance in the general revenue fund on the last day of the 18
preceding fiscal year plus the balance in the budget 19
stabilization fund. 20

(3) "Required year-end balance" means the sum of the 21
following: 22

(a) Eight and one-half per cent of the general revenue 23
fund revenues for the preceding fiscal year; 24

(b) "Ending fund balance," which means one-half of one per 25
cent of general revenue fund revenues for the preceding fiscal 26
year; 27

(c) "Carryover balance," which means, with respect to a 28
fiscal biennium, the excess, if any, of the estimated general 29
revenue fund appropriation and transfer requirement for the 30
second fiscal year of the biennium over the estimated general 31
revenue fund revenue for that fiscal year; 32

(d) "Capital appropriation reserve," which means the 33
amount, if any, of general revenue fund capital appropriations 34
made for the current biennium that the director of budget and 35
management has determined will be encumbered or disbursed; 36

(e) "Income tax reduction impact reserve," which means an 37
amount equal to the reduction projected by the director of 38
budget and management in income tax revenue in the current 39
fiscal year attributable to the previous reduction in the income 40
tax rate made by the tax commissioner pursuant to division (B) 41
of section 5747.02 of the Revised Code. 42

(4) "Estimated general revenue fund appropriation and 43
transfer requirement" means the most recent adjusted 44
appropriations made by the general assembly from the general 45
revenue fund and includes both of the following: 46

(a) Appropriations made and transfers of appropriations 47
from the first fiscal year to the second fiscal year of the 48
biennium in provisions of acts of the general assembly signed by 49
the governor but not yet effective; 50

(b) Transfers of appropriations from the first fiscal year 51
to the second fiscal year of the biennium approved by the 52
controlling board. 53

(5) "Estimated general revenue fund revenue" means the 54
most recent such estimate available to the director of budget 55
and management. 56

(B) (1) Not later than the thirty-first day of July each 57
year, the director of budget and management shall determine the 58
surplus revenue that existed on the preceding thirtieth day of 59
June and transfer from the general revenue fund, to the extent 60
of the unobligated, unencumbered balance on the preceding 61
thirtieth day of June in excess of one-half of one per cent of 62
the general revenue fund revenues in the preceding fiscal year, 63
the following: 64

(a) First, to the budget stabilization fund, any amount 65
necessary for the balance of the budget stabilization fund to 66
equal eight and one-half per cent of the general revenue fund 67
revenues of the preceding fiscal year~~r~~. Any money transferred by 68
the director to the unemployment compensation fund under section 69
131.441 of the Revised Code shall be counted as part of the 70
balance of the budget stabilization fund for this purpose. 71

(b) Then, to the income tax reduction fund, which is 72
hereby created in the state treasury, an amount equal to the 73
surplus revenue. 74

(2) Not later than the thirty-first day of July each year, 75

the director shall determine the percentage that the balance in 76
the income tax reduction fund is of the amount of revenue that 77
the director estimates will be received from the tax levied 78
under section 5747.02 of the Revised Code in the current fiscal 79
year without regard to any reduction under division (B) of that 80
section. If that percentage exceeds thirty-five one hundredths 81
of one per cent, the director shall certify the percentage to 82
the tax commissioner not later than the thirty-first day of 83
July. 84

(C) The director of budget and management shall transfer 85
money in the income tax reduction fund to the general revenue 86
fund, the local government fund, and the public library fund as 87
necessary to offset revenue reductions resulting from the 88
reductions in taxes required under division (B) of section 89
5747.02 of the Revised Code in the respective amounts and 90
percentages prescribed by division (A) of section 5747.03 and 91
divisions (B) and (C) of section 131.51 of the Revised Code as 92
if the amount transferred had been collected as taxes under 93
Chapter 5747. of the Revised Code. If no reductions in taxes are 94
made under that division that affect revenue received in the 95
current fiscal year, the director shall not transfer money from 96
the income tax reduction fund to the general revenue fund, the 97
local government fund, and the public library fund. 98

Sec. 131.441. The director of budget and management shall 99
transfer from the budget stabilization fund created in section 100
131.43 of the Revised Code to the loan account within the 101
unemployment compensation fund created under section 4141.091 of 102
the Revised Code as a loan an amount necessary for the purpose 103
of paying unemployment compensation benefits under Chapter 4141. 104
of the Revised Code. 105

The director of budget and management and the director of job and family services shall cooperate to establish terms for repayment of the loan. 106
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Sec. 4141.03. Nothing in the Revised Code shall be construed to prohibit the offering or issuance of private unemployment insurance. The superintendent of insurance, in consultation with the director of job and family services, shall adopt rules necessary for the regulation of private unemployment insurance. 109
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Sec. 4141.091. (A) The treasurer of state shall establish and maintain a separate account known as the "loan account" within the unemployment compensation fund created under section 4141.09 of the Revised Code. 115
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(B) The director of job and family services shall repay the amount transferred as a loan under section 131.441 of the Revised Code from amounts in the unemployment compensation fund created in section 4141.09 of the Revised Code. 119
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Section 2. That existing section 131.44 of the Revised Code is hereby repealed. 123
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Section 3. Notwithstanding any provision of law to the contrary, on the effective date of this section, or as soon as possible thereafter, the Director of Budget and Management shall transfer cash as a loan from the Budget Stabilization Fund (Fund 7013) to the Loan Account within the Unemployment Compensation Fund for the purpose of paying benefits in an amount equal to the balance of amounts advanced to the state by the United States Secretary of the Treasury from the Federal Unemployment Compensation Fund. Notwithstanding division (B) of section 4141.25 of the Revised Code, no amount shall be charged or 125
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credited to the mutualized account created in that division for 135
payments made pursuant to this section. 136

Section 4. Six months after the effective date of this 137
section, the Director of Job and Family Services shall recommend 138
to the General Assembly and the Governor a program or programs 139
to incentivize employers to purchase private unemployment 140
insurance to cover the employer's employees and to incentivize 141
individuals to purchase private unemployment insurance to cover 142
themselves. The Director shall take steps to ensure that such a 143
program or programs do not result in Ohio's unemployment 144
compensation system ceasing to satisfy a condition for full tax 145
credit against the tax imposed under the "Federal Unemployment 146
Tax Act," 26 U.S.C. 3301 to 3311, as amended. 147

Section 5. The Director of the Legislative Service 148
Commission shall contract with an independent actuary to conduct 149
a study on the solvency of the Unemployment Compensation Fund. 150
The Director shall submit the study to the General Assembly and 151
the Governor not later than November 15, 2016. 152