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Ohio local governments lost \$1 billion since 2010

Policy Matters report calls for increases to Local Government Fund

Ohio could improve the quality of life in communities and boost statewide competitiveness by restoring funding for local services, according to a new issue brief from research institute Policy Matters Ohio.

For more than a decade, Ohio communities endured significant revenue losses from eliminating the estate tax, ending reimbursements for business taxes and cutting the Local Government Fund in half. Casino revenue and rebates from the Ohio Bureau of Workers' Compensation occasionally help in some places, but for large urban counties and most cities, funding loss has been significant and unmitigated.

“Ohio communities are working with \$1 billion less, in inflation-adjusted terms, than in 2010,” said Wendy Patton, Senior Project Director and report author. “Ohioans feel it in poorly-maintained roads, reduced snowplowing, higher fees and fewer recreation options.”

On a per-capita basis, Cincinnati and Hamilton County suffered the greatest losses, yet smaller cities also experienced big losses when population is taken into account. The three C's – Columbus, Cleveland and Cincinnati – and their respective counties suffered the largest annual dollar loss.

The report highlights recommendations to restore Ohio communities, such as boosting the Local Government Fund and increasing the motor fuel tax for use by local governments, as other states have. Ohio's motor fuel tax is much lower than neighboring states. The necessary adjustment to Medicaid managed care services in the sales tax base should not harm local governments that piggyback the state sales tax. The drug epidemic makes it essential that the state adequately fund health and human services.

“Ohio communities bear an unusually high share of some health and human services,” said Patton. “With state cuts to local levies and local government, funding for critical services like community mental health, children's and senior services must be shared by the state.”

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Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.