



Office of Budget and Management

Mike DeWine, Governor
Jon Husted, Lt. Governor

Kimberly Murnieks, Director

Date: September 26, 2022
To: Digital Assurance Certification (Electronic Municipal Market Access)
Subject: Fiscal Year 2022 Annual Information Pursuant to Continuing Disclosure Agreements Under SEC Rule 15c2-12 Relating to Certain Bonds of the State of Ohio and to Certain Certificates of Participation on which the State is an Obligated Party

Table with 4 columns: Issuer CUSIP Numbers, 199098, 677524, 67755L, 677518, 67755A, 67759H, 677519, 67755E, 67759Y, 677520, 67755N, 67760A, 677521, 67757A, 677905, 677522, 677587, 769318, 677523, 67755C

The State of Ohio, by its Office of Budget and Management (OBM), provides the attached annual financial information and supporting data, pursuant to the continuing disclosure agreements under SEC Rule 15c2-12, entered into by the authorizing agencies and relating to the obligations of the State listed on attached Schedule A (the Obligations).

Unless otherwise indicated, this annual information is as of June 30, 2022. OBM will subsequently provide audited general purpose financial statements of the State for the fiscal year ended June 30, 2022, when available.

In fiscal year 2022, there were material events filings with or disclosure to the Municipal Securities Rulemaking Board (MSRB), through the MSRB's Electronic Municipal Market Access System (EMMA), only relating to bond calls and defeasances (not including any voluntary notices). There has been no change in the applicable fiscal year or in the accounting principles applied in the preparation of pertinent annual financial statements, and there has been no amendment or waiver of any portion of any of the applicable continuing disclosure agreements.

Respectfully submitted,

/s/ Kimberly A. Murnieks
Kimberly Murnieks
Director
Ohio Office of Budget and Management

Copy w/attachments:
Treasurer of State
Secretary, Ohio Public Facilities Commission
Squire Patton Boggs (US) LLP

SCHEDULE A
Bond Issuance Summary

<u>Initial Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>Authorizing Agency*</u>
<u>Fiscal Year 2001</u>			
Apr. 1, 2001	\$120,000,000	State Facilities Bonds (Admin. Building, Fund Projects), 2001 Series A	OBA
<u>Fiscal Year 2002</u>			
Nov. 15, 2001	\$63,900,000	G.O. Infrastructure Improvement Adjustable Rate Bonds, Series 2001B	TOS
<u>Fiscal Year 2003</u>			
Aug. 15, 2002	\$59,920,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2002A.....	TOS
Mar. 20, 2003	\$58,085,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2003D.....	TOS
<u>Fiscal Year 2004</u>			
Dec.15, 2003	\$67,000,000	G.O. Common Schools Adjustable Rate Bonds, Series 2003D.....	OPFC
Mar. 3, 2004	\$58,725,000	G.O. Infrastructure Improvement Adjustable Rate Refunding Bonds, Series 2004A	TOS
<u>Fiscal Year 2005</u>			
Apr. 1, 2005	\$100,000,000	G.O. Common Schools VRDO Bonds, Series 2005A	OPFC
Apr. 1, 2005	\$100,000,000	G.O. Common Schools VRDO Bonds, Series 2005B	OPFC
<u>Fiscal Year 2006</u>			
Aug. 23, 2005	\$71,900,000	G.O. Common Schools Refunding Bonds, Series 2005D	OPFC
Jun. 7, 2006	\$100,000,000	G.O. Common Schools Bonds, Series 2006B	OPFC
Jun. 7, 2006	\$100,000,000	G.O. Common Schools Bonds, Series 2006C.....	OPFC
<u>Fiscal Year 2009</u>			
Aug. 12, 2008	\$30,000,000	Mental Health Capital Facilities Bonds, Series II-2008A.....	TOS
Mar. 12, 2009	\$35,000,000	Parks & Recreation Capital Facilities Bonds, Series II-2009A	TOS
May 29, 2009	\$102,970,000	G.O. Common Schools Refunding Bonds, Series 2009B.....	OPFC
May 29, 2009	\$81,990,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2009B.....	OPFC
<u>Fiscal Year 2010</u>			
Sep. 17, 2009	\$75,790,000	State Facilities Refunding Bonds (Adult Correc. Bldg. Fund Proj.), 2009 Series B.....	OBA
Sep. 17, 2009	\$16,820,000	State Facilities Refunding Bonds (Juvenile Correc. Bldg. Fund Proj.), Series 2009 B	OBA
Oct. 6, 2009	\$240,830,000	G.O. Common Schools Refunding Bonds, Series 2009C.....	OPFC
Oct. 6, 2009	\$262,430,000	G.O. Higher Education Refunding Bonds, Series 2009C.....	OPFC
Nov. 17, 2009	\$26,115,000	G.O. Site Development Bonds (Federally Taxable - Build America Bonds – Direct Payment), Series 2009B.....	OPFC
Dec. 16, 2009	\$20,165,000	G.O. Natural Resources Bond (Federally Taxable - Build America Bonds – Direct Payment), Series O.....	OPFC
Dec. 17, 2009	\$40,000,000	Mental Health Capital Facilities Bonds, Series II-2009A.....	TOS
Jan. 21, 2010	\$95,240,000	G.O. Higher Education Refunding Bonds, Series 2010A.....	OPFC
Jan. 21, 2010	\$131,170,000	G.O. Common Schools Refunding Bonds, Series 2010A	OPFC

<u>Initial Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>Authorizing Agency*</u>
Jan. 21, 2010	\$51,290,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2010A.....	OPFC
Feb. 10, 2010	\$30,000,000	Cultural Facilities Capital Facilities Bonds, Series 2010A.....	TOS
Mar. 5, 2010	\$120,000,000	G.O. Infrastructure Bonds (Federally Taxable - Build America Bonds – Direct Payment), Series 2010B.....	OPFC
Apr. 1, 2010	\$30,995,000	State Facilities Bonds (Admin. Building Fund Projects), (Federally Taxable – Build America Bonds – Direct Payment), 2010 Series B.....	OBA
Apr. 1, 2010	\$9,555,000	State Facilities Bonds (Juvenile Correc. Bldg. Fund Proj.), (Federally Taxable – Build America Bonds – Direct Payment), 2010 Series C.....	OBA
Apr. 1, 2010	\$10,860,000	State Facilities Refunding Bonds (Highway Safety), 2010 Series A.....	OBA
Apr. 27, 2010	\$170,000,000	G.O. Highway Capital Improvement Bonds (Federally Taxable – Build America Bonds – Direct Payment), Series M.....	TOS
<u>Fiscal Year 2011</u>			
Aug. 12, 2010	\$50,000,000	G.O. Veterans Compensation (Federally Taxable), Series 2010.....	OPFC
Aug. 31, 2010	\$148,865,000	State Facilities Refunding Bonds (Admin. Building Fund Projects), 2010 Series C.....	OBA
Aug. 31, 2010	\$79,325,000	State Facilities Refunding Bonds (Adult Correc. Bldg. Fund Proj.), 2010 Series A.....	OBA
Aug. 31, 2010	\$15,005,000	State Facilities Refunding Bonds (Juvenile Correc. Bldg. Fund Proj.), 2010 Series D.....	OBA
Oct. 8, 2010	\$129,340,000	G.O. Common Schools Refunding Bonds, Series 2010C.....	OPFC
Oct. 8, 2010	\$98,560,000	G.O. Higher Education Refunding Bonds, Series 2010C.....	OPFC
Oct. 8, 2010	\$14,950,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2010D.....	OPFC
Oct. 8, 2010	\$26,120,000	G.O. Conservation Projects Refunding Bonds, Series 2010A.....	OPFC
Oct. 20, 2010	\$145,175,000	G.O. Highway Capital Improvement Bonds (Federally Taxable – Build America Bonds – Direct Payment), Series O.....	TOS
Dec. 3, 2010	\$295,465,000	G.O. Higher Education Bonds (Federally Taxable - Build America Bonds – Direct Payment), Series 2010E.....	OPFC
Feb. 1, 2011	\$40,000,000	State Facilities Bonds (Adult Correc. Bldg. Fund Proj.), 2011 Series A.....	OBA
Feb. 17, 2011	\$120,000,000	G.O. Infrastructure Improvement Bonds, Series 2011A.....	OPFC
Feb. 17, 2011	\$50,000,000	G.O. Conservation Projects Bonds, Series 2011A.....	OPFC
Mar. 3, 2011	\$28,000,000	Cultural Facilities Capital Facilities Bonds, Series 2011A.....	TOS
Mar. 3, 2011	\$30,000,000	Parks & Recreation Capital Facilities Bonds, Series II-2011A.....	TOS
May 3, 2011	\$15,000,000	State Facilities Bonds (Juvenile Correc. Bldg. Fund Proj.), 2011 Series A.....	OBA
Jun. 16, 2011	\$40,000,000	G.O. Site Development Bonds, Series 2011A.....	OPFC
Jun. 16, 2011	\$50,000,000	G.O. Third Frontier R&D Bonds (Federally Taxable), Series 2011A.....	OPFC
<u>Fiscal Year 2012</u>			
Jul. 28, 2011	\$211,530,000	G.O. Common Schools Refunding Bonds, Series 2011A.....	OPFC
Jul. 28, 2011	\$127,765,000	G.O. Higher Education Refunding Bonds, Series 2011A.....	OPFC
Jul. 28, 2011	\$114,285,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2011B.....	OPFC
Jul. 28, 2011	\$35,195,000	G.O. Natural Resources Refunding Bonds, Series P.....	OPFC
Aug. 23, 2011	\$15,910,000	G.O. Veterans Compensation (Federally Taxable), Series 2011.....	OPFC
Sep. 15, 2011	\$38,595,000	State Facilities Refunding Bonds (Administrative Building Fund Projects), 2011 Series A.....	OBA
Sep. 15, 2011	\$101,530,000	State Facilities Refunding Bonds (Adult Correctional Building Fund Projects), 2011 Series B.....	OBA
Sep. 15, 2011	\$9,215,000	State Facilities Refunding Bonds (Juvenile Correctional Building Fund Projects), 2011 Series B.....	OBA
Sep. 30, 2011	\$300,000,000	G.O. Common Schools Bonds, Series 2011B.....	OPFC
Nov. 30, 2011	\$63,000,000	G.O. Common Schools Refunding Bonds, Series 2011C.....	OPFC

<u>Initial Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>Authorizing Agency*</u>
Nov. 30, 2011	\$28,765,000	G.O. Higher Education Refunding Bonds, Series 2011B	OPFC
Nov. 30, 2011	\$18,320,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2011C.....	OPFC
Jan. 24, 2012	\$80,000,000	G.O. Third Frontier R&D Bonds, Series 2012A.....	OPFC
Jan. 24, 2012	\$12,000,000	G.O. Coal Development Bonds, Series L.....	OPFC
Jan. 24, 2012	\$117,420,000	G.O. Common Schools Refunding Bonds, Series 2012A	OPFC
Mar. 1, 2012	\$120,000,000	G.O. Infrastructure Improvement Bonds, Series 2012A.....	OPFC
Mar. 8, 2012	\$32,700,000	Capital Facilities Lease-Appropriation Bonds (Administrative Building Fund Projects), Series 2012A	TOS
Mar. 8, 2012	\$28,055,000	Capital Facilities Lease-Appropriation Refunding Bonds (Administrative Building Fund Projects), Series 2012B.....	TOS
Apr. 3, 2012	\$300,000,000	G.O. Higher Education Bonds, Series 2012A	OPFC
Apr. 3, 2012	\$102,615,000	G.O. Higher Education Refunding Bonds, Series 2012B	OPFC
Apr. 3, 2012	\$40,150,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2012B.....	OPFC
May 17, 2012	\$17,360,000	Capital Facilities Lease-Appropriation Refunding Bonds (Adult Correctional Building Fund Projects), Series 2012A.....	TOS
Jun. 5, 2012	\$280,000,000	G.O. Common Schools Bonds, Series 2012B.....	OPFC
Jun. 5, 2012	\$23,000,000	G.O. Natural Resources Bonds, Series Q.....	OPFC
Jun. 22, 2012	\$139,135,000	G.O. Common Schools Refunding Bonds, Series 2012C.....	OPFC
Jun. 22, 2012	\$103,650,000	G.O. Higher Education Refunding Bonds, Series 2012C.....	OPFC
Jun. 22, 2012	\$15,505,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2012C.....	OPFC
Jun. 22, 2012	\$15,755,000	G.O. Natural Resources Refunding Bonds, Series R.....	OPFC
<u>Fiscal Year 2013</u>			
Oct. 24, 2012	\$154,405,000	G.O. Highway Capital Improvement Refunding Bonds, Series Q.....	TOS
Jan. 18, 2013	\$150,000,000	G.O. Infrastructure Improvement Bonds, Series 2013A.....	OPFC
Jan. 30, 2013	\$15,000,000	Capital Facilities Lease-Appropriation Refunding Bonds (Juvenile Correctional Building Fund Projects), Series 2013A.....	TOS
Feb. 6, 2013	\$66,385,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2013B.....	OPFC
Mar. 7, 2013	\$15,375,000	Capital Facilities Lease-Appropriation Refunding Bonds (Mental Health Facilities Improvement Fund), Series 2013B	TOS
Mar. 7, 2013	\$18,000,000	Capital Facilities Lease-Appropriation Bonds (Cultural & Sports Facilities Building Fund Projects), Series 2013A.....	TOS
Mar. 7, 2013	\$19,890,000	Capital Facilities Lease-Appropriation Refunding Bonds (Cultural & Sports Facilities Building Fund Projects), Series 2013B.....	TOS
Mar. 7, 2013	\$47,320,000	Capital Facilities Refunding Bonds (Adult Correctional Building Fund Projects), Series 2013A.....	TOS
Mar. 15, 2013	\$194,775,000	G.O. Common Schools Refunding Bonds, Series 2013A	OPFC
Mar. 15, 2013	\$66,915,000	G.O. Higher Education Refunding Bonds, Series 2013A.....	OPFC
Apr. 11, 2013	\$48,660,000	Capital Facilities Lease-Appropriation Refunding Bonds (Administrative Building Fund Projects), Series 2013A.....	TOS
May 2, 2013	\$100,300,000	G.O. Third Frontier R&D Bonds, Series 2013A.....	OPFC
May 2, 2013	\$10,000,000	G.O. Higher Education Bonds (Federally Taxable), Series 2013B	OPFC
<u>Fiscal Year 2014</u>			
Jul. 31, 2013	\$50,000,000	Capital Facilities Lease-Appropriation Bonds (Administrative Building Fund Projects), Series 2013B	TOS
Sep. 26, 2013	\$300,000,000	G.O. Common Schools Bonds, Series 2013B.....	OPFC
Sep. 26, 2013	\$100,000,000	G.O. Third Frontier R&D Bonds (Federally Taxable), Series 2013B.....	OPFC

<u>Initial Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>Authorizing Agency*</u>
Nov. 26, 2013	\$50,000,000	G.O. Conservation Projects Bonds, Series 2013A.....	OPFC
Nov. 26, 2013	\$35,000,000	G.O. Site Development Bonds, Series 2013A.....	OPFC
Jan. 22, 2014	\$150,000,000	G.O. Infrastructure Improvement Bonds, Series 2014A.....	OPFC
Jan. 30, 2014	\$50,000,000	Capital Facilities Lease-Appropriation Bonds (Mental Health Facilities Improvement Fund), Series 2014A.....	TOS
Mar. 21, 2014	\$300,000,000	G.O. Higher Education Bonds, Series 2014A.....	OPFC
May 7, 2014	\$45,000,000	Capital Facilities Bonds (Adult Correctional Building Fund Projects), Series 2014A.....	TOS
May 29, 2014	\$162,415,000	G.O. Common Schools Refunding Bonds, Series 2014A.....	OPFC
May 29, 2014	\$116,290,000	G.O. Higher Education Refunding Bonds, Series 2014B.....	OPFC
May 29, 2014	\$59,870,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2014B.....	OPFC
Jun. 11, 2014	\$249,005,000	G.O. Highway Capital Improvement Bonds, Series R.....	TOS
<u>Fiscal Year 2015</u>			
Oct. 10, 2014	\$150,000,000	G.O. Infrastructure Improvement Bonds, Series 2014C.....	OPFC
Oct. 10, 2014	\$35,000,000	G.O. Natural Resources Bonds, Series S.....	OPFC
Oct. 10, 2014	\$12,000,000	G.O. Coal Development Bonds, Series M.....	OPFC
Jan. 28, 2015	\$61,930,000	Capital Facilities Lease-Appropriation Bonds (Administrative Building Fund Projects), Series 2015A.....	TOS
Jan. 28, 2015	\$18,070,000	Capital Facilities Lease-Appropriation Bonds (Administrative Building Fund Projects) (Federally Taxable), Series 2015B.....	TOS
Jan. 28, 2015	\$84,300,000	Capital Facilities Lease-Appropriation Bonds (Transportation Building Fund Projects), Series 2015A.....	TOS
Jan. 29, 2015	\$72,395,000	G.O. Common Schools Refunding Bonds, Series 2015A.....	OPFC
Jan. 29, 2015	\$28,195,000	G.O. Higher Education Refunding Bonds, Series 2015A.....	OPFC
Jan. 29, 2015	\$99,880,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2015A.....	OPFC
Jan. 29, 2015	\$11,805,000	G.O. Conservation Projects Refunding Bonds, Series 2015A.....	OPFC
Feb. 26, 2015	\$11,185,000	Capital Facilities Lease-Appropriation Refunding Bonds (Administrative Building Fund Projects), Series 2015C.....	TOS
Feb. 26, 2015	\$10,030,000	Capital Facilities Lease Appropriation Refunding Bonds (Adult Correctional Building Fund Projects), Series 2015A.....	TOS
Feb. 26, 2015	\$9,920,000	Capital Facilities Lease-Appropriation Refunding Bonds (Cultural & Sports Facilities Building Fund Projects) (Federally Taxable), Series 2015A.....	TOS
Mar. 5, 2015	\$50,000,000	Capital Facilities Lease-Appropriation Bonds (Mental Health Facilities Improvement Fund), Series 2015A.....	TOS
Mar. 5, 2015	\$40,000,000	Capital Facilities Lease-Appropriation Bonds (Parks and Recreation Improvement Fund Projects), Series 2015A.....	TOS
Mar. 5, 2015	\$20,000,000	Capital Facilities Lease-Appropriation Bonds (Juvenile Correctional Building Fund Projects), Series 2015B.....	TOS
Apr. 9, 2015	\$227,355,000	Tax-Exempt Private Activity Bonds, Series 2015 (Portsmouth Gateway Group, LLC - Borrower)(Portsmouth Bypass Project).....	TOS
May 19, 2015	\$300,000,000	G.O. Common Schools Bonds, Series 2015B.....	OPFC
May 19, 2015	\$35,000,000	G.O. Natural Resources Bonds, Series T.....	OPFC
May 19, 2015	\$10,000,000	G.O. Higher Education Bonds (Federally Taxable), Series 2015B.....	OPFC
<u>Fiscal Year 2016</u>			
Aug. 12, 2015	\$30,000,000	Capital Facilities Lease-Appropriation Bonds (Cultural & Sports Facilities Building Fund Projects), Series 2015B.....	TOS
Sep. 29, 2015	\$150,000,000	G.O. Infrastructure Improvement Bonds, Series 2015B.....	OPFC

<u>Initial Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>Authorizing Agency*</u>
Sep. 29, 2015	\$50,000,000	G.O. Conservation Projects Bonds, Series 2015B	OPFC
Sep. 29, 2015	\$50,390,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2015C.....	OPFC
Nov. 3, 2015	\$300,000,000	G.O. Higher Education Bonds, Series 2015C	OPFC
Nov. 19, 2015	\$70,000,000	Capital Facilities Lease Appropriation Bonds (Adult Correctional Building Fund Projects), Series 2015B	TOS
Mar. 9, 2016	\$100,000,000	G.O. Third Frontier R&D Bonds (Federally Taxable), Series 2016A.....	OPFC
Mar. 9, 2016	\$12,000,000	G.O. Coal Development Bonds, Series N	OPFC
Mar. 9, 2016	\$138,225,000	G.O. Common Schools Refunding Bonds, Series 2016A	OPFC
Mar. 9, 2016	\$96,430,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2016A.....	OPFC
Mar. 9, 2016	\$20,930,000	G.O. Conservation Projects Refunding Bonds, Series 2016A.....	OPFC
Mar. 31, 2016	\$80,000,000	Capital Facilities Lease Appropriation Bonds (Parks and Recreation Improvement Fund Projects), Series 2016A.....	TOS
Apr. 21, 2016	\$228,000,000	G.O. Highway Capital Improvement Bonds, Series S	TOS
May 25, 2016	\$31,095,000	Capital Facilities Lease-Appropriation Refunding Bonds (Administrative Building Fund Projects), Series 2016A.....	TOS
May 25, 2016	\$20,565,000	Capital Facilities Lease Appropriation Refunding Bonds (Adult Correctional Building Fund Projects), Series 2016A.....	TOS
Jun. 2, 2016	\$69,400,000	G.O. Higher Education Refunding Bonds, Series 2016A.....	OPFC
Jun. 2, 2016	\$13,715,000	G.O. Natural Resources Refunding Bonds, Series U.....	OPFC
Jun. 2, 2016	\$22,105,000	G.O. Third Frontier R&D Refunding Bonds, Series 2016B.....	OPFC
Jun. 28, 2016	\$50,000,000	Capital Facilities Lease-Appropriation Bonds (Mental Health Facilities Improvement Fund), Series 2016A.....	TOS
Jun. 28, 2016	\$10,415,000	Capital Facilities Lease-Appropriation Refunding Bonds (Parks and Recreation Improvement Fund), Series 2016B	TOS
<u>Fiscal Year 2017</u>			
Aug. 25, 2016	\$40,000,000	Capital Facilities Lease-Appropriation Bonds (Cultural & Sports Facilities Building Fund Projects), Series 2016A.....	TOS
Oct. 6, 2016	\$100,000,000	Capital Facilities Lease-Appropriation Bonds (Parks and Recreation Improvement Fund), Series 2016C	TOS
Oct. 26, 2016	\$32,320,000	Capital Facilities Lease-Appropriation Variable Rate Bonds (Adult Correctional Building Fund Projects), Series 2016B.....	TOS
Oct. 26, 2016	\$32,300,000	Capital Facilities Lease-Appropriation Variable Rate Bonds (Adult Correctional Building Fund Projects), Series 2016C.....	TOS
Oct. 26, 2016	\$15,380,000	Capital Facilities Lease-Appropriation Bonds (Adult Correctional Building Fund Projects), Series 2016D	TOS
Nov. 15, 2016	\$150,000,000	G.O. Infrastructure Improvement Bonds, Series 2016B	OPFC
Jan. 25, 2017	\$300,000,000	G.O. Common Schools Bonds, Series 2017A.....	OPFC
Jan. 25, 2017	\$50,000,000	G.O. Conservation Projects Bonds, Series 2017A	OPFC
Apr. 19, 2017	\$70,000,000	Capital Facilities Lease-Appropriation Bonds (Administrative Building Fund Projects), Series 2017A	TOS
Apr. 25, 2017	\$300,000,000	G.O. Higher Education Bonds, Series 2017A	OPFC
Apr. 25, 2017	\$10,000,000	G.O. Higher Education Bonds (Federally Taxable), Series 2017B	OPFC
<u>Fiscal Year 2018</u>			
Oct. 3, 2017	\$204,420,000	G.O. Highway Capital Improvement Bonds, Series T.....	TOS
Oct. 3, 2017	\$136,265,000	G.O. Highway Capital Improvement Refunding Bonds, Series U	TOS
Oct. 25, 2017	\$175,000,000	G.O. Infrastructure Improvement Bonds, Series 2017A.....	OPFC
Oct. 25, 2017	\$90,000,000	G.O. Third Frontier R&D Bonds (Federally Taxable), Series 2017A.....	OPFC

<u>Initial Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>Authorizing Agency*</u>
Nov. 7, 2017	\$100,000,000	Capital Facilities Lease-Appropriation Bonds (Adult Correctional Building Fund Projects), Series 2017A	TOS
Nov. 7, 2017	\$62,320,000	Capital Facilities Lease-Appropriation Refunding Bonds (Adult Correctional Building Fund Projects), Series 2017B	TOS
Nov. 7, 2017	\$30,790,000	Capital Facilities Lease-Appropriation Refunding Bonds (Administrative Building Fund Projects), Series 2017B	TOS
Nov. 7, 2017	\$17,765,000	Capital Facilities Lease-Appropriation Refunding Bonds (Mental Health Facilities Improvement Fund), Series 2017A	TOS
Dec. 14, 2017	\$100,000,000	Capital Facilities Lease-Appropriation Bonds (Parks and Recreation Improvement Fund), Series 2017A	TOS
Dec. 14, 2017	\$30,000,000	Capital Facilities Lease-Appropriation Bonds (Cultural & Sports Facilities Building Fund Projects), Series 2017A	TOS
Dec. 14, 2017	\$10,515,000	Capital Facilities Lease-Appropriation Refunding Bonds (Juvenile Correctional Building Fund Projects), Series 2017A	TOS
Dec. 21, 2017	\$203,535,000	G.O. Common Schools Refunding Bonds, Series 2017B	OPFC
Dec. 21, 2017	\$194,955,000	G.O. Higher Education Refunding Bonds, Series 2017C	OPFC
Dec. 21, 2017	\$68,630,000	G.O. Infrastructure Improvement Refunding Bonds, Series 2017B	OPFC
Dec. 21, 2017	\$23,765,000	G.O. Natural Resources Refunding Bonds, Series V	OPFC
Jan. 23, 2018	\$50,000,000	G.O. Conservation Projects Bonds, Series 2018A	OPFC
Jan. 23, 2018	\$35,000,000	G.O. Natural Resources Bonds, Series W	OPFC
Jan. 23, 2018	\$12,000,000	G.O. Coal Development Bonds, Series O	OPFC
Feb. 21, 2018	\$86,490,000	Capital Facilities Lease-Appropriation Bonds (Transportation Building Fund Projects), Series 2018A	TOS
Mar. 20, 2018	\$300,000,000	G.O. Higher Education Bonds, Series 2018A	OPFC
Apr. 26, 2018	\$50,000,000	Capital Facilities Lease-Appropriation Bonds (Mental Health Facilities Improvement Fund), Series 2018A	TOS
Apr. 26, 2018	\$35,000,000	Capital Facilities Lease-Appropriation Bonds (Juvenile Correctional Building Fund Projects), Series 2018A	TOS
Jun. 19, 2018	\$300,000,000	G.O. Common Schools Bonds, Series 2018A	OPFC
<u>Fiscal Year 2019</u>			
Nov. 6, 2018	\$160,000,000	G.O. Infrastructure Improvement Bonds, Series 2018A	OPFC
Nov. 15, 2018	\$63,000,000	Capital Facilities Lease-Appropriation Bonds (Administrative Building Fund Projects), Series 2018A	TOS
Nov. 15, 2018	\$7,000,000	Capital Facilities Lease-Appropriation Bonds (Administrative Building Fund Projects) (Federally Taxable), Series 2018B	TOS
Nov. 15, 2018	\$100,000,000	Capital Facilities Lease-Appropriation Bonds (Parks and Recreation Improvement Fund), Series 2018A	TOS
Dec. 12, 2018	\$187,125,000	G.O. Highway Capital Improvement Bonds, Series V	TOS
Feb. 25, 2019	\$50,000,000	G.O. Conservation Projects Bonds, Series 2019A	OPFC
May 16, 2019	\$35,000,000	Capital Facilities Lease-Appropriation Bonds (Cultural & Sports Facilities Building Fund Projects), Series 2019A	TOS
Jun. 26, 2019	\$300,000,000	G.O. Higher Education Bonds, Series 2019A	OPFC
<u>Fiscal Year 2020</u>			
Jul. 9, 2019	\$25,935,000	Capital Facilities Lease-Appropriation Refunding Bonds (Administrative Building Fund Projects), Series 2019B	TOS
Jul. 9, 2019	\$25,350,000	Capital Facilities Lease-Appropriation Refunding Bonds (Adult Correctional Building Fund Projects), Series 2019A	TOS

<u>Initial Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>Authorizing Agency*</u>
Aug. 7, 2019	\$53,000,000	Capital Facilities Lease-Appropriation Bonds (Adult Correctional Building Fund Projects), Series 2019B	TOS
Aug. 7, 2019	\$45,000,000	Capital Facilities Lease-Appropriation Variable Rate Bonds (Adult Correctional Building Fund Projects), Series 2019C.....	TOS
Sep. 10, 2019	\$300,000,000	G.O. Common Schools Bonds, Series 2019A.....	OPFC
Sep. 10, 2019	\$20,000,000	G.O. Third Frontier R&D Bonds, Series 2019A.....	OPFC
Nov. 5, 2019	\$33,000,000	Capital Facilities Lease-Appropriations Bonds (Juvenile Correctional Building Fund Projects), Series 2019A	TOS
Nov. 5, 2019	\$13,205,000	Capital Facilities Lease-Appropriations Refunding Bonds (Juvenile Correctional Building Fund Projects), Series 2019B.....	TOS
Nov. 5, 2019	\$22,270,000	Capital Facilities Lease-Appropriations Refunding Bonds (Administrative Building Fund Projects), Series 2019B	TOS
Nov. 20, 2019	\$147,000,000	G.O. Infrastructure Bonds, Series 2019A	OPFC
Nov. 20, 2019	\$100,000,000	G.O. Third Frontier R&D Bonds (Federally Taxable), Series 2019B.....	OPFC
Feb. 5, 2020	\$25,065,000	G.O. Veterans Compensation Refunding Bonds (Federally Taxable), Series 2020.....	OPFC
Feb. 26, 2020	\$8,000,000	G.O. Coal Development Bonds, Series P	OPFC
Feb. 26, 2020	\$50,000,000	G.O. Conservations Bonds, Series 2020A.....	OPFC
Feb. 26, 2020	\$31,490,000	G.O. Natural Resources Bonds, Series X	OPFC
Mar. 10, 2020	\$50,000,000	Capital Facilities Lease-Appropriation Bonds (Mental Health Facilities Improvement Fund), Series 2020A	TOS
Mar. 10, 2020	\$71,460,000	Capital Facilities Lease-Appropriation Refunding Bonds (Administrative Building Fund) (Federally Taxable), Series 2020A.....	TOS
Mar. 10, 2020	\$57,055,000	Capital Facilities Lease-Appropriation Refunding Bonds (Adult Correctional Facilities Improvement Fund) (Federally Taxable), Series 2020A.....	TOS
Apr. 30, 2020	\$68,750,000	Capital Facilities Lease-Appropriation Bonds (Administrative Facilities Building Fund), Series 2020B	TOS
Apr. 30, 2020	\$7,210,000	Capital Facilities Lease-Appropriation Bonds (Administrative Facilities Building Fund) (Federally Taxable), Series 2020C.....	TOS
Jun. 18, 2020	\$68,045,000	G.O. Highway Capital Improvement Refunding Bonds, Series W	TOS
Jun. 26, 2020	\$156,575,000	G.O. Common School Bonds (Federally Taxable), Series 2020A	OPFC
Jun. 26, 2020	\$194,680,000	G.O. Higher Education Bonds (Federally Taxable), Series 2020A.....	OPFC
Jun. 26, 2020	\$140,940,000	G.O. Infrastructure Bonds (Federally Taxable), Series 2020A.....	OPFC
Jun. 26, 2020	\$115,175,000	G.O. Common School Bonds, Series 2020B	OPFC
Jun. 26, 2020	\$97,820,000	G.O. Higher Education Bonds, Series 2020B	OPFC
Jun. 26, 2020	\$74,820,000	G.O. Infrastructure Bonds, Series 2020B	OPFC
<u>Fiscal Year 2021</u>			
Aug. 12, 2020	\$56,300,000	Capital Facilities Lease-Appropriation New Money and Refunding Bonds (Parks and Recreation Improvement Fund), Series 2020A	TOS
Aug. 12, 2020	\$58,960,000	Capital Facilities Lease-Appropriation Refunding Bonds (Administrative Building Fund Projects) (Federally Taxable), Series 2020D.....	TOS
Aug. 12, 2020	\$57,000,000	Capital Facilities Lease-Appropriation Variable Rate Bonds (Parks and Recreation Improvement Fund), Series 2020B	TOS
Sep. 24, 2020	\$44,000,000	Capital Facilities Lease-Appropriation Bonds (Cultural & Sports Facilities Building Fund Projects), Series 2020A.....	TOS
Sep. 24, 2020	\$5,500,000	Capital Facilities Lease-Appropriations Refunding Bonds (Juvenile Correctional Building Fund Projects), Series 2020A	TOS
Dec. 22, 2020	\$145,240,000	G.O. Infrastructure Bonds, Series 2020C.....	OPFC
Dec. 22, 2020	\$42,175,000	G.O. Conservation Bonds, Series 2020B	OPFC

<u>Initial Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>Authorizing Agency*</u>
Dec. 22, 2020	\$14,610,000	G.O. Conservation Refunding Bonds, Series 2020C	OPFC
Mar. 17, 2021	\$241,200,000	G.O. Common Schools Bonds, Series 2021A.....	OPFC
Mar. 17, 2021	\$111,385,000	G.O. Common Schools Refunding Bonds, Series 2021B	OPFC
Mar. 17, 2021	\$219,445,000	G.O. Higher Education Bonds, Series 2021A	OPFC
Mar. 17, 2021	\$25,000,000	G.O. Higher Education Refunding Bonds (Federally Taxable), Series 2021B.....	OPFC
Apr. 21, 2021	\$57,000,000	Capital Facilities Lease-Appropriation Bonds (Adult Correctional Building Fund Projects), Series 2021A	TOS
Apr. 21, 2021	\$57,000,000	Capital Facilities Lease-Appropriation Variable Rate Bonds (Adult Correctional Building Fund Projects), Series 2021B.....	TOS
May 18, 2021	\$77,940,000	Capital Facilities Lease-Appropriations Refunding Bonds (Administrative Building Fund Projects), Series 2021A	TOS
May 18, 2021	\$150,000,000	Capital Facilities Lease-Appropriations Refunding Bonds (Mental Health Facilities Improvement Fund), Series 2021A	TOS
<u>Fiscal Year 2022</u>			
Aug. 31, 2021	\$56,785,000	Capital Facilities Lease-Appropriation New Money Bonds (Cultural and Sports Facilities Building Fund), Series 2021A.....	TOS
Nov. 10, 2021	\$140,710,000	G.O. Infrastructure Bonds, Series 2021A	OPFC
Nov. 10, 2021	\$40,450,000	G.O. Conservation Bonds, Series 2021A.....	OPFC
Nov. 10, 2021	\$47,905,000	G.O. Infrastructure Refunding Bonds, Series 2021B	OPFC
Nov. 10, 2021	\$100,130,000	G.O. Common Schools Refunding Bonds, Series 2021C	OPFC
Jan. 5, 2022	\$75,000,000	Capital Facilities Lease-Appropriation New Money Bonds (Parks and Recreation Improvement Fund), Series 2022A.....	TOS
Jan. 5, 2022	\$10,420,000	Capital Facilities Lease-Appropriation Refunding Bonds (Administrative Building Fund Projects) (Federally Taxable), Series 2022A.....	TOS
Jan. 5, 2022	\$75,000,000	Capital Facilities Lease-Appropriation New Money Bonds (Parks and Recreation Improvement Fund), Series 2022B	TOS
Jun. 8, 2022	\$81,760,000	G.O. Highway Capital Improvement Refunding Bonds, Series X.....	TOS

* OBA = Ohio Building Authority[†]
OPFC = Ohio Public Facilities Commission
TOS = Treasurer of State

[†]Effective January 1, 2012, the Treasurer of State replaced the Ohio Building Authority as issuing authority for all series of bonds previously issued by the OBA.

Certificates of Participation in Certain Lease Purchase Agreements on Which the State is an Obligated Party

<u>Date of COPs</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>State Agency/ Elected Official Lessee*</u>
<u>Fiscal Year 1998</u>			
Dec. 15, 1997	\$16,455,000	Rickenbacker Port Authority Certificates of Participation (State of Ohio DAS Office Project)	DAS
Jun. 15, 1998	\$6,615,000	Certificates of Participation (State of Ohio DAS – The Ohio Center Project) [Youngstown Central Area Community Improvement Corp., as lessor]	DAS
<u>Fiscal Year 2013</u>			
Sep. 14, 2012	\$56,235,000	Certificates of Participation (State of Ohio DAS – Multi-Agency Radio Communications System (MARCS) Project), Series 2012 [State of Ohio Leasing Corporation, as lessor]	DAS
<u>Fiscal Year 2015</u>			
Oct. 2, 2014	\$15,795,000	Certificates of Participation (State of Ohio DAS – Multi-Agency Radio Communications System (MARCS) Project), Series 2014 [State of Ohio Leasing Corporation, as lessor]	DAS
Oct. 2, 2014	\$33,595,000	Certificates of Participation (State of Ohio DAS – Enterprise Data Center Solutions (EDCS) Project), Series 2014 [State of Ohio Leasing Corporation, as lessor]	DAS
Oct. 2, 2014	\$8,775,000	Certificates of Participation (Treasurer of State of the State of Ohio – Treasury Management System (TMS) Project), Series 2014 [State of Ohio Leasing Corporation, as lessor]	TOS
May 28, 2015	\$17,985,000	Certificates of Participation (State of Ohio DAS – State Taxation Accounting and Revenue System (STARS) Project), Series 2015 [State of Ohio Leasing Corporation, as lessor]	DAS
<u>Fiscal Year 2017</u>			
Nov. 2, 2016	\$26,035,000	Certificates of Participation (State of Ohio DAS – Enterprise Data Center Solutions (EDCS) Project), Series 2016 [State of Ohio Leasing Corporation, as lessor]	DAS
Nov. 2, 2016	\$19,145,000	Certificates of Participation (State of Ohio DAS – Ohio Administrative Knowledge System (OAKS) Project), Series 2016 [State of Ohio Leasing Corporation, as lessor]	DAS
Mar. 14, 2017	\$19,630,000	Certificates of Participation (Attorney General of the State of Ohio – Bureau of Criminal Investigation Records System (BCIRS) Project), Series 2017 [State of Ohio Leasing Corporation, as lessor]	AG
Mar. 14, 2017	\$8,975,000	Certificates of Participation (State of Ohio DAS – State Taxation Accounting and Revenue System (STARS) Project), Series 2017 [State of Ohio Leasing Corporation, as lessor]	DAS
<u>Fiscal Year 2019</u>			
Dec. 13, 2018	\$72,435,000	Certificates of Participation (Secretary of State of the State of Ohio – Voting System Acquisition (VSA) Project), Series 2018 [State of Ohio Leasing Corporation, as lessor]	SOS
Dec. 13, 2018	\$26,815,000	Certificates of Participation (State of Ohio DAS – Enterprise Data Center Solutions (EDCS) Project), Series 2018 [State of Ohio Leasing Corporation, as lessor]	DAS

Fiscal Year 2020

May 21, 2020	\$18,915,000	Certificates of Participation (State of Ohio DAS – Enterprise Data Center Solutions (EDCS) Project), Series 2020 [State of Ohio Leasing Corporation, as lessor]	DAS
May 21, 2020	\$12,170,000	Certificates of Participation (State of Ohio DAS – Unemployment Insurance System (UIS) Project), Series 2020 [State of Ohio Leasing Corporation, as lessor]	DAS

Fiscal Year 2021

Feb. 9, 2021	\$20,500,000	Certificates of Participation (Secretary of State of the State of Ohio – Voting System Acquisition Project), Series 2021 [State of Ohio Leasing Corporation, as lessor]	SOS
Feb. 9, 2021	\$11,775,000	Refunding Certificates of Participation (Federally Taxable) (Attorney General of the State of Ohio – Bureau of Criminal Investigation Records System (BCIRS) Project), Series 2021 [State of Ohio Leasing Corporation, as lessor].....	AG
Feb. 9, 2021	\$43,800,000	Refunding Certificates of Participation (Federally Taxable) (State of Ohio DAS – Multi-Agency Radio Communications System (MARCS) Project), Series 2021 [State of Ohio Leasing Corporation, as lessor]	DAS
Feb. 9, 2021	\$12,445,000	Refunding Certificates of Participation (Federally Taxable) (State of Ohio DAS – State Taxation Accounting and Revenue System (STARS) Project), Series 2021 [State of Ohio Leasing Corporation, as lessor]	DAS

Fiscal Year 2022

Oct. 27, 2021	\$21,385,000	Certificates of Participation (Attorney General of the State of Ohio – Ohio Attorney General Claims Fund Project), Series 2021 [State of Ohio Leasing Corporation, as lessor]	AG
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**New Community and Port Authority Revenue Bonds on
Which the State is an Obligated Party**

<u>Date</u>	<u>Original Principal Amount</u>	<u>Title of Issue</u>	<u>State Agency/ Elected Official Lessee*</u>
<u>Fiscal Year 2008</u>			
Nov. 29, 2007	\$16,500,000	The Riversouth Authority (Ohio) Lazarus Building Redevelopment Bonds, 2007 Series A	DAS
<u>Fiscal Year 2010</u>			
May 27, 2010	\$157,940,000	Columbus-Franklin County Finance Authority – Taxable Research and Development Revenue Bonds, Series 2010A (Ohio Capital Fund Financing) (State of Ohio Refundable Tax Credit Collateralized)	CFCFA
<u>Fiscal Year 2014</u>			
Aug. 7, 2013	\$81,865,000	Columbus-Franklin County Finance Authority – Taxable Research and Development Revenue Bonds, Series 2013A (Ohio Capital Fund Financing) (State of Ohio Refundable Tax Credit Collateralized)	CFCFA
<u>Fiscal Year 2015</u>			
Feb. 18, 2015	\$31,785,000	Columbus-Franklin County Finance Authority – Taxable Research and Development Revenue Refunding Bonds, Series 2015A (Ohio Capital Fund Financing) (State of Ohio Refundable Tax Credit Collateralized)	CFCFA
<u>Fiscal Year 2016</u>			
Dec. 10, 2015	\$11,775,000	Columbus-Franklin County Finance Authority – Taxable Research and Development Revenue Refunding Bonds, Series 2015B (Ohio Capital Fund Financing) (State of Ohio Refundable Tax Credit Collateralized)	CFCFA
<u>Fiscal Year 2021</u>			
Dec. 15, 2020	\$34,270,000	Columbus-Franklin County Finance Authority – Taxable Research and Development Revenue Refunding Bonds, Series 2020A (Ohio Capital Fund Financing) (State of Ohio Refundable Tax Credit Collateralized)	CFCFA

- * DAS = Ohio Department of Administrative Services
- CFCFA = Columbus-Franklin County Finance Authority
- TOS = Treasurer of State of the State of Ohio
- AG = Attorney General of the State of Ohio
- SOS = Secretary of the State of Ohio

INFORMATION CONCERNING THE STATE OF OHIO

The following discusses certain matters relating to general State of Ohio (the “State”) finances and debt, and the State’s economy, employment, population, agriculture, resources, tax bases and related subjects. This information is from the State’s official records, except for information expressly attributed to other sources, and summarizes and describes current and recent historical information. It is not intended to indicate future or continuing trends in the financial or other positions of the State. No representation is made that past experience, as might be shown by this financial and other information, will necessarily continue in the future.

[NOTE: Except as otherwise indicated, this Annual Information speaks as of June 30, 2022.]

FISCAL MATTERS

General

Consistent with the constitutional provision that no appropriation may be made for a period longer than two years, the State operates on the basis of a fiscal biennium for its appropriations and expenditures. Under current law, the biennium for operating purposes runs from July 1 in an odd-numbered year to June 30 in the next odd-numbered year (e.g., the current fiscal biennium began July 1, 2021 and ends June 30, 2023). Conversely, the biennium for general capital appropriations purposes runs from July 1 in an even-numbered year to June 30 in the next even-numbered year (e.g., July 1, 2022 through June 30, 2024). Within a fiscal biennium, the State operates on the basis of a July 1 to June 30 fiscal year.

The Governor is required to submit the Executive Budget to the General Assembly no later than four weeks after the General Assembly convenes in January each odd-numbered year. In years of a new Governor’s inauguration, the budget must be submitted by March fifteenth. Appropriations legislation reflecting that Executive Budget is then introduced for committee hearings and review first in the House and then in the Senate and finally in Conference Committee, with that appropriations legislation as approved by the General Assembly then presented to the Governor for approval (with possible line item vetoes). See **FISCAL MATTERS – Recent and Current Finances – Current Biennium** for discussion of the enacted budget for the 2022-23 fiscal biennium.

Authority for appropriating state moneys subject to appropriation rests in the bicameral General Assembly, which consists of a 99-member House of Representatives (elected to two-year terms) and a 33-member Senate (elected to overlapping four-year terms). Members of both houses are subject to term limits, with a maximum of eight consecutive years in either. The Governor has veto power, including the power to make line-item vetoes in bills making appropriations. Vetoes may be overridden by a three-fifths vote of each house.

The Ohio Constitution, Article XII, Section 4, requires the General Assembly to “provide for raising revenue, sufficient to defray the expenses of the state, for each year, and also a sufficient sum to pay the principal and interest as they become due on the state debt.” Therefore, the State is effectively precluded by law from ending a fiscal year or a biennium in a “deficit” position. State borrowing to meet casual deficits or failures in revenues or to meet expenses not otherwise provided for is limited by the Ohio Constitution to \$750,000 (Article VIII, Section 1).

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The General Revenue Fund (GRF) is the largest fund in the State. Personal income and sales and use taxes are the major sources of GRF tax revenue. The last complete fiscal year ended June 30, 2022 with an unobligated GRF fund balance (after year-end transfers) of \$5.663 billion. The State also has a “rainy day” fund (the Budget Stabilization Fund (BSF)) which by law is intended to carry a balance of up to 8.5% of the GRF revenue for the preceding fiscal year (this amount was 5% for FY 2016 and prior years). The current BSF balance is \$2.706 billion, which equals 6.7% of FY 2022 GRF revenue. Recent fiscal year-end BSF balances and their percent of GRF revenue for that fiscal year were:

Fiscal Year-Ending	BSF Balance(a)	% of GRF Revenue
2018	\$2,691,554,000	8.3%
2019	\$2,691,554,000	8.0%
2020	\$2,691,554,000	8.0%
2021	\$2,691,554,000	6.8%
2022	\$2,706,165,000 ^(b)	6.7%

- (a) Reflects balance after year-end transfer into BSF; actual cash transfers into the BSF occur early in the following fiscal year.
- (b) H.B. 110 of the 134th General Assembly authorized the BSF to retain any interest credited to the fund instead of allocating these funds to the GRF beginning in fiscal year 2022. As a result, the BSF accrued \$14.6 million in interest during fiscal year 2022.

The Revised Code provides that if the Governor ascertains that the available revenue receipts and balances for the GRF or other funds for the then current fiscal year will in all probability be less than the appropriations for that fiscal year, the Governor shall issue such orders to state agencies as will prevent their expenditures and incurred obligations from exceeding those revenue receipts and balances. The Governor implemented this directive in FY 2020 and FY 2021 to reduce GRF expenditures by approximately \$775 million and \$390 million, respectively, in reaction to and anticipation of further impacts of the COVID-19 pandemic (see **Outbreak of COVID-19** below for more detail). This directive has been implemented historically as needed.

Listed in the tables below under **Recent Receipts and Disbursements** are the major categories of state revenue sources, including taxes and excises, and the amounts received from those categories. There is no present constitutional limit on the rates of those state levied taxes and excises (except for taxes on intangible property which the State does not currently levy).

At present, the State does not levy ad valorem taxes on real or tangible personal property. Ad valorem taxes on tangible personal property of public utilities and on real property are levied by political subdivisions and local taxing districts, and State law does not currently allow the imposition of a general ad valorem tax on tangible personal property other than that of public utilities. Since 1934, the Ohio Constitution has limited the amount of the aggregate levy of ad valorem property taxes on particular property, without a vote of the electors or municipal charter provision, to 1% of true value in money, and statutes limit the amount of that aggregate levy without a vote or charter provision to 10 mills per \$1 of assessed valuation -- commonly referred to in the context of Ohio local government finance as the “ten-mill limitation.” See **TAX LEVELS AND TAX BASES** for a discussion of the phase-out of local tangible personal property taxes in 2006 through 2009.

The Ohio Constitution directs or restricts the use of certain revenues. Highway fees and excises, including gasoline taxes, are limited in use to highway-related purposes. Not less than 50% of the receipts from state income taxes must be returned to the originating political subdivisions and school districts. State net lottery profits are allocated to elementary, secondary, vocational, and special education program purposes, including application to debt service on obligations issued to finance capital facilities for a system of common schools.

Ohio constitutional amendments relating to taxation, revenues, expenditures, debt or other subjects may be proposed by action of three-fifths of the members elected to each house of the General Assembly or by initiative petition signed by electors numbering at least 10% of the total number of votes last cast for the Office of Governor. Adoption of a proposed amendment requires approval by a majority of electors voting on it at a statewide election. The Ohio Constitution expressly provides that the General Assembly has no power to pass laws impairing the obligation of existing contracts.

Accounts and Controls; Financial Reports

With each office performing specific functions relating to State expenditures, the Office of Budget and Management (OBM) and the Treasurer of State account for and report on the State’s fiscal affairs.

OBM maintains records of appropriations made by the General Assembly, and its Director, appointed by the Governor, certifies the availability of unencumbered appropriations as a condition of contract validity. OBM fiscal functions include the development and oversight of operating and capital budgets as well as the review, processing, and reporting of financial transactions for most state departments and agencies (excluding, among others, institutions of higher education). The OBM Director's certification is required for all expenditure vouchers before OBM may issue state warrants. OBM maintains accounting records that reflect the level of vouchered expenditures. The Treasurer of State maintains the cash and investments that comprise the state treasury and invests state funds, including proceeds of state debt obligations. The Treasurer redeems the warrants issued by OBM when presented for payment by financial institutions and monitors the timing and amount of payments to determine the State's cash flow position for investment purposes.

State financial reporting practices have been and are in accordance with generally accepted accounting principles (GAAP). Each Annual Comprehensive Financial Report (ACFR) includes the State's Basic Financial Statements (BFS) for that fiscal year as examined by the Auditor of State. The most recent ACFRs are accessible via OBM's web page at <https://obm.ohio.gov/wps/portal/gov/obm/areas-of-interest/state-accounting/financial-reporting/acfr>.

The BFS are presented in accordance with a fund classification system prescribed by the Governmental Accounting Standards Board. The GAAP basis financial statement presentation is comprehensive in scope and includes organizations and activities defined within Ohio's reporting entity that are not subject to the State's appropriation process. The "General Fund" as reported in the BFS includes more than just the GRF; it also encompasses the Budget Stabilization Fund and those reimbursement-supported funds that account for activities administered by state agencies and departments and for which special revenue or proprietary fund classifications are considered inappropriate.

Recent Receipts and Disbursements

The following summary statements, prepared by OBM based on its accounting records, include (i) governmental and proprietary appropriated funds, cash receipts and cash disbursements, and (ii) GRF cash basis activity. The governmental and proprietary appropriated funds encompass the General Fund (which includes the GRF and BSF) as well as special revenue, debt service, capital projects, and enterprise fund types.

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**SUMMARY STATEMENT
GOVERNMENTAL AND PROPRIETARY APPROPRIATED FUNDS
(\$ in Millions)**

Cash Receipts

SOURCE OF RECEIPTS	Fiscal Year				
	2018	2019	2020	2021	2022
Taxes:					
Personal Income(a).....	\$8,796.1	\$9,313.5	\$8,285.0	\$10,662.8	\$11,247.0
Sales and Use(b).....	10,616.2	11,053.3	11,160.5	12,639.1	13,611.1
Financial Institutions Tax	201.1	202.4	214.9	226.4	202.8
Commercial Activity Tax	1,805.5	1,932.0	1,979.9	1,972.6	2,366.9
Gasoline(c)	1,802.8	1,846.0	2,400.1	2,481.3	2,571.4
Public Utilities and Kilowatt Hour	826.5	889.5	841.8	791.8	876.6
Cigarette(d).....	939.8	918.2	913	926.9	884.6
Foreign Insurance.....	299.4	325.8	332.5	351.8	357.0
Highway Use	34.8	37.4	44.4	45.3	55.3
Estate(e).....	0.2	0.2	0.1	0.1	0.1
Alcoholic Beverages.....	56.8	57.5	54.8	63.7	59.7
Liquor Gallonage	48.1	50.3	53.4	57.6	57.9
Domestic Insurance Franchise	283.4	281.3	308.4	314.9	318.8
Other(h).....	<u>106.8</u>	<u>110.7</u>	<u>106</u>	<u>189.5</u>	<u>199.3</u>
Total Taxes.....	25,817.5	27,018.0	26,694.8	30,723.8	32,807.9
Licenses, Permits and Fees	3,946.6	4,065.1	4,320.2	4,804.9	5,189.5
Sales, Services and Charges	1,636.9	1,665.3	1,671.3	1,902.8	1,958.3
Federal Government(f).....	23,014.9	23,663.7	29,220.6	34,047.2	38,300.7
Other(g).....	6,113.3	6,513.2	6,279.1	8,239.9	9,676.3
Proceeds from Sale of Bonds and Notes.....	<u>2,202.7</u>	<u>1,042.0</u>	<u>1,393.1</u>	<u>1,552.6</u>	<u>553.1</u>
Total Cash Receipts	\$62,731.9	\$63,967.4	\$69,579.0	\$81,271.2	\$88,485.7

- (a) The State has incrementally reduced personal income tax rates commencing calendar year 2013 (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15, 2016-17, 2018-19, 2020-21**, and **Current Biennium** and **TAX LEVELS AND TAX BASES – Personal Income Tax**).
 - (b) FY 2018 decline was due to replacing the sales tax on Medicaid managed care organizations with a new health insuring corporation provider assessment (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2018-19**).
 - (c) Beginning July 1, 2019, the gasoline tax and diesel tax were increased from 28.0 cents to 38.5 cents and 47.0 cents per gallon, respectively (see **TAX LEVELS AND TAX BASES**).
 - (d) Beginning October 1, 2019, the minimum age to purchase cigarettes increased from 18 to 21, and a 10 cents/milliliter tax was imposed on vapor products (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2020-21**).
 - (e) Eliminated effective January 1, 2013; receipts in all years reflect delayed filings or payments.
 - (f) FY 2020 and FY 2021 increases were associated with the enhanced Federal Medical Assistance Percentage authorized in the Families First Coronavirus Response Act (see **FISCAL MATTERS – Recent and Current Finances – Outbreak of COVID-19**).
 - (g) Largest components consist of various reimbursements, loan repayments, unclaimed funds, and investment income.
 - (h) Includes residual payments under the corporate franchise tax for FY22
- Totals may not foot due to rounding.

Cash Disbursements

SOURCE OF RECEIPTS	Fiscal Year				
	2018	2019	2020	2021	2022
General Fund:					
General Revenue Fund	\$31,727.3	\$32,677.6	\$33,104.0	\$35,630.0	\$35,760.3
General Services Fund	5,884.3	5,564.1	5,806.7	6,638.8	7,339.8
Special Revenue Fund(i)	21,947.0	22,088.3	24,297.8	29,873.7	37,020.4
Capital Projects Fund(j)	671.7	794.8	733.5	456.3	445.8
Debt Service Fund(k)	1,155.0	1,243.1	1,288.7	1,052.5	1,288.8
Enterprise Fund(l)	<u>812.9</u>	<u>735.3</u>	<u>1,000.4</u>	<u>1,000.4</u>	814.0
Total Cash Disbursements	\$62,198.1	\$63,103.2	\$66,231.1	\$74,651.7	\$82,669.0

- (i) Includes local government support disbursements.
 - (j) Includes amounts disbursed from proceeds of special obligation bonds and highway general obligation bonds.
 - (k) Includes the several bond retirement funds for general obligation bonds secured by a pledge of taxes and excises.
 - (l) Includes workers' compensation, industrial commission, and lottery including deferred prizes, among others.
- Totals may not foot due to rounding.

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SUMMARY STATEMENT
GENERAL REVENUE FUND CASH BASIS ACTIVITY
(\$ in Millions)

	Fiscal Year				
	2018	2019	2020	2021	2022
Beginning Cash Balance	\$8,796.1	\$9,313.5	\$8,285.0	\$10,662.8	\$4,721.5
Cash Receipts:					
Taxes:					
Personal Income(a)	8,411.0	8,910.2	7,881.3	10,201.3	10,752.2
Sales and Use(b)	10,148.2	10,573.4	10,685.8	12,190.6	13,029.6
Financial Institutions Tax	201.1	202.4	214.9	226.4	202.8
Commercial Activity Tax	1,522.8	1,629.5	1,671.7	1,666.8	1,995.5
Public Utilities and Kilowatt Hour	531.1	562.7	532.6	492.9	516.8
Cigarette(c)	939.8	918.2	913.0	926.9	884.6
Domestic Insurance	278.4	276.0	303.0	309.7	312.6
Foreign Insurance	276.5	296.3	305.1	324.4	628.4
Other(d)	<u>114.3</u>	<u>120.8</u>	<u>115.8</u>	<u>127.8</u>	<u>130.1</u>
Total Taxes	22,423.2	23,489.6	22,623.0	26,466.9	28,152.5
Federal Government	9,469.9	9,763.9	10,482.0	12,727.2	11,897.3
Licenses, Permits and Fees	59.2	64.2	66.6	88.4	99.2
Investment Income	64.2	114.4	131.4	57	52.8
Other	<u>266.1</u>	<u>87.6</u>	<u>121.4</u>	<u>108.9</u>	<u>401.2</u>
Total Cash Receipts	32,282.6	33,519.7	33,424.6	39,448.3	40,603.1
Cash Disbursements:					
Primary, Secondary and Other Education(e)	8,063.6	8,214.4	7,929.0	7,954.2	8,298.4
Higher Education	2,304.8	2,292.6	2,282.3	2,368.5	2,417.6
Public Assistance and Medicaid	14,482.5	15,052.8	15,471.8	18,094.4	17,079.3
Health and Human Services	1,251.8	1,272.0	1,344.0	1,381.3	1,519.9
Justice and Public Protection	2,130.4	2,222.5	2,386.0	2,387.0	2,652.8
General Government(f)	347.9	391.3	440.4	421.8	499.4
Property Tax Reimbursements(g)	1,802.4	1,801.2	1,800.6	1,806.1	1818.2
Debt Service	<u>1,343.9</u>	<u>1,430.8</u>	<u>1,449.9</u>	<u>1,216.8</u>	<u>1,474.8</u>
Total Cash Disbursements	31,727.30	32,677.6	33,104.0	35,630.0	35,760.3
Cash Transfers:					
Transfers-in(h)	188.6	247.9	81.0	97.8	57.1
Transfers-out(i)	(80.0)	<u>(773.0)</u>	(669.5)	<u>(465.0)</u>	<u>(3,074.3)</u>
Ending Cash Balance	\$1,221.0	\$1,538.0	\$1,270.2	\$4,721.5	\$6,547.0

- (a) The State has incrementally reduced personal income tax rates commencing calendar year 2013 (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15, 2016-17, 2018-19, 2020-21**, and **Current Biennium** and **TAX LEVELS AND TAX BASES – Personal Income Tax**).
- (b) FY 2018 decline due to the replacement of the sales tax on Medicaid managed care organizations with a new health insuring corporation provider assessment (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2018-19**).
- (c) Beginning October 1, 2019, a 10 cents/milliliter tax was imposed on vapor products (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2020-21**).
- (d) Includes alcoholic beverage tax, liquor gallonage, petroleum activity tax and residual payments under the corporate franchise tax and estate tax which are both repealed but may apply to prior tax periods.
- (e) Mainly subsidies to school districts for primary and secondary education.
- (f) Includes amounts for non-highway transportation purposes, including mass transit, rail, and aviation.
- (g) State reimbursements to taxing subdivisions for the 12.5% property tax rollback granted to homeowners of real property, for partial real property homestead tax exemptions for the elderly and handicapped (expanded commencing in July 2007), and for revenue reductions resulting from phase-out of local taxes on tangible personal property (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15**).
- (h) FY 2017 to FY 2022 include transfers of \$10.0 million, \$46.2 million, \$66.0 million, \$66.0 million, \$65.9, and \$28.9 million respectively, from the Petroleum Activity Tax Public Highways Fund; and FY 2017 and FY 2019 include transfers of \$163.3 million and \$119.7 million from School District and Local Government Property Tax Replacement Funds, respectively.
- (i) FY 2017 and FY 2019 include transfers of \$29.5 million and \$657.5 million to the BSF, respectively; FY 2017 through 2019 and 2022 include transfers of \$150.0 million, \$41.8 million, \$49.3 million, and \$1,200.0 million to the Health and Human Services Fund, respectively; FY 2019 includes a transfer of \$30.0 million to the Medicaid Local Sales Tax Transition Fund; and FY 2020, 2021, and 2022 include transfers of \$275.0 million, \$400.0 million, and \$500.0 million to the Student Wellness and Success Fund, respectively. Fiscal Year 2022 included transfers of \$350.0 million, \$230.0 million, and \$150.0 million to the Brownfield Remediation, Building Demolition and Site Revitalization, and Ohio Residential Broadband Expansion Grant Funds, respectively.

Totals may not foot due to rounding.

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Recent and Current Finances

Introductory Information

The summary statements above identify receipts from specific taxes and excises that are sources of significant amounts of revenue to the State, and particularly to the GRF. As noted, there are constitutional limitations on the use of some taxes and excises, and mandated allocations of portions of some others. As the statements portray, a substantial amount of total State-level revenue is distributed to local governments and school districts under ongoing programs, including local property tax relief.

The GRF ending cash and fund balances for FY 2022 were \$6.547 billion and \$5.663 billion, respectively, with none of that ending fund balance transferred pursuant to statutory designations leaving a balance of \$5.663 billion. Recent biennium-ending GRF balances were:

Biennium	Cash Balance	Fund Balance(a)	Fund Balance less Designated Transfers(b)
2014-15	\$1,711,679,000	\$1,286,469,000	\$550,366,000
2016-17	557,089,900	170,872,600	170,872,600
2018-19	1,538,011,800	1,146,385,400	833,985,400
2020-21	4,721,519,000	4,032,264,036	2,533,964,036
2022-23	6,547,037,876	5,663,497,686	5,663,497,686

(a) Reflects the ending cash balance less amounts encumbered to cover financial commitments made prior to the end of the fiscal year.

(b) Reflects the ending fund balance less any amounts designated for transfer to other funds, including the BSF.

Actions have been and may be taken by the State to ensure revenue/expenditure balance (particularly in the GRF), some of which are described below. None of those actions has been applied to appropriations or expenditures needed for debt service, lease payments, or other payments involving any State debt-related obligations.

The appropriations acts for the 2022-23 biennium included all necessary appropriations for debt service on State obligations and for lease payments relating to lease rental obligations issued by the Treasurer of State and for certificates of participation (see **FISCAL MATTERS – Recent and Current Finances – Current Biennium and State Debt – General**).

The Revised Code imposes a limitation on most GRF appropriations commencing with the 2008-09 fiscal biennium. This statutory limitation initially used FY 2007 GRF appropriations as a baseline (excluding appropriations for debt service, tax relief and refunds, and certain appropriations reflecting moneys received from the federal government) and then applies an annual growth factor equal to the greater of 3.5% or the sum of the inflation rates and rate of state population change. Every fourth fiscal year thereafter becomes a new base year. All GRF appropriations since FY 2007 have complied with this limitation.

The following is a general discussion of State finances, particularly GRF receipts and expenditures, for recent and the current biennia. As evidenced by the paragraphs below, the State administrations and both houses of the General Assembly have been and remain committed to taking actions that ensure a balance of GRF resources and expenditures.

Recent Biennia

2012-13

2012-13 Biennial Budget and Appropriations. To address the use of non-recurring funding sources in the prior 2010-11 fiscal biennium including federal stimulus amounts received under the American Recovery and Reinvestment Act of 2009 (ARRA), the Act included targeted spending cuts across most state agencies and major new Medicaid reform and cost containment measures. Reflecting the tax law changes described below and a conservative underlying economic forecast, this Act provided for total GRF biennial appropriations of approximately \$55.8 billion. This reflected a 10.5% increase over the 2010-11 GRF biennial appropriations based on total expected GRF biennial revenue of approximately \$56.07 billion (a 6% increase from 2010-11 GRF biennial revenues). GRF appropriations for major program categories (including debt service) compared to 2010-11 actual GRF biennial spending reflected increases of 30.2% for Medicaid (due in large part to the absence of ARRA funding in the 2012-13 biennium and the redirection of 2012-13 biennial spending from non-GRF to GRF sources); decreases of 3% for elementary and secondary education, 9.1% for higher education, and 8.1% for mental health and developmental disabilities (due to the transfer of community mental health Medicaid services to the

Department of Job and Family Services); and flat funding for corrections and youth services. This Act also reflected the restructuring of \$440 million of FY 2012 GRF debt service into FY 2013 through FY 2025, approximately three-quarters of which was accomplished by the July 2011 issuance by the Ohio Public Facilities Commission of \$488.8 million in refunding bonds, with the remainder accomplished by the September 2011 issuance by the Ohio Building Authority of \$149.3 million in refunding bonds.

The Executive Budget, the GRF appropriations Act, and the separate appropriations acts for the biennium included all necessary debt service and lease rental or other payments related to State obligations (after the restructuring of FY 2012 GRF debt service payments).

Major new sources of revenues or expenditure savings reflected in the 2012-13 appropriations Act included:

- Transfer of the State's spirituous liquor system to JobsOhio. On February 1, 2013, the State granted a 25-year franchise on its spirituous liquor system to JobsOhio Beverage System, a nonprofit corporation the sole member of which is JobsOhio, itself a nonprofit corporation created to promote economic development, job creation and retention, job training and the recruitment of business to the State. In exchange for the franchise, the State received a payment of \$1.464 billion, of which \$500 million was deposited in the GRF, \$863.5 million was used to make provision for payment of all debt service on \$725.0 million of then outstanding state bonds and notes secured by a pledge of the State's profits from the sale of spirituous liquor, and \$100 million funded certain revitalization projects. By granting the franchise to JobsOhio Beverage System, the State stopped receiving annual deposits to the GRF from net liquor profits (those deposits totaled \$153.0 million in FY 2011, \$92.5 million in FY 2012 and \$167.0 million in FY 2013, \$88 million of which was generated through the February 1 granting of the franchise to JobsOhio Beverage System). Litigation commenced in April 2011 and August 2014 that challenged, under various provisions of the Ohio Constitution, certain aspects of both JobsOhio and the General Assembly's February 2011 law that authorized its creation and the 2012-13 appropriations Act. In August 2011, the Supreme Court of Ohio dismissed the first case, and in June 2014, the Court affirmed prior judgments of the lower courts in the second case after concluding the plaintiffs lacked standing to bring the suit. The plaintiffs in the second case subsequently filed additional actions in an attempt to revive challenges to JobsOhio and the laws authorizing its creation and the transfer of the State's spirituous liquor system. The Supreme Court ultimately denied plaintiffs' motion for reconsideration in November 2016.
- Sale of five State-owned prison facilities to private operators expected to result in a net payment to the GRF of \$75 million. Based on the proposals it received for the five prisons, the State opted to sell only one of those facilities that accomplished most of the desired financial result for the 2012-13 biennium. Litigation commenced in August 2011, and again in July 2012, challenging the authorization in the 2012-13 appropriations Act to sell these prison facilities. Specifically, this litigation alleged that the provisions authorizing the sale of the prisons, as well as the entire Act, were enacted in violation of the "one subject rule" of the Ohio Constitution and violated the constitutional right to referendum. The litigation also alleged the sale of the prisons would create a joinder of private and public property interests violating the constitutional prohibition against the State entering into a joint venture. In February 2016, the Supreme Court of Ohio upheld the prison sale provisions of the Act, finding their enactment did not violate the "one subject rule" of the Ohio Constitution or its prohibition against the State entering into a joint venture with a private enterprise.
- Reduction of local government fund allocations by \$111 million in FY 2012 and \$340 million in FY 2013. Beginning in FY 2014, allocations were made by committing to the local government fund a set percentage of annual tax revenues deposited into the GRF (beginning with FY 2013 GRF tax revenues).
- Reduction of public library fund allocations to 95% of FY 2011 levels resulting in expenditure reductions of \$52.3 million in FY 2012 and \$102.8 million in FY 2013. Beginning in FY 2014, allocations to public libraries were made by committing to the public library fund a set percentage of annual tax revenues deposited into the GRF (beginning with FY 2013 GRF tax revenues).
- Accelerated phase-out of reimbursement payments to local governments and school districts in connection with the elimination of the tangible personal property tax resulting in an increased share (estimated at \$293.5 million in FY 2012 and \$597.7 million in FY 2013) of the commercial activity tax being deposited into the GRF (see **TAX LEVELS AND TAX BASES – Property Tax**).
- Accelerated phase-out of reimbursement payments to local governments and school districts for electric power generation deregulation and natural gas deregulation resulting in a larger share (estimated at \$141.6 million in FY 2012 and \$147.4 million in FY 2013) of the kilowatt-hour tax and the entire natural gas

consumption tax being reallocated to the GRF (approximately \$66.0 million in FY 2012 and \$66.0 million in FY 2013).

- \$235 million in transfers to the GRF of unclaimed funds and other non-GRF sources, as well as \$12 million from a tax amnesty program.

The 2012-13 appropriations Act also reflected the following tax law changes:

- Implementation of the final 4.2% annual decrease in state personal income tax rates resulting in an aggregate 21% decrease (previously, personal income tax rates were reduced 4.2% annually in each of the tax years 2005 through 2008, with this final reduction delayed from tax year 2009 to tax year 2011).
- Elimination of the estate tax beginning January 1, 2013, previously levied at a rate of 6% on estates over \$338,333 and 7% on estates over \$500,000. In FY 2010, estate tax collections totaled \$285.8 million, of which \$230.8 million was distributed to the local government jurisdictions from which it was collected with \$55.0 million retained by the State and deposited into the GRF.
- Establishment of the InvestOhio income tax credit program under which investors in small businesses based in Ohio who hold their investments for at least two years may receive 10% income tax credits limited to a maximum of \$10 million per investor per biennium with no more than \$100 million of those credits to be issued over two years.

The 2012-13 biennial appropriations Act created a Medicaid reserve fund and authorized the OBM Director to transfer up to \$130 million from the GRF, if necessary, to provide for the payment of Medicaid costs above the enacted level of appropriations. That Act also created a \$104 million Unemployment Compensation Contingency Fund to pay interest on federal advances to the State Unemployment Compensation Fund, \$70.7 million of which was used to make the interest payment due in September 2011, with the remaining amount applied to the September 2012 interest payment of \$65.8 million. The September 2012 interest payment was also funded by a \$25 million GRF supplemental appropriation and a contribution from the State's Unemployment Compensation Administration Fund.

2012 Mid-Biennium Review. On March 14, 2012, the Governor announced a series of policy proposals resulting from a "mid-biennium review", with a stated focus on job creation as a priority. The Governor's 2012 proposal for General Assembly consideration included:

- *Energy* - Including shale oil and gas production opportunities in the Marcellus and Utica fields in the State, and modernizing the State's oil and gas severance tax; electric generation and transmission; coal; cogeneration, alternative fuels and renewables; energy efficiency; and regulatory reform.
- *Personal income tax reduction* - Proposing that any new revenue from shale oil and gas production and modernization of the State's oil and gas severance tax system be used to reduce personal income tax rates by a commensurate amount.
- *Bank and financial institutions tax reform* - A revenue-neutral modernization of Ohio's taxes on banks and financial institutions replacing the corporate franchise and dealers intangibles tax with a new financial institutions tax to more accurately reflect modern banking practices. This proposal also closed loopholes and reduced the overall tax burden on most banks.
- *Education* - Proposals strengthened Ohio's "third grade reading guarantee", career education, a new school performance measuring system, expansion of digital and online learning, flexibility for teacher evaluations, new standards for dropout recovery schools, assessments of all publicly funded early childhood programs, and supported adoption of a school reform plan for the City of Cleveland schools.
- *Workforce development* - Created job opportunities for the developmentally disabled, an improved workforce development program, allowed those undergoing training with an employer to continue collecting unemployment benefits, linked energy companies with trained workers, and matched skilled veterans to in demand jobs.
- *Management efficiency* - Combined the separate Offices of the State Architect and Engineer, and the Office of Energy Services into an Ohio Facilities Construction Commission (OFCC) to administer the design and construction of state public facilities, with the Ohio School Facilities Commission retained as an independent agency within the OFCC but sharing employees and facilities.

Those 2012 mid biennium review proposals were considered by the General Assembly through twelve separate pieces of legislation, and the General Assembly passed seven acts addressing the subjects of energy (not including proposed changes to the State's oil and gas severance tax), tax reform (not including the personal income tax

reduction proposal), education, workforce development, and management efficiency for both state and local governments.

Further, the General Assembly enacted and the Governor signed into law on December 20, 2012, a new financial institutions tax that first applied to tax year 2014. This tax replaced the prior corporate franchise tax on financial institutions and the prior dealers in intangibles tax. The proceeds from the new financial institutions tax are deposited in the GRF like the proceeds from the taxes it replaced. Based on revenue targets and mechanisms established in the legislation, OBM projected the effect of these tax changes to be revenue neutral to the GRF.

The new tax applies to many companies that were previously subject to Ohio's corporate franchise tax, primarily banks and other corporations classified as financial institutions. In addition, many entities previously subject to the dealers in intangibles tax (such as mortgage brokers, stockbrokers, finance and loan companies not classified as financial institutions) are subject to the commercial activity tax, and the other previous dealers in intangibles are now required to pay the financial institutions tax.

FY 2013 Results. The State ended FY 2013 with GRF cash and fund balances of \$2.64 billion and \$2.28 billion, respectively. These ending balances reflect approximately \$1.15 billion in FY 2013 underspending due largely to actual Medicaid expenditures \$883.0 million below the original FY 2013 spending estimate. The State deposited \$995.9 million into the BSF increasing its balance to \$1.48 billion—the then statutorily designated five percent of FY 2013 GRF revenues; carried-forward \$963.2 million to offset the one-time cost of accelerating the phase-in of reductions in state personal income tax withholding rates (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15**); and transferred \$120 million into the Unemployment Compensation Contingency Fund to pay interest on federal advances to the State Unemployment Compensation Fund and \$51.3 million into disaster services/emergency funds. The remaining \$147.8 million was reserved in the GRF to maintain the statutory target of one-half of one percent of FY 2013 GRF revenues as an ending fund balance.

2014-15

2014-15 Biennial Budget and Appropriations. The 2014-15 biennial appropriations Act was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2013. With a focus on job creation and continued spending restraint, and based on a conservative economic forecast, that Act provided for total GRF biennial appropriations of approximately \$62.0 billion. This reflected an 11.1% increase over 2012-13 GRF biennial appropriations and was based on expected total GRF biennial revenue (not including the \$963.2 million carried-forward from the 2012-13 biennium) of approximately \$61.1 billion (a 7.7% increase from 2012-13 GRF biennial revenues).

GRF major program categories (including debt service) reflected the following changes in spending:

- *Medicaid* – increases of 16.8% in FY 2014 appropriations over FY 2013 expenditures (attributable in part to federal Affordable Care Act induced enrollment of previously eligible individuals and federally mandated physician rate increases) and 6.2% for FY 2015 appropriations over FY 2014 appropriations.
- *Elementary and secondary education* – increases of 5.0% for FY 2014 appropriations over FY 2013 expenditures and 5.8% for FY 2015 appropriations over FY 2014 appropriations, due largely to enhancements in the K-12 school funding formula.
- *Higher Education* – increases of 1.8% for FY 2014 appropriations over FY 2013 expenditures and 2.1% for FY 2015 appropriations over FY 2014 appropriations.
- *Corrections and Youth Services* – increases of 0.1% for FY 2014 appropriations over FY 2013 expenditures and 0.2% for FY 2015 appropriations over FY 2014 appropriations.
- *Mental Health and Developmental Disabilities* – an increase of 5.0% for FY 2014 appropriations over FY 2013 expenditures and an increase of 4.0% for FY 2015 appropriations over FY 2014 appropriations.

The Act also implemented a new school funding formula (see **SCHOOLS AND MUNICIPALITIES – Schools**), allocated a portion of state public higher education funding to institutions based on their graduation rates, and eliminated the Ohio Cultural Facilities Commission by moving the administration of cultural facilities projects to the Ohio Facilities Construction Commission for efficiencies and budgetary savings.

The Executive Budget, the 2014-15 appropriations Act, and separate appropriations acts for the biennium included all necessary debt service and lease rental or other payments related to State debt obligations.

The 2014-15 biennial appropriations Act reflected the following reductions and related adjustments of major state taxes, resulting in an estimated net reduction in GRF revenues of \$1.16 billion in FY 2014 and \$771 million in FY 2015, including:

- A 10% reduction in state personal income tax rates phased-in over three years (8.5% in calendar year 2013, 0.5% in calendar year 2014, and 1.0% in calendar year 2015), coupled with a freeze on the indexing of the state income tax brackets and the personal exemption for tax years 2013-2015 until these rate reductions are fully implemented.
- Creation of a non-refundable earned income tax credit equal to 5% of the federal earned income credit that is limited to 50% of liability for gross income that exceeds \$20,000.
- A new deduction for small businesses of 50% of annual adjusted business net income up to \$250,000.
- Elimination of the \$20 personal income tax exemption for filers with a gross income greater than \$30,000 and of the gambling loss deduction.
- An increase in the state sales and use tax by one-quarter percent (from 5.5% to 5.75%) beginning September 1, 2013.
- Authorization of full membership for the State in the streamlined sales tax project for the collection of state sales taxes on out-of-state companies for catalog and internet purchases.
- Expansion of the state sales tax base to include digital goods such as e-books, music, and video downloads and repeal of the exemption for magazine purchases.
- Elimination of the corporate franchise tax (and dealers in intangibles tax) and the initial implementation and collection of the new financial institutions tax in tax year 2014.
- Elimination of the 12.5% property tax roll back for owner-occupied residential property for new voter-approved local property tax levies.
- Reinstating income requirements for eligibility for new applicants for the State's homestead tax exemption (this exemption was expanded in 2007 to include all senior citizens and disabled Ohioans regardless of income).
- Establishing a variable minimum for the commercial activity tax for businesses with gross receipts greater than \$1 million and an exemption from the CAT for grain handlers.

Medicaid Expansion. Subsequent to the passage of the GRF appropriations Act, on October 21, 2013, the Controlling Board voted 5 to 2 to increase federal Medicaid appropriations by approximately \$562 million in FY 2014 and approximately \$2.0 billion in FY 2015. The additional federal appropriations supported the federally-authorized expansion of the Medicaid program to cover those with incomes up to 138% of the federal poverty level using 100% federal funds in fiscal years 2014 and 2015. On October 22, 2013, six State Representatives and two local right to life organizations filed an action in the Supreme Court of Ohio against the Controlling Board and the Ohio Department of Medicaid requesting that the Court vacate the Controlling Board's October 21 action. Following the submission of briefs in the case, the Court issued its decision upholding the Controlling Board's action on December 20, 2013.

2014 Mid-Biennium Review. On March 12, 2014, the Governor announced a series of initiatives across a range of topics resulting from a "mid-biennium review" for 2014-15. The Governor's proposals included:

- *Elementary and Secondary Education* – proposals for dropout prevention and recovery and making technical and vocational education accessible by more students as early as the seventh grade.
- *Higher Education* – proposals for reforming Ohio's dual credit programming to encourage more students to earn college credit while in high school; extending to two-year community colleges a funding formula tied to successful student outcomes; tying state funding for technical centers to the percentage of their students that find a job and other outcome-based benchmarks; increased use of technology and distance learning; increasing enrollment of international students and their retention in Ohio post-graduation; providing community colleges the option to offer a guaranteed tuition rate; and providing veterans college credit for their military training and experience.
- *Income Tax Reductions and Other Tax Adjustments* – proposals to lower income tax rates across all income levels by 8.5% over the next three years; increasing the state's earned income tax credit for low-income Ohioans from 5% to 15% of the federal earned income tax credit; increasing the state income tax personal exemptions for those with annual incomes up to \$80,000; raising the tax on cigarettes by 60 cents to \$1.85 per pack with equivalent taxes on other tobacco products including e-cigarettes; increasing the oil and gas severance tax to 2.75% of producer gross receipts while eliminating that tax for small conventional gas producers and exempting from that tax up to \$8 million of gross receipts per well during

the first three years to help producers recoup their start-up drilling costs, with approximately 20% of severance tax revenue directed to local governments in shale oil and gas producing regions of the state; and updating the commercial activity tax rate from its initial 0.26% rate established in 2005 to 0.30%.

- *Workforce* – aligning the three main federal workforce programs through a single, integrated plan to provide faster and improved training; and expediting professional licensing and certification for veterans and their spouses.
- *Human Services* – increased access to crisis intervention and safe places for those with mental illness and addictions; allocating \$26.9 million of non-GRF funds to support tobacco prevention and cessation programs; and expanding drug and substance abuse prevention in schools and prioritizing statewide funding for prevention initiatives. The Governor’s proposal also increased appropriations to the Department of Rehabilitation and Correction by \$53.5 million to address a rise in the prison population, and reduced local property tax reimbursement and debt service appropriations for the biennium by \$35 million and \$92 million, respectively, due to lower than expected payments, while continuing all necessary appropriations for debt service and lease rental payments for State obligations.

Those 2014 proposals were introduced in the General Assembly in March as fourteen separate pieces of legislation, seven of which were enacted by the General Assembly in May and June addressing the subjects of elementary and secondary education (including \$5 million for alternative education programs), higher education (including \$3.1 million for the State share of instruction), and workforce and human services (including \$16 million for early education and child care, \$16.8 million for adult and child protection services, and \$3.2 million for Family and Children Services). As further implementation of the biennial appropriations Act and due to positive FY 2014 financial results, the 2014 legislation also included the following reductions and adjustments to the state personal income tax resulting in an estimated net reduction in GRF revenues of \$402 million in FY 2015:

- Acceleration into calendar year 2014 of the remaining 1% reduction in state personal income tax rates previously scheduled to be effective in calendar year 2015.
- An increase in the non-refundable earned income tax credit from 5% to 10% of the federal earned income credit that is limited to 50% of liability for gross income that exceeds \$20,000.
- A temporary increase in the deduction for small businesses from 50% up to 75% of annual business net income up to \$250,000 for tax year 2014.
- An increase in the state income tax personal exemption from \$1,700 to \$2,200 for gross income less than \$40,000, and from \$1,700 to \$1,950 for gross income between \$40,000 and \$80,000.

The 2014 legislation passed by the General Assembly also authorized the OBM Director to transfer to a Medicaid reserve fund up to \$300 million from the GRF, if necessary, to provide for the payment of Medicaid costs above the enacted level of appropriations. The full amount of this transfer was made at the end of FY 2014.

FY 2015 Financial Results. The State ended FY 2015 with GRF cash and fund balances of \$1.71 billion and \$1.29 billion, respectively. Of that ending GRF fund balance, the State reserved \$157.4 million to maintain the statutory target of one-half of one percent of State FY 2015 GRF revenues as an ending fund balance, carried-forward \$393.0 million to cover the planned for and modest variance of FY 2016 GRF appropriations over estimated revenue, transferred \$425.5 million to the BSF, \$50 million to the health and human services fund (see **2016-17** below for discussion on the creation of this fund), \$42 million to the Straight A fund, \$40 million to pay unemployment compensation loan interest, and \$20 million for disaster services. The State also made 14 smaller transfers totaling \$149.3 million with the remaining \$9.1 million transferred to the income tax reduction fund. Of the \$331.1 million FY 2015 ending balance in the Medicaid reserve fund, the State transferred \$72.0 million to a school district tangible personal property tax supplement fund, \$101.1 million to the BSF (bringing its balance to \$2.005 billion), and \$158.0 million to the GRF.

2016-17

2016-17 Biennial Budget and Appropriations. The 2016-17 biennial appropriations Act was passed by the General Assembly and signed (with selective vetoes) by the Governor on June 30, 2015. Reflecting a focus on job creation, and based on a conservative economic forecast, the Act provided for total GRF biennial appropriations of approximately \$71.2 billion reflecting a 14.9% increase over the 2014-15 GRF biennial appropriations. Those appropriations were based upon estimated total expected GRF revenue of \$34.9 billion in FY 2016, which excluded the \$393.0 million carried-forward from FY 2015 (reflecting a 10.8% increase over FY 2015 revenue), and \$36.5 billion in FY 2017 (reflecting a 4.6% increase over expected FY 2016 revenues). Total estimated GRF revenues across the 2016-17 biennium reflected a 17.5% increase from 2014-15 GRF biennial revenues.

GRF major program categories (excluding debt service) reflected the following increases:

- *Medicaid* – 21.8% in FY 2016 appropriations over FY 2015 expenditures (driven in large part to the shift in funding to the GRF from non-GRF sources beginning in FY 2016 for the Medicaid expansion population), and 5.1% for FY 2017 appropriations over FY 2016 appropriations.
- *Elementary and Secondary Education* – 5.0% for FY 2016 appropriations over FY 2015 expenditures, and 4.2% for FY 2017 appropriations over FY 2016 appropriations.
- *Higher Education* – 4.5% for FY 2016 appropriations over FY 2015 expenditures, and 3.3% for FY 2017 appropriations over FY 2016 appropriations.
- *Mental Health and Developmental Disabilities* – 9.1% for FY 2016 appropriations over FY 2015 expenditures, and 7.3% for FY 2017 appropriations over FY 2016 appropriations.
- *Corrections and Youth Services* – 4.8% for FY 2016 appropriations over FY 2015 expenditures, and 3.0% for FY 2017 appropriations over FY 2016 appropriations.
- The Act also modified the school funding formula to distribute new resources to districts with less capacity to raise revenues locally (see **SCHOOLS AND MUNICIPALITIES – Schools**) and froze tuition and fees for two- and four-year higher education institutions.

The Executive Budget, the 2016-17 biennial appropriations Act, and separate appropriations acts for the biennium included all necessary debt service and lease rental or other payment appropriation authority related to State debt obligations.

The 2016-17 biennial appropriations Act reflected the following tax reductions and related adjustments, resulting in an estimated net reduction in GRF revenues relative to prior law of \$869.0 million in FY 2016 and \$952.0 million in FY 2017:

- An across-the-board 6.3% reduction in state personal income tax rates in calendar year 2015.
- Continuation of the 75% exemption on the first \$250,000 of business net income for small businesses in tax year 2015 (previously increased on a temporary basis for tax year 2014 (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15**)) and completely exempting the first \$250,000 of business net income in tax year 2016 and beyond.
- Beginning in tax year 2015, replaced the multi-bracket tax system for small businesses with a low flat rate of 3% on the amount of business net income. Legislation subsequently passed by the General Assembly clarified this provision and was estimated by OBM to reduce GRF revenues in FY 2016 by up to \$81 million.
- Beginning in tax year 2015, limited certain retirement income credits to taxpayers whose individual or joint adjusted gross income is less than \$100,000 (this exemption was previously available to all taxpayers aged 65 years and older).
- Increased the cigarette tax from \$1.25 per pack (of 20 cigarettes) to \$1.60 per pack, effective July 1, 2015.

The 2016-17 biennial appropriations Act also reflected:

- The resumption of the phase-out of reimbursements to local governments and school districts in connection with the elimination of the tangible personal property tax, resulting in an increased share (estimated at \$428.7 million in FY 2016 and \$445.3 million in FY 2017) of the commercial activity tax being deposited into the GRF (see **TAX LEVELS AND TAX BASES – Property Tax**).
- The continuing phase-out of reimbursements to local governments and school districts for electric power generation deregulation and natural gas deregulation resulting in an increased share (estimated at \$56.3 million in FY 2016 and \$56.0 million in FY 2017) of the kilowatt-hour tax being reallocated to the GRF.

The 2016-17 biennial appropriations Act also created a health and human services fund to pay for public health programs or services and authorized the OBM Director to transfer from the GRF \$150 million in FY 2017 into the fund, which amount is in addition to the \$50 million transferred from the GRF at the end of FY 2015 into the fund.

In July 2016, OBM revised the FY 2017 GRF revenue forecast to reflect updated economic assumptions, actual FY 2016 revenue performance, and tax law adjustments enacted by General Assembly after adoption of the 2016-17 biennial appropriations Act. As part of this revision, OBM reduced the estimated FY 2017 GRF tax revenue forecast by \$282.0 million, a 1.2% reduction compared to the original FY 2017 tax revenue forecast. This reduction in forecasted tax revenues was largely within the personal income and commercial activity taxes. As part of the Governor’s Executive Budget proposal for the 2018-19 fiscal biennium (see **2018-19** below), and based on tax revenue underperformance, in January 2017, OBM further reduced the estimated FY 2017 GRF tax revenue

forecast by \$592.2 million, a 2.7% reduction compared to the July 2016 revision. The largest variances (compared to the July 2016 revision) were in the personal income tax (reduced by \$333.9 million or 4.0%), the sales and use tax (reduced by \$259.3 million or 2.4%), and the commercial activity tax (reduced by \$32.0 million or 2.5%).

FY 2017 Financial Results. The State ended FY 2017 with a GRF cash balance of \$557.1 million and an ending fund balance of \$170.9 million that was reserved to maintain the statutory target of one-half of one percent of State FY 2017 GRF revenues as an ending fund balance.

2018-19

The 2018-19 biennial appropriations Act was passed by the General Assembly and signed by the Governor (with selective vetoes) on June 30, 2017.

To address lower GRF revenue estimates for the 2018-19 fiscal biennium, the Act included both across-the-board and targeted spending cuts across most State agencies and programs. The Act provided for the following GRF appropriations:

GRF Appropriations 2018-19 Biennium (\$ in billions)

Fiscal Year 2017 Expenditures	Fiscal Year 2018 Appropriations	% Change Over Fiscal Year 2017 Expenditures	Fiscal Year 2019 Appropriations	% Change Over Fiscal Year 2018 Appropriations	2018-19 Biennium Total Appropriations
\$34.5	\$32.2	-6.7%	\$33.3	3.5%	\$65.5

Major program categories reflected the following GRF appropriation changes (excluding debt service appropriations):

- *Medicaid* – FY 2018 appropriations decreased 15.0% over FY 2017 expenditures (as discussed below, driven largely by the replacement of the Medicaid managed care organization sales tax, the receipts of which were being deposited into the GRF, by a new health insuring corporation provider assessment, the receipts of which are now deposited into a dedicated non-GRF fund), and FY 2019 appropriations increased 5.7% over FY 2018 appropriations.
- *Elementary and Secondary Education* – FY 2018 appropriations increased 1.5% over FY 2017 expenditures, and FY 2019 appropriations increased 1.6% over FY 2018 appropriations.
- *Higher Education* – FY 2018 appropriations increased 0.5% over FY 2017 expenditures, and FY 2019 appropriations decreased 0.3% over FY 2018 appropriations.
- *Mental Health and Developmental Disabilities* – FY 2018 appropriations decreased 0.9% over FY 2017 expenditures (driven by the shift in funding of certain Medicaid expenditures to the Medicaid program category), and FY 2019 appropriations increased 2.1% over FY 2018 appropriations.
- *Corrections and Youth Services* – FY 2018 appropriations increased 4.2% over FY 2017 expenditures, and FY 2019 appropriations increased 1.6% over FY 2018 appropriations.

The Act also modified certain components of the school funding formula to better distribute resources to districts with less capacity to raise revenues locally (see **SCHOOLS AND MUNICIPALITIES – Schools**) and limited increases in tuition and fees for two- and four-year higher education institutions.

The Executive Budget, the 2018-19 biennial appropriations Act, and separate appropriations acts for the biennium included all necessary debt service and lease rental or other payment appropriation authority related to State debt obligations.

The foregoing appropriations were based upon available balances and estimated GRF revenue for the biennium as follows:

Estimated State & Federal GRF Revenue 2018-19 Biennium (\$ in billions)

Fiscal Year 2017 Actual Revenue	Fiscal Year 2018 Est. Revenue	% Change Over Fiscal Year 2017 Actual Revenue	Fiscal Year 2019 Est. Revenue	% Change Over Fiscal Year 2018 Est. Revenue	2018-19 Biennium Est. Total Revenue
\$34.2	\$32.3	-5.5%	\$33.3	3.2%	\$65.6

Sources of revenues reflected in the 2018-19 biennial appropriations Act included \$84.5 million in transfers to the GRF from non-GRF funds, \$200 million from unclaimed funds, \$31 million from the sale of prison farmland, and \$20 million from a tax amnesty program.

The 2018-19 biennial appropriations Act reflected certain tax law changes, resulting in an estimated net GRF revenue increase of \$12.8 million in FY 2018 and an estimated net GRF revenue decrease of \$30.8 million in FY 2019, including:

- Reduced the number of personal income tax brackets from nine to seven in tax year 2017 and for certain low income taxpayers completely exempted the first \$10,500 of taxable income, with increasing bracketed base rates and percentages up to a maximum on incomes over \$210,600 of \$8,073 plus 4.997% on the amount over \$210,600 (see **TAX LEVELS AND TAX BASES – Personal Income Tax**).
- Temporarily increased the percent of GRF tax revenues deposited into the public library fund from 1.66% to 1.68% in each of FY 2018 and FY 2019.
- Increased the state personal income tax deduction from \$2,000 to \$4,000 for contributions to accounts for college savings and care for disabled individuals.
- Authorized a one-time sales tax holiday on the purchase of clothing and school supplies in August 2018 (separate legislation enacted by the General Assembly authorized a sales tax holiday in August 2017).

The 2018-19 biennial appropriations Act also reflected:

- The creation of a new health insuring corporation provider assessment, the revenues of which are being deposited into a non-GRF dedicated purpose fund, to fully replace the forgone GRF sales tax revenue resulting from the federal policy ruling by the Centers for Medicare and Medicaid Services (CMS) that Ohio’s sales tax on Medicaid managed care organizations was impermissible as a means of generating revenue to draw federal matching dollars. The GRF revenue loss was estimated to be approximately \$600 million in each of FY 2018 and FY 2019.
- Increased the portion of the commercial activity tax deposited into the GRF (estimated at \$175 million in FY 2018 and \$179 million in FY 2019) from 75% to 85% to more closely match the amount needed to make compensating payments to school districts and local governments in connection with the prior phase-out of the tangible personal property tax. The requirement to transfer funds in excess of the compensating payments formula to the GRF at the end of each fiscal year remained unchanged (see **TAX LEVELS AND TAX BASES – Property Tax**).

In July 2018, OBM revised the FY 2019 GRF revenue forecast to reflect updated economic assumptions, actual FY 2018 revenue performance, and certain minor tax law adjustments enacted by the General Assembly after adoption of the 2018-19 biennial appropriations Act. As part of this revision, OBM increased the estimated FY 2019 GRF tax revenue forecast by \$531.1 million, a 2.4% increase compared to the original FY 2019 tax revenue forecast. This increase in forecasted tax revenues was largely within the personal income tax (increased by \$379.5 million or 4.5%) and the sales and use tax (increased by \$129.0 million or 1.3%). Effective January 1, 2019, personal income tax employer withholding rates were reduced by 3.3% in order to fully reflect the income tax rate reductions enacted in the 2016-17 biennial budget. This was estimated to result in a one-time \$148.5 million reduction to personal income tax revenue in FY 2019. FY 2020 personal income tax revenue was not affected as the reduction in withholding was offset by reduced income tax refunds as final returns were filed for tax year 2019.

FY 2019 Financial Results. The State ended FY 2019 with GRF cash and fund balances of \$1.54 billion and \$1.15 billion, respectively. Of that ending GRF fund balance, the State carried forward \$834.0 million, including \$168.8 million reserved to maintain the statutory target of one-half of one percent of FY 2019 GRF revenues as an ending fund balance, and transferred \$172.0 million to the H2Ohio fund (see **2020-21** below for discussion of this fund), \$31.0 million to the statewide treatment and prevention fund, \$39.0 million to the emergency purposes and disaster services funds, \$20.0 million to the school bus purchase fund, \$19 million to the tobacco use prevention fund, and \$31.4 million across six other smaller purposes.

2020-21

The 2020-21 biennial appropriations Act, which was preceded by a 17-day interim appropriations act, was passed by the General Assembly and signed by the Governor (with selective vetoes) on July 18, 2019. Reflecting the tax law changes described herein and an underlying economic forecast prepared in the first half of 2019, that Act provided for the GRF appropriations outlined below. The underlying economic forecast did not take into account the economic effects of the pandemic as described below under **Outbreak of COVID-19**.

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GRF Appropriations 2020-21 Biennium (\$ in billions)

Fiscal Year 2019 Expenditures	Fiscal Year 2020 Appropriations	% Change Over Fiscal Year 2019 Expenditures	Fiscal Year 2021 Appropriations	% Change Over Fiscal Year 2020 Appropriations	2020-21 Biennium Total Appropriations
\$32.7	\$34.0	4.0%	\$36.0	6.0%	\$70.0

Major program categories reflected the following GRF appropriation changes (excluding GRF debt service appropriations):

- *Medicaid* – FY 2020 appropriations increased 3.3% over FY 2019 expenditures, and FY 2021 appropriations increased 11.8% over FY 2020 appropriations.
- *Elementary and Secondary Education* – including transfers from the GRF in support of student wellness and success, FY 2020 appropriations increased 3.9% over FY 2019 expenditures, and FY 2021 appropriations increased 0.2% over FY 2020 appropriations.
- *Higher Education* – FY 2020 appropriations increased 4.6% over FY 2019 expenditures, and FY 2021 appropriations increased 2.6% over FY 2020 appropriations.
- *Mental Health and Developmental Disabilities* – excluding Medicaid program services, FY 2020 appropriations decreased 1.4% over FY 2019 expenditures, and FY 2021 appropriations increased 2.8% over FY 2020 appropriations.
- *Corrections and Youth Services* – FY 2020 appropriations increased 4.0% over FY 2019 expenditures, and FY 2021 appropriations increased 3.5% over FY 2020 appropriations.

The 2020-21 biennial appropriations Act also created the H2Ohio fund to support water quality projects in Lake Erie and across Ohio’s rivers, lakes, and waterways. The H2Ohio fund was initially seeded by a \$172 million transfer from the FY 2019 ending GRF fund balance.

The Executive Budget, 17-day interim appropriations act, the 2020-21 biennial appropriations Act, and separate appropriations acts for the biennium all included necessary debt service and lease rental or other payment appropriation authority related to State debt obligations for the entire biennium.

The foregoing appropriations were based upon available balances and estimated GRF revenue for the biennium and have been adjusted with updated revenue forecasts as of June 10, 2020 as follows:

Estimated State & Federal GRF Revenue 2020-21 Biennium (\$ in billions)

Fiscal Year 2019 Actual Revenue	Fiscal Year 2020 Est. Revenue	% Change Over Fiscal Year 2019 Actual Revenue	Fiscal Year 2021 Est. Revenue	% Change Over Fiscal Year 2020 Est. Revenue	2020-21 Biennium Total Est. Revenue
\$33.8	\$33.2	-1.6%	\$36.0	8.5%	\$69.3

The 2020-21 biennial appropriations Act reflected the following tax policy and allocation changes, among others, that resulted in a net GRF revenue decrease of \$410 million in FY 2020 and \$177 million in FY 2021:

- An across-the-board 4.0% reduction in state personal income tax rates and elimination of the bottom two income tax brackets (effective in tax year 2019), coupled with a freeze on the indexing of the income tax brackets (through tax year 2020). The tax bracket changes eliminated any tax liability for individuals with taxable income less than \$21,750 (see **TAX LEVELS AND TAX BASES – Personal Income Tax**).
- Modified eligibility for various means-tested state personal income tax credits such that high-income taxpayers with little non-business income are not eligible for the tax credits (effective tax year 2019).
- Created two new non-refundable tax credits, one for lead abatement expenses capped at \$5 million annually (effective in tax year 2020) and one for Qualified Opportunity Zone investments that is limited to no more than \$50 million per fiscal biennium (effective in tax year 2019).
- Increased the legal age to purchase tobacco products from 18 to 21 years old and created a tax on the volume of nicotine-containing vapor products (effective October 2019).
- Modified the presumption of a seller having a substantial nexus with Ohio in accordance with *South Dakota v. Wayfair, Inc.* for purposes of collecting the sales and use tax on retail sales through “marketplace facilitators” (effective October 2019).
- Temporarily increased the percent of GRF tax revenues deposited into the local government fund from 1.66% to 1.68% in each of FY 2020 and FY 2021.

- Temporarily increased the percent of GRF tax revenues deposited into the public library fund from 1.66% to 1.70% in each of FY 2020 and FY 2021.

OBM updated the FY 2021 GRF revenue forecast to reflect economic assumptions (influenced largely by the COVID-19 Pandemic) and actual FY 2020 revenue performance. For further information relating to the updated FY 2021 GRF revenue forecast see **Outbreak of COVID-19** below.

FY 2021 Financial Results: The State ended FY 2021 with GRF cash and fund balances of \$4.72 billion and \$4.03 billion, respectively. As authorized in the 2022-2023 biennial appropriations act, the entire fund balance was carried forward into FY 2022, including \$197.7 million reserved to maintain the statutory target of one-half of one percent of FY 2021 GRF revenues as an ending fund balance, and \$1.2 billion transferred to the Health and Human Services Fund, \$132.0 million transferred to the H2Ohio Fund, \$100.0 million transferred to the Investing in Ohio Fund, and \$66.3 million transferred across three other smaller purposes.

FY 2021 GRF tax revenues were considerably greater than both the original forecast derived in July 2019 for the enacted FY 2020-21 operating budget as well as the updated forecast issued with the FY 2022-23 Executive operating budget. Tax revenues for the year were \$1.54 billion above the original forecast. Of the \$1.54 billion positive variance, \$774.6 million occurred during the last quarter of the fiscal year, with sales tax revenues exceeding estimates by large margins in each month of the quarter.

Current Biennium

The 2022-23 biennial appropriations Act was passed by the General Assembly and signed by the Governor (with selective vetoes) on June 30, 2021. Reflecting the tax law changes described below and a conservative underlying economic forecast, that Act provides for the following GRF appropriations:

GRF Appropriations 2022-23 Biennium (\$ in billions)

Fiscal Year 2021 Expenditures	Fiscal Year 2022 Appropriations	% Change Over Fiscal Year 2021 Expenditures	Fiscal Year 2023 Appropriations	% Change Over Fiscal Year 2022 Appropriations	2022-23 Biennium Total Appropriations
\$35.6	\$34.9	-2.0%	\$39.3	12.6%	\$74.3

Major program categories reflected the following GRF appropriation changes (excluding GRF debt service appropriations):

- Medicaid* – FY 2022 appropriations decreased 11.7% over FY 2021 expenditures, and FY 2023 appropriations increased 26.1% over FY 2022 appropriations.
- Elementary and Secondary Education* – including transfers from the GRF in support of student wellness and success, FY 2022 appropriations increased 5.8% over FY 2021 expenditures, and FY 2023 appropriations increased 2.0% over FY 2022 appropriations.
- Higher Education* – FY 2022 appropriations increased 2.7% over FY 2021 expenditures, and FY 2023 appropriations increased 0.1% over FY 2022 appropriations.

The 2022-23 biennial appropriations Act revised the school funding formula to consider resident income levels in addition to property tax values (see **SCHOOLS AND MUNICIPALITIES – Schools**). The Act also authorized the BSF to retain interest earnings.

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The foregoing appropriations were based upon available balances and estimated GRF revenue for the biennium as follows:

Estimated State & Federal GRF Revenue 2022-23 Biennium (\$ in billions)

Fiscal Year 2021 Actual Revenue	Fiscal Year 2022 Est. Revenue	% Change Over Fiscal Year 2021 Actual Revenue	Fiscal Year 2023 Est. Revenue	% Change Over Fiscal Year 2022 Est. Revenue	2022-23 Biennium Total Est. Revenue
\$39.5	\$36.6	-7.5%	\$39.9	9.3%	\$76.6

Because of an extension in the filing date for tax year 2019 returns, an estimated \$719.0 million in income tax revenue was received in FY 2021 rather than in FY 2020, thereby impacting the FYs 2021-2022 growth rate.

Amended Substitute House Bill 110, the biennial budget for FYs 2022-2023, included several transfers from the General Revenue Fund. Estimated FY 2022 transfers from the General Revenue Fund total \$2.98 billion, the largest of which is \$1.2 billion for the Health and Human Services Fund.

The 2022-23 biennial appropriations Act reflected the following tax policy and allocation changes, among others, that were estimated to result in a net GRF revenue decrease of \$1.0 billion in FY 2022 and \$977.0 million in FY 2023:

- Made an across-the-board 3.0% reduction in state personal income tax rates on non-business income, except for consolidating the top two income brackets and setting the new top rate at 3.99 percent.
- Increased the threshold for zero tax liability, in which filers with taxable incomes below \$25,000 are no longer subject to Ohio personal income tax.
- Contained a one-year (tax year 2021) suspension of bracket indexing, and two-year (tax years 2021 and 2022) suspension of personal exemption indexing.
- Established new non-refundable tax credits for home-schooling expenses, for tuition paid to non-chartered private schools, and for contributions made to non-profit scholarship granting organizations.
- Repealed sales and use tax on employment services; also enacted an exemption for sales of investment coins and bullion.
- Continued the decrease, on a temporary basis, of the percent of GRF tax revenues deposited into the public library fund from 1.66% to 1.70% in each of FY 2022 and FY 2023.

Fiscal Year 2022 ended the fiscal year with a positive GRF fund balance. OBM is currently projecting a positive GRF fund balance at the end of FY 2023. As noted above, the State is effectively precluded by its Constitution from ending a fiscal year or a biennium in a “deficit” position. OBM continually monitors and analyzes revenues, expenditures, and related developments (including pending litigation) and prepares a Monthly Financial Report, the most recent of which is accessible at https://obm.ohio.gov/areas-of-interest/budget-and-planning/06_monthly-financial-reports/06_monthly-financial-reports.

On January 21, 2022, Governor Mike DeWine announced Intel Corporation’s plan to invest \$20 billion to construct a new semiconductor manufacturing plant in Ohio for which the State appropriated \$691 million for state and local infrastructure improvement, \$600 million for onshoring incentive grants, and an estimated \$650 million 30-year job creation tax credit. Incentives included performance benchmarks allowing the State to recover proceeds disbursed should the company fail to meet contracted obligations. The State’s assistance is from available resources and not funded by debt proceeds. The positive impact of this development on Ohio is expected to lead to 20,000 additional jobs – 3,000 direct Intel jobs, 7,000 construction jobs throughout the build period, and 10,000 or more indirect and support jobs.

Since enactment of the operating budget for the FY 2022-23 biennium, several tax law changes were passed by the Ohio General Assembly. These include:

- Income tax credit to assist new farmers.
- Income tax credit for employers of students enrolled in a career-technical education program.
- Temporary increase in the total amount of issued historic building rehabilitation tax credits, and modifications to the Ohio opportunity zone tax credit program.
- Define capital gains from sales of investment in a business as “business income” and therefore eligible for either the Ohio business income deduction or subject to the 3% income tax rate.

- Establish a tax on pass-through entities, wherein an individual investor's share of such tax is not subject to the \$10,000 limit of the federal income tax deduction on state and local taxes paid.

Outbreak of COVID-19

As has been widely reported, the outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019, and declared a pandemic by the World Health Organization on March 11, 2020. Governor DeWine and the Director of the Ohio Department of Health (ODH) issued a declaration of a state of emergency on March 9, 2020 and rescinded the order thereby ending the state-declared public health emergency on June 17, 2021. In addition, the Governor (and the General Assembly as discussed below) took certain actions to mitigate the economic effect of the COVID-19 outbreak on the State's financial position by reducing non-essential expenditures including implementing various state employment related freezes, restricting new contracting by state agencies, and ordering reductions in expenditures of state agencies for the remainder of FY 2020 and FY 2021.

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief and Economic Security Act (CARES Act) to address the economic disruption caused by the COVID-19 pandemic. Under the CARES Act, the State was directly allocated a minimum of \$2.49 billion of the total \$4.53 billion granted by the Federal Government to the State and its eligible local governments. These funds were used for necessary expenditures incurred due to COVID-19. The State maintains a comprehensive presentation of financial and transactional data online, The Ohio Checkbook (<https://checkbook.ohio.gov>), and more information on Federal Funding for COVID-19 in Ohio can be found at <https://checkbook.ohio.gov/Coronavirus/>.

To balance the State budget in Fiscal Year 2020 (due to anticipated declines in revenue and increased costs relating to the State's response to the COVID-19 pandemic), Governor DeWine directed spending cuts of approximately \$775 million for the remainder of the fiscal year (June 30, 2020), including: \$210 million in Medicaid spending; \$300 million in K-12 education spending; \$110 million in higher education spending; \$55 million in other education spending; and \$100 million in other State agencies and programs spending. The State also continued the previously announced hiring freezes, travel limitations, and contracting restrictions.

Initial revised FY 2021 revenue projections indicated that available state revenue receipts and balances in the GRF were projected to be \$36.0 billion, approximately \$2.43 billion less than originally estimated. This estimated shortfall was \$200 million less than the reserve held in the BSF as stated above. Those projections did not include any offset for savings the State realized from additional budgetary responses, such as those described below or the temporary 6.2 percentage-point increase in Federal Medical Assistance Percentages (Federal revenue receipts), which are used in determining the amount of Federal payments to the State for medical services.

In response to those updated revenue projections for FY 2021 and in addition to the budgetary controls already in place, OBM and the Department of Administrative Services (DAS) implemented cost savings measures to further reduce expenditures by state agencies, boards, and commissions. Such measures included a continuation of employment related freezes as authorized by the 133rd General Assembly in Amended Substitute House Bill 481 (HB 481) and instituting mandatory cost savings programs for exempt employees for FY 2021 (which reduced wages of exempt employees by approximately 3.8% and salaries of cabinet directors by approximately 4.0%). On March 25, 2021, DAS rescinded the order that froze all exempt employee pay rates and step increases effective with the pay period beginning April 11, 2021, in accordance with Section 37 of HB 481.

On January 22, 2021, Governor DeWine signed an executive order formally finalizing the FY 2021 budget reductions at \$390 million across all agencies. Because this reduction was less than the previously anticipated cuts, the Governor authorized the Department of Education to allot an additional \$160 million and the Department of Higher Education to allot an additional \$100 million of enacted FY 2021 GRF appropriations previously withheld. To provide further relief for Ohioans and to align with the extended Federal tax filing deadline, the State also adjusted its 2020 tax filing date from April 15, 2021 to May 17, 2021.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (ARPA). This \$1.9 trillion economic stimulus and COVID-19 relief package was aimed at providing emergency assistance to individuals, businesses, and state and local governments affected by COVID-19, among other measures. Under ARPA, the Federal Government allocated approximately \$10.7 billion to Ohio's state and local governments with an additional \$268.6 million allocated specifically for use in state capital projects to continue efforts to mitigate the fiscal effects stemming from COVID-19.

In the initial months of the COVID-19 pandemic, unemployment insurance claims increased significantly from an average of 7,915 claims per week during the first 11 weeks of 2020 to 274,288 during the week ending March 28, 2020. Between January and June 2020, Ohio's Unemployment Trust Fund balance dropped from \$1.26

billion to zero. On June 16, 2020, Ohio received an advance from the federal government to continue to pay the increased unemployment insurance claims. On September 3, 2021, Ohio paid off its \$1.47 billion loan using ARPA funds. As Ohio's business climate and marketplace rebounded quickly, this action freed employers from the unemployment debt burden caused by the pandemic. Repaying this loan relieved Ohio businesses from experiencing large increases in their federal unemployment payroll taxes in subsequent years.

Similar to other states, Ohio is aware of and is investigating allegations of overpayment or fraud with respect to unemployment claims, and will pursue repayment where warranted. Such potential overpayment or fraud, and repayment thereof, will have no material effect on the State's ability to pay debt service on its bonded indebtedness. The State has improved preventative safeguards to limit overpayments or fraudulent payments of unemployment compensation.

Cash Flow

Because GRF cash receipts and disbursements do not precisely coincide, temporary GRF cash flow deficiencies can occur periodically throughout the fiscal year. The Ohio Revised Code provides for effective management of cash flow by permitting the adjustment of payment schedules and the use of the Total Operating Fund. The State has not done and does not do external revenue anticipation borrowing.

The Total Operating Fund includes the total consolidated cash balances, revenues, disbursements, and transfers of the GRF and several other specified funds (including the BSF). Total Operating Fund cash balances are consolidated only for the purpose of meeting cash flow requirements, and, except for the GRF, a positive cash balance must be maintained for each discrete fund included in the Total Operating Fund. The GRF is permitted to incur a temporary cash deficiency by drawing upon the available consolidated cash balance in the Total Operating Fund. The amount of that permitted GRF cash deficiency at any time is limited by statute to 10% of GRF revenues for the then preceding fiscal year. The State plans for and manages monthly GRF cash flow deficiencies within each fiscal year and those deficiencies have been within the limitations discussed above.

STATE DEBT

General

The incurrence or assumption of debt by the State without a popular vote is, with limited exceptions, prohibited by the Ohio Constitution. The State is authorized to incur debt limited in amount to \$750,000 to cover casual deficits or to address failures in revenues or to meet expenses not otherwise provided for. The Constitution also expressly precludes the State from assuming the debts of any county, city, town or township, or of any corporation. An exception, however, exists in both cases, for debts incurred to repel invasion, suppress insurrection, or defend the State in war. The Constitution further provides that "Except the debts above specified...no debt whatever shall hereafter be created by, or on behalf of the State."

By 20 constitutional amendments approved from 1921 to present, Ohio voters have authorized the incurrence of State general obligation debt and the pledge of taxes or excises to its payment, all related to the financing of capital facilities, except for three that funded bonuses for veterans, one to fund coal technology research and development, and one to fund specified research and development activities. Currently, tax supported general obligation debt of the State is authorized to be incurred for the following purposes: highways, local infrastructure, coal development, natural resources and parks, higher education, common schools, conservation, and research and development. Authorizations for site development and veterans compensation purposes have been fully exhausted or expired. Although supported by the general obligation pledge, highway debt is also backed by a pledge of and has always been paid from the State's motor fuel taxes and other highway user receipts that are constitutionally restricted in use to highway related purposes.

State special obligation debt, the owners or holders of which are not given the right to have excises or taxes levied by the General Assembly to pay principal and interest, is authorized for purposes specified by Section 2i of Article VIII of the Constitution. The Treasurer of State currently issues the special obligations authorized under that section for parks and recreation and mental health facilities, and for facilities to house branches and agencies of state government and their functions, including: state office buildings and facilities for the Department of Administrative Services (DAS) and others, the Ohio Department of Transportation (ODOT), correctional and juvenile detention facilities for the Departments of Rehabilitation and Correction (DRC) and Youth Services (DYS), and various cultural facilities, and has issued previously for the Department of Public Safety (DPS). Debt service on all of these special obligations is paid from GRF appropriations, with the exception of debt issued for ODOT and DPS facilities which is paid from highway user receipts. All of those debt service payments are subject to biennial appropriations by the General Assembly pursuant to leases or other agreements entered into by the State.

Certificates of Participation (COPs). State agencies have also improved buildings/equipment, information systems, and non-highway transportation projects with local and State use, in connection with which the State has entered into lease-purchase agreements with terms ranging from 8 to 20 years. Certificates of Participation (COPs) have been issued with regards to those agreements that represent fractionalized interests in, and are payable from, the State's anticipated lease payments. The maximum annual payment from GRF appropriations under those existing agreements is \$48.1 million in FY 2023 and the total GRF-supported principal amount outstanding is \$238.2 million as of June 30, 2022. Payments by the State are subject to biennial appropriations by the General Assembly with the lease terms subject to automatic renewal for each biennium for which those appropriations are made. The approval of the OBM Director and either the General Assembly or the State Controlling Board is required if COPs are to be publicly offered in connection with those agreements.

Revenue Bonds. Certain state agencies issue revenue bonds that are payable from revenues from or relating to revenue producing facilities, such as those issued by the Ohio Turnpike and Infrastructure Commission. As confirmed by judicial interpretation, such revenue bonds do not constitute "debt" under the constitutional provisions described above. The Constitution authorizes state bonds for certain economic development and housing purposes (the latter issued by the Ohio Housing Finance Agency) to which tax moneys may not be obligated or pledged. See the discussion of expanded housing finance authority, and permitted pledges to it, below under **Additional Authorizations**.

Tax Credits in Support of Other Long-Term Obligations. The State has authorized the issuance of fully refundable tax credits in support of "credit-collateralized bonds" issued from time to time by the Columbus-Franklin County Finance Authority to provide funding for the Ohio Capital Fund to promote venture capital investment in Ohio and any additional bonds that may be issued to refinance those outstanding bonds or provide additional funding for that purpose. Those tax credits may be claimed by the bond trustee for the purpose of restoring the bond reserve fund for those credit-collateralized bonds in the event it is drawn upon and its required balance is not restored from other sources. Those credits may not be claimed after June 30, 2036, and the maximum amount of tax credits that may be claimed is \$20 million in any fiscal year. The bond trustee has filed such tax credit claims in connection with the payment of Bond Service Charges on February 15, 2017, August 15, 2017, February 15, 2018, August 15, 2018, February 15, 2019, August 15, 2019, February 18, 2020, August 17, 2020, February 16, 2021, August 16, 2021, February 15, 2022, and August 15, 2022. Tax credit payments made with respect to those tax credit claims (exclusive of certain required repayments to the State) totaled \$7.5 million in FY 2017, \$15.4 million in FY 2018, \$13.5 million in FY 2019, \$15.2 million in FY 2020, \$10.7 million in FY 2021, \$10.0 million in FY 2022, and \$1.1 million so far in FY 2023. Total outstanding principal on the credit-collateralized bonds after the August 15, 2022, payment date is \$71.61 million with the highest annual debt service payment due on the outstanding credit-collateralized bonds occurring in FY 2024 in the amount of approximately \$16.9 million. Proceeds of the Ohio Capital Fund bonds fund investments in venture capital funds to promote investment in seed and early-stage Ohio-based business enterprises.

Prior Economic Development and Revitalization Obligations. Prior to the February 1, 2013, granting of a 25-year franchise on the State's spirituous liquor system to JobsOhio, there were \$725.0 million of outstanding state bonds and notes secured by a pledge of the State's profits from the sale of spirituous liquor. In connection with the granting of that franchise, provision was made for the payment of all the debt service on those bonds and notes which are now defeased and no longer outstanding obligations of the State (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2012-13**). Those bonds and notes were originally issued to fund a statewide economic development program that assisted in the financing of facilities and equipment for industry, commerce, research, and distribution, including technology innovation, by providing loans and loan guarantees. Under its franchise agreement with JobsOhio, the State may not issue additional obligations secured by a pledge of profits from the sale of spirituous liquor during the 25-year term of that franchise.

Obligations and Funding Commitments for Highway Projects Payable from Highway-Related Non-GRF Funds. As described above, the State issues general obligations for highway infrastructure and special obligations for ODOT and DPS transportation facilities that are paid from the State's motor fuel tax and other highway user receipts that are constitutionally restricted in use to highway related purposes. In addition, the State has and expects to continue financing selected highway infrastructure projects by issuing federal highway grant anticipation revenue (GARVEE) bonds and entering into agreements that call for debt service payments to be made from federal Title 23 transportation funds allocated to the State, subject to biennial appropriations by the General Assembly. The highest annual State payment under those agreements in the current or any future fiscal year is \$133.2 million in FY 2022. In the event of any insufficiency in the anticipated federal allocations to make payments on GARVEE bonds, the payments are to be made from any lawfully available moneys appropriated to ODOT for the purpose.

In December 2014, ODOT entered into its first public-private agreement to provide “availability payments” in support of the development and operation of a state highway improvement project. Those availability payments commenced in December 2018 and are paid from non-GRF funds available to ODOT remaining after the payment of debt service on highway general obligations, ODOT special obligations, and GARVEE bonds. The availability payment in FY 2021 was \$25.9 million, with availability payments estimated to increase modestly each year from \$26.2 million in FY 2022 to a maximum payment of \$39.2 million in FY 2053. Availability payments are subject to biennial appropriation by the General Assembly with the public-private agreement subject to automatic renewal for each biennium if and when those availability payments are appropriated for that biennium.

Variable Rate Debt

The State currently has \$424,175,000 in outstanding variable rate debt as follows with liquidity provided by the State for all of these issues:

<u>Dated Date</u>	<u>Outstanding</u>	<u>Purpose/Series</u>	<u>Rate Period</u>	<u>Final Maturity</u>
12/15/2003	\$28,025,000	Common Schools, 2003D	Weekly	3/15/2024
3/3/2004	8,580,000	Infrastructure Refunding, 2004A	Weekly	2/1/2023
4/1/2005	37,670,000	Common Schools, 2005A/B	Weekly	3/15/2025
6/7/2006	51,280,000	Common Schools, 2006B/C	Weekly	6/15/2026
10/26/2016	64,620,000	DRC Prison Facilities, 2016B/C	Weekly	10/1/2036
8/7/2019	45,000,000	DRC Prison Facilities, 2019C	Weekly	10/1/2039
8/12/2020	57,000,000	Parks & Recreation Facilities, 2020B	Weekly	12/1/2040
4/21/2021	57,000,000	DRC Prison Facilities, 2021B	Weekly	10/1/2040
1/5/2022	75,000,000	Parks & Recreation Facilities, 2022B	Weekly	12/1/2041

Interest Rate Swaps

As part of its debt management, the State is also party to the following floating-to-fixed interest rate swap agreements with a total notional amount currently outstanding of \$125,555,000:

<u>Outstanding Notional Amount</u>	<u>Related Bond Series</u>	<u>State Pays</u>	<u>State Receives</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Termination Date</u>
\$28,025,000	Common Schools 2003D	3.414%	LIBOR ^a	JP Morgan/Wells Fargo	9/14/2007	3/15/2024
8,580,000	Infrastructure 2004A Refunding	3.510%	LIBOR ^a	Wells Fargo	3/3/2004	2/1/2023
37,670,000	Common Schools 2005A/B	3.102%	SIFMA ^b	JP Morgan	3/15/2007	3/15/2025
51,280,000	Common Schools 2006B/C	3.202%	LIBOR ^a	US Bank/RBC	6/15/2006	6/15/2026

(a) Variable interest rate based on a percentage of one-month London Inter-Bank Offered Rate (LIBOR) plus a fixed increment.

(b) Variable interest rate based on Securities Industry and Financial Markets Association rate beginning September 15, 2021.

For all of its swap agreements, the State has established minimum uncollateralized counterparty rating thresholds of AA-/Aa3. Under each of these agreements, the counterparty is required to progressively post collateral securing the State’s position if the counterparty’s credit ratings fall below these minimum thresholds.

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Constitutional Limitation on Annual Debt Service

A 1999 constitutional amendment provides an annual debt service “cap” applicable to most future issuances of State general obligations and other State direct obligations payable from the GRF or net State lottery proceeds. Generally, new obligations may not be issued if debt service for any future fiscal year on those new and then outstanding obligations of those categories would exceed 5% of the total of estimated GRF revenues (excluding GRF receipts from the American Recovery and Reinvestment Act of 2009) plus net State lottery proceeds for the fiscal year of issuance. Those direct obligations of the State include general obligations and special obligations that are paid from the State’s GRF, but exclude (i) general obligation debt for third frontier research and development, development of sites and facilities, and veterans compensation, and (ii) general obligation debt payable from non-GRF funds, such as highway bonds that are paid from highway user receipts. Pursuant to the implementing legislation, the Governor has designated the OBM Director as the state official responsible for making the 5% determinations and certifications. Application of the 5% cap may be waived in a particular instance by a three-fifths vote of each house of the Ohio General Assembly.

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The following table presents a current summary of State debt authorizations and the principal that has been issued and is outstanding against those authorizations. The General Assembly has appropriated sufficient moneys to meet debt service requirements for the current biennium (ending June 30, 2023) on all of the obligations included in this and the accompanying tables.

	Authorized by General Assembly	Issued(a)	Outstanding(b)
<i>Obligations Payable from the GRF</i>			
<u>General Obligations</u>			
Coal Development(c)	\$262,000,000	\$254,000,000	\$23,005,000
Infrastructure(d,e,m)	5,200,000,000	4,517,936,136	1,848,920,000
Natural Resources(f,m)	521,000,000	484,620,000	118,540,000
Common School Facilities(e,m)	6,515,100,000	5,611,200,000	2,313,745,000
Higher Education Facilities(m)	5,255,000,000	4,374,445,000	2,076,700,000
Conservation(g,m)	900,000,000	682,625,000	321,480,000
Research & Development(h)	1,200,000,000	971,000,000	227,040,000
Site Development	150,000,000	150,000,000	4,500,000
Veterans Compensation(i)	200,000,000	83,910,000	<u>15,185,000</u>
		Total:	\$6,949,115,000
<u>Special Obligations</u>			
DAS Facilities(m)	\$2,320,800,000	\$2,069,900,000	\$516,565,000
DRC Prison Facilities(e,m)	3,073,000,000	2,346,500,000	553,660,000
DYS Facilities(m)	529,800,000	400,000,000	93,965,000
Cultural & Sports Facilities(m)	839,000,000	740,475,000	177,940,000
Mental Health Facilities(m)	2,075,700,000	1,817,085,000	266,920,000
Parks & Recreation Facilities(e,m)	1,590,400,000	1,089,000,000	<u>595,785,000</u>
		Total:	\$2,204,835,000
<i>Obligations Payable from Non-GRF Sources(j)</i>			
<u>Highway User Receipts</u>			
G.O. Highway(k)	\$3,797,000,000	\$3,462,760,000	\$866,165,000
ODOT Facilities	385,000,000	326,590,000	<u>122,225,000</u>
		Total:	\$988,390,000
<u>Federal Transportation Grants</u>			
ODOT GARVEE Highway(l)	n/a	\$2,905,920,000	\$764,735,000
<p>(a) Excludes refunding bonds; includes bonds refunded; reflects payments of amounts due as of June 30, 2022.</p> <p>(b) Excludes refunded bonds; includes refunding bonds; reflects payments of amounts due as of June 30, 2022.</p> <p>(c) Not more than \$100,000,000 may be outstanding at any time.</p> <p>(d) Not more than \$5,625,000,000 may be issued with the annual issuance currently limited to no more than \$175,000,000 in each fiscal year beginning in FY 2018 through FY 2022 and \$200,000,000 in each fiscal year beginning in FY 2023 through FY 2027, plus any obligations unissued from previous fiscal years.</p> <p>(e) Includes adjustable rate bonds.</p> <p>(f) Not more than \$50,000,000 may be issued in any fiscal year and not more than \$200,000,000 may be outstanding at any time.</p> <p>(g) Not more than \$50,000,000 may be issued in any fiscal year plus any obligations unissued from previous fiscal years and not more than \$400,000,000 may be outstanding at any time.</p> <p>(h) Not more than \$1,200,000,000 may be issued with the annual issuance now limited to no more than \$175,000,000 in any fiscal year plus any obligations unissued from previous fiscal years.</p> <p>(i) Constitutional authorization was self-implementing and did not require further General Assembly authorization. No more new obligations may be issued under this authorization.</p> <p>(j) See discussion above of "availability payments" under ODOT's first public-private agreement, which payments are expected to be made from biennial appropriations of non-GRF funds available to ODOT and remaining after the payment of debt service on highway general obligations, special obligations and GARVEE bonds shown above.</p> <p>(k) Not more than \$220,000,000 may be issued in any Fiscal Year plus any amount unissued from previous fiscal years, and not more than \$1,200,000,000 may be outstanding at any time.</p> <p>(l) Debt service on these "GARVEE" bonds is paid from federal transportation grants apportioned to the State (Title 23 of the U.S. Code).</p> <p>(m) Includes authorized amounts in HB 687, effective September 2022.</p>			

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The following table shows total debt service by fiscal year on State obligations payable from the GRF:

**Annual Debt Service Requirements on State Obligations
Paid from the GRF**

FY	General Obligations			Special Obligations			Total GRF Debt Service(f)		
	Education (a,b,e)	Infra- structure(b,e)	All Other(c,e)	DAS Facilities(e)	DRC Facilities(b)(e)	All Other(b)(d)(e)	Principal(e)	Interest(b,e)	Total(b,e)
2023	\$628,006,946	\$310,290,076	\$151,858,369	\$80,812,461	\$108,897,376	\$159,679,750	\$1,099,390,000	\$393,041,554	\$1,492,431,554
2024	617,890,196	216,105,633	125,076,878	70,751,453	69,701,519	158,888,794	910,420,000	347,994,472	1,258,414,472
2025	572,551,158	218,159,291	102,985,982	65,105,947	65,065,886	152,401,831	868,945,000	307,325,096	1,176,270,096
2026	467,307,587	183,477,768	96,896,908	42,436,383	41,582,233	135,937,050	696,700,000	270,937,928	967,637,928
2027	376,915,106	181,164,458	78,601,923	42,486,022	41,709,043	126,417,375	607,045,000	240,248,927	847,293,927
2028	344,532,917	164,132,058	76,518,736	42,750,237	41,658,626	120,031,769	576,950,000	212,674,342	789,624,342
2029	337,129,943	153,527,371	58,311,893	42,603,532	37,977,833	109,680,156	553,300,000	185,930,727	739,230,727
2030	348,963,167	139,945,551	39,511,125	38,276,891	35,113,531	105,163,844	546,295,000	160,679,108	706,974,108
2031	357,314,715	139,774,505	38,428,900	35,532,388	35,126,087	93,115,750	562,700,000	136,592,346	699,292,346
2032	309,385,760	116,020,286	28,751,850	35,855,752	29,799,318	59,567,969	465,405,000	113,975,934	579,380,934
2033	268,550,009	108,335,898	19,250,200	33,441,741	29,719,457	40,257,895	404,610,000	94,945,199	499,555,199
2034	250,687,874	108,323,170	15,876,450	29,779,898	29,986,498	27,321,690	383,300,000	78,675,580	461,975,580
2035	226,845,442	84,709,832	7,213,500	29,784,086	26,821,351	27,317,506	339,265,000	63,426,717	402,691,717
2036	202,652,500	84,688,082	-	23,809,672	26,841,095	27,324,252	316,835,000	48,480,601	365,315,601
2037	155,414,400	72,812,650	-	23,807,402	26,763,053	27,314,386	271,740,000	34,371,891	306,111,891
2038	108,538,050	61,557,200	-	18,172,625	21,444,191	27,320,658	214,855,000	22,177,724	237,032,724
2039	62,131,900	48,103,375	-	18,171,375	13,718,631	27,315,302	156,575,000	12,865,583	169,440,583
2040	37,330,100	22,916,500	-	12,680,750	13,715,298	16,694,910	96,345,000	6,992,558	103,337,558
2041	37,332,050	10,920,000	-	6,216,000	6,582,275	16,694,014	74,725,000	3,019,339	77,744,339
2042	-	-	-	-	-	8,678,601	<u>8,550,000</u>	<u>128,601</u>	<u>8,678,601</u>
							\$9,153,950,000	\$2,734,484,228	\$11,888,434,228

(a) Consists of common schools and higher education general obligation bonds.

(b) Includes estimated debt service on adjustable rate bonds at an assumed rate of 3%.

(c) Includes natural resources, coal development, conservation, research and development, site development and veterans compensation general obligation bonds.

(d) Includes lease-rental bonds for mental health, parks and recreation, cultural and sports facilities, and facilities for the Department of Youth Services.

(e) Excludes refunded bonds; includes refunding bonds; as of June 30, 2022.

(f) Totals may not foot due to rounding.

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The following table shows total debt service by fiscal year on certain State obligations payable from the indicated non-GRF revenues:

**Annual Debt Service Requirements on State Obligations
Paid from Non-GRF Revenues**

FY	Highway User Receipts			GARVEE Federal Transportation Grants(c)
	Highway G.O.	ODOT/DPS Facilities(a)	Total(b)	
2023	\$158,077,550	\$16,526,250	\$174,603,800	\$132,411,545
2024	154,552,727	16,520,500	171,073,227	131,665,703
2025	135,896,145	16,524,000	152,420,145	130,924,705
2026	105,788,550	16,520,000	122,308,550	95,969,375
2027	102,438,300	16,522,500	118,960,800	95,970,500
2028	99,042,550	16,519,750	115,562,300	95,969,500
2029	81,880,550	16,520,500	98,401,050	95,971,250
2030	62,247,000	16,518,000	78,765,000	71,873,000
2031	59,675,500	8,375,750	68,051,250	30,588,875
2032	41,909,250	8,379,000	50,288,250	30,591,750
2033	40,103,000	8,379,000	48,482,000	10,203,875
2034	24,671,750	-	24,671,750	-
2035	11,071,750	-	11,071,750	-
2036	6,000,500	-	6,000,500	-
2037	5,727,750	-	5,727,750	-

(a) Lease rental payments are paid from highway user receipts for these Ohio Department of Transportation and Department of Public Safety facilities.

(b) As of June 30, 2022.

(c) Debt service paid from federal transportation grants apportioned to the State under Title 23 of the U.S. Code.

Totals may not foot due to rounding.

The following table shows the principal amount of those obligations that are currently scheduled to be outstanding as of July 1 of the indicated years, as of June 30, 2022:

Year	Obligations Payable from the GRF			Non-GRF Obligations
	Education(a)	Other GO(b)	Special Obligations(c)	Highway User Receipts(d)
2023	\$3,904,025,000	\$2,200,770,000	\$1,949,765,000	\$861,850,000
2028	2,204,415,000	1,119,825,000	1,070,260,000	337,680,000
2033	943,745,000	450,810,000	467,635,000	43,435,000
2038	126,720,000	76,425,000	133,050,000	-

(a) Includes bonds for common school and higher education capital facilities.

(b) Includes natural resources, coal development, infrastructure improvement, conservation, research and development, site development and veterans compensation general obligation bonds.

(c) Includes lease-rental bonds for various state capital facilities.

(d) Includes general obligations for highways and lease-rental bonds for ODOT and DPS facilities.

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The following tables show certain historical debt information and comparisons. These tables include only outstanding obligations of the State for which debt service is paid from the GRF.

Fiscal Year	Principal Amount Outstanding	Outstanding Debt Per Capita	Outstanding Debt as % of Annual Personal Income
1980	\$1,991,915,000	\$184	1.86%
1990	3,707,055,058	342	1.83
2000	6,308,680,025	556	1.94
2010	8,586,655,636	744	2.03
2018	9,746,900,000	834	1.73
2019	9,496,850,000	812	1.68
2020	9,432,955,000	807	1.60
2021	9,818,225,000	840	1.58
2022	9,153,950,000	777(a)	1.38(b)

Fiscal Year	Debt Service Payable	Total GRF Revenue and Net State Lottery Proceeds	Debt Service as % of GRF Revenue and Lottery Proceeds	Debt Service as % of Annual Personal Income
1980	\$187,478,382	\$4,835,670,223	3.88%	0.18%
1990	488,676,826	12,230,682,298	4.00	0.24
2000	871,313,814	20,711,678,217	4.21	0.27
2010	710,284,236*	24,108,466,000**	2.95	0.17
2018	1,338,395,923	33,642,813,000	3.98	0.24
2019	1,402,757,299	34,921,508,000	4.02	0.25
2020	1,414,866,835	34,551,772,000	4.09	0.24
2021	1,176,720,278*	40,723,295,400	2.89	0.19
2022	1,435,175,069	41,894,141,300	3.43	0.21(b)

(a) Based on July 2021 Census estimate.

(b) Based on preliminary 2021 personal income data.

* Reduction is due in large part to the restructuring of certain GRF debt service payments resulting in net savings of \$416.8 million in FY 2010 and \$363.7 million in FY 2021.

** Excludes federal funds from ARRA.

Debt Authorizations

For the 2023-24 capital biennium, the General Assembly approved \$3.51 billion in new capital appropriations, with \$2.28 billion of new, GRF-supported debt authorizations, and included authority for the Director of the OBM to support appropriations through GRF cash transfers if there are sufficient cash balances. However, additional State borrowing for capital and other purposes may continue to be needed in the future. The following additional GRF-supported debt authorizations reflect all of the new 2023-24 capital appropriations effective September 2022:

General Obligation

- \$470,100,000 for capital improvements for elementary and secondary public schools.
- \$300,000,000 for local infrastructure projects.
- \$402,000,000 for higher education facilities.
- \$9,000,000 for natural resources facilities.
- \$100,000,000 for conservation purposes.

Special Obligation

- \$336,000,000 for prisons and local jails.
- \$99,800,000 for youth services facilities.
- \$151,100,000 for state administrative facilities.
- \$49,000,000 for cultural facilities (including both arts and sports facilities).
- \$75,700,000 for mental health facilities (including local projects).
- \$287,000,000 for parks and recreation facilities (including local projects).

Past constitutional authorizations are:

- 2014 – Additional \$1.875 billion of general obligation debt for public infrastructure as a ten-year extension of the existing local government infrastructure program authorized in 2005, with an increase in the annual issuance amount from \$150 million to \$175 million in the first five fiscal years and \$200 million in each fiscal year thereafter.

- 2010 – \$700 million of State general obligation debt to renew and continue programs for research and development in support of Ohio industry, commerce, and business, with those obligations not subject to the 5% debt service cap described above. The authorization is in addition to the below-referenced 2005 constitutional amendment for the same purpose. The amount of all State general obligations that may be issued for, and the amounts of proceeds from those State general obligations that may be committed to, those research and development purposes, are limited to no more than \$450 million total for the period including State FY 2006 through FY 2011, no more than \$225 million in FY 2012 and no more than \$175 million in any fiscal year thereafter, plus any amounts that in any prior fiscal year could have been but were not issued.
- 2009 – Provides compensation to persons who have served in active duty in the United States armed forces at any time during the Persian Gulf, Afghanistan, and Iraq conflicts, with those general obligation bonds not subject to the 5% direct obligation debt service cap described above. Not more than \$200 million may be issued and no obligations may be issued later than December 31, 2013.
- 2008 – Land conservation and revitalization purposes (including statewide brownfields clean-up). Each of the two purposes are authorized up to \$50 million in principal amount in any fiscal year, plus any amount unissued from previous fiscal years, with not more than \$200 million to be outstanding at any time. The bonds for conservation purposes are general obligations, and those for revitalization purposes are special obligations payable from revenues and receipts designated by the General Assembly (previously a portion of the State’s net liquor profits; see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2012-13**). The authorization is in addition to the 2000 constitutional amendment for the same purposes.
- 2005 – \$500 million over ten years of State general obligation debt in support of research and development, and \$150 million over ten years of State general obligation debt for the development of sites for industry, commerce, distribution and research and development, with those obligations not subject to the 5% debt service cap described above. Also authorizes an additional \$1.35 billion of general obligation debt for public infrastructure as a ten-year extension of the existing local government infrastructure program, with an increase in the annual issuance amount from \$120 million to \$150 million in the last five fiscal years, which continues to be subject to the 5% debt service cap.
- 2000 – Land conservation and revitalization purposes (including statewide brownfields clean-up) each authorized up to \$50 million in principal amount in any fiscal year plus any amount unissued from previous fiscal years, with not more than \$200 million to be outstanding at any time. The bonds for conservation purposes are general obligations, and those for revitalization purposes are special obligations payable from revenues and receipts designated by the General Assembly (previously a portion of the State’s net liquor profits; see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2012-13**).
- 1999 – Facilities for a system of common schools throughout the state and for state-supported and state-assisted institutions of higher education. The amendment also provides for the 5% direct obligation debt service cap described above.
- 1995 – Additional highway bonds and extension of the local infrastructure bond program. For the latter, it authorized an additional \$1.2 billion of the State’s full faith and credit obligations to be issued over 10 years, with not more than \$120 million issued in any fiscal year. The highway finance portion authorizes not more than \$1.2 billion to be outstanding at any time and not more than \$220 million to be issued in any fiscal year.
- 1994 – Pledges the State’s full faith and credit and taxing power to meet certain guarantees under the State’s tuition credit program. Through this program, individuals purchase tuition credits which are guaranteed to cover a specified amount when applied to tuition and other eligible higher education costs. Under the amendment, to secure the tuition guarantees, the General Assembly shall appropriate money sufficient to offset any deficiency that occurs in the trust fund, at any time necessary to make payment of the full amount of any tuition payment or refund required by a tuition payment contract.
- 1990 – Supplements the previous constitutionally authorized loans-for-lenders and other housing assistance programs, financed in part with State revenue bonds. The amendment authorizes the General Assembly to provide for State assistance for housing in a variety of ways, including State borrowing for

the purpose by the issuance of obligations secured by a pledge of all or such portion of State revenues or receipts as it authorizes (but not by a pledge of the State’s full faith and credit).

- o 1985 – Finance grants or make or guarantee loans for research and development of coal technology that will encourage the use of Ohio coal. Those grants or loans are available to any individual, association, or corporation doing business in the state or to any educational or scientific institution located in the state. Not more than \$100 million of general obligation bonds may be outstanding at any time.

ECONOMY AND EMPLOYMENT

Ohio’s manufacturing sector is advanced and diverse. While Ohio has a strong manufacturing presence in chemicals, food and beverages, motor vehicles, and fabricated metal products, the greatest growth in Ohio’s economy in recent years has been in the non-manufacturing sectors. Ohio’s 2021 economic output, as measured by gross state product (GSP), totaled \$736.5 billion, 3.20% of the national GDP and seventh largest among the states. The State ranks fourth within the manufacturing sector as a whole (\$117.9 billion) and fifth in durable goods (\$61.6 billion). As a percent of Ohio’s 2021 GSP, 16.0% was attributable to manufacturing, with 21.4% attributable to the goods-producing sectors and 33.3% to the business services sectors, including finance, insurance, and real estate. Ohio is the seventh largest exporting state with 2020 merchandise exports totaling \$45.0 billion. The State’s leading export products are machinery (including electrical machinery), motor vehicles (including parts), aircraft/spacecraft, and plastics, which together accounted for 41.7% of the total.

Non-farm payroll employment in Ohio, in a diversifying employment base, decreased from 2001 through 2003, increased from 2004 through 2006, decreased from 2007 through 2010, and increased from 2011 through 2019. In the last three decades, there has been a shift toward the services industry, with manufacturing employment decreasing since its 1969 peak. The non-manufacturing sector employs approximately 87.6% of all non-farm payroll workers in Ohio. The changing mix of employment sectors nationally and in Ohio are shown in the following tables.

**Ohio Nonfarm Payroll Jobs by Industry Type
Not Seasonally Adjusted (in 000)**

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2021</u>
Mining & Logging.....	18	13	11	9	9
Construction.....	192	246	169	219	224
Manufacturing.....	1,060	1,021	621	653	665
Trade, Transportation & Public Utilities...	963	1,115	945	1,006	1,032
Financial Activities.....	255	305	277	303	308
Professional & Business Services*.....	455	647	629	694	718
Educational & Health Services*.....	539	679	839	895	897
Leisure & Hospitality*.....	400	483	475	466	505
Information & Other Services*.....	279	331	284	253	266
Government.....	<u>722</u>	<u>785</u>	<u>786</u>	<u>759</u>	<u>751</u>
TOTAL	4,882	5,624	5,036	5,256	5,373

* Data prior to 1990 in these categories were classified as a single “Services” category under the 1987 Standard Industrial Classification (SIC) system. All data in table reflects the current North American Industry Classification System (NAICS). Totals may not foot due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics, National and State Current Employment Statistics.

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Distribution of Nonfarm Payroll Jobs by Industry Type (%)

	1990		2000		2010		2020		2021	
	Ohio	U.S.	Ohio	U.S.	Ohio	U.S.	Ohio	U.S.	Ohio	U.S.
Mining & Logging	0.4	0.7	0.2	0.5	0.2	0.5	0.2	0.4	0.2	0.4
Construction	3.9	4.8	4.4	5.1	3.4	4.2	4.2	5.1	4.2	5.1
Manufacturing	21.7	16.2	18.2	13.1	12.3	8.8	12.4	8.6	12.4	8.4
Trade, Transportation & Public Utilities	19.7	20.7	19.8	19.9	18.8	18.9	19.1	18.7	19.2	19.0
Financial Activities	5.2	6.0	5.4	5.9	5.5	5.9	5.8	6.1	5.7	6.0
Professional & Business Services	9.3	9.9	11.5	12.6	12.5	12.8	13.2	14.2	13.4	14.5
Educational & Health Services	11.0	10.1	12.1	11.6	16.7	15.3	17.0	16.3	16.7	16.2
Leisure & Hospitality	8.2	8.5	8.6	9.0	9.4	10.0	8.9	9.4	9.4	9.6
Information & Other Services	5.7	6.3	5.9	6.7	5.6	6.2	4.8	5.7	4.9	5.7
Government	14.8	16.8	14.0	15.7	15.6	17.3	14.4	15.4	14.0	15.1

* Data prior to 1990 in these categories were classified as a single "Services" category under the 1987 Standard Industrial Classification (SIC) system. All data in table reflects the current North American Industry Classification System (NAICS). Totals may not foot due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics, National and State Current Employment Statistics. The distribution percentages are as calculated by OBM.

Ohio and U.S. unemployment rates have been as follows:

Average Monthly Unemployment Rates (Seasonally Adjusted)

<u>Year</u>	<u>Ohio</u>	<u>U.S.</u>
1980.....	8.4%	7.1%
1990.....	5.6	5.6
2000.....	4.0	4.0
2005.....	5.9	5.1
2006.....	5.4	4.6
2007.....	5.6	4.6
2008.....	6.4	5.8
2009.....	10.3	9.3
2010.....	10.3	9.6
2011.....	8.8	8.9
2012.....	7.4	8.1
2013.....	7.5	7.4
2014.....	5.8	6.2
2015.....	4.9	5.3
2016.....	5.0	4.9
2017.....	5.0	4.4
2018.....	4.6	3.9
2019.....	4.2	3.7
2020.....	8.2	8.1
2021.....	5.0	5.4
2022 January.....	4.3	4.0
February.....	4.2	3.8
March.....	4.1	3.6
April.....	4.0	3.6
May.....	3.9	3.6
June.....	3.9	3.6
July.....	3.9	3.5
August.....	4.0*	3.7

*Preliminary
Source: U.S. Bureau of Labor Statistics.

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The following are the private sector employers that had the highest number of full-time equivalent employees (estimated and rounded) in Ohio in 2021:

OHIO'S TOP 25 PRIVATE SECTOR EMPLOYERS – 2021

Company	Employment Headcount (Estimated)	Sector
Wal-Mart Stores Inc.	53,310	Retail: General Merchandise
Cleveland Clinic Health System	52,648	Health Care
Kroger Company	42,000	Retail: Food Stores
Amazon Inc.	41,000	Retail: General Merchandise
Mercy Health	30,562	Health Care
University Health Systems Inc.	30,250	Health Care
Ohio Health	30,079	Health Care
JPMorgan Chase & Co.	21,500	Finance: Bank
Cincinnati Children's Hospital Medical System	16,773	Health Care
Giant Eagle Inc.	16,200	Retail: Food Stores
ProMedica Health System	15,899	Health Care
United Parcel Service Inc.	14,798	Transportation: Air Delivery
Lowe's Companies Inc.	14,400	Retail: Home Improvement
Honda Motor Co Ltd.	14,100	Manufacture: Motor Vehicles
Nationwide Children's Hospital	14,042	Health Care
Kettering Health Network	14,000	Health Care
Progressive Corp.	13,000	Finance: Insurance
Home Depot Inc.	12,500	Retail: Home Improvement
Meijer Inc	12,125	Retail: General Merchandise
TriHealth Inc.	11,822	Health Care
Nationwide Mutual Insurance Co.	11,700	Finance: Insurance
Premier Health Partners	11,397	Health Care
Whirlpool Corp.	11,079	Manufacture: Consumer Products
CVS Health Corp.	11,000	Retail: Drug Stores
Proctor & Gamble Co.	11,000	Manufacture: Consumer Products

* Boldface indicates headquartered in Ohio.

Source: Department of Development, Office of Research, Dec. 2021.

Ohio Population — Total and by Age Group

Year	Total	Rank Among States	Decennial Growth Rate	0-19 Years	20-64 Years	65 and Over
1970	10,652,017	6	9.7%	4,124,400	5,539,600	993,500
1980	10,797,630	6	1.4	3,502,900	6,125,200	1,169,500
1990	10,847,115	7	0.5	3,141,000	6,299,100	1,407,000
2000	11,353,140	7	4.7	3,216,000	6,629,400	1,507,800
2010	11,536,504	7	1.6	3,067,126	6,847,363	1,622,015
2020	11,790,587	7	2.2	2,932,396	6,802,395	2,055,796

*July 2022 Census population estimate is 11,780,017.

Source: U.S. Census Bureau Web Site, Metropolitan Area Population Estimates v.2021

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Population of Ohio Metropolitan Areas(a)							
	1970	1980	1990	2000	2010	2020	2021
Cleveland	2,063,729	1,898,825	2,202,069(b)	2,250,871(b)	2,077,240(b)	2,085,357(b)	2,075,662(b)
Cincinnati	1,106,821	1,100,983	1,526,092(c)	1,646,395(c)	2,130,151(d)	2,257,667(i)	2,259,935(i)
Columbus	1,017,847	1,093,316	1,345,450(e)	1,540,157(e)	1,836,536(e)	2,141,042(e)	2,151,017(e)
Dayton.....	852,531	830,070	951,270(f)	950,558(f)	979,835(f)	813,475(j)	813,516(j)
Akron.....	679,239	660,328	657,575	694,960	703,200	701,305	700,015
Toledo.....	643,443	656,940	614,128	618,203	651,429	645,819	644,217
Youngstown-Warren...	537,124	531,350	600,895(g)	594,746(g)	565,773(g)	539,686(g)	538,069(g)
Canton-Massillon.....	393,789	404,421	394,106	406,934	404,422	401,046	400,525
Lorain-Elyria	256,843	274,909	(b)	(b)	(b)	(b)	(b)
Hamilton-Middletown.	226,207	258,787	291,479	332,807	(d)	(d)	(d)
Lima.....	210,074	218,244	154,340	155,084	106,331	102,059	101,670
Mansfield	129,997	131,205	174,007(g)	175,818(g)	124,475	124,840	125,195
Steubenville.....	96,193	91,564	142,523(h)	132,008(h)	124,454(h)	116,595(h)	115,585(h)

(a) SMSAs in 1970 & 1980, MSAs in 1990, 2000 & 2010 (PMSA's for Cleveland, Cincinnati, Akron, and Hamilton-Middletown).

(b) Lorain-Elyria included with Cleveland.

(c) Includes 12 counties (two in Indiana and six in Kentucky).

(d) Includes 15 counties (three in Indiana and seven in Kentucky); includes Hamilton-Middletown.

(e) Newark added.

(f) Springfield added.

(g) Includes three counties.

(h) Weirton added; includes two counties in West Virginia.

(i) Includes 16 counties (four in Indiana and seven in Kentucky); includes Hamilton-Middletown

(j) Springfield removed

Source: U.S. Census Bureau Web Site, Metropolitan Area Population Estimates v.2021

AGRICULTURAL AND RESOURCES BASES

With 13.5 million acres (of a total land area of 26.4 million acres) in farmland and an estimated 77,800 individual farms, agriculture and related sectors are an important segment of Ohio's economy. Ohio's 2021 crop production value of \$7.3 billion ranked tenth among states and represented 3.1% of the U.S. total value. Ohio's 2021 livestock production value of \$3.9 billion ranked eighteenth among states and represented 2.0% of the U.S. total value. As of 2021, Ohio accounts for 4.1% of total U.S. cash receipts for corn and 6.6% for soybeans. In 2021, Ohio's agricultural sector output (consisting of crops, livestock, poultry, dairy, services and forestry, and all farm-related income) totaled \$11.1 billion and represented 2.6% of the U.S. total value. Ohio farm expenses and purchased inputs (feed, seed, chemicals, fertilizer, livestock, utilities, labor, and machinery) totaled \$8.2 billion. The net farm income on Ohio farms in 2021 was \$4.4 billion.

The availability of natural resources, such as water and energy, is a nationwide concern. With Lake Erie and the Ohio River on the State's borders, and many lakes and streams throughout the State, water is accessible and abundant throughout Ohio. With the launch of the H2Ohio program in 2019, the state is investing in water quality initiatives to ensure this precious resource continues to benefit Ohioans for generations to come. Additionally, Ohio is a strong energy producing state. As of 2020, Ohio ranks sixth in consumer-grade natural gas production, generating 2.3 trillion cubic feet and has sizable coal resources ranking sixteenth among the states in both coal reserves and coal production in 2020.

STATE EMPLOYEES AND COLLECTIVE BARGAINING AGREEMENTS

Since 1985, the number of regular state employees (excluding employees who are not paid by state warrant such as state university employees) has ranged from a low of 48,838 in March 2022, to a high of 68,573 in 1994. The State engages in collective bargaining with five employee unions representing 14 bargaining units, and generally operates under three-year agreements. The State's current collective bargaining agreements expire between February 28, 2024 and June 30, 2024.

RETIREMENT SYSTEMS

The State has established five public retirement systems to provide retirement, disability retirement and survivor benefits, and other post-employment benefits such as retiree health care. None of these benefits are guaranteed under the Ohio Constitution or under State law, or subject to bargaining under the State's current public employee collective bargaining law.

The Public Employees Retirement System (PERS), the largest of the five, covers both state and local public employees and non-teaching employees at public higher education institutions. The State Teachers Retirement

System (STRS) covers teaching employees at school districts and public higher education institutions. The School Employees Retirement System (SERS) covers non-teaching employees at school districts and community colleges. The Highway Patrol Retirement System (HPRS) covers State troopers, and the Ohio Police and Fire Pension Fund (OP&F) covers local safety forces. Full financial information for each retirement system can be found on its individual website as part of its Annual Comprehensive Financial Report and/or annual report .

The five retirement systems began reporting pensions in accordance with GASB Statement No. 67, Financial Reporting for Pension Plans, in FY 2014, and the State began reporting pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in FY 2015. The retirement systems also began reporting in accordance with GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, in FY 2017, and the State began reporting in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in FY 2018.

The retirement systems were created by and operate pursuant to state law. As reflected in the 2012 pension reform acts discussed below, the General Assembly has the power to amend the structure and benefit levels, impose or revise contribution rates or amounts, and to make other changes. The systems have never been subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act (ERISA). Federal law requires employees hired on or after April 1, 1986, to participate in the Medicare program, with matching employer and employee contributions, each now 1.45% of the wage base. Otherwise, state employees covered by a state retirement system are not currently covered under the federal Social Security Act. Congress has from time to time considered legislation relating to public sector retirement funds and to other aspects of public employee retirement.

Funding for the retirement systems is provided by a combination of public employer and employee contributions based on percentages of each employee's compensation, with the employees' contributions being deducted from their paychecks. Employee contribution percentages are either established in state law or by the retirement system board, subject to a maximum contribution amount established in state law. With the exception of employee contributions for PERS law enforcement and public safety personnel, the current contribution percentages for each system (set forth in the following table under **Pension Benefits**) reflect the maximums permitted under state law.

In 1968, the Ohio General Assembly created the Ohio Retirement Study Council (ORSC) to oversee the state's five public retirement systems and to advise and inform the legislature on all matters relating to the benefits, funding, investment, and administration of those systems. The ORSC consists of nine voting members: three members of the House appointed by the Speaker; three members of the Senate appointed by the President; and three members appointed by the Governor (one representing the State, one representing local governments, and the third representing public education institutions). The five executive directors of the retirement systems also serve as nonvoting members of the ORSC.

Under state law, each retirement system's board is required to establish a period of not more than thirty years to amortize its unfunded actuarial accrued pension liability (UAAL). If in any year the period required to amortize that UAAL exceeds thirty years, the board must prepare and submit to the ORSC and the applicable committees in the Ohio General Assembly a plan to reduce that amortization period to not more than thirty years. Based on their most recent reporting years reflected in the table below under **Pension Benefits**, all of the retirement systems meet the 30-year funding requirement, with the number of years to fully amortize UAAL at fourteen years for STRS, sixteen years for PERS, twenty-two years for HPRS, twenty-three years for SERS, and twenty-five years for OP&F. Prior to the 2012 pension reform acts described below, the board of each of the five retirement systems had approved and submitted to the ORSC and the Ohio General Assembly a plan to reduce or maintain its amortization period at not more than thirty years. Pursuant to this continuing requirement, the OP&F board increased (effective January 1, 2014) contributions to its pension fund by reducing from 2.85% to 0.5% the amount of employer contributions directed to health care and redirecting the 2.35% difference to pensions. Likewise, the STRS board increased (effective July 1, 2014) contributions to its pension fund by redirecting to pensions the 1.0% of employer contributions previously directed to healthcare. The HPRS board also increased (effective January 1, 2018) contributions to its pension fund by reducing from 4.0% to 3.5% the amount of employer contributions directed to its health care fund.

After extensive review, the General Assembly enacted, and the Governor signed into law effective January 7, 2013, five pension reform acts to implement with modifications plans previously submitted by the five retirement systems to reduce or maintain their UAAL periods to not more than thirty years. The reform act for PERS made changes including increasing the years of service and eligibility age necessary to retire with full benefits, increasing from three to five the number of years used in determining "final average salary" for

purposes of calculating retirement benefits, reducing the post-retirement cost of living adjustment, and increasing the minimum salary threshold required to earn full-time service credit for public employee eligibility to participate in the system. The other reform acts made similar changes to STRS, SERS, OP&F, and HPRS, and enacted phased increases in the employee contribution rate for STRS (from 10% to a maximum of 14% in July 2016) and OP&F (from 10% to a maximum of 12.25% in July 2015). The HPRS board was authorized to increase employee contributions up to a maximum of 14% from 10% beginning in July 2013, and it has implemented this authorization by increasing the employee contribution rate to 11.5% for 2014, 12.5% for 2015 to 2017, and 14.0% for 2018 and thereafter. With the exception of PERS, the reform acts also authorize each retirement system's board to adjust certain pension benefits levels within limits without General Assembly approval. Under this authority, the post-retirement cost of living adjustment for retirees was eliminated by the STRS board (from 2.0% to 0.0% beginning July 1, 2017) and reduced by the HPRS board (phased down from 3.0% to 1.25% beginning January 1, 2015). In March 2022, the STRS Retirement Board unanimously approved a one-time cost of living adjustment of 3%, and resolved to review future cost of living benefit payments during 2023. As reflected above, these reform acts did not change the requirement that each system establish a period of not more than thirty years to amortize its pension UAAL and prepare and submit to the ORSC and the Ohio General Assembly a plan to reduce that amortization period if it exceeds thirty years.

Retirement Contributions

The State makes its employer contributions based on a percent of salary for each State employee that is an active member of a state retirement system. Currently, just over 95% of state employees are members of PERS, about 2.7% are in HPRS and less than 1.0% are in STRS. The following table summarizes state employer and employee contributions to those retirement systems with state employee members (\$ in millions):

State Fiscal Year	PERS		STRS		HPRS		Total Employer Employee Contributions
	Employer Employee Amount	Pct. of Salary(a)	Employer Employee Amount	Pct. of Salary	Employer Employee Amount	Pct. of Salary	
2018	<u>\$421.5</u>	<u>14.0%</u>	<u>\$5.9</u>	<u>14.0%</u>	<u>\$30.1</u>	<u>26.5%</u>	<u>\$458.3</u>
	\$296.7	10.0%	\$5.9	14.0%	\$14.6	12.5%	\$316.8
2019	<u>433.0</u>	<u>14.0</u>	<u>6.0</u>	<u>14.0</u>	<u>31.7</u>	<u>26.5</u>	<u>470.6</u>
	304.6	10.0	6.0	14.0	14.9	14.0	325.1
2020	<u>440.6</u>	<u>14.0</u>	<u>6.1</u>	<u>14.0</u>	<u>32.8</u>	<u>26.5</u>	<u>479.5</u>
	314.7	10.0	6.1	14.0	16.3	14.0	337.1
2021	<u>447.9</u>	<u>14.0</u>	<u>6.3</u>	<u>14.0</u>	<u>32.1</u>	<u>26.5</u>	<u>486.3</u>
	319.9	10.0	6.3	14.0	17.0	14.0	343.2
2022	<u>460.0</u>	<u>14.0</u>	<u>6.5</u>	<u>14.0</u>	<u>30.6</u>	<u>26.5</u>	<u>497.1</u>
	328.6	10.0	6.5	14.0	16.2	14.0	351.2

(a) Reflects PERS state and local contribution rates only. PERS law enforcement employer/employee contribution rate is 18.1%/13.0% and public safety is 18.1%/12.0%.

Source: Contributions based on percent of payroll expenses from State of Ohio accounting system records.

The State also has funded and continues to fund a subsidy to the OP&F system to pay for survivor benefits provided in law and not otherwise funded. The aggregate subsidies were \$69.7 million in the 2020-21 biennium and are appropriated at \$70.7 million in the 2022-23 biennium. All state employer contributions are subject to appropriation in each state budget and are included in the appropriations for each department or agency's personnel costs.

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Pension Benefits

The following table summarizes state and local membership and financial data for each of the retirement systems for the most recent year reported by the particular system (\$ in millions):

Valuation as of:	PERS(a) 12/31/21	STRS 06/30/21	SERS 06/30/21	OP&F 12/31/20	HPRS 12/31/20
Active Members	280,490	166,427	146,646	29,138	1,542
Retirees and Beneficiaries	218,706	156,921	80,721	30,147	1,730
Employer/Employee Contributions (% of Salary) (c)	14.0/10.0(d)	14.0/14.0	14.0/10.0	(e)	26.5/14.0
Active Member Payroll	\$15,463.7	\$12,929.8	\$3,622.1	\$2,381.8	\$118.0
Market Value of Assets (MVA) (f)	\$110,210.9	\$91,805.5	\$17,840.0	\$16,411.1	\$907.4
Actuarial Value of Assets (AVA) (g)	\$99,710.2	\$83,761.4	\$15,809.0	\$16,112.1	\$844.7
Actuarial Accrued Liability (AAL) (h)	\$118,517.0	\$104,591.4	\$21,138.4	\$22,628.6	\$1,203.9
Funding Ratio (AVA to AAL %, (MVA to AAL %))	84.1 (93.0)	80.1(87.8)	74.8 (84.4)	71.2 (72.5)	70.2 (75.4)
Unfunded Actuarial Accrued Liability (UAAL)	\$18,806.8	\$20,830.0	\$5,329.4	\$6,516.5	\$359.1
UAAL to Active Member Payroll %	121.6	161.1	147.1	273.6	304.3
UAAL Funding Period (years) (i)	16	14	23	25	22

- (a) SERS information excludes Medicare Part B reimbursement which is considered a post-employment healthcare benefit reported in accordance with GASB Statement 43 for all data except MVA.
- (b) OP&F deferred retirement option plan balances are included in MVA, AVA, and AAL.
- (c) For PERS and SERS, the maximum employer and employee contribution rates under law are 14.0% and 10.0%. For STRS and HPRS, the maximum employer and employee contributions rates are 14.0/14.0% and 26.5/14.0%, respectively. Each system's board annually determines the portion of the employer contribution, if any, that is directed to fund post-employment health care benefits.
- (d) PERS state employer/employee contribution rate is 14.0/10.0%, local is 14.0/10.0%, law enforcement is 18.1/13.0%, and public safety is 18.1/12.0%. PERS state and local employer and employee contribution rates increased to their current statutory maximum of 14.0% and 10.0%, respectively, in calendar year 2008.
- (e) OP&F employer and employee contribution rates increased to their current statutory maximum of 19.5/12.25% for police and 24.0/12.25% for fire in July 2015.
- (f) Defined contribution plan assets are generally excluded for PERS and included for STRS.
- (g) Recognizes assumed investment returns fully each year (6.9% for PERS, 7.2% HPRS, 7.45% for STRS, 7.5% for SERS, and 8.0% for OP&F). Differences between actual and assumed investment returns, subject to each system's market corridor limitation, are phased-in over a closed four-year period.
- (h) Reflects an individual entry age normal actuarial cost method.
- (i) UAAL funding period is calculated based on a closed period as a level percent of payroll, except for the portion of PERS members who participate in the member directed plan which uses a closed period as a level dollar of payroll.

Sources: Retirement systems' Annual Comprehensive Financial Reports and annual actuarial valuations.

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The following table summarizes financial and funding information for each of the retirement systems for the past five years as reported by the particular system (\$ in millions):

Retirement System Valuation Year-End	Actuarial Value of Assets (AVA)(a)	Actuarial Liability (AAL)(b)	Unfunded Actuarial Liability (UAAL)	Funding Ratio (AVA to AAL)	Market Value of Assets (MVA)(c)	Funding Ratio (MVA to AAL)	Active Member Payroll	UAAL Percent of Active Member Payroll
<u>PERS</u>								
12/31/21	\$99,710.2	\$118,517.0	\$18,806.8	84.1%	\$110,210.8	93.0%	\$15,463.7	121.6%
12/31/20*	\$93,969.1	\$115,241.5	\$21,272.4	81.5%	\$98,852.8	85.8%	\$14,998.1	141.8%
12/31/19	\$88,571.7	\$111,371.3	\$22,799.6	79.5%	\$91,814.5	82.4%	\$14,987.6	152.1%
12/31/18	\$84,287.0	\$108,704.6	\$24,417.6	77.5%	\$81,427.3	74.9%	\$14,391.1	169.7%
12/31/17**	\$83,292.2	\$106,090.0	\$22,797.8	78.5%	\$87,104.9	82.1%	\$14,058.0	162.2%
<u>STRS</u>								
06/30/21	\$83,761.4	\$104,591.4	\$20,830.0	83.3%	\$91,805.5	91.3%	\$12,929.8	161.1%
06/30/20	\$76,357.7	\$98,672.3	\$22,314.6	77.4%	\$74,475.8	75.5%	\$12,671.2	176.1%
06/30/19	\$74,411.8	\$97,840.9	\$23,429.1	76.1%	\$75,726.5	77.4%	\$12,296.8	190.5%
06/30/18	\$73,115.4	\$96,904.1	\$23,788.7	75.5%	\$74,916.3	77.3%	\$11,923.7	199.5%
06/30/17	\$72,216.2	\$96,126.4	\$23,910.2	75.1%	\$72,371.2	75.3%	\$11,557.1	206.9%
<u>SERS(d)</u>								
06/30/21	\$15,809.0	\$21,138.4	\$5,329.4	74.8%	\$17,840.0	84.4%	\$3,622.1	147.1%
06/30/20	\$14,838.0	\$20,640.5	\$5,802.5	71.9%	\$14,419.6	69.9%	\$3,477.6	166.9%
06/30/19	\$14,293.0	\$20,129.8	\$5,836.8	71.0%	\$14,544.1	72.2%	\$3,462.5	168.6%
06/30/18	\$13,848.0	\$19,598.1	\$5,750.6	70.7%	\$14,270.5	72.8%	\$3,332.4	172.6%
06/30/17	\$13,560.0	\$19,186.6	\$5,626.6	70.7%	\$13,613.6	71.0%	\$3,302.8	170.4%
<u>OP&F(e)</u>								
12/31/20	\$16,112.1	\$22,628.6	\$6,516.5	71.2%	\$16,411.1	72.5%	\$2,381.8	273.6%
12/31/19	\$15,360.1	\$22,044.3	\$6,684.2	69.7%	\$15,636.6	70.9%	\$2,313.6	288.9%
12/31/18	\$14,753.2	\$21,264.7	\$6,511.5	69.4%	\$13,941.1	65.6%	\$2,218.0	293.6%
12/31/17	\$14,594.6	\$20,887.2	\$6,292.7	69.9%	\$14,963.6	71.6%	\$2,209.3	284.8%
12/31/16	\$14,162.5	\$20,290.4	\$6,127.9	69.8%	\$13,682.4	67.4%	\$2,180.9	281.0%
<u>HPRS</u>								
12/31/20	\$844.7	\$1,203.9	\$359.1	70.2%	\$907.4	75.4%	\$118.0	304.3%
12/31/19	\$796.3	\$1,173.2	\$376.9	67.9%	\$817.9	67.9%	\$118.4	318.3%
12/31/18	\$769.1	\$1,158.2	\$389.1	66.4%	\$715.5	66.4%	\$116.0	335.4%
12/31/17	\$774.7	\$1,153.6	\$378.9	67.2%	\$786.4	68.2%	\$112.7	336.2%
12/31/16	\$763.7	\$1,127.9	\$364.3	67.7%	\$721.7	64.0%	\$108.8	334.8%

- (a) Recognizes the assumed long-term investment return fully for each particular year. Differences between actual and assumed investment returns, subject to each system's market corridor limitation, are phased-in over a closed four-year period.
- (b) Reflects an individual entry age actuarial cost method.
- (c) Defined contribution plan assets are excluded for PERS, except for annuitized defined contribution assets, and included for STRS.
- (d) Excludes Medicare Part B reimbursement which is considered a post-employment health care benefit reported in accordance with GASB 43 for all data except MVA.
- (e) OP&F deferred retirement option plan balances are included in AVA, AAL, and MVA.

*Reflects revised actuarial assumptions based on change in discount rate from 7.2% to 6.9%.

**Reflects revised actuarial assumptions based on change in discount rate from 7.5% to 7.2%.

Sources: Retirement systems' Annual Comprehensive Financial Reports and annual actuarial valuations.

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GASB Statements No. 67 & 68. GASB Statement No. 67 replaced prior accounting standards for reporting pension plan information beginning in FY 2014. Under this accounting standard, the reporting of unfunded actuarial accrued liability (UAAL) has been replaced by the net pension liability/net pension asset (NPL/NPA). The NPL/NPA represents the excess of the total pension liability over fiduciary net position. The components of the NPL/NPA and the sensitivity of the NPL/NPA to changes in the single discount rate for each of the retirement systems for the most recent year are as follows (\$ in millions):

	<u>PERS(a)</u> 12/31/21	<u>STRS</u> 06/30/21	<u>SERS</u> 06/30/21	<u>OP&F</u> 12/31/20	<u>HPRS</u> 12/31/20
Valuation as of:					
Total Pension Liability (b)(c)	\$118,499.1	\$104,591.4	\$21,529.8	\$23,228.2(e)	\$1,299.3(f)
Fiduciary Net Position (d)	\$110,210.9	\$91,805.5	\$17,840.0	\$16,411.1	\$907.4
Net Pension Liability/Net Pension Asset (NPL/NPA)	\$8,288.2	\$12,785.9	\$3,689.7	\$6,817.1	\$391.9
Fiduciary Net Position as a Percentage of Total Pension Liability	93.0%	87.8%	82.9%	70.7%	69.8%
NPL/NPA Calculated With 1% Decrease in Discount Rate	\$22,629.2	\$23,943.2	\$6,138.8	\$9,490.3	\$537.8
NPL/NPA Calculated With 1% Increase in Discount Rate	(\$3,639.5)	\$3,358.0	\$1,624.3	\$4,579.9	\$269.5

- (a) For PERS, figures reflect the traditional plan, the defined benefit portion of the combined plan, and the defined benefit annuities portion of the member-directed plan.
- (b) Reflects a single discount rate of 6.9% for PERS, 7.00% for STRS and SERS, and 8.00% for OP&F. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions are made at the actuarially determined rates under state law. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of project benefit payments to determine total pension liability. Also reflects an individual entry age actuarial cost method.
- (c) For HPRS, the fiduciary net position was not projected to be sufficient to make all projected future benefit payments and, therefore, a blended discount rate of 7.25% was used. The blended discount rate represents the long-term expected rate of return for the funded benefit payments and a tax-exempt, high-quality municipal bond rate for the unfunded benefit payment.
- (d) Based on the market value of assets.
- (e) Total pension liability was determined by an actuarial valuation as of 01/01/20, and updated with roll-forward procedures to 12/31/20.
- (f) Total pension liability was determined by an actuarial valuation as of 12/31/19, and updated with roll-forward procedures to 12/31/20.

Sources: Retirement systems' Annual Comprehensive Financial Reports, annual reports, and annual actuarial valuations.

GASB Statement No. 68 replaced prior accounting standards for state and local governments reporting of pension plan information beginning in FY 2015. This accounting standard requires employers and non-employer contributing entities to report a proportionate share of their NPL/NPA in their financial statements. Employers determine their proportionate share of NPL/NPA by comparing their current year contributions to the plan to current year contributions to the plan made by all employers and non-employer entities, based on information provided to them by their retirement system(s). The State's proportionate share of the NPL/NPA and the sensitivity of the NPL/NPA to changes in the single discount rate for PERS, STRS and HPRS for the most recent year are as follows (\$ in millions):

	<u>PERS(a)</u> 12/31/21	<u>STRS</u> 06/30/21	<u>HPRS</u> 12/31/20
Valuation as of:			
Total Pension Liability (b)	\$118,499.1	\$104,591.4	\$1,299.3(d)
Fiduciary Net Position (c)	\$110,210.9	\$91,805.5	\$907.4
Net Pension Liability/Net Pension Asset (NPL/NPA)	\$8,288.2	\$12,785.9	\$391.9
State Proportionate Share of Net Pension Liability (PSL)	\$3,106.9	\$46.5	\$391.9
PSL as a Percentage of NPL/NPA	21.4%	0.36%	100.0%
PSL Calculated With 1% Decrease in Discount Rate	\$5,995.9	\$87.1	\$537.8
PSL Calculated With 1% Increase in Discount Rate	\$706.3	\$12.2	\$269.5

- (a) For PERS, figures reflect the traditional plan, the defined benefit portion of the combined plan, and the defined benefit annuities portion of the member-directed plan.
- (b) Reflects a single discount rate of 6.9% for PERS, 7.0% for STRS, and 7.25% for HPRS.
- (c) Based on the market value of assets.
- (d) Total pension liability was determined by an actuarial valuation as of 12/31/19, and updated with roll-forward procedures to 12/31/20.

Sources: State of Ohio FY 2021 Annual Comprehensive Financial Report and retirement systems' Annual Comprehensive Financial Reports, and annual actuarial valuations.

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Other Post-Employment Benefits

Each of the State’s public retirement systems also offer post-employment health care benefits to its members. Contributions to and benefits under these health care programs are not vested and, as reflected by the recent actions of the OP&F and STRS boards described above, are subject to future adjustment by their respective boards. In this regard, PERS adopted, beginning in 2004, a series of health care preservation plans to adjust benefits and contributions by employers, employees, and retirees. In 2017, STRS implemented benefit adjustments that when coupled with strong investment returns and positive claims experience had a positive effect on its health care program. In 2019, OP&F replaced its health care plan with a new stipend-based health care model that also had a positive effect on its health care program. On January 15, 2020, the PERS board of trustees modified the discretionary health care program. Changes included replacing the group health care program for non-Medicare retirees with a monthly allowance to select a health care plan with the assistance of a vendor consultant. These changes are the same as those made to the Medicare program in 2015. Other changes include reducing the allowance provided to Medicare retirees from a base of \$450 per month to \$350 per month. Non-Medicare retirees allowance was initially established at \$1,200 base level per month. The actual allowance for all retirees will be determined based upon the age and years of service of the retiree. Other changes included modifications to the eligibility criteria for future retirees beginning in 2022.

The following table presents a summary of assets and actuarial accrued liabilities for post-employment healthcare benefits for each of the State’s public retirement systems (\$ in millions):

Valuation as of:	<u>PERS</u> 12/31/21	<u>STRS</u> 06/30/21	<u>SERS</u> 06/30/21	<u>OP&F(a)</u> 12/31/18	<u>HPRS</u> 12/31/20
Value of Assets (b)	\$12,385.8	\$4,929.7	\$600.3	n/a	\$118.6
Actuarial Accrued Liability (AAL) (c)	\$11,215.5	\$2,821.3	\$1,289.4	n/a	\$285.3
Unfunded Actuarial Accrued Liability (UAAL) (d)	(\$1,170.3)	(\$2,108.4)	\$689.1	n/a	\$174.9
Funding Ratio (Assets to AAL %)	110.4%	174.7%	46.6%	n/a	41.6%
Employer Contribution (% of Salary) (e)	0.0%	0.0%	0.0%(f)	0.5%	0.0%

- (a) OP&F is no longer reporting unfunded actuarial accrued liabilities under prior accounting standards. See GASB Statement No. 74 table below for information on the reporting of post-employment benefit plans other than pension plans.
- (b) For PERS and HPRS, investment returns are recognized fully each year with the differences between actual and assumed investment returns (assumed at 6.0% for PERS and 7.25% for HPRS), subject to each system’s market corridor limitation, phased-in over a closed four-year period. For STRS and SERS, reflects market value. For PERS, includes assets for member-directed plan participants.
- (c) Reflects an individual entry age normal actuarial cost method.
- (d) UAAL is calculated based on an open period as a level percent of payroll.
- (e) Each system’s board annually determines the portion of the employer contribution, if any, that is directed to fund post-employment health care benefits. See discussion above for recent adjustments by OP&F, STRS, and HPRS boards to employer contribution directed to fund health care benefits.
- (f) SERS also collects a health care surcharge from employers for employees who earn less than an actuarially determined minimum compensation amount. This amount is in addition to the amount allocated to health care from the employer contributions.

Sources: Retirement systems’ Annual Comprehensive Financial Reports, and annual actuarial valuations.

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The following table presents a summary of assets and actuarial accrued liabilities for post-employment healthcare benefits for the past four years for each of the State's public retirement systems (\$ in millions). For fiscal years 2016 and prior, financial reporting of health care plans is in compliance with GASB Statement 43 - Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans.

Retirement System Valuation Year-End	Value of Assets(a)	Actuarial Accrued Liability (AAL)(b)	Unfunded Actuarial Accrued Liability	Funding Ratio (Assets to AAL)	Employer Contribution (% of Salary)(c)(d)
<u>PERS(f)</u>					
12/31/20	\$12,385.8	\$11,215.5	(\$1,170.3)	110.4%	0.0%
12/31/19	\$11,942.5	\$11,461.7	(\$480.8)	104.2%	0.0%
12/31/18	\$11,646.9	\$17,848.7	\$6,201.8	65.3%	0.0%
12/31/17	\$12,021.4	\$18,393.0	\$6,372.0	65.4%	1.0%
<u>STRS</u>					
06/30/21	\$4,929.7	\$2,821.3	(\$2,108.4)	174.7%	0.0%
06/30/20	\$3,897.3	\$2,139.8	(\$1,757.5)	182.1%	0.0%
06/30/19	\$3,872.2	\$2,215.9	(\$1,656.2)	174.7%	0.0%
06/30/18	\$3,721.3	\$2,114.5	(\$1,606.8)	176.0%	0.0%
<u>SERS</u>					
06/30/21	\$600.3	\$1,289.4	\$698.1	46.6%	0.0%
06/30/20	\$482.6	\$1,796.5	\$1,313.9	26.9%	0.0%
06/30/19	\$463.8	\$2,198.7	\$1,734.9	21.1%	0.5%
06/30/18	\$435.6	\$2,524.9	\$2,089.3	17.3%	0.5%
<u>OP&F(e)</u>					
12/31/17	\$901.7	\$5,487.8	\$4,586.2	16.4%	0.50%
12/31/16	\$929.4	\$5,166.6	\$4,237.2	18.0%	0.50%
12/31/15	\$1,031.9	\$5,399.6	\$4,367.6	19.1%	0.50%
12/31/14	\$1,053.5	\$5,244.6	\$4,191.0	20.1%	0.50%
<u>HPRS</u>					
12/31/20	\$118.6	\$285.3	\$174.6	41.6%	0.0%
12/31/19	\$111.0	\$303.3	\$195.3	36.6%	0.0%
12/31/18	\$109.5	\$262.0	\$152.5	41.8%	3.50%
12/31/17	\$110.1	\$248.1	\$138.0	44.4%	3.50%

(a) For PERS & HPRS, recognizes investment returns fully each year (PERS at 5% in 2016, 6.5% in 2017, to current 6.0% starting in 2018, HPRS assumed at 5%) with the differences between actual and assumed investment returns, subject to each system's market corridor limitation, phased-in over a closed four-year period. For STRS, SERS and OP&F, reflects market value.

(b) Reflects an individual entry age normal actuarial cost method.

(c) Each system's board annually determines the portion of the employer contribution, if any, that is directed to fund post-employment health care benefits.

(d) SERS also collects a health care surcharge from employers for employees who earn less than an actuarially determined minimum compensation amount. This amount is in addition to the amount allocated to health care from the employer contributions.

(e) OP&F is no longer reporting unfunded actuarial accrued liabilities under prior accounting standards. See GASB Statement No. 74 table below for information on the reporting of post-employment benefit plans other than pension plans.

(f) PERS is instituting several adjustments to Medicare and non-Medicare retirees effective January 1, 2022 related to HRA allowances, dependent benefits, and re-employed retirees leading to a significant reduction in actuarial liability beginning in the valuation period ending December 31, 2019.

Sources: Retirement systems' annual actuarial valuations.

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GASB Statements No. 74 & 75. GASB Statement No. 74 replaced prior accounting standards for reporting post-employment benefit plans other than pension plans (OPEB) beginning in FY 2017. Under this accounting standard, the reporting of unfunded actuarial accrued liability has been replaced by the net OPEB liability (NOL). The NOL represents the excess of the total OPEB liability over fiduciary net position. The components of the NOL and the sensitivity of the NOL to changes in the single discount rate for those retirement systems that have reported information for the most recent year are as follows (\$ in millions):

Valuation as of:	<u>PERS</u>	<u>STRS</u>	<u>SERS</u>	<u>OP&F(a)</u>	<u>HPRS</u>
	<u>12/31/21</u>	<u>06/30/21</u>	<u>06/30/21</u>	<u>12/31/20</u>	<u>12/31/20</u>
Total OPEB Liability (a)(b)	\$11,093.1	\$2,821.3	\$2,492.9	\$1,941.1(e)	\$752.0(d)
Fiduciary Net Position (c)	\$14,225.3	\$4,929.7	\$600.3	\$881.6	\$118.60
Net OPEB Liability (NOL)	(\$3,132.2)	(\$2,108.4)	\$1,892.6	\$1,059.5	\$633.4
Fiduciary Net Position as a Percentage of					
Total OPEB Liability	128.2	174.7%	24.1%	45.4%	15.8%
NOL Calculated With 1% Decrease in Discount Rate	(\$1,842.2)	(\$1,779.2)	\$2,345.1	\$1,321.2	\$807.2
NOL Calculated With 1% Increase in Discount Rate	(\$4,202.5)	(\$2,383.4)	\$1,531.0	\$843.7	\$502.4
NOL Calculated With 1% Decrease in Cost Trend Rate	(\$3,166.0)	(\$2,372.3)	\$1,457.1	n/a	\$484.3
NOL Calculated With 1% Increase in Cost Trend Rate	(\$3,092.0)	(\$1,782.1)	\$2,474.2	n/a	\$836.7

(a) For PERS, a single discount rate of 6.0% was used. For SERS and HPRS, the fiduciary net position was not projected to be sufficient to make all projected future benefit payments and, therefore, blended discount rates of 2.63% and 3.36%, respectively, were used. The blended discount rates represent the long-term expected rate of return for the funded benefit payments and a tax-exempt, high-quality municipal bond rate for the unfunded benefit payment. For STRS, the fiduciary net position was projected to be sufficient to make all projected future benefit payments and, therefore, a discount rate of 7.00%, representing the long-term expected rate of return on assets, was used. For OP&F, the fiduciary net position was projected to be available to make projected future benefit payments until 2031 and, therefore, a single discount rate of 2.96%, representing a tax-exempt, high quality municipal bond rate, was used. After 2031, benefit payments will be funded on a pay-as-you go basis.

(b) For all retirement systems, reflects an individual entry age normal actuarial cost method as a level percent of payroll.

(c) Based on the market value of assets.

(d) Total OPEB liability was determined by an actuarial valuation as of 12/31/19, and updated with roll-forward procedures to 12/31/20.

(e) Total OPEB liability was determined by an actuarial valuation as of 01/01/20, and updated with roll-forward procedures to 12/31/20.

Sources: Retirement systems' Annual Comprehensive Financial Reports and annual reports.

GASB Statement No. 75 replaced prior accounting standards for state and local governments reporting of postemployment benefit plans other than pensions beginning in FY 2018. This accounting standard requires employers and non-employer contributing entities to report a proportionate share of their NOL in their financial statements. Employers determine their proportionate share of NOL by comparing their current year contributions to the plan to current year contributions to the plan made by all employers and non-employer entities, based on information provided to them by their retirement system(s). The State's proportionate share of the NOL and the sensitivity of the NOL to changes in the single discount rate for PERS, STRS and HPRS for the most recent year are as follows (\$ in millions):

Valuation as of:	<u>PERS</u>	<u>STRS</u>	<u>HPRS</u>
	<u>12/31/21</u>	<u>06/30/21</u>	<u>12/31/20</u>
Total OPEB Liability (a)	\$11,093.1	\$2,821.3(d)	\$752.0(c)
Fiduciary Net Position (b)	\$14,225.3	\$4,929.7	\$118.6
Net OPEB Liability (NOL)	(\$3,132.2)	(\$2,108.4)	\$633.4
State Proportionate Share of Net OPEB Liability (PSL)	(\$378.5)	(\$7.7)	\$633.4
PSL as a Percentage of NOL	21.2%	0.4%	100.0%
PSL Calculated With 1% Decrease in Discount Rate	(\$94.1)	(\$6.5)	\$807.2
PSL Calculated With 1% Increase in Discount Rate	(\$612.4)	(\$8.7)	\$502.4
PSL Calculated With 1% Decrease in Cost Trend Rate	(\$387.8)	(\$8.6)	\$484.3
PSL Calculated With 1% Increase in Cost Trend Rate	(\$368.2)	(\$6.5)	\$836.7

(a) For PERS, a single discount rate of 6.0% was used. The fiduciary net position was not projected to be available to make all projected future benefit payments and, therefore, a blended discount rate of 3.42% for HPRS was used. The blended discount rate represent the long-term expected rate of return for the funded benefit payments and a tax-exempt, high-quality municipal bond rate for the unfunded benefit payment.

(b) Based on the market value of assets.

(c) Total OPEB liability was determined by an actuarial valuation as of 12/31/20, and updated with roll-forward procedures to 12/31/21.

(d) Total OPEB liability was determined by an actuarial valuation as of 06/30/21.

Sources: State of Ohio FY 2021 Annual Comprehensive Financial Report and retirement systems' Annual Comprehensive Financial Reports and annual reports.

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TAX LEVELS AND TAX BASES

The variety of taxes and excises levied by the State is indicated in several tables in this Appendix. According to the Federation of Tax Administrators, citing the U.S. Census Bureau as its source, Ohio ranked 38th in state taxes per capita in 2021 and it ranked 31st in combined state and local taxes in 2019, the most recent available year for such data. Three major tax bases, personal income (taxed by the State and municipalities and, with voter approval, by certain school districts), retail sales and use (taxed by the State and by counties and several transit authorities), and all taxable real property as well as the tangible personal property of public utilities (taxed by local governments and school districts), are described below. The State also levies a commercial activity tax on business activities as described below.

The State also imposes a tax on the use, distribution, or sale of motor vehicle fuel. This excise tax was raised by 10.5 cents per gallon effective July 1, 2019 to 38.5 cents per gallon of gasoline. At the same time, the rate imposed on diesel fuel was also increased from 28.0 cents per gallon to 47.0 cents per gallon.

Sales and Use Tax

The state sales and use tax rate was increased one-quarter percent from 5.5% to 5.75% beginning September 1, 2013 (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15**). Prior to this increase, the rate had been 5.5% since July 1, 2005. The sales and use tax is levied uniformly across counties on retail sales of tangible personal property that are not specifically exempt. Retail sales include the rental and storage of tangible personal property, the rental of hotel rooms, and certain specified services including, but not limited to, repair and installation services, data processing, computer, and electronic information services, telecommunication, and certain personal care services.

Counties and transit authorities each are authorized to levy permissive sales and use taxes at rates of 0.25% to 1.5% in one-twentieth percent increments. The highest potential aggregate of state and permissive local sales taxes is 8.75% and the highest currently levied in any county is 8%. The State collects the combined state and local tax and returns the local share directly to the counties and transit authorities.

Personal Income Tax

State personal income tax rates apply generally to federal adjusted gross income plus or minus adjustments and personal exemptions. When compared to the immediately preceding year, personal income tax rates were reduced by 8.5% in calendar year 2013, 1.5% in calendar year 2014, 6.3% in calendar year 2015 (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15 and 2016-17**) and 4.0% in calendar year 2019 (see **FISCAL MATTERS – Recent Biennia – 2020-21**). Beginning in calendar year 2021, tax rates were reduced by 3.0% compared to the rates imposed in calendar year 2020, except that the highest tax bracket (on income exceeding \$221,300) was repealed and what is now the highest Ohio tax rate was reduced by 9.6% from its previous level. The various reduction percentages listed above represent incremental changes from the preceding rates; when compared to the rates in effect during calendar year 2012, the rates imposed as of calendar year 2021 are 21% lower except for the new top rate which is 27% lower. Prior legislation also established a deduction for pass-through entities and sole proprietorships annual business net income of 75% in tax years 2014 and 2015, and 100% in tax year 2016 and beyond, up to \$250,000 per taxpayer (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15 and 2016-17**). Previously, personal income tax rates were reduced by 21% across five installments (4.2% annually in each of the tax years 2005 through 2008, with the final 4.2% reduction delayed from tax year 2009 to tax year 2011).

The 2021 personal income tax rates range from \$355.16 plus 2.765% on income more than \$25,000 but less than \$45,250, with increasing bracketed base rates and percentages up to a maximum on income over \$110,650 of \$3,123.05 plus 3.99% on the amount over \$110,650. This is no tax liability if taxable income is \$25,000 or below.

The Ohio Constitution requires 50% of state income tax receipts to be returned to the counties in which those receipts originate. There is no constitutional limit on income tax rates.

Municipalities, school districts, and joint economic development districts and zones may also levy certain income taxes. Any municipal rate (applying generally to wages, salaries, and business net income) over 1%, and any school district income tax (applying generally to the state income tax base for individuals and estates), requires voter approval. Most cities and villages levy a municipal income tax. The highest municipal rate in 2020 was 3%. A school district income tax is currently approved in 210 districts. Each joint economic development district or zone may also levy an income tax (which like municipal income taxes applies generally to wages and salaries and business net income) with the rate of that tax limited to the highest income tax rate of a municipal

member of the district or zone). Effective July 1, 2005, there may also be proposed for voter approval municipal income taxes to be shared with school districts, but those taxes may not be levied on the income of nonresidents.

Since 1970 the ratio of Ohio to U.S. aggregate personal income has declined, with Ohio’s ranking among the states moving from fifth in 1970 to seventh in 1990, and eighth since 2000. This movement, portrayed below, in significant measure reflects “catching up” by several other states and a trend in Ohio toward more service sector employment.

		Personal Income (\$ in Billions)		Ohio Percent of	State Rank*
		U.S.	Ohio	U.S.	
1970	Total	\$855.1	\$44.1	5.2%	5
	per capita	4,196	4,136	98.6	18
1980	Total	2,307.0	107.0	4.6	6
	per capita	10,153	9,909	97.6	25
1990	Total	4,890.5	202.8	4.1	7
	per capita	19,591	18,669	95.3	21
2000	Total	8,650.3	326.0	3.8	8
	per capita	30,657	28,684	93.6	26
2010	Total	12,542.0	423.1	3.4	8
	per capita	40,546	36,663	90.4	32
2016	Total	16,115.6	525.1	3.3	8
	per capita	45,127	49,883	90.5	29
2017	Total	16,820.3	544.8	3.2	8
	per capita	46,710	51,731	90.3	29
2018	Total	17,813.0	569.7	3.2	8
	per capita	54,526	48,793	89.5	31
2019	Total	18,542.3	586.8	3.2	8
	per capita	56,490	50,199	88.9	31
2020	Total	19,679.7	623.2	3.2	8
	per capita	59,729	53,296	89.2	31
2021	Total	21,056.6	665.4	3.2	8
	per capita	63,444	56,483	84.9	32

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

*Excludes District of Columbia.

The retail sales base is an important indicator of sales and use tax receipts.

Fiscal Year	Ohio Retail Sales	U.S. Retail Sales	Ohio Percent of U.S.
1980	\$39.01	\$979.25	4.0%
1990	66.95	1,914.04	3.5
2000	117.72	3,213.82	3.6
2010	133.44	4,170.78	3.2
2016	166.34	5,417.16	3.1
2017	170.40	5,620.10	3.0
2018	172.82	5,905.83	2.9
2019	180.34	6,084.82	3.0
2020	214.82	6,858.62	3.1
2021	215.13	6,341.42	3.4%

Source: Calculated by IHS Markit based on data from the U.S. Department of Commerce, Bureau of the Census and other sources.

Commercial Activity Tax

The State implemented a new commercial activity tax (CAT) on taxable gross receipts in excess of \$1,000,000 from doing business in Ohio phased-in over FY 2006 through FY 2010 until levied at the current rate of 0.26%. Beginning calendar year 2014, the State established a variable minimum tax on the CAT for businesses with taxable gross receipts greater than \$1 million (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15**). Over the same period, Ohio phased-out its corporate franchise tax in equal annual increments over the 2006 through 2010 tax years, except for application to financial institutions and certain affiliates of insurance companies and financial institutions which was replaced with a new financial

institutions tax effective tax year 2014 (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2012-13 and 2014-15**). On December 7, 2012, the Supreme Court of Ohio upheld the application of the CAT to gross receipts from the sales of motor fuels but ordered that the proceeds of the CAT derived from those gross receipts—estimated by OBM at approximately \$100 million annually—could not be applied to non-highway purposes in the future. Under provisions enacted in the biennial appropriations Act for the 2014-15 biennium and other legislation, the State phased-out the CAT on the sale of motor vehicle fuel and replaced it with a “petroleum activity tax” (PAT), computed on the basis of the average price of a gallon of gasoline or diesel fuel. In accordance with the Supreme Court of Ohio’s ruling, PAT receipts are required to be used for highway purposes.

As described below, the receipts from the CAT are directed in part to make compensating payments to school districts and other local taxing units in connection with the phase-out of the tangible personal property tax in 2006 through 2009. Beginning in FY 2012, the State accelerated the phase-out of compensating payments to school districts and local governments resulting in an increased share of the CAT being deposited into the GRF (see **Property Tax** below and **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15, 2016-17, and 2018-19**).

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Property Tax

The following table lists, for informational purposes only, the non-exempt real and tangible personal property tax base in the State and taxes levied on that base (on a calendar year basis). Only local taxing subdivisions, and not the State, currently tax the real and tangible personal property included in this table. Reported figures for 2021 show that these property taxes represent 3.10% of Ohio personal income.

		Assessed Value(a)	Percent of True Value(b)	Taxes Charged
1980	Real(c)	\$56,457,842,607	27.1%	\$2,343,384,488(e)
	Tangible(d)	15,649,200,844	39.2	765,047,826
	Public Utility(c)	8,670,052,613	83.3	411,321,235
1990	Real	93,857,482,000	35.0	4,593,147,000(e)
	Tangible(d)	18,473,055,000	28.0	1,149,643,000
	Public Utility(c)(f)	12,934,191,000	88.6	799,396,000
2000	Real	167,857,657,350	35.0	8,697,809,112(e)
	Tangible(d)	23,298,302,564	25.0	1,720,740,378
	Public Utility(c)(f)	13,635,709,860	67.0	967,674,709
2010	Real	238,264,394,249	35.0	14,486,087,962(e)
	Tangible(d)	320,961,400	5.0(b)	18,432,832
	Public Utility(c)(f)	10,096,712,600(g)	52.9	747,237,219
2016	Real	238,100,197,518	35.0	16,170,309,495(e)
	Tangible(d)	-0-	-0-(b)	-0-
	Public Utility(c)(f)	15,962,565,444(g)	56.8	1,271,855,503
2017	Real	247,070,913,220	35.0	16,591,449,814(e)
	Tangible(d)	-0-	-0-(b)	-0-
	Public Utility(c)(f)	16,700,657,510(g)(h)	58.7	1,347,897,157
2018	Real	255,789,561,245	35.0	17,060,795,040(e)
	Tangible(d)	-0-	-0-(b)	-0-
	Public Utility(c)(f)	19,220,171,390(g)(h)	60.67	1,533,994,082
2019	Real	260,947,879,749	35.0	17,321,071,684(e)
	Tangible(d)	-0-	-0-(b)	-0-
	Public Utility(c)(f)	25,436,220,050(g)(h)	64.69	1,971,197,491
2020	Real	279,933,910,561	35.0	18,265,118,632(e)
	Tangible(d)	-0-	-0-(b)	-0-
	Public Utility(c)(f)	26,794,513,946(g)(h)	65.14	2,079,346,945
2021	Real	293,266,914,053	35.0	18,456,058,751(e)
	Tangible(d)	-0-	-0-(b)	-0-
	Public Utility(c)(f)	28,165,092,620(g)(h)	65.00	2,166,453,013

- (a) Increases in assessed value of “Real” are in part products of reappraisals.
- (b) Regular annual reductions for “Tangible” (except for most public utility tangible) reached 0% in 2009; only telecommunication and telephone personal property was taxable in 2009 and 2010.
- (c) Includes public utility personal property owned and located within Ohio and railroad real property; excludes public utility real property.
- (d) Includes machinery, inventories, fixtures; effective tax year 2007 includes telephone company property. Excludes public utility tangible property. Effective tax year 2009 includes only telephone company property.
- (e) Includes the statutory 10% rollback (12.5% for owner-occupied residences) and elderly/handicapped partial exemption amounts, paid by the State to local taxing entities to compensate for statutory reductions in local tax collections. Effective for tax year 2005 and thereafter, the 10% rollback was eliminated for real property used in business, with exceptions for certain property used in farming or for housing. The 12.5% rollback for owner-occupied residences was eliminated for new voter-approved tax levies (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2018-19**).
- (f) Beginning in 1990, the true value of most public utility property is based on annual composite allowances that vary according to the type and age of property.
- (g) Beginning in 2001, the statutory assessment rate for electric and gas utilities decreased from 88% to 25%.
- (h) The statutory assessment rate for waterworks utilities is 88%, except for certain property first subject to taxation in 2017 is 25%.

Source: Ohio Department of Taxation.

Effective July 1, 2005, and as reflected in the above table, the tangible personal property tax (TPPT) (including that tax on inventories) was phased out over tax years 2006 through 2009, with that tax generally eliminated beginning in tax year 2009. The corresponding legislation provided for the State to make replacement distributions to school districts and other local taxing units from revenue generated by the state commercial activity tax (CAT). Distributions are generally based on the taxable value of tangible personal property as reported in 2004 and property tax levies in effect for 2005. In FY 2012, the State began phasing-out those TPPT replacement payments to schools and local governments. Replacement payments to schools reduced by two percent of each district’s total resources in each of FY 2012 and FY 2013 for a total reduction of four percent.

Replacement payments to local governments reduced by two percent of total resources for tax years 2011, 2012, and 2013 for a total reduction of six percent. Replacement payments were then frozen in FY 2014 and FY 2015. The phasing out of these replacement payments resumed beginning in FY 2016. Payments to school districts reduced in FY 2016 and FY 2017 by between 1% and 2% of each district's total resources. The variance was based on district wealth levels, with guarantees in both FY 2016 and FY 2017 that no district would fall below 100% and 96%, respectively, of its FY 2015 total funding level. Replacement payments to other local governments in FY 2016 and thereafter are reduced annually by two percent of their total resources (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2016-17**).

Beginning July 2007, the State's homestead exemption program, which takes the form of a credit on local residential real property tax bills, was expanded to allow all senior citizens and disabled Ohioans, regardless of income, to exempt from tax the first \$25,000 of the market value of their home. Previously, eligibility was restricted and benefits were tiered based on income. Beginning July 1, 2013, eligibility for new applicants is based on income (see **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2014-15**). The total cost of the homestead exemption program was \$398.5 million in FY 2020, \$374.6 million in FY 2021, and \$354.7 million in FY 2022.

Real property tax relief payments by the State to school districts and local subdivisions—consisting of the homestead exemption program, the 10% rollback for non-business property, and the 2.5% rollback for owner-occupied homes—totaled \$3.58 billion for the 2016-17 biennium, \$3.60 billion for the 2018-19 biennium, and \$3.60 billion for the 2020-21 biennium.

SCHOOLS AND MUNICIPALITIES

Schools

Litigation was commenced in the Ohio courts in 1991 questioning the constitutionality of Ohio's system of school funding and compliance with the constitutional requirement that the State provide a "thorough and efficient system of common schools." On December 11, 2002, the Supreme Court of Ohio, in a 4-3 decision on a motion to reconsider its own decision rendered in September 2001, concluded (as it previously had in its 1997 and 2000 opinions) that the State did not comply with that requirement, even after again noting and crediting significant steps in preceding years.

In its prior decisions, the Supreme Court of Ohio stated as general base threshold requirements that every school district have enough funds to operate, an appropriate number of teachers, sound and safe buildings, and equipment sufficient for all students to be afforded an educational opportunity. With particular respect to funding sources, the Court concluded in its 1997 and 2000 decisions that property taxes may no longer be the primary means of school funding in Ohio.

On March 4, 2003, the plaintiffs filed with the original trial court a motion to schedule and conduct a conference to address compliance with the orders of the court in that case, the State petitioned the Ohio Supreme Court to issue a writ prohibiting that conference on compliance, and the trial court subsequently petitioned the Ohio Supreme Court for guidance as to the proper course to follow. On May 16, 2003, the Ohio Supreme Court granted that writ and ordered the dismissal of the motion before the trial court. On October 20, 2003, the United States Supreme Court declined to accept the plaintiffs' subsequent petition requesting further review of the case.

In the years following this litigation, the General Assembly has taken steps, including significantly increasing state funding for public schools, as discussed below. In addition, at the November 1999 election, electors approved a constitutional amendment authorizing the issuance of State general obligation debt for school buildings and for higher education facilities (see discussion under **STATE DEBT**). December 2000 legislation also addressed certain mandated programs and reserves, characterized by the plaintiffs and the Court as "unfunded mandates."

Prior to fiscal years 2009 and 2010, Ohio's 613 public school districts and 49 joint vocational school districts received a major portion (but less than 50%) of their operating moneys from state subsidy appropriations (the primary portion of which is known as the Foundation Program) distributed in accordance with statutory formulae that take into account both local needs and local taxing capacity. The Foundation Program amounts have steadily increased in most recent years, including small aggregate increases even in those fiscal years in which appropriation reductions were imposed.

School districts also rely upon receipts from locally voted taxes. In part because of provisions of some state laws, such as partially limiting the increase (without further vote of the local electorate) in voted property tax collections that would otherwise result from increased assessed valuations, some school districts have

experienced varying degrees of difficulty in meeting mandated and discretionary increased costs. Local electorates have largely determined the total moneys available for their schools. Locally elected boards of education and their school administrators are responsible for managing school programs and budgets within statutory requirements.

The State's school subsidy formulas that were used until fiscal year 2009 were structured to encourage both program quality and local taxing effort. Until the late 1970's, although there were some temporary school closings, most local financial difficulties that arose were successfully resolved by the local districts themselves by some combination of voter approval of additional property tax levies, adjustments in program offerings, or other measures. For more than 20 years, requirements of law and levels of state funding have sufficed to prevent school closings for financial reasons, which in any case are prohibited by current law.

Legislation was enacted in 1996 to address school districts in financial straits. It is similar to that for municipal "fiscal emergencies" and "fiscal watch" discussed below under **Municipalities**, but is particularly tailored to certain school districts and their then-existing or potential fiscal problems. Newer legislation created a third, more preliminary, category of "fiscal caution". A current listing of school districts in fiscal emergency or watch status can be found on the Auditor of State's website at <http://www.auditor.state.oh.us>.

To broaden the potential local tax revenue base, school districts also may submit, for voter approval, income taxes on the district income of individuals and estates. Many districts have submitted the question of the proposed income tax to their respective electors, and income taxes are currently approved in 208 districts.

Biennial school funding state appropriations from the GRF (including property tax reimbursements) and Lottery Profits Education Fund (LPEF) (but excluding federal and special revenue funds) for recent biennia were:

- 2012-13 - \$16.6 billion (a 2.3% decrease over the previous biennium).
- 2014-15 - \$18.3 billion (a 10.5% increase over the previous biennium).
- 2016-17 - \$20.0 billion (a 9.3% increase over the previous biennium).
- 2018-19 - \$20.7 billion (a 3.5% increase over the previous biennium).
- 2020-21 - \$21.9 billion (a 5.7% increase over the previous biennium).

The appropriations for school funding for the 2022-23 biennium are \$23.0 billion (a 4.9% increase from the previous biennium), representing an increase of 2.9% in FY 2022 over FY 2021 and an increase of 1.9% in FY 2023 over FY 2022.

The amount of lottery profits transferred to the LPEF totaled \$1.04 billion in FY 2017, \$1.17 billion in FY 2018, \$1.15 billion in FY 2019, \$1.13 billion in FY 2020, \$1.36 billion in FY 2021, \$1.41 billion in FY 2022, and is currently estimated to be \$1.26 billion in FY 2023. Ohio participation in the multi-state lottery commenced in May 2002. A constitutional provision requires that net lottery profits be paid into LPEF be used solely for the support of elementary, secondary, vocational, and special education purposes, including application to debt service on general obligation bonds to finance common school facilities. The 2010-11 biennial appropriations Act also authorized the implementation of video lottery terminals (VLTs) at Ohio's seven horse racing tracks.

The 2014-15 biennial appropriations Act enacted a new funding formula for the distribution of state funding to school districts based on a per pupil amount. This per pupil formula is similar to the "Building Blocks" school funding formula in place through FY 2009 until its replacement with the "Evidence Based Model" for the 2010-11 biennium. The Evidence Based Model was repealed in July 2011 and a temporary formula was put in place for the 2012-13 biennium that allocated funding to each school district based on the per pupil funding it received for FY 2011, adjusted by its share of a statewide per pupil adjustment amount that was indexed by the district's relative tax valuation per pupil.

The 2016-17 biennial appropriations Act modified certain components of the funding formula to distribute new resources to districts with less capacity to raise revenue through local sources. Under the modified formula, each school district's education aid was based on a per pupil funding amount of \$5,900 in FY 2016 and \$6,000 in FY 2017, multiplied by each school district's "state share index," which used a three-year average of adjusted property valuation per pupil and the median income of that school district to calculate the percentage of the per-pupil amount to be paid by the State and the amount assumed to be contributed by the school district through local sources. The 2016-17 biennial appropriations Act also supplemented transportation funds for low density districts and continued to provide additional funds for students with exceptional needs, including those with special needs and the disabled, and limited English proficiency, and for economically disadvantaged and gifted

students. Funding was also provided based on the number of K-3 students at each school district to help school districts comply with Ohio's 3rd grade reading guarantee. The Act continued funding for the "Straight A Fund" to develop and implement creative and innovative instructional models to inspire learning and student growth.

The 2018-19 biennial appropriations Act maintained all components of the 2016-17 funding formula with minor modifications. School district's education aid continued to be paid based on a per pupil funding amount (increasing to \$6,010 in FY 2018 and \$6,020 in FY 2019) multiplied by each school district's state share index. The 2018-19 appropriations Act reduced the minimum share of transportation funding to better target school districts with lower capacity to raise revenue locally and increased the multiplier in the formula for computing capacity aid to provide additional aid to low wealth school districts and those with small populations and low property valuation. The Act also modified the calculations for temporary transitional aid and the gain cap to take into account changes in student population. Funding also continued for other education initiatives including Early Childhood Education, EdChoice Expansion Scholarships, and the Community Connectors grant program.

The 2020-21 biennial appropriations Act provided each school district with the same amount of core funding and pupil transportation funding as it received under the funding formula for FY 2019, along with other limited payments and adjustments, such as preschool special education payments and catastrophic cost reimbursements. The 2020-21 biennial appropriations Act also provided additional payments to school districts for student wellness and success to provide support for mental health counseling, wraparound supports, mentoring, and after-school programs. The Act also provided for additional payments to qualifying school districts that experienced an increase in enrollment between FY 2016 and FY 2019.

The 2022-23 biennial appropriations Act implements a new funding formula known as the Fair School Funding Plan. The new formula establishes a base cost methodology based on student to teacher ratios, minimum staffing levels, and actual costs for schools. Under the new formula, each school district will have a unique base cost amount which replaces the prior Opportunity Grant amount of \$6,020 per pupil. The new formula revises categorical funding and implements a new state and local cost share methodology using property and income factors for all districts. Community schools, STEM schools, educational choice scholarship programs, and open enrollment will be directly funded in FY 2022 and FY 2023. Instead of a Gain Cap, most components of the formula will be subject to a general phase-in percentage of 16.67% in FY 2022 and 33.33% in FY 2023. The Act also provides for additional payments to support school bus purchases, community school facilities, and quality community schools.

Municipalities

Ohio has a mixture of urban and rural population, with approximately three-quarters urban. There are 932 incorporated cities and villages (municipalities with populations under 5,000) in the State. Six cities have populations of more than 100,000 and 15 cities exceed 50,000.

A 1979 Act established procedures for identifying and assisting those few cities and villages experiencing defined "fiscal emergencies." A commission composed of state and local officials, and private sector members experienced in business and finance appointed by the Governor, monitors the fiscal affairs of a municipality facing substantial financial problems. The Act requires the municipality to develop, subject to approval and monitoring by its commission, a financial plan to eliminate deficits and cure any defaults and otherwise remedy fiscal emergency conditions and to take other actions required under its financial plan. It also provides enhanced protection for the municipality's bonds and notes and, subject to the Act's stated standards and controls, permits the State to purchase limited amounts of the municipality's short-term obligations (used only once, in 1980).

As noted in the discussion above under **FISCAL MATTERS – Recent and Current Finances – Recent Biennia – 2012-13**, the amount of distributions to most local governments, including municipalities, from the several state local government revenue assistance funds have been subject to reductions and other adjustments in several of those recent biennia.

The fiscal emergency legislation has been amended to extend its potential application to all Ohio counties and townships. This extension is on an "if and as needed" basis and is not aimed at particularly identified existing fiscal problems of those subdivisions. A current listing of governments in each status can be found on the Auditor of State's website at <http://www.auditor.state.oh.us>.

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PARKS AND RECREATION CAPITAL FACILITIES BONDS
(Department of Natural Resources)

The Department of Natural Resources (“DNR”) is one of many administrative departments of the State. DNR is a geographically diverse and expansive state agency. Consisting of eleven divisions that employ almost 2,400 at the height of its busiest season, DNR employees and properties can be found in all 88 counties of the State. DNR’s efforts help provide Ohioans with safe access to the State’s beautiful and abundant natural resources. The Director of DNR is appointed by the Governor with the advice and consent of the Senate and serves at the pleasure of the Governor. The present Director of DNR, Mary Mertz, was appointed by Governor Mike DeWine in January 2019. All statements and figures herein have been provided by DNR.

DNR owns and manages more than 800,000 acres of land, including 75 state parks, 24 state forests, 140 state nature preserves and 150 wildlife areas. The Department also has jurisdiction over more than 120,000 acres of inland waters; 7,000 miles of streams; 481 miles of Ohio River; and 2.25 million acres of Lake Erie. In addition, DNR licenses all hunting, fishing and watercraft in the State, and the Department is responsible for overseeing and permitting all mineral extraction, monitoring dam safety, managing water resources, mapping the State's major geologic structures and mineral resources and providing multiple outdoor grant programs to local communities.

Among other duties, DNR has the responsibility of providing, operating, and maintaining a system of state parks and promoting their use by the public. Our state parks system is an important component of Ohio’s tourism industry and serves as a key economic driver for local communities.

The Division of Parks and Watercraft (the “Division”) serves as the State’s primary provider of outdoor recreation experiences, with parks located in 59 counties. The Division plans, constructs, equips, and furnishes public service facilities in State parks. Those facilities include lodges, cabins, campsites, restaurants, golf courses, and boating and swimming facilities. DNR either operates those facilities itself or enters into operating contracts or lease concession agreements with qualified private operators.

DNR has an integral role in the overall plan of financing the parks and recreation facilities under its jurisdiction from the Parks and Recreation Improvement Fund. The Ohio Public Facilities Commission (the “Commission”) leases to DNR those parks and recreational facilities financed with Parks and Recreation Bonds (the “Bonds”) issued since 2000 by the Treasurer of State. Among DNR’s related powers and responsibilities are those of filing estimated departmental budgets with OBM, and of establishing fees, charges, and rentals for the use of parks and public service facilities under its jurisdiction. In the exercise of these functions, DNR is bound by the covenants in the General Bond Resolution and the related lease agreements with the Commission.

Recent General Assembly GRF appropriations to the Division and, separately, GRF appropriations for lease-rental payments to the Commission for the payment of debt service on the Bonds, are as follows:

<u>Fiscal</u> <u>Biennium</u>	<u>GRF Appropriations</u> <u>(Excluding Rental Payments)</u>	<u>Percent</u> <u>Change</u>	<u>Lease Rental Payments</u> <u>To Commission</u>
2010-11	\$64,500,709	-10.5%	\$42,317,100
2012-13	60,000,000	-7.0	40,303,300
2014-15	60,000,000	0.0	45,566,300
2016-17	60,931,933	1.6	47,980,700
2018-19	63,181,327	3.7	82,592,000
2020-21	71,971,432(a)	19.9	108,328,200
2022-23	79,659,478	10.7	140,500,000

(a) Reflects \$3,786,637 in reductions in biennial appropriation spending ordered by the Governor.

An indication of the scope of DNR’s operations is found in the operating appropriations to it in the current 2022-23 biennium of \$305.3 million from the GRF for all activities of DNR. Of this amount, approximately \$79.7 million is for parks and recreation facilities operating expenses, approximately \$140.5 million is for rental payments to the Commission, and approximately \$43.6 million is for debt service on outstanding Natural Resources general obligation bonds. The remaining \$41.5 million in total available GRF operating appropriation is spread between various programmatic and service areas. Primarily, activities conducted by the Forestry, Engineering, and Natural Areas divisions, as well as regulatory operations concerning coal and other resource mines in the State.

As shown above, the GRF operating appropriation (which excludes lease-rental and general obligation debt service payments) for the Division for the current 2022-23 biennium is 10.7% higher than the equivalent appropriations for the preceding 2020-21 biennium.

(Parks and Recreation Capital Facilities Bonds, cont.)

In the current 2021-22 capital biennium approximately \$322.6 million in new capital appropriations were made for Division of Parks and Recreation facilities, while new capital appropriations for those state facilities in the 2019-20 capital biennium totaled \$234.6 million.

The number of full-time DNR employees assigned to the Division during each of the last five Fiscal Years is as follows:

**Division of Parks and Watercraft (a)
Full-time Employment**

<u>Fiscal Year</u>	<u>Full-time Employee</u>
2018	522
2019	504
2020	523
2021	502
2022	527

(a) The Division of Parks and Recreation merged with the Division of Watercraft beginning in Fiscal Year 2017. Full-time employees shown above include the newly merged Division of Parks and Watercraft.

DNR operates 75 state parks totaling 174,176 acres. The state park system includes 9,166 campsites, nine lodges with dining facilities and an aggregate of 818 sleeping rooms, 518 sleeping cottages, three additional dining lodges/restaurants, six golf courses, 78 swimming beaches and more than 1,343 miles of hiking trails.

Parks and Recreation Receipts

State park system revenues are generated from various sources, including camping fees, concessions, rentals from State-operated cabins, golf course green fees, non-commercial dock permits at State facilities and swimming pool fees. Costs of dredging activities are paid from the State Waterway Safety Fund. The table below summarizes Parks and Recreation Receipts for the last five Fiscal Years.

Parks and Recreation Receipts

<u>Fiscal Year</u>	<u>Camping</u>	<u>Concessions</u>	<u>Cottage Rentals</u>	<u>Golf Course Green Fees</u>	<u>Other</u>	<u>Total Receipts</u>
2018	\$14,495,228	\$1,219,964	\$4,285,780	\$865,184	\$11,159,789	\$32,025,945
2019	17,351,875	1,122,974	5,450,862	525,344	8,238,172	32,689,227
2020	16,115,697	1,056,616	2,932,583	257,559	6,557,032	26,919,487
2021	26,524,613	1,740,294	5,610,901	303,900	5,694,688	39,874,396
2022	24,371,998	1,998,842	5,152,605	244,722	6,521,126	38,289,293

Typically, concessionaires operating parks and recreation facilities for the public under agreements with DNR remit to the State varying percentages of the annual gross receipts from the operated facility. The concession agreements vary generally from four-year renewable terms up to 10-year terms.

The table below summarizes visitor activity at state parks and recreation facilities during the last five calendar years.

**Overnight Stays
(Campsites, Cottages, Getaways, Day Use)**

<u>Calendar Year</u>	<u>State Operated Overnight Stays</u>	<u>Lodge Nights</u>	<u>Cabin Nights</u>
2018	695,024	113,337	77,148
2019	730,231	113,055	42,044
2020*	745,603	91,120	40,412
2021	919,197	131,362	47,942
2022**	607,919	83,334	27,514

*The decrease in overnight concession lodge night and cabin stays is due to the COVID-19 pandemic. Nine of the State's main overnight lodges were ordered to close on Thursday, March 19, 2020 and remained closed until June 5, 2020. Additionally, all campgrounds, family camps, and cabins that host overnight stays were closed from March 24, 2020 until May 22, 2020. These mandated closures significantly impacted the number of overnight stays relative to prior years.

**Overnight stays through August 31, 2022 Lodge and cabin nights through July 31, 2022.

**TAXABLE RESEARCH AND DEVELOPMENT REVENUE BONDS
(COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY)**

The following is in connection with the Taxable Research and Development Revenue Bonds (Ohio Capital Fund Financing) (State of Ohio Refundable Tax Credit Collateralized) (the “Bonds”) issued by the Columbus-Franklin County Finance Authority, collateralized by certain tax credits (the “Tax Credits”) against certain State of Ohio taxes described below (the “Taxes” and each individually a “Tax”).

TAXES, TAX CREDITS, AND STATE PAYMENTS

The Tax Credits are fully refundable and may be claimed by the Trustee for the Bonds against any or all of the Taxes levied and collected by the State under the following provisions of the Ohio Revised Code: (i) Section 5725.19 of the Ohio Revised Code as to the Tax on domestic insurance companies; (ii) Section 5726.53 of the Ohio Revised Code as to the Tax on financial institutions; (iii) Section 5727.241 of the Ohio Revised Code as to the Tax imposed on natural gas and combined companies; (iv) Section 5729.08 of the Ohio Revised Code as to the Tax imposed on foreign insurance companies; and (v) Section 5747.80 of the Ohio Revised Code as to the Tax imposed on income.

State payments of Tax Credits, when issued to and claimed by the Trustee, are required under state law to be paid from money subject to biennial appropriation by the State to the State Tax Refund Fund (Section 5703.052 of the Ohio Revised Code), from which Ohio tax refunds are paid on business and personal taxes. The Trustee has applied for and received a separate taxpayer identification number in its capacity as Trustee for the Bonds. In such capacity, the Trustee has no activity that is subject to or that would create any liability of the Trustee for any of the Taxes. The Tax Credits are fully refundable and the Trustee (in its capacity as Trustee) will have no tax payment liabilities against which the Tax Credits can be offset, so the Trustee will be entitled to state payments in the full amount of the Tax Credits issued and claimed.

To make a Tax Credit claim and receive payments on that claim from the State (the “state payments”), the Trustee will file a tax return, in the form agreed to by the Trustee and the Ohio Tax Commissioner, solely for the purpose of claiming the Tax Credits. The Ohio Venture Capital Authority (“OVCA”) has covenanted, on behalf of the State, that the State will honor all Tax Credits issued and claimed and make all required state payments in full within 90 days of receipt of the Trustee’s Tax Credit claim. Once state payments are received, the Trustee is required to use money received to restore amounts in the reserve fund for the Bonds (or reinstate any credit facility for that reserve fund) or, if bond service charges then due have not been paid on any Bonds, to pay such bond service charges.

State payments with respect to the Tax Credits are payable from the same sources as any other taxpayer’s claim for a refund against any of the Taxes. Refunds of Taxes (including the state payments) are payable from the State Tax Refund Fund (“STRF”) upon certification of the Ohio Tax Commissioner (which certification occurs upon presentation of the Tax Credit claim) from receipts of the Tax from which the refund arose.

The Trustee has filed Tax Credit claims in connection with the payment of bond service charges on February 15, 2017, August 15, 2017, February 15, 2018, August 15, 2018, February 15, 2019, August 15, 2019, February 18, 2020, August 17, 2020, February 16, 2021, August 16, 2021, and February 15, 2022. Tax Credit payments made with respect to those Tax Credit Claims (exclusive of certain required repayments to the State) totaled \$7.5 million in FY 2017, \$15.4 million in FY 2018, \$13.5 million in FY 2019, \$15.2 million in FY 2020, \$10.7 million in FY 2021, and \$10.0 million in FY 2022.

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**Taxable Research and Development Revenue Bonds
(Columbus-Franklin County Finance Authority)**

Annual fiscal year receipts for each of the Taxes (net of refunds) are as follows (\$ in millions):

<u>Taxes</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Intangibles Dealer Tax ^{1,2}	(\$0.4)	\$0.0	\$0.0	\$0.0	\$0.0
Domestic Insurance Company Tax	283.4	281.3	308.4	314.9	318.2
Natural Gas / Combined Company Tax	116.3	138.9	135.1	118.9	152.1
Foreign Insurance Company Tax	299.4	325.8	332.5	351.8	357
Corporate Franchise Tax ^{1,2}	2.2	2.1	(0.4)	6.0	(0.7)
Financial Institutions Tax ¹	201.1	202.4	214.9	226.4	202.8
Income Tax	<u>8,796.2</u>	<u>9,313.4</u>	<u>8,285.0</u>	<u>10,662.8</u>	<u>11,247.0</u>
Total ²	\$9,698.3	\$10,263.8	\$9,275.5	\$11,680.8	\$12,277.8

¹ The corporate franchise and intangibles dealer taxes were effectively repealed beginning with tax year 2014 (or calendar year 2013) and replaced with a new financial institutions tax, which took effect for taxpayer taxable years beginning on or after January 1, 2013, and was added to the Taxes to allow the Trustee to claim refundable Tax Credits against the financial institutions tax.

² After the State's adoption of its commercial activity tax, the corporate franchise tax was phased out for most Ohio corporations beginning in 2010, but it remained in effect for financial institutions until replaced by the financial institutions tax. Negative fiscal year 2022 corporate franchise tax collections and negative fiscal year 2018 intangibles dealer tax collections reflect tax refunds paid from other sources. Positive fiscal years 2018, 2019, and 2021 corporate franchise tax collections reflect late payments, settlements, and amended tax returns that generated receipts in excess of refunds in those years.

The identified Taxes are those against which the Tax Credits are statutorily authorized to be issued for the Bonds. Under Bond-related agreements, the OVCA may issue and the Trustee may claim Tax Credits with respect to any of the Taxes except the now-terminated corporate franchise tax and intangibles dealer tax. Additional revenues are expected to be available to make the state payments, including receipts from other taxes and from the state sales tax to the extent not encumbered for other specific purposes.

Under state law, in the event that current receipts of any Tax are insufficient to make the state payments, the state payments (as with any refund payable from the STRF) have historically been required to be paid from current receipts of the state sales tax, which has increased from \$10.3 billion in FY 2018 to \$13.3 billion in FY 2022.* Solely in order to clarify the State's tax revenue accounting, the Ohio Department of Taxation ("ODT") proposed and the General Assembly enacted in the biennial appropriations act effective July 1, 2013, an amendment to eliminate the statutory mandate to utilize such sales tax receipts. This change in law will not affect the sources available to make any payments from appropriations made to the STRF, including the state payments resulting from any Tax Credit claims. Thus, the amendment enacted in the Ohio budget bill (to the provisions governing payments of tax refunds payable from the STRF) does not affect the resources available to pay any tax refund, including the state payments.

State payments, as with all tax refunds and other payments by the State, may only be made upon an appropriation by the General Assembly, which appropriation cannot extend beyond two years. Each biennial budget contains a single appropriation that applies to all refunds of business or personal taxes. For the fiscal biennium ending June 30, 2023, the initial identified appropriation was \$2,179,679,300 for both fiscal year 2022 and fiscal year 2023, with the following language included in the appropriation: "If it is determined that additional appropriations are necessary for [paying required tax refunds], such amounts are hereby appropriated." In the completed fiscal year 2022, aggregate tax refunds by the State have exceeded the initial appropriation amount and they may exceed the appropriated amount in future fiscal years. In such completed fiscal year, ODT has determined, and advised the Director of the Office of Management and Budget ("OBM"), that additional appropriations were necessary for paying required tax refunds and the Director of OBM has administratively increased the budget authorization to the amount determined by ODT to be necessary to pay all tax refunds payable by the State for the appropriate fiscal year and transferred such additional amounts into the STRF. ODT and OBM expect to take the same actions when required in future fiscal years to pay all required tax refunds. No legislative or other administrative approval is necessary as the appropriation in the biennial budget act contains the appropriation of all amounts determined to be necessary for all such tax refunds (including any state payments) and OBM must transfer the necessary amounts into the STRF to pay required tax refunds.

* For purposes of State Payments of Tax Credits authorized by the OVCA, casino tax receipts are not included as state sales tax receipts.

**Taxable Research and Development Revenue Bonds
(Columbus-Franklin County Finance Authority)**

As a result of these appropriations provisions, in each of the last five state fiscal years, there were at least \$20.0 billion in current state tax receipts available to pay tax refunds, including the state payments. The current annual statutory limit on the amount of the Tax Credits is \$20 million and bond service charges on the Bonds for each state fiscal year must always be less than this amount.

**HIGHWAY CAPITAL IMPROVEMENT BONDS AND DEPARTMENTS OF
TRANSPORTATION AND PUBLIC SAFETY CAPITAL FACILITIES BONDS**

History of Highway User Receipts and Debt Service Coverage. The following table sets forth revenues of the State of Ohio from fees, excises and license taxes levied by the State relating to registration, operation, or use of vehicles on public highways, or to fuels used for propelling such vehicles (collectively, the Highway User Receipts) available in recent state fiscal years and pledged to and budgeted for the payment of debt service on general obligation Highway Capital Improvement Bonds (the General Obligation Highway Bonds), and applies historical and current program debt service against available Highway User Receipts to derive coverage ratios for state fiscal years 2013 through 2022.

<u>Fiscal Year</u>	<u>Highway User Receipts Available for Debt Service Requirements¹</u>	<u>Total Fiscal Year Debt Service</u>	<u>Coverage Ratio</u>
2013	\$2,726,651,064 ²	\$135,452,052	20.13
2014	2,835,136,025 ²	132,542,874	21.39
2015	2,860,617,590 ²	140,205,176	20.40
2016	2,857,781,052 ²	119,839,303	23.85
2017	2,904,212,443 ²	127,398,654	22.80
2018	2,934,584,484 ²	114,603,341	25.61
2019	3,053,936,088 ²	137,224,235	22.26
2020	3,561,953,927 ²	152,695,963	23.33
2021	3,670,170,726 ²	156,448,140	23.46
2022	3,898,029,507 ²	158,077,550	24.66

¹ Reflects total Highway User Receipts minus permissible statutory deductions or refunds.

²Includes \$75.6 million, \$81.1 million, \$94.8 million, \$72.2 million, \$56.3 million, \$66.1 million, \$84.0 million, \$73.8 million, \$38.4 million, and \$74.2 million in each of the fiscal years 2013-2022 respectively, of commercial activity and/or petroleum activity tax receipts attributable to sales of motor fuel in the State of Ohio that beginning December 7, 2012, are required to be expended on public highways.

Based on the most recent annual data (fiscal year 2022), approximately 71% of Highway User Receipts are generated by motor fuel and use taxes while the remaining 29% is primarily from registration and license fees. The motor vehicle fuel tax was raised by 10.5 cents per gallon to 38.5 cents per gallon effective July 1, 2019.

The State, acting pursuant to Section 2i of Article VIII of the Ohio Constitution and acts of the General Assembly, has issued and may issue in the future, special obligations for the Department of Transportation and Department of Public Safety facilities. The State has also issued special obligations and committed to provide “availability payments” in support of certain state highway improvement projects and may in the future issue additional special obligations and enter into commitments to provide additional availability payments for other state highway improvement projects. Annual bond service charges on these special obligations and those availability payments may be paid from Highway User Receipts remaining *after* payment of bond service charges on the General Obligation Highway Bonds, but these special obligations or payments are not and will not be secured by a pledge of the full faith and credit, revenue or taxing power of the State, and their owners or recipients will have no right to have taxes or excises levied by the General Assembly for their payment.

\$227,355,000
TAX-EXEMPT PRIVATE ACTIVITY BONDS, SERIES 2015
(PORTSMOUTH GATEWAY GROUP, LLC – BORROWER)
(PORTSMOUTH BYPASS PROJECT)

Source of Funds for Availability Payments and Other Payments

General. The source of funds for “Availability Payments” and other payments (excluding Milestone Payments*) to be made by the State of Ohio, acting by and through the Ohio Department of Transportation (the Contracting Authority), under the Public-Private Agreement between the Contracting Authority and Portsmouth Gateway Group, LLC (the Borrower) for the captioned Portsmouth Bypass Project (the Project) is subject to the availability of such funds appropriated every two years by the General Assembly. “Availability Payments” include any amounts to be paid by the Contracting Authority to the Borrower following the substantial completion date for the project under that Public-Private Agreement.

The Contracting Authority anticipates that Availability Payments in each two-year Renewal Term will be made from biennial appropriations by the General Assembly from state highway and federal highway funds available to the Contracting Authority. The following table sets forth, for the immediately preceding five fiscal years, the amount of state highway and federal highway appropriations approved for the Contracting Authority and from which authorized Availability Payments would be able to be paid. An Availability Payment was made in fiscal year 2022 in the amount of \$26.2 million.

**State Highway and Federal Highway Appropriations
to the Contracting Authority (\$ in millions)**

State Fiscal Year	State Highway Appropriations¹	Federal Highway Appropriations	Restricted Appropriations²	Debt Service on Debt Obligations³	Total Available
2018	\$1,232	\$1,385	(\$341)	(\$159)	\$2,117
2019	1,230	1,422	(425)	(204)	2,023
2020	1,724	1,447	(350)	(199)	2,622
2021	1,714	1,446	(360)	(185)	2,615
2022	1,493	1,752	(676)	(151)	2,418

¹ Excludes debt service on General Obligation Highway Capital Improvement Bonds for which pledged highway user receipts are first applied without need for an appropriation.

² Estimated by the Contracting Authority.

³ Reflects total debt service due and payable on Capital Facilities Lease-Appropriation Bonds (Transportation Building Fund Projects), and Major New State Infrastructure Project Revenue (GARVEE) Bonds.

The State Transportation Budget Act for the state fiscal biennium commencing July 1, 2021, and ending June 30, 2023, includes state highway appropriations of approximately \$1.493 billion for fiscal year 2022 and \$1.494 billion for fiscal year 2023. The Act also provides federal highway appropriations of approximately \$1.752 billion for fiscal year 2022 and \$1.419 billion for fiscal year 2023. There can be no assurances that these levels of state highway and federal highway funds will be available to the Contracting Authority in the future.

* “Milestone Payment” means each of the three payments to the Borrower based on the achievement of certain construction milestones pursuant to the Public-Private Agreement for the Project.

**CERTIFICATES OF PARTICIPATION
(OHIO ATTORNEY GENERAL CLAIMS FUND PROJECT)**

The following table constitutes the State's Fiscal Year 2022 Annual Information for its Certificates of Participation, Series 2021 (Ohio Attorney General Claims Fund Project) and reflects the revenues, expenses, and cash balances of the Attorney General Claims Fund for the past five (5) complete Fiscal Years of the State:

REVENUE, EXPENSES, AND CASH BALANCES

	Beginning			
	<u>Cash Balance</u>	<u>Revenue</u>	<u>Expense</u>	<u>Ending Cash</u>
FY 2018	\$3,069,850	\$39,674,404	\$37,028,230	\$5,716,024
FY 2019	5,716,024	39,186,080	38,969,439	5,932,665
FY 2020	5,932,665	41,671,418	33,056,814	14,547,269
FY 2021	14,547,269	46,800,811	41,833,292	19,514,788
FY 2022	19,514,788	57,183,544	41,874,449	34,823,883