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Information on Calendar Year 2009 Local Distributions *December 17, 2008*

The Ohio Department of Taxation (ODT) has recently issued updated estimates of the calendar year 2009 distributions from the state Local Government Fund (LGF) and the state Public Library Fund (PLF). These estimates are available at the following web site:

<http://tax.ohio.gov/channels/government/OhioDepartmentofTaxation.stm>

1. Updated calendar year 2009 distribution estimates

Under state law, ODT is required to issue to each county auditor regularly-updated estimates of the amount to be distributed to the county undivided public library fund from the state PLF. One of these required updates occurs each December.

In contrast, the law requires only a single estimate of the amount to be distributed to each county undivided local government fund: this estimate is issued in July preceding the distribution year. However, since July 2008 there has been significant erosion in national and state economic conditions, and thus a downturn in the state's tax revenues. The situation warrants the issuance of new LGF estimates that reflect these developments.

2. Declining state tax revenue performance

Over the last several months the state's General Revenue Fund tax revenues have consistently fallen below estimates. This is yet another indication that the economy is in a recession whose depth and duration is still not fully known. Because of the weakening economy, newly revised revenue forecasts have recently been developed. The newly revised revenue forecasts were used to generate the updated LGF and PLF distributions discussed below and available at the web link provided above.

3. Summary of updated calendar year 2009 distribution estimates

The newly-issued LGF and PLF estimates for calendar year 2009 are well below the calendar year 2008 distribution levels. More specifically, the revised CY 2009 LGF and PLF distributions shown below are about 7 percent less than the actual CY 2008 distributions (amounts below are in millions).

	Current (Dec 2008) Estimated Total Calendar Year 2009	Actual Total Calendar Year 2008
	Distributions to <u>88 County LGFs</u>	Distributions to <u>88 County LGFs</u>
From state LGF	\$640.1	\$687.8
Dealers in Intangibles	<u>11.6</u>	<u>11.9</u>
Total distribution	\$651.7	\$699.7

Current (Dec 2008)	
Estimated Total	Actual Total
Calendar Year 2009	Calendar Year 2008
<u>PLF Distributions</u>	<u>PLF Distributions</u>
\$419.8	\$450.6

4. Closing remarks

Please realize that these newly revised estimates for calendar year 2009 reflect our best projections of state tax revenue performance at this time. They are fraught with considerable measurement uncertainty due to the inherent difficulty in accurately forecasting revenues in the current volatile economic environment. We will monitor the situation and provide further information as we proceed through the calendar year 2009.