

RESOLUTION NO 6 -78

By

J. H. Henley

WHEREAS, many of the representatives of various tax subdivisions within Franklin County have requested an alternative method of apportioning the undivided local government fund by the Franklin County Budget Commission; and,

WHEREAS, the members of the Franklin County Budget Commission have by resolution dated June 29, 1978 adopted an alternative method of allocation of the undivided local government fund in Franklin County, Ohio and recommended its adoption by the various legislative bodies in Franklin County, Ohio, pursuant to the provisions of Section 5747.53 of the Ohio Revised Code;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Bexley, Ohio, that the attached alternative method for allocation of the undivided local government fund in Franklin County, Ohio, which is a duplicate of the alternative method adopted by the Franklin County Budget Commission, be adopted and approved by this Council, and the Auditor is hereby directed to send a copy of this resolution to the Franklin County Budget Commission.

Adopted *July 25* 1978

[Signature]
President of Council

Attest:

[Signature]
Clerk of Council

A Proposed Alternative Method for
Allocation of the Undivided Local Government
Fund in Franklin County, Ohio

Prepared by
Liaison Division
Franklin County Treasurer's Office

ALTERNATIVE METHOD FOR ALLOCATION OF THE UNDIVIDED
LOCAL GOVERNMENT FUND IN FRANKLIN COUNTY

Section 1

INTRODUCTION

The express intent of this Alternative Local Government Method of Apportionment is to create and implement an allocation system that is objective and equitable; and also to promote harmony among the various tax subdivisions which must share in the allocation of the undivided local government fund.

In lieu of this proposed alternative method of apportionment, a statutory method of allocation (outlined in Section 5747.51 of the Ohio Revised Code) may be used to apportion the undivided local government fund. The statutory method of allocation is not considered here because it fails to offer any clear standard or guideline to follow in making the distribution.

In designing this alternative, the two primary limitations of the present statutory formula were closely analyzed in order that they and the difficulties which they have created in the recent past, be excluded from this alternate system. These limitations were recognized to be: 1) the inclusion of an inflexible minimum or "floor" allocation which was based upon an undivided fund much smaller than that which now exists, and 2) the allocation of monies in excess of that floor by means of a formula which utilized a subjective and therefore debatable concept termed "relative need."

The methodology employed by this alternative, and the reasoning behind it, are as follows:

First, it allocates to each local subdivision a guaranteed "base allocation", which will be adjusted annually. The rationale here is that annual adjustment of the base will restrict the "excess" to a minimum.

Second, it allocates the "excess" above the base allocation by employing three equally-weighted statistical factors which are entirely objective and subject to simple verification.

The three statistical factors employed in allocating the excess, and the reasons for their use, are:

- 1) Population ÷ Assessed Value Per Capita - which intends to express, in mathematical terms, a resource, namely the self-help potential of a subdivision through property taxation;
- 2) Population ÷ Per Capita Income - which intends to express the self-help potential of a subdivision through income taxation;
- 3) Population X Population Density - which intends to express the relative population size and density of a subdivision, factors which contribute to the amount and cost of services required by its residents.

The choice of these factors was made upon the weight of repeated recommendations by concerned third parties that they provide a more scientific and accurate measure of financial need.

Section 2

DEFINITIONS

For the purpose of this formula, the following terms shall have the meanings assigned below:

1. Population- The number of inhabitants as published by the United States Bureau of the Census in their latest report for Ohio, "Population Estimates and Projections."
2. Assessed Value- The latest official taxable assessed valuation as published by the Office of the Franklin

County Auditor.

3. Assessed Value Per Capita- Assessed Value divided by Population.
4. Per Capita Income- Per capita income employed by the Federal Office of Revenue Sharing, as published in the text, "General Revenue Sharing Data Elements" for the latest allocation period, or the latest per capita income as published in the latest "Population Estimates and Projections" report for Ohio of the Federal Bureau of Census, whichever is more recent.
5. Subdivision Area- The area, in square miles, as currently available from the Franklin County Engineer's latest report.
6. Population Density- Population divided by Subdivision Area.
7. Prior Year Allocation- Local Government monies for a given year as originally allocated by the Franklin County Budget Commission, or revised by the Ohio Board of Tax Appeals or the Ohio Supreme Court.
8. Prior Year Distribution- Local Government monies for a given year as actually disbursed by the Franklin County Auditor and shown in his records, including those monies physically distributed in a calendar year other than that for which the allocation was made.
9. Base Allocation- The minimum guaranteed allocation for a subdivision.
10. Total County Allocation- The allocation of Local Government monies for Franklin County as certified by the Ohio Department of Tax Equalization, or other agency designated by statute to make the certification, to the Franklin County Budget Commission.
11. Franklin County Board of Commissioners' Allocation- To be determined as any other tax subdivision, except that it shall not exceed thirty percent of the Total County Allocation.

12. Total Base Allocation- The accumulated total of Base Allocation for each subdivision.
13. Total Excess Allocation- The Total County Allocation less the Total Base Allocation.

Section 3

FORMULA FOR APPORTIONMENT

The order to be employed in apportioning the Undivided Local Government Funds is outlined below. These steps are to be applied exactly in the order listed.

- A. Determine the Total County Allocation, as certified by the Ohio Department of Tax Equalization.
- B. Base Allocation
 1. For each subdivision, total the first prior year's allocation amount and the actual distribution amounts from the second and third prior years. Each subdivision's Base Allocation equals the average of these three amounts, except that the Franklin County Board of Commissioners' Base Allocation shall not exceed thirty percent of the Total County Allocation.
 2. Total the computed Base Allocations, the sum being the Total Base Allocation.
- C. Compute the Total Excess Allocation by determining the difference between the Total County Allocation and the Total Base Allocation.
- D. Allocation of the Excess
 1. Compute each subdivision's portion of the Total Excess Allocation on a percentage basis. The percentage which applies to each subdivision is determined in the following manner:
 - a) Calculate the following factors for each subdivision:
 - 1) Population/Assessed Value per Capita
 - 2) Population/Per Capita Income
 - 3) Population X Population Density

- b) In the case of the Metro Parks District, each of the basic factors listed above are equal to that respective factor for Franklin County as a whole, divided by the number of local subdivisions in Franklin County.
- c) Calculate the total, within each of the three categories, of the factors for all subdivisions, including the Metro Parks District.
- d) With respect to each factor, determine what percent each individual subdivision's figure is of the total.
- e) Compute an "average percentage" for each subdivision, employing the three percentages obtained for it in a) above.

2. Apply each subdivision's "average percentage" against the Total Excess Allocation to determine its individual Excess Allocation.

E. Compute each Individual Subdivision Allocation by totaling the individual subdivision's Base Allocation and Excess Allocation.

F. If, in any year, the calculation for the Franklin County Board of Commissioners' Allocation exceeds thirty percent of the Total County Allocation, then the excess over thirty percent of the Total County Allocation shall be distributed to the other taxing subdivisions by applying their "average percentage," computed above in Section 3(D)(1)(e), and adjusted to total a 100 percent factor, against the Franklin County Board of Commissioners' Excess Allocation.

G. If, in any year, the Total County Allocation is less than the Total Base Allocation as determined under this formula, then the Budget Commission, in making the Local Government Allocation shall apportion the Total County Allocation as follows:

- 1. Determine what percent the Total County Allocation is of the Total Base Allocation, and

2. Apply this percentage against each subdivision's Base Allocation to produce an "Adjusted Base Allocation," the Total of this figure for all subdivisions being equal to the Total County Allocation.

H. Under this Alternative Method of Apportionment, the Franklin County Budget Commission annually shall continue to extend the opportunity to be heard to the representatives of each subdivision, pursuant to R.C. § 5747.51(B). However, an appearance at such hearing by a subdivision's representatives shall in no way be mandatory.

The only discretionary power which is possessed by the Budget Commission under this alternative is the ability to determine what demographic statistics comply with the definitions in Section 2 of this alternative for use in making the apportionment. In the case of a dispute as to which of conflicting statistics or sets of statistics are called for by Section 2, the final decision shall be made by the Budget Commission.