

State cuts sting Ohio localities

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It is five years since the state started replenishing its own coffers by cutting revenues to local government, eliminating the estate tax, ending reimbursements for local taxes abolished earlier and slashing revenue sharing in half. The cuts have slowed recovery in communities hit by the foreclosure crisis, shuttered recreation centers in others, eroded human services like Meals on Wheels and children's services, caused hikes in fees for services from trash pickup to swimming pools, driven privatization of critical services and left local officials with diminished ability to maintain streets and roads.

Casino revenues have not replaced losses in large or small cities. They help some counties but are insufficient to help others. Growth of other local funding sources, such as the Medicaid provider tax in the sales tax base and Ohio Bureau of Workers Compensation rebates, have helped in some years (2013 and 2014) and in some places (mostly counties). Cities have not seen much relief from these sources.

Another state budget brings another round of threats, even as needs grow. The drug epidemic is fought at the local level, and resources in public health, mental health, addiction services and public safety are thin, even with new levies approved this year. Counties and public transit agencies may lose hundreds of millions in sales tax revenues as the state changes the Medicaid provider tax ("MCO tax") to comply with tax laws. The cost of maintaining local streets and roads has grown more rapidly than gas tax revenues, which have not even kept up with inflation. Uncertainty around federal funding for critical needs, including health and human services, makes planning for local public services more difficult. The municipal income tax faces unquantified changes that many fear will also hurt revenue.

This year, legislators could take a new approach, holding local governments harmless as they adjust the MCO tax, boosting state share of funding in critical human services and restoring revenue sharing. The motor fuel tax could be raised, boosting resources for road and street repair everywhere in the state.

In this report, Policy Matters Ohio reviews statewide budget cuts and changes in tax policy that have reduced local governments' bottom line. We examine 20 percent of counties, and municipalities within those counties, to demonstrate how the various types of cuts affect different types of jurisdictions. We interviewed fiscal officials to gauge how coping strategies have changed. We found

Key findings

- Local governments have lost more than a billion a year by 2017 compared to 2010, adjusted for inflation.
- Biggest losers are the biggest cities and urban counties.
- Eliminating estate tax clobbered revenues in some smaller cities.
- Casino tax revenues and MCO sales tax revenues cushion small counties.
- Human services levies hit hard by loss of tax reimbursements.
- Motor fuel tax revenue has not kept pace with inflation, adding to local fiscal pressures.

wide variation in impact by size and type of local government. Some units have not been badly hurt; others have faced daunting loss; few have been unscathed.

Three blows to local governments

The state's budget for 2012-13 cut the local government fund in half, abolished the estate tax and accelerated the phase-out of tax reimbursements for local business taxes abolished in the last decade.

Policy Matters Ohio has examined cuts in revenue sharing and local government tax authority since the budget of 2012-13, when the Local Government Fund, the state's main revenue sharing program, was cut in half. We focused on changes in state policies that affected revenues that had no strings: in other words, they did not have mandated ("dedicated") uses. We focused on elimination of the estate tax, phase-out of tax reimbursements (provided following state elimination of local tangible personal property taxes on business and utilities), and reduction of the Local Government Fund. The state of Ohio also examined impacts ("Funding Ohio's Local Governments" at <http://bit.ly/2eDBEr0>), including federal funds, program funds, and dedicated funds such as motor fuel and auto license taxes, the public library fund, and five smaller funds.

In this paper, we look at the same flexible sources we have examined over time, but also include the largest dedicated purpose funds. While these revenues are restricted in use, they help with big-ticket items in the local government budget. In addition, the state publishes data that allow examination of the role of these revenues in different types of local governments.

Table 1 shows that in 2017, counties, municipalities and townships will be working with \$1.176 billion less than in 2010, adjusted for inflation, as a result of changes in state policy, although needs in many communities remain higher than before the recession. The loss is annual (not cumulative) and is primarily due to elimination of the estate tax, phase-out of tax reimbursements and cuts to the Local Government Fund. As a whole, losses are not fully offset by a gain in casino revenues and public library funds.

The gas tax and auto license distributions, which must be used for transportation-related purposes, have declined on an inflation-adjusted basis. Table 1 shows that The motor fuel tax revenues (Gasoline Excise Taxes and State and Local Highway Distribution Tax) distributed to cities, townships and counties in 2017 will be millions less, adjusted for inflation, than in 2010; auto license distributions from the state also fell, adjusted for inflation, - even as the cost of road maintenance rose sharply.¹

Table 1 does not include the increased sales taxes counties and transit agencies have gotten from the Medicaid Managed Care Organization tax (MCO tax), which has been in the base of the sales tax since 2009. Counties and public transit agencies piggyback a local sales tax on the state base, so

¹ "While Ohio's gas tax has remained the same over the last ten years, the development of more fuel-efficient cars has resulted in less gas sold, meaning less money available for investment. In the same timeframe, repair costs have risen by more than 50 percent. What cost \$1.00 in 2006, costs \$1.56 today." From cover letter from Director Jerry Wray to the Ohio Department of Transportation, 2016 Annual Financial and Statistical Report, <http://www.dot.state.oh.us/Divisions/Finance/Annual%20Reports/2016%20Annual%20Statement.pdf>

Medicaid expansion brought significant new funds to these entities. The federal government has deemed the structure of Ohio's MCO tax no longer complies with federal rules and must be changed; there is doubt that it will continue to be in the sales tax base throughout 2017. It is not included in Table 1 because it is part of a permissive tax that may be discontinued in 2017.

In recent hearings of the 2020 Tax Policy Study Committee, Senator Peterson suggested local government officials include Workers' Compensation rebates in their accounting of state contributions. Such rebates are not annual distributions, and are therefore not included in Table 1. (Table 3 compares these revenues to losses in selected counties).

Table 1				
Counties, municipalities and townships lost more than a billion dollars to state cuts and policy changes between 2010 and 2017				
<i>Adjusted for inflation</i>				
	FY2010	FY2017	\$ change	% change
Revenue sharing				
Local Government Fund	\$718.6	\$399.3	(\$319.3)	-44.4%
Property tax rollback	\$709.9	\$675.8	(\$34.1)	-4.8%
Dedicated source				
Casino revenues	\$0.0	\$125.2	\$125.2	100.0%
Dedicated purpose			\$0.0	
Public Library Funds	\$381.8	\$404.3	\$22.5	5.9%
Gasoline Excise Tax	\$427.1	\$395.0	(\$32.1)	-7.5%
State & Local Highway Distribution tax	\$207.3	\$196.0	(\$11.3)	-5.4%
Auto registration/ License Tax	\$339.7	\$326.0	(\$13.7)	-4.0%
Tax sources				
Estate tax	\$329.3	\$0.0	(\$329.3)	-100.0%
Tax reimbursements	\$625.0	\$40.4	(\$584.6)	-93.5%
Total	\$3,738.6	\$2,562.0	(\$1,176.6)	-31.5%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail. 2017 dollars.				

A closer look at selected counties and municipalities

We looked at how changes in state revenue sharing and tax policy impacted the finances of 20 percent of Ohio's 88 counties and cities within those counties (Table 2). The cuts imposed by the state had varying impact on local governments. Big cities were hit hardest by loss of local government funds. Affluent communities felt the loss of the estate tax. Counties were hurt by loss of tax reimbursements, since counties are funded by property taxes. Health and human service levies were hit particularly hard.

Cuts to Local Government Fund hurt cities. The biggest cities anchor metropolitan regions, and face the biggest challenges. Infrastructure is dense and old. Income and property values have declined. The Local Government Fund helped Ohio's cities with the economic changes of the last 40 years but in the past five years, they have been cut in half. The impact was cushioned in some places. About a quarter of Ohio's counties were shielded by a hold-harmless provision in the first round of cuts that set a floor of \$750,000 in annual county distribution.

Table 2				
Per-capita and actual loss in selected communities from changes in state policy (Adjusted for inflation)				
MUNICIPALITY (COUNTY)	REVENUE LOSS: 2010 to 2017		PER-CAPITA LOSS: 2010 to 2017	
	City	County	City	County
Cincinnati (Hamilton County)	(\$25,870,271)	(\$32,107,844)	(\$86.65)	(\$39.76)
Cleveland (Cuyahoga County)	(\$24,974,124)	(\$38,578,390)	(\$64.35)	(\$30.72)
Columbus (Franklin County)	(\$24,384,138)	(\$32,757,246)	(\$28.68)	(\$26.17)
Toledo (Lucas County)	(\$15,197,054)	(\$9,028,703)	(\$54.32)	(\$20.82)
Akron (Summit County)	(\$15,001,706)	(\$10,663,340)	(\$75.94)	(\$19.68)
Dayton (Montgomery County)	(\$7,403,683)	(\$14,423,003)	(\$52.66)	(\$27.10)
Kettering (Montgomery County)	(\$4,142,139)	(\$14,423,003)	(\$74.60)	(\$27.10)
Canton (Stark County)	(\$3,289,928)	(\$5,601,648)	(\$45.77)	(\$14.93)
Parma (Cuyahoga County)	(\$3,280,474)	(\$38,578,390)	(\$41.04)	(\$30.72)
Lorain City (Lorain County)	(\$2,853,113)	(\$2,172,914)	(\$44.83)	(\$7.12)
Youngstown (Mahoning County)	(\$2,101,952)	(\$2,910,264)	(\$32.52)	(\$12.55)
Wooster (Wayne County)	(\$1,857,712)	(\$1,485,974)	(\$69.45)	(\$12.80)
Lima (Allen County)	(\$1,617,118)	(\$485,144)	(\$42.70)	(\$4.65)
Chillicothe (Ross County)	(\$1,121,862)	(\$549,395)	(\$51.63)	(\$7.12)
Medina City (Medina County)	(\$1,103,937)	(\$498,448)	(\$41.91)	(\$2.83)
Kent (Portage County)	(\$1,094,160)	(\$832,935)	(\$36.70)	(\$5.13)
Sandusky (Erie County)	(\$847,928)	(\$1,199,109)	(\$33.63)	(\$15.87)
Wilmington (Clinton County)	(\$802,636)	(\$528,585)	(\$64.47)	(\$12.61)
Eaton (Preble County)	(\$446,677)	(\$193,197)	(\$54.36)	(\$4.67)
Jackson City (Jackson County)	(\$298,840)	\$88,926	(\$47.87)	\$2.73
Source: Policy Matters Ohio, based on research conducted for this report				

Loss of estate tax hit virtually all communities. Eighty percent of Ohio's estate tax, eliminated in 2013, funded local communities. It provided \$293 million to local government in 2010. Not every community received estate tax each year; only the richest 7 percent of estates were subject to this tax. However, many received something. These resources were often put into savings for

expensive capital expenditures like police fleets, fire trucks and ambulances, reducing the expense of debt service and preserving general revenues for public services.

“The traumatic, negative impact has been that we dipped into the capital improvement project fund. The streets are a mess and we cannot do anything about it; we do not have money for repairs or paving. As a result, the streets are getting bad.... we are only able to fill potholes. All capital projects are on hold. For example, in 2015, we ended up using 9.5 million dollars for police and fire services rather than capital improvement.” – *Finance official with a large Ohio city*

Casino revenues did not compensate to cuts for cities. According to the formula put into the state constitution by ballot initiative, 34 percent of the casino tax goes to schools and 51 percent to counties, distributed by population. The eight largest cities get half of the distribution in their county.² An additional 5 percent goes to cities where casinos are located (Toledo, Cleveland, Columbus, Cincinnati). Casino revenue have been helpful to smaller counties, offsetting losses from other state cuts. They have not been large enough to offset state cuts in cities and urban counties.

Loss of tax reimbursements hit counties the hardest. The state’s phase-out of tax replacements, which compensated local governments for elimination of tangible personal property taxes, were phased out. This hurt local health and human services. In Ohio, many human services, such as children’s services, public health and community mental health, are financed locally, through property tax levies. Levies like this faced ongoing losses as tax reimbursements phased out. The problem is worsening as the drug epidemic expands human service needs throughout the state.

Offsets to state cuts. Counties hurt by loss of local government funds and tax reimbursements receive more sales tax revenues as a result of how Ohio’s structures one of its four Medicaid provider taxes, which help match federal Medicaid dollars. This is very helpful in small counties, offsetting other state cuts in recent years, but is insufficient to offset state cuts in urban counties. Cuyahoga County received \$21 million in MCO tax revenues in 2015, but this did not offset the estimated \$38.6 million from other losses.

“We had to cut snow plowing, but were able later to bring it back, after the income tax increase -- the first income tax increase since 1981. We’ve stopped the police bike patrol. We’ve been able to stabilize recreation services with fees and subsidy. We’ve applied for and gotten a lot of grants for bike trails and lake trails” - *Official of older suburb in northeast Ohio*

In addition, rebates from the Ohio Bureau of Workers Compensation were helpful in some years and in some places. Table 3 shows Bureau of Workers Compensation rebates to selected counties in 2014 and MCO tax revenues in 2016. These revenues are juxtaposed with the loss in state aid estimated in

² Cities receiving casino revenues include Akron (Summit County), Canton (Stark County), Cincinnati (Hamilton County), Cleveland (Cuyahoga County), Columbus (Franklin County), Dayton (Montgomery County), Toledo (Lucas County) and Youngstown (Mahoning County).

2017. It is important to keep in mind that BWC money is not an ongoing revenue stream and revenues from the MCO tax may be eliminated in the coming budget.

Cities and other taxing entities like special districts received some BWC rebate money, but very small amounts relative to the loss of state aid and the estate tax. In 2014, for example, cities in Cuyahoga County split \$9.5 million and special districts, \$330,000 in BWC rebate funds. The losses in state aid dwarf the rebate funds. Cleveland is looking at a loss of \$25 million in state aid in 2017 and Parma, \$5.3 million.

“Court costs have been raised. We are currently exploring an increase in ambulance and community center fees. We are looking at using the state attorney general’s office to collect all the back fees we are owed. There has been a levy for safety and a levy for street repairs. There is an increase in rental fees related to the foreclosure crisis.” – *Mayor of an inner ring suburb adjacent to a large Ohio city*

Public transit is threatened by loss of the MCO tax. Public transit is a critical local public service. It gets people to work, serving both employers and employees. A Governor’s task force identified lack of reliable transportation as a barrier that keeps people from working, and suggested that all levels of government mitigate work barriers.³ Yet Ohio’s public financing of public transportation is grossly inadequate. Ohio’s \$0.63 transit spending per capita ranks among the lowest in the nation (38th out of 51), just below South Dakota. The Ohio Department of Transportation found the state was 37 million rides short of meeting market demand and recommended state contribution of 10 percent of public transit needs, \$120 million in 2015 (at present state contribution is only about 1 percent).⁴

Public transit agencies are authorized to levy a sales tax and for those that do, the increase in sales tax revenues from Medicaid expansion have helped. However, if the MCO tax is taken out of the sales tax base, public transit faces enormous losses. For example, Cleveland’s RTA received \$16.8 million in 2015 and estimates a loss of \$18 million in 2017.⁵ This year an operating deficit of \$7 million led to a 20 percent increase in fares and a reduction in service.

“We’re down about \$3 million. At peak, we got \$1 million from estate tax and between \$1.5 and \$2 million in Local Government Funds. Today we’ve instituted a fee for garbage pickup (\$9 a month per household). We are charging for street lighting, a millage amount on property taxes. We are collecting fees owed for ambulance services. Some say this should be a service paid for with city taxes....we collect from the insurance companies. There were not fees in those areas before.” – *Mayor of an inner-ring suburb of a large Ohio city*

³ Workgroup to Reduce Reliance on Public Assistance Report to Governor John R. Kasich and the Ohio General Assembly April 15, 2015 at <http://humanservices.ohio.gov/WorkArea/DownloadAsset.aspx?id=2147636202>

⁴ Ohio Department of Transportation, Ohio Statewide Transit Needs Study, 2015 at <http://www.dot.state.oh.us/Divisions/Planning/Transit/TransitNeedsStudy/Documents/FindingsSnapshotLetterSize.pdf>

⁵ Ginger Crist, RTA facing catastrophic loss in 2017,” The Plain Dealer, July 7, 2016 at http://www.cleveland.com/metro/index.ssf/2016/07/rta_facing_catastrophic_revenu.html

Table 3			
Some rural counties get enough in MCO tax and BWC rebates to make up for state cuts. Urban counties do not.			
County	Estimated loss in state aid (2017)	BWC rebate (2014)	MCO tax (2016)
Cuyahoga	(\$38,578,390)	\$2,209,000	\$21,020,069
Franklin	(\$32,757,246)	\$502,000	\$18,991,969
Hamilton	(\$32,107,844)	\$1,321,000	\$12,712,740
Montgomery	(\$14,423,003)	\$3,158,000	\$7,220,243
Summit	(\$10,663,340)	\$916,000	\$3,038,837
Lucas	(\$9,028,703)	\$1,636,000	\$9,813,248
Stark	(\$5,601,648)	\$466,000	\$1,875,557
Mahoning	(\$2,910,264)	\$479,000	\$3,684,379
Lorain	(\$2,172,914)	\$373,000	\$2,435,131
Wayne	(\$1,485,974)	n/a	\$805,642
Erie	(\$1,199,109)	\$173,000	\$606,022
Portage	(\$832,935)	\$261,000	\$1,256,791
Ross	(\$549,395)	\$170,000	\$1,553,973
Clinton	(\$528,585)	\$129,000	\$839,043
Medina	(\$498,448)	n/a	\$966,579
Allen	(\$485,144)	\$174,000	\$907,048
Preble	(\$193,197)	\$90,000	\$552,574
Jackson	\$88,926	\$139,000	\$755,797
Source: Policy Matters Ohio, with data provided by the Bureau of Workers Compensation and the Ohio Department of Taxation			

Local governments continue to struggle with public service delivery. East Cleveland's last ambulance broke down in September, leaving the city unable to respond to emergencies.⁶ Cities are helping each other: in this case, The Oakwood Village lent East Cleveland an ambulance until equipment could be repaired. Still, residents living in communities where emergency fleets are not operational are exposed to an unacceptable level of risk in the 21st century United States.

In the summer of 2016, Policy Matters Ohio interviewed municipal fiscal officials to gauge how reduction in state funding had impacted public services today, five years after the cuts began. The responses are similar to those we heard in 2012. Respondents reported a decrease in public health services, police bicycle patrols, parks and recreation services and snowplowing of sidewalks and side

⁶ Nick Castele, "Oakwood Village Donates Ambulance to East Cleveland After Others Break Down," Ideastream, October 3, 2016 at <http://www.ideastream.org/news/oakwood-village-donates-ambulance-to-east-cleveland-after-others-break-down>

streets. Road maintenance is expensive. Staff have been cut, particularly in emergency and safety services, although federal grants have allowed some restoration. Delays in the purchase of big-ticket items (“fire equipment for the fire department and equipment for police vehicles”) were also reported.

Recreation services were reduced in many places. Losses included shuttered community centers and elimination of festivals, fireworks and community celebrations.

- “The recreation department was downsized in 2009 and has not fully recovered. Pools have been shut down because they were in such bad condition with no money to fix them. Going forward, the city is may build splash pads funded by block grant funds.”
- “The biggest impact is on maintenance and upkeep of the facilities. The tennis courts are in such bad shape we can only open one.”
- “Park maintenance has been impacted because we have less staff. We have tried to maintain the number of programs, but we’ve really struggled with facility upkeep. Pools are open less.”
- “Two swimming pools have been closed. All recreation is run by the parents and they raise the money. For example, they buy the sand for the baseball diamonds and they spread it themselves. They have removed old playground equipment, but have no money to replace it. Tennis courts are in dire need of replacing. The lights in the parks are expensive and will need to be replaced.”
- “Our community had to completely eliminate parks and recreation. We have brought some back in a very limited capacity.”
- “Funding has been significantly reduced for the parks and recreation. Efforts were made to raise money for a new swimming pool. Donations accepted from the corporate community.”
- “As far as parks, we only replace playground equipment as best as we can. A lot of old equipment could be replaced, but there is no money to do it.”

Municipal income tax changes. Three of Ohio’s largest cities went to the polls for tax increases in November: Cleveland, Toledo, and Dayton (they passed). Smaller cities sought increases as well. Other tactics were also considered. Facing a budget crisis in the summer of 2016, the city of Lorain considered reducing the credit to those who work and pay income taxes in other cities.⁷ This is becoming an increasingly common way to raise revenue.⁸

People often work in a different city from where they live. While at work, they depend on the services of their employer’s city for emergency services and maintenance of the roads and pay taxes in that city to cover the costs of those services. Many cities give tax credits to avoid double taxation. Squeezed for local funds, cities are reducing these credits. This can fuel anti-tax sentiment and competition at the local level, even as the State espouses regionalism as the answer to state cuts.

⁷ Richard Payerchin, Lorain safety becoming a budget issue, police say, September 20, 2016 at <http://www.morningjournal.com/article/MJ/20160920/NEWS/160929943>

⁸ Lawrence Budd, “Lebanon latest city to cut income tax credit,” Dayton Daily News, August 28, 2016 at <http://www.mydaytondailynews.com/news/news/local-govt-politics/lebanon-latest-city-to-cut-income-tax-credit/nsMkw/>

The municipal income tax raises more than \$4 billion a year for Ohio cities and villages, constituting the largest single source of municipal revenue.⁹ House Bill 5, signed into law in December 2014, introduced many changes to Ohio's municipal income taxes. The legislation was problematic in a number of ways, failing to close tax loopholes and mandating new ones for some places.¹⁰ It also added uncertainty about collections. Among other changes, House Bill 5 imposed new definitions of how municipal income taxes are withheld on employees who travel to job sites in different cities, exempted small businesses from withholding for employees working at job sites other than the home office and imposed a new tax break on many cities by requiring all to allow a net operating loss carry-forward of five years. The Legislative Service Commission was unable to quantify the impact on municipal revenues. However, the fiscal note indicated just one of the many provisions of the bill would raise revenues; almost all would reduce municipal revenues. The fiscal note included an analysis of the 50 largest Ohio municipalities with an income tax. Just 28, representing half of collections of this group, had a five-year net operating loss carry-forward. Seven had a shorter net operating loss allowance. Fifteen, including Columbus and Dayton, had no net operating loss carry-forward.¹¹

Ohio's municipalities have amended income tax ordinances to incorporate the new law's provisions and will be able to quantify the impact of some parts of the law in 2017, and others – notably, the net operating loss provision – the year after. These changes are expected to reduce local revenues around the state, but experts can't say how much, adding both losses and uncertainty to local budgeting.¹²

"We lost about \$4 million a year. There have been increases in garbage fees and parking fines and other fee increases are under consideration. Development fees have increased. The property tax and the income tax have been increased. We laid off 25 firefighters, although a federal grant allowed restoration. The recreation department was downsized in 2009 and has not recovered. Pools are in bad condition and had to be closed. We no longer provide snowplow services to side streets." – *Official of a medium sized Ohio city.*

Fees - In some cases, revenues cut at the state level are being replaced at the local level in user fees that weigh more heavily on lower-income residents. Akron raised ambulance fees.¹³ Toledo, Parma and Dayton have boosted garbage fees. Cleveland increased parking fees at meters and lots.¹⁴

⁹ Zach Schiller, "Municipal Income Tax Fix is a Flub," Policy Matters Ohio, January 2013 at <http://www.policymattersohio.org/wp-content/uploads/2013/01/MIT-Jan2013.pdf>

¹⁰ See Policy Matters Ohio, "Senate approves House Bill 5, Retaining Loopholes," December 4, 2014 at <http://www.policymattersohio.org/hb-5-dec-2014>;

¹¹ Fiscal note and impact statement for Sub. HB 5 as enacted, Ohio Legislative Service Commission at <http://www.lsc.ohio.gov/fiscal/fiscalnotes/130ga/hb0005en.pdf>

¹² Michelle Jordan, CCA Division of Taxation, City of Cleveland, Telephone conversation of 11/21/2016.

¹³ Rick Armon, "Akron looks to fees for transporting people to the hospital," Ohio.com, May 21, 2016 at <http://www.ohio.com/news/local/akron-looks-to-increase-fees-for-transporting-people-to-the-hospital-1.684639>

¹⁴ "Parma City Council Approves \$12 month garbage fee" at http://www.cleveland.com/parma/index.ssf/2015/09/parma_city_council_approves_12.html; Toledo City Council passes 2016 budget with trash fee increase, \$700K for road repairs at <http://www.wtol.com/story/31592801/toledo-city-council-passes-increase-in-trash-fee>; "City budget calls for increase in trash fees at <http://www.mydaytondailynews.com/news/news/local-govt-politics/city-budget-calls-for-increase-in-trash-fees/npNMC/>; "Cleveland increases parking fees at meters and lots, opens Muni Lot for overnight parking,"

Increases are common in fees related to the court system, housing development, parking and traffic, garbage and recycling, street lighting, rental fees and community center and other recreational fees.

User fees fall more heavily on low- and middle-income families than on rich people. For basic public goods like garbage, ambulance, fire protection, recreation centers, traffic and parking, fees should be eliminated or kept low. Otherwise it's hard for working class and poor families to afford them.

Privatization - Local governments have continued to privatize services, outsourcing garbage collection, ambulances, billing, building inspection, jail-related services, recreation facilities, grass cutting, cleaning, sewer and other maintenance work. Street and road repair has been outsourced. Privatization cedes public control and can lead to higher costs, lower accountability, weaker oversight, failure to respond to emergencies and over-charging for essential and emergency services.¹⁵

Privatized services save money by reducing pay and benefits to workers. Studies find in some places, once-desirable public jobs become poverty-level jobs in the private sector, with workers dependent on public assistance instead of earned benefits.¹⁶ Privatize profit makers also are more insulated from the kind of oversight that ensures quality. In Ohio, private charter schools have been a prime example.¹⁷

Regionalization of services - Services that have been regionalized include public health, police dispatch, jails, water and sewer business services. Cities already engaged in significant regionalization before the recession, and the tradition continues to grow.

Summary/policy recommendations

Ohioans live and work in communities. Ohio's dramatic cuts to local governments hurt local and regional competitiveness. They also make daily life harder – increased wear and tear on vehicles from poorly maintained roads, too few programs to stem the rising drug epidemic, increased garbage fees and decreased recreation opportunities all hurt our quality of life. The recession is over and it is time for the state to resume its side of the fiscal partnership with local government. Here are some steps that can and should be taken in the upcoming budget.

http://www.cleveland.com/cityhall/index.ssf/2015/04/city_of_cleveland_increases_pa.html; “Strongsville Ambulance Fees going up” at <http://patch.com/ohio/strongsville/ambulance-fees-going-up>; “Toledo trash fee proposed to increase” at <http://www.13abc.com/home/headlines/Toledo-trash-fee-proposed-to-increase-350716671.html>

¹⁵Richard Eskow, “Indiana Toll Road: Privatization’s Highway to Hell,” Our Future.org, April 3, 2015 at <https://ourfuture.org/20150403/indiana-toll-road-privatizations-highway-to-hell>

¹⁶“How Privatization Increases Inequality,” In the Public Interest at https://www.inthepublicinterest.org/wp-content/uploads/InThePublicInterest_Inequality_Sec4_Sept2016.pdf

¹⁷The Ohio Department of Education’s most recent annual report on charter schools, known as “community schools” in Ohio, stated: “In contrast to last year, community school performance declined in overall value-added (from 64% graded C or higher in 2013-2014 to about 48% in 2014-2015) as well as in performance index (from 35% graded C or higher in 2013-2014 to 17% in 2014-2015).” <http://education.ohio.gov/getattachment/Topics/Community-Schools/Annual-Reports-on-Ohio-Community-Schools/2014-15-Community-School-Annual-Report.pdf.aspx>. See also Doug Livingston, Ohio’s for-profit charter schools drag state into group of nation’s worst performers, Akron Beacon Journal, November 8, 2014 at <http://www.ohio.com/news/local/ohio-s-for-profit-charter-schools-drag-state-into-group-of-nation-s-worst-performers-1.539387>

Retain the MCO tax or replace lost revenues to counties and transit. California and Michigan did not drastically change the structure of their MCO tax when they had to adjust it, as Ohio has to adjust ours. Pennsylvania kept the MCO tax in the base of the gross receipts tax. Retaining managed care services in the sales tax base while broadening the base would preserve local revenues. Alternatively, replacement funds could be provided through restoration of revenue sharing through the Local Government Fund.

Raise the gas tax and distribute additional funds to local governments. Ohio's motor fuel tax has been \$.28 per gallon since 2005. This rate is more than 20 percent lower than the gas tax rates in Pennsylvania, Michigan, Indiana, Illinois and West Virginia.¹⁸ Ohio's local governments are responsible for the majority of lane miles and bridges. Construction costs have risen but inflation has eroded motor fuel and auto license distribution. This creates fiscal problems for local government that can and should be addressed by the state.

Boost spending for public transit. Ohio has increased the use of federal funds for local transportation, including public transportation, but state funding remains grossly inadequate. The Ohio Department of Transportation found that in 2015, Ohio's system failed to meet market demand by 37.5 million rides because of insufficient state financing. The report suggested that the state should pay for 10 percent of public transit costs – it presently pays for 1 percent – and called for an annual investment of \$120 million to meet demand.¹⁹ In the long term, a plan for raising and sustaining adequate public transit must be developed and implemented.

Restore Local Government Fund. To enable communities to address varied needs, including addressing with blight created by the foreclosure crisis, the state should restore revenue sharing through the local government fund.

Restore estate tax on estates worth over a million dollars. Reinstate an estate tax on Ohio's wealthiest estates – those over \$1 million in value – and direct the revenues to local government entities. In the past, this money was used to pay capital costs of police fleets and fire trucks, taking pressure off a community's general fund.

Pick up a larger share of health and human services. Ohio communities bear a far greater share of the cost of health and human services than in other states. For example, the Public Children's Services Association of Ohio reports that in 2013, Ohio provided just 9 cents on each dollar in the child welfare system, while the national average was 43 cents.²⁰ State appropriations for children's services rise in the current (2017) fiscal year, but remain at a level below that of a decade ago in inflation-adjusted dollars. In addition, local levies provide less funding because the state phased out reimbursements for local business and utility taxes abolished in 2005.

¹⁸ Tax foundation, 2015 at <http://taxfoundation.org/blog/how-high-are-gas-taxes-your-state>

¹⁹ Ohio Department of Transportation, Transit Needs Study: Findings in a snapshot at <http://www.dot.state.oh.us/Divisions/Planning/Transit/TransitNeedsStudy/Documents/FindingsSnapshotLetterSize.pdf>

²⁰ Public Children's Services Association of Ohio, 2015 Annual Report at <http://www.pcsao.org/pdf/factbook/2015/Overview.pdf>

With state cuts to local governments, the burden of providing services should be recalibrated as well. Because Ohio has cut revenue sharing and tax reimbursements, the state needs to provide more funds for things like children's services, community mental health and addiction treatment.

Lima and Allen County

The City of Lima is working with \$1.6 million less in state funds in 2017 than in 2010. This is a 41.2 percent decrease in the funding sources shown (Table 1).

Table 1: Lima and Allen County				
Lima lost \$1.6 million a year in state revenue and tax changes <i>before</i> inflation (Not adjusted for inflation)				
Lima	CY 2010	CY 2017	\$\$ change	% change
Change in tax laws				
Elimination of the Estate tax	\$651,883	\$0	(\$651,883)	-100.0%
Phase-out of tax reimbursements	\$171,663	\$0	(\$171,663)	-100.0%
Local government funds			\$0	
County undivided Fund	\$1,557,980	\$900,646	(\$657,334)	-42.2%
Municipal Fund	\$220,595	\$97,286	(\$123,309)	-55.9%
Dedicated source funds			\$0	
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$1,065,345	\$1,030,544	(\$34,801)	-3.3%
Auto license (*)	\$257,294	\$279,166	\$21,872	8.5%
TOTAL	\$3,924,761	\$2,307,643	(\$1,617,118)	-41.2%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. * Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Lima,				

Allen County also lost revenues, but not on the same scale as the city of Lima. Allen County is working with an estimated \$485,144 less in 2017 than in 2010, a loss of about 5.6 percent (Table 2). Growth in funds for transportation (gas taxes and auto license fees) and casino tax revenues will partly offset reductions in local government funds and tax reimbursements.

Strong growth in sales tax revenue is helping. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of state and local sales tax revenues. Sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients in each county. Allen County received \$907,048 million in these funds in 2015. However, the state’s treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the solution takes the Medicaid tax out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Lima and Allen County				
Allen County has \$485,144 less in 2017 than in 2010				
<i>Not adjusted for inflation</i>				
Allen	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$2,032,595	\$622,616	(\$1,409,979)	-69.4%
Local government funds	\$1,631,766	\$953,417	(\$678,349)	-41.6%
Casino revenues	\$0	\$1,346,225	\$1,346,225	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$2,619,473	\$2,870,530	\$251,057	9.6%
TOTAL	\$8,650,580	\$8,165,435	(\$485,144)	-5.6%
Source: Policy Matters, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission. Notes:				
1. Casino revenue estimate applies share of county distribution received by Allen County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
2. Auto license registration does not include permissive tax.				
3. Estimate for 2017 auto license tax takes applies growth indicated in 2016-17 state budget in ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Health and human services funded by local property tax levies suffered significant losses as tax reimbursements were phased out. For example, children's services in Allen County are working with \$255,579 less in 2017 than in 2010 (Table 3).

Table 3: Lima and Allen County				
Health and human service levies are reduced by nearly \$850,000 in 2017 compared to 2010				
<i>Not adjusted for inflation</i>				
Levy	CY 2010	CY 2017	Change	% change
Children Services	\$426,148	\$170,579	(\$255,569)	-60.0%
Johnny Appleseed Metro Park	\$254,816	\$93,533	(\$161,283)	-63.3%
Joint Mental Health District	\$260,694	\$0	(\$260,694)	-100.0%
Senior Citizens	\$272,734	\$102,814	(\$169,920)	-62.3%
TOTAL	\$1,214,392	\$366,927	(\$847,465)	-69.8%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Wilmington and Clinton County

The City of Wilmington is working with \$802,636 less in state funds in 2017 than in 2010. This is a 50.3 percent decrease in the funding sources shown (Table 1).

Table 1: Wilmington and Clinton Counties				
Wilmington lost \$802,646 million a year with state cuts and tax changes				
<i>Not adjusted for inflation</i>				
	CY 2010	CY 2017	\$\$ change	% change
Change in tax laws				
Elimination of the Estate tax	\$155,111	\$0	(\$155,111)	-100.0%
Phase-out of tax reimbursements	\$432,549	\$16,744	(\$415,805)	-96.1%
Local government funds				
County undivided Fund	\$477,194	\$284,831	(\$192,363)	-40.3%
Municipal Fund	\$55,424	\$24,443	(\$30,981)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$381,126	\$366,751	(\$14,375)	-3.8%
Auto license	\$93,995	\$99,995	\$6,000	6.4%
TOTAL	\$1,595,400	\$792,764	(\$802,636)	-50.3%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation.				
Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Wilmington,				

Loss to the city is not offset by casino revenues. In addition, there is a slight decline in motor fuel revenues forecast by the Department of Transportation.

Clinton County is working with an estimated \$528,585 less in 2017 compared with 2010, which is a loss of almost 10 percent of the sources reviewed (Table 2). Growth anticipated in funds for transportation (gas taxes and auto license fees) and casino tax revenues will offset reductions in local government funds and tax reimbursements.

Loss to the county has been mitigated by strong growth in sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Clinton County received \$839,043 in these funds in 2015, which offsets loss from other state policy changes impacting county revenues.

The state's treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the solution to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Wilmington and Clinton County				
Clinton County has lost \$528,585 in state aid and local tax authority compared to 2010 <i>Not adjusted for inflation</i>				
Clinton	CY 2010	CY 2017	Change	% change
TPP tax reimbursement (1)	\$1,015,188	\$101,959	(\$913,230)	-90.0%
Local government funds	\$736,012	\$439,316	(\$296,696)	-40.3%
Casino revenues (2)	\$0	\$537,279	\$537,279	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license (3)	\$1,356,500	\$1,494,660	\$138,160	10.2%
TOTAL	\$5,474,445	\$4,945,860	(\$528,585)	-9.7%
Source: Policy Matters, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission. Notes:				
4. TPP tax reimbursement includes levies for county operations and debt and for health and human service levels.				
5. Casino revenue estimate applies share of county distribution received by Clinton County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
6. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax applies growth indicated in 2016-17 state budget in ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Services funded by property tax levies suffered significant losses. For example, children's services in Clinton County are working with \$207,404 less in 2017 than in 2010 (Table 3).

Table 3: Wilmington and Clinton County				
Clinton County levies are working with 85% less in state aid, loss of nearly \$586,000 a year before inflation				
Clinton County	CY 2010	CY 2017	Change	% change
Health	\$43,664	\$0	(\$43,664)	-100.0%
Children's Services	\$207,404	\$0	(\$207,404)	-100.0%
Mental Health & developmental disabilities	\$327,480	\$101,959	(\$225,521)	-68.9%
Senior Citizens	\$109,160	\$0	(\$109,160)	-100.0%
TOTAL	\$687,708	\$101,959	(\$585,749)	-85.2%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Cleveland, Parma and Cuyahoga County

The City of Cleveland has lost almost \$25 million a year as a result of state tax changes, cuts in revenue sharing and slow growth of gas tax revenues. Casino revenues help, but not that much. Annual loss of local government funds is almost \$20 million alone, while new casino revenues are about \$2.6 million a year.

Table 1: Cleveland and Cuyahoga County				
Cleveland lost nearly \$25 million a year				
<i>Not adjusted for inflation</i>				
Cleveland	CY 2010	CY 2017	\$\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$2,092,820	\$0	(\$2,092,820)	-100.0%
Phase-out of tax reimbursements	\$8,610,672	\$2,949,325	(\$5,661,347)	-65.7%
Local government funds				
County undivided Fund	\$42,539,320	\$25,357,315	(\$17,182,005)	-40.4%
Municipal Fund	\$4,728,919	\$2,085,541	(\$2,643,378)	-55.9%
Dedicated source funds				
Casino revenues	\$0	2,658,049	\$2,658,049	n/a
Dedicated purpose funds				
Motor fuel	\$9,455,679	\$9,121,573	(\$334,106)	-3.5%
Auto license	\$2,266,246	\$2,547,729	\$281,483	12.4%
TOTAL	\$69,693,656	\$44,719,532	(\$24,974,124)	-35.8%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation.				
* Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Cleveland,				

The Ohio Department of Transportation's 2017 estimates forecast lower motor fuel revenues for Cleveland than in 2010. The city is losing population, yet infrastructure needs, like roads and streets and maintenance, don't necessarily shrink with population. Loss of gas tax funds hurts the city's ability to keep up with road and street maintenance and repairs, a big-ticket item in the city budget.

Cuyahoga County hosts two of the state's largest cities: Cleveland and Parma, a suburb of Cleveland. Parma is much smaller than Cleveland and received much less aid, but the decline in revenues was slightly steeper in Parma (about 39 percent loss) than in Cleveland (about 36 percent loss). In part, this reflects the importance of Parma's estate tax collection in 2010 (Table 2). While estate tax revenues were unpredictable, they provided a flexible source of revenue that many communities placed in savings accounts and used for big ticket items: fire trucks, police fleets, capital repairs. This saved the cost of debt financing and long-term debt service, which vies with operations for resources in the general fund budget.

Table 2: Parma and Cuyahoga County				
Parma lost nearly \$3.3 million a year <i>Not adjusted for inflation</i>				
Parma	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of the estate tax	\$1,163,033	\$0	(\$1,163,033)	-100.0%
Phase-out of tax reimbursements	\$444,382	\$0	(\$444,382)	-100.0%
Local government funds				
County undivided Fund	\$3,400,084	\$1,823,159	(\$1,576,925)	-46.4%
Municipal Fund	\$361,631	\$159,486	(\$202,145)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$2,579,089	\$2,627,886	\$48,797	1.9%
Auto license	\$521,739	\$578,954	\$57,215	11.0%
TOTAL	\$8,469,958	\$5,189,484	(\$3,280,474)	-38.7%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Parma,				

Parma and Cleveland are not unique in their loss. All municipalities in Cuyahoga County are working with less state revenues in 2017, compounded by loss of the estate tax and the final phase-out of the tangible personal property tax reimbursements.

Casino revenues are new sources of funding, providing almost \$9 million to the county and \$2.7 million to Cleveland. Casino revenues only help the largest cities, host cities and counties, so places like Parma receive none. These gains for counties and large cities, do not make up for other losses.

Table 3 shows loss to Cuyahoga County itself, which will operate in 2017 with \$38.6 million less than in 2010. The biggest loss comes from the phase-out of tax reimbursements for the state's elimination of significant local business taxes – the tangible personal property tax – in 2005. The elimination of this component of the tax pummeled the locally voted property tax levies, because it narrowed the base of taxable property.

Table 3: Cleveland, Parma and Cuyahoga County				
Cuyahoga County has lost almost \$1.5 million a year before inflation				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$30,490,222	\$1,955,976	(\$28,534,246)	-93.6%
County undivided fund	\$33,543,674	\$19,258,721	(\$14,284,953)	-42.6%
Casino revenues	\$0	2,658,049	\$2,658,049	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
License tax distribution	\$12,398,430	\$13,975,288	\$1,576,858	12.7%
TOTAL	\$78,799,070	\$40,220,680	(\$38,578,390)	-49.0%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission. Notes:				
1. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
2. Casino revenue estimate applies share of county distribution received by Cuyahoga County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
3. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax applies growth indicated in 2016-17 state budget in ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Table 4 illustrates the impact on health and human service levies. More than \$27 million was lost to health and human service levies providing services for community mental health, developmental disabilities, adult protection, children and public health.

Table 4: Cleveland, Parma and Cuyahoga County				
Cuyahoga County human service levies lost \$27.1 million before inflation				
Cuyahoga County	CY 2010	CY 2017	Change	% change
Health	\$6,903,446	\$0	(\$6,903,446)	-100.0%
MH/DD	\$8,974,480	\$0	(\$8,974,480)	-100.0%
Health & Welfare	\$11,275,629	\$0	(\$11,275,629)	-100.0%
TOTAL	\$27,153,556	\$0	(\$27,153,556)	-100.0%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Across all municipalities, townships and Cuyahoga County itself, including the libraries, Port Authority, debt levies, pension levies, road levies, emergency services levies, there is \$65 million less for public services in 2017 compared to 2010 because of eliminated tax reimbursements.

Sales taxes on Medicaid managed care plans has grown with Medicaid expansion. This benefits counties, which “piggyback” a local tax on the state sales tax. Cuyahoga County garnered \$21 million in 2015, partly mitigating the loss of \$38.6 million in other forms of local taxes and state aid. However, the federal government has deemed that states like Ohio that place a narrow tax on Medicaid managed care companies, which can recoup the expense in Medicaid payments, must

change this tax to avoid the “gaming” of federal rules. Ohio should follow the example of other states and simply expand the sales tax base to include all managed care services, not just Medicaid managed care services. This would prevent loss to the counties and transit agencies that piggyback on the tax. If they do not, Cuyahoga County could lose more than \$12.8 million in sales tax revenues. The Regional Transit Authority serving the Cleveland area faces a loss of a projected \$18 million.

Sandusky and Erie County

The City of Sandusky is working with \$847,928 less in state funds in 2017 compared with 2010, which represents a 35.3 percent decrease in the funding sources shown (Table 1).

Table 1: Sandusky and Erie Counties				
Sandusky lost \$847,928 a year with state cuts and tax changes <i>Not adjusted for inflation</i>				
Sandusky	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of the Estate tax	\$337,384	\$0	(\$337,384)	-100.0%
Phase-out of tax reimbursements	\$284,559	\$0	(\$284,559)	-100.0%
Local government funds				
County undivided Fund	\$682,771	\$404,216	(\$278,555)	-40.8%
Municipal Fund	\$106,541	\$46,987	(\$59,554)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$813,440	\$894,635	\$81,195	10.0%
Auto license	\$178,810	\$209,739	\$30,929	17.3%
TOTAL	\$2,403,505	\$1,555,577	(\$847,928)	-35.3%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Sandusky,				

Loss to the city is not offset by casino revenues. An increase in motor fuel revenues forecast by the Department of Transportation and anticipated growth in auto license revenues will help offset loss of estate tax revenue, tax reimbursements and local government funds.

Erie County is working with an \$1.2 million less in 2017 than in 2010, a loss of 15.6 percent (Table 2). Growth anticipated in funds for transportation (gas taxes and auto license fees) and casino tax revenues offset reductions in local government funds and tax reimbursements. In addition, loss to the county has been mitigated by strong growth of sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Erie County received \$606,022 in these funds in 2015. In some counties, this revenue, which is distributed on the basis of the residence of Medicaid enrollees receiving services, offsets other county losses. In Erie County, the uptick in sales tax revenues offsets about half of the impact of other state policy moves.

The state's treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the "fix" to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Sandusky and Erie County				
Erie County has lost almost \$1.2 million before inflation				
Erie	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$1,693,182	\$45,424	(\$1,647,758)	-97.3%
Local government funds	\$1,769,054	\$1,048,776	(\$720,278)	-40.7%
Casino revenues	\$0	\$972,398	\$972,398	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
License tax distribution	\$1,856,309	\$2,046,934	\$190,626	10.3%
TOTAL	\$7,685,289	\$6,486,179	(\$1,199,109)	-15.6%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission. Notes:				
4. TPP tax reimbursement includes levies for county operations and debt and for health and human service levels.				
5. Casino revenue estimate applies share of county distribution received by Erie County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
6. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax takes growth in state budget ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Services funded by property tax levies suffered significant losses. For example, senior services in Erie County lost \$102,980 in state tax reimbursement funds by 2017 compared with 2010 (Table 3).

Table 3: Sandusky and Erie County				
Erie County levies are working with 96.3% less before inflation				
Erie County	CY 2010	CY 2017	Change	% change
Senior Citizens	\$102,980	\$0	(\$102,980)	-100.0%
Mental Health and Developmental Disabilities	\$617,881	\$44,610	(\$573,271)	-92.8%
Erie-Lorain Health District	\$212,637	\$0	(\$212,637)	-100.0%
Erie-Ottawa Mental Health District	\$285,974	\$0	(\$285,974)	-100.0%
TOTAL	\$1,219,473	\$44,610	(\$1,174,863)	-96.3%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Columbus and Franklin County

The City of Columbus has \$24.4 million less in state funds, estate taxes and tax reimbursements in 2017 than in 2010, a 29.8 percent decrease in the funding sources shown (Table 1).

Table 1: Columbus and Franklin County				
Columbus lost \$24.4 million a year with state cuts and tax changes <i>Not adjusted for inflation</i>				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$6,555,137	\$0	(\$6,555,137)	-100.0%
Phase-out of tax reimbursements	\$4,568,232	\$0	(\$4,568,232)	-100.0%
Local government funds				
County undivided Fund	\$33,749,426	\$19,654,134	(\$14,095,292)	-41.8%
Municipal Fund	\$6,749,306	\$2,976,570	(\$3,772,736)	-55.9%
Dedicated source funds				
Casino revenues	\$0	2,662,233	\$2,662,233	n/a
Dedicated purpose funds				
Motor fuel	\$24,290,902	\$25,024,078	\$733,176	3.0%
Auto license	\$5,856,994	\$7,068,844	\$1,211,850	20.7%
TOTAL	\$81,769,996	\$57,385,859	(\$24,384,138)	-29.8%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Columbus,				

The largest loss to the city was in Local Government Funds, the state revenue sharing program that was cut in half in the budget of 2012-13. The city received 17.8 million less in Local Government Funds in 2017 than in 2010. Elimination of the estate tax and phase-out of tax reimbursements added another \$11 million to that loss. Casino revenues and growth in transportation-related funds provide a modest offset, but do not come close to replacing loss due to state policy changes.

Franklin County has about \$33 million less in 2017 than in 2010, a loss of 43 percent. Growth anticipated in funds for transportation (gas taxes and auto license fees) and casino tax revenues provide only a modest offset to the big reduction in local government funds and tax reimbursements.

Loss to the county has been mitigated by strong growth of sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Franklin County received \$19 million in these funds in 2015.

The state's treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the "fix" to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Columbus and Franklin County				
Franklin County has lost almost \$33 million before inflation				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$36,790,107	\$0	(\$36,790,107)	-100.0%
Local government funds	\$22,767,890	\$15,682,665	(\$7,085,225)	-31.1%
Casino revenues	\$0	\$7,937,630	\$7,937,630	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$14,318,174	\$17,492,728	\$3,174,554	22.2%
TOTAL	\$76,242,915	\$43,485,670	(\$32,757,246)	-43.0%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission. Notes:				
7. TPP tax reimbursement includes levies for county operations and debt and for health and human service levels.				
8. Casino revenue estimate applies share of county distribution received by Franklin County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
9. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax takes growth in state budget in ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Franklin County's losses are mostly due to loss in human service levies. For example, children's services in Franklin County lost close to \$11 million in state tax reimbursement funds by 2017 compared with 2010 (Table 3).

Table 3: Columbus and Franklin County				
Franklin County levies lost \$33 million a year before inflation				
Franklin County	CY 2010	CY 2017	Change	% change
ADAMH (mental health)	\$4,749,896	\$0	(\$4,749,896)	-100.0%
MH/DD	\$16,128,057	\$0	(\$16,128,057)	-100.0%
Aging	\$1,835,187	\$0	(\$1,835,187)	-100.0%
Children's services	\$10,903,171	\$0	(\$10,903,171)	-100.0%
TOTAL	\$33,616,312	\$0	(\$33,616,312)	-100.0%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Cincinnati and Hamilton County

The City of Cincinnati has \$25.9 million less in 2017 than in 2010. This is a loss of 50 percent in the funding sources shown (Table 1).

Table 1: Cincinnati and Hamilton County				
Cincinnati lost \$25.9 million a year with state cuts and tax changes <i>Not adjusted for inflation</i>				
Cincinnati	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$10,890,176	\$0	(\$10,890,176)	-100.0%
Phase-out of tax reimbursements	\$5,684,606	\$0	(\$5,684,606)	-100.0%
Local government funds				
County undivided Fund	\$21,546,810	\$12,324,057	(\$9,222,754)	-42.8%
Municipal Fund	\$4,180,994	\$1,843,896	(\$2,337,098)	-55.9%
Dedicated source funds				
Casino revenues	\$0	1,944,486	\$1,944,486	n/a
Dedicated purpose funds				
Motor fuel	\$7,866,189	\$7,846,244	(\$19,945)	-0.3%
Auto license	\$1,806,024	\$2,145,845	\$339,821	18.8%
TOTAL	\$51,974,799	\$26,104,528	(\$25,870,271)	-49.8%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Cincinnati,				

The largest loss to the city was from elimination of the estate tax and phase-out of tax reimbursements. This was compounded by reduction of local government funds, worth about \$11.5 million. Casino revenues and growth in transportation related funds provide only modest offset.

Hamilton County has about \$33 million less in 2017 than in 2010, a loss of 43 percent of the funding sources reviewed here. Growth anticipated in funds for transportation (gas taxes and auto license fees) and casino tax revenues provide modest offset to large reductions in local government funds and tax reimbursements.

In addition, loss to the county has been mitigated by strong growth of sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Hamilton County received \$12.7 million in these funds in 2015. This helps but does not offset the \$33 million loss described above.

The state's treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the "fix" to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue.

Table 2: Cincinnati and Hamilton County				
Hamilton County has lost \$32.1 million before inflation				
Hamilton	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$32,497,758	\$2,623,340	(\$29,874,418)	-91.9%
Local government funds	\$21,546,810	\$12,324,057	(\$9,222,754)	-42.8%
Casino revenues	\$0	\$5,178,660	\$5,178,660	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$12,094,641	\$13,899,408	\$1,804,766	14.9%
TOTAL	\$68,505,955	\$36,398,111	(\$32,107,844)	-46.9%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission. Notes:				
10. TPP tax reimbursement includes levies for county operations and debt and for health and human service levels.				
11. Casino revenue estimate applies share of county distribution received by Hamilton County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
12. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax takes growth indicated in 2016-17 state budget in ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Hamilton County's losses are mostly attributable to a significant drop in human service levies. For example, children's services lost \$4.4 million compared with 2010 (Table 3).

Table 3: Cincinnati and Hamilton County				
Hamilton County levies lost \$26 million a year before inflation				
Hamilton County	CY 2010	CY 2017	Change	% change
Hospital levies	\$10,803,684	\$0	(\$10,803,684)	-100.0%
Mental Health	\$4,751,540	\$0	(\$4,751,540)	-100.0%
Developmental disabilities	\$6,277,582	\$0	(\$6,277,582)	-100.0%
Children's services	\$4,734,199	\$272,649	(\$4,461,549)	-94.2%
Senior Services	\$2,011,601	\$0	(\$2,011,601)	-100.0%
County Health Services	\$0	\$2,350,691	\$2,350,691	100.0%
TOTAL	\$28,578,605	\$2,623,340	(\$25,955,265)	-90.8%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Jackson City and Jackson County

The City of Jackson has \$298,840 less in state funds in 2017 compared with 2010. This is about a 40 percent decrease in the funding sources shown (Table 1).

Table 1: Jackson City and Jackson County				
Jackson City lost almost \$300,000 a year –nearly 40 percent of the revenue sources reviewed here - as a result of state policy changes <i>Not adjusted for inflation</i>				
Jackson	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$86,813	\$0	(\$86,813)	-100.0%
Phase-out of tax reimbursements	\$128,978	\$15,139	(\$113,838)	-88.3%
Local government funds				
County undivided Fund	\$196,906	\$132,675	(\$64,231)	-32.6%
Municipal Fund	\$55,424	\$24,443	(\$30,981)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$223,182	\$220,262	(\$2,920)	-1.3%
Auto license	\$59,435	\$59,377	(\$57)	-0.1%
TOTAL	\$750,737	\$451,897	(\$298,840)	-39.8%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Jackson,				

The largest loss to the city was from elimination of the estate tax and phase-out of tax reimbursements. This was compounded by reduction of local government funds – eased slightly by some protection from the deep cuts for the poorest counties.

Jackson County actually has slightly more funds - \$88,926 - in 2017 compared with 2010. Growth anticipated in funds for transportation (gas taxes and auto license fees) and casino tax revenues provide offset to reductions in local government funds and tax reimbursements.

In addition, growth of Medicaid has raised local sales taxes, which “piggyback” on the state sales tax base. The sales taxes collected from Medicaid managed care firms are distributed to counties based on share of Medicaid recipients residing in each county. Jackson County received \$755,797 funds in 2015.

The state’s treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the solution to the

Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Jackson City and Jackson County				
Jackson County has a slight gain compared to 2010 (before inflation)				
Jackson	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$348,561	\$6,055	(\$342,506)	-98.3%
Local government funds	\$437,471	\$333,600	(\$103,871)	-23.7%
Casino revenues	\$0	\$419,843	\$419,843	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$1,210,793	\$1,320,351	\$109,558	9.0%
TOTAL	\$4,363,569	\$4,452,495	\$88,926	2.0%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission. Notes:				
13. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
14. Casino revenue estimate applies share of county distribution received by Jackson County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
15. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax takes growth in ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Jackson County's human service levies lost funds due to phase-out of tax reimbursements. (Table 3).

Table 3: Jackson City and Jackson County				
Jackson County levies lost \$173,507 a year in state aid (before inflation)				
	CY 2010	CY 2017	Change	% change
Tuberculosis	\$21,125	\$0	(\$15,844)	100.0%
Mental health & developmental disabilities	\$105,624	\$6,055	(\$99,570)	100.0%
Health	\$26,406	\$0	(\$26,406)	100.0%
Senior citizens	\$26,406	\$0	(\$26,406)	100.0%
Total	\$179,561	\$6,055	(\$173,507)	100.0%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Lorain and Lorain County

The City of Lorain is working with nearly \$3 million less in state funds in 2017 compared with 2010. This is a 35.8 percent decrease in the funding sources shown (Table 1).

Table 1: Lorain County and Lorain City				
Lorain City lost \$2.8 million a year – a loss of 35.8%				
Not adjusted for inflation				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$752,261	\$0	(\$752,261)	-100.0%
Phase-out of tax reimbursements	\$280,027	\$89,621	(\$190,406)	-68.0%
Local government funds				
County undivided Fund	\$4,451,430	\$2,644,633	(\$1,806,797)	-40.6%
Municipal Fund	\$284,249	\$125,359	(\$158,890)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$1,838,653	\$1,829,007	(\$9,646)	-0.5%
Auto license	\$356,664	\$421,552	\$64,888	18.2%
TOTAL	\$7,963,286	\$5,110,173	(\$2,853,113)	-35.8%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation.				
Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Lorain,				

The largest loss to the city was in local government funds. Elimination of the estate tax contributed to the loss.

Lorain County (Table 2) is working with about \$2.2 million less in 2017 than 2010, a loss of 13.1 percent. Loss to the county has been mitigated by strong growth of sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Lorain County received \$2.4 million in these funds in 2015, which offsets the loss to the county from other cuts.

The state’s treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the solution to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Lorain County and Lorain City				
Lorain County has lost \$2.2 million (before inflation)				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement (all levies)	\$4,905,098	\$187,934	(\$4,717,164)	-96.2%
Local government funds	\$4,871,695	\$2,894,529	(\$1,977,166)	-40.6%
Casino revenues	\$0	\$3,908,120	\$3,908,120	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$4,415,487	\$5,022,881	\$607,393	13.8%
TOTAL	\$16,559,025	\$14,386,111	(\$2,172,914)	-13.1%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
16. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
17. Casino revenue estimate applies share of county distribution received by Lorain County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
18. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax takes applies growth indicated in 2016-17 state budget in ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Lorain County's losses are mostly attributable to reduction of state funds in human service levies. For example, Lorain County Children's services lost about \$704,755 in state tax reimbursement funds by 2017 compared with 2010 (Table 3).

Table 3: Lorain County and Lorain City				
Lorain County levies lost \$4 million a year before inflation				
Lorain County	CY 2010	CY 2017	Change	% change
County reimbursement	\$751,739	\$93,967	(\$657,772)	-87.5%
Anti-drug lab unit	\$117,459	\$0	(\$117,459)	-100.0%
TB Clinic	\$93,967	\$0	(\$93,967)	-100.0%
Children's services	\$704,755	\$0	(\$704,755)	-100.0%
MH/DD	\$1,639,731	\$0	(\$1,639,731)	-100.0%
Mental Health	\$845,706	\$0	(\$845,706)	-100.0%
TOTAL	\$4,153,359	\$93,967	(\$4,059,392)	(\$6)
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Toledo and Lucas County

Toledo is working with \$15 million less in state funds in 2017 compared with 2010. This is a 37.3 percent decrease in the funding sources shown (Table 1).

Table 1: Toledo and Lucas County				
Toledo lost \$15.2 million a year – a loss of 37.3% Not adjusted for inflation				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$2,910,563	\$0	(\$2,910,563)	-100.0%
Phase-out of tax reimbursements	\$1,994,734	0	(\$1,994,734)	-100.0%
Local government funds				
County undivided Fund	\$21,546,810	\$12,324,057	(\$9,222,754)	-42.8%
Municipal Fund	\$4,180,994	\$1,843,896	(\$2,337,098)	-55.9%
Dedicated source funds				
Casino revenues	\$0	1,413,868	\$1,413,868	n/a
Dedicated purpose funds				
Motor fuel	\$8,258,348	\$7,962,950	(\$295,398)	-3.6%
Auto license	\$1,848,883	\$1,998,508	\$149,625	8.1%
TOTAL	\$40,740,332	\$25,543,278	(\$15,197,054)	-37.3%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Toledo,				

The largest loss to the city was from cuts to local government funds. Elimination of the estate tax contributed to the loss. Casino revenues provided modest offset to those losses.

Lucas County is working with about \$9 million less in 2017 than 2010, a loss of 36.2 percent (Table 2). Loss to the county has been mitigated by strong growth of sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Lucas County received \$9.8 million in these funds in 2015, which offsets the loss to the county from other cuts.

The state’s treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the solution to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Lucas County and Toledo				
Lucas County has lost \$9 million a year (before inflation)				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$9,339,467	\$0	(\$9,339,467)	-100.0%
Local Government Fund	\$7,385,512	\$4,321,981	(\$3,063,531)	-41.5%
Casino revenues	\$0	\$2,790,993	\$2,790,993	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$5,831,705	\$6,409,104	\$577,399	9.9%
TOTAL	\$24,923,429	\$15,894,725	(\$9,028,703)	-36.2%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
19. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
20. Casino revenue estimate applies share of county distribution received by Lucas County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
21. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax takes applies growth indicated in 2016-17 state budget in ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Lucas County's losses are mostly due to loss in human service levies. For example, the children's services lost almost \$2 million in tax reimbursements by 2017 compared with 2010 (Table 3).

Table 3: Toledo and Lucas County				
Lucas County levies lost \$7.7 million a year – before inflation				
	CY 2010	CY 2017	Change	% change
MH/DD	\$4,114,303	\$0	(\$4,114,303)	-100.0%
Mental Health	\$1,234,291	\$0	(\$1,234,291)	-100.0%
Children's services	\$1,974,865	\$0	(\$1,974,865)	-100.0%
Senior Services	\$370,287	\$0	(\$370,287)	-100.0%
TOTAL	\$7,693,746	\$0	(\$7,693,746)	-100.0%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Youngstown and Mahoning County

Youngstown is working with \$2.1 million less in state funds in 2017 compared with 2010. This is a 30.4 percent decrease in the funding sources shown (Table 1).

Table 1: Youngstown and Mahoning County				
Youngstown lost \$2.1 million a year – a loss of 30.4% of state aid and taxing authority - as a result of state policy changes				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$936,564	\$0	(\$936,564)	-100.0%
Phase-out of tax reimbursements	\$402,027	\$402,027	\$0	0.0%
Local government funds				
County undivided Fund	\$2,530,078	\$1,475,056	(\$1,055,022)	-41.7%
Municipal Fund	\$550,902	\$242,958	(\$307,944)	-55.9%
Dedicated source funds				
Casino revenues	\$0	333,978	\$333,978	n/a
Dedicated purpose funds				
Motor fuel	\$1,956,542	\$1,824,738	(\$131,804)	-6.7%
Auto license	\$527,897	\$523,299	(\$4,598)	-0.9%
TOTAL	\$6,904,008	\$4,802,056	(\$2,101,952)	-30.4%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Youngstown,				

The largest loss to the city was from cuts to local government funds. Elimination of the estate tax contributed to the loss. Negative growth in transportation-related tax revenues reduces capacity to deal with road and street repair. Casino revenues contributed modestly to offset those losses.

Mahoning County is working with about \$2.9 million less in 2017 than in 2010, a loss of 17.8 percent (Table 2). Loss to the county has been mitigated by strong growth of sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Mahoning County received \$3.7 million in these funds in 2015, which offsets the loss to the county from other cuts.

The state’s treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the “fix” to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Youngstown and Mahoning County				
Mahoning County has lost \$2.9 million – before inflation				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$3,623,692	\$28,369	(\$3,595,322)	-99.2%
Local government funds	\$4,828,561	\$2,814,763	(\$2,013,797)	-41.7%
Casino revenues	\$0	\$1,494,512	\$1,494,512	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$5,497,474	\$6,695,916	\$1,198,442	21.8%
TOTAL	\$16,316,471	\$13,406,207	(\$2,910,264)	-17.8%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
22. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
23. Casino revenue estimate applies share of county distribution received by Mahoning County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
24. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax takes growth in ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Mahoning County's losses are mostly attributable to loss in human service levies. For example, Mahoning County Children's services lost \$767,070 in state tax reimbursement funds by 2017 compared with 2010 (Table 3).

Table 3				
Mahoning County levies lost \$2.9 million a year – before inflation				
Mahoning	CY 2010	CY 2017	Change	% change
Children's services	\$781,255	\$14,185	(\$767,070)	-98.2%
Mental Health	\$448,806	\$0	(\$448,806)	-100.0%
TB Hospital	\$33,245	\$0	(\$33,245)	-100.0%
MH/DD	\$1,662,244	\$0	(\$1,662,244)	-100.0%
TOTAL	\$2,925,549	\$14,185	(\$2,911,364)	-99.5%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Medina and Medina County

The City of Medina has \$1.1 million less in state funds in 2017 than in 2010. This is a 36.1 percent decrease in the funding sources shown (Table 1).

Table 1: Medina City and Medina County				
Medina lost \$1.1 million a year – a loss of 36.1% - as a result of state policy changes <i>Not adjusted for inflation</i>				
Medina	CY 2010	CY 2017	\$\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$919,855	\$0	(\$919,855)	-100.0%
Phase-out of tax reimbursements	\$384,452	\$15,604	(\$368,848)	-95.9%
Local government funds				
County undivided Fund	\$624,643	\$409,464	(\$215,179)	-34.4%
Municipal Fund	\$71,930	\$31,723	(\$40,208)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$859,261	\$1,250,704	\$391,443	45.6%
Auto license	\$197,097	\$245,807	\$48,710	24.7%
TOTAL	\$3,057,239	\$1,953,302	(\$1,103,937)	-36.1%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Medina,				

The largest loss to the city was from elimination of the estate tax. Strong growth in transportation-related tax revenues forecast by the Ohio Department of Transportation for Medina boosts capacity to deal with road and street repair.

Medina County is working with about a half million dollars less in 2017 than in 2010, a loss of 4.5 percent (Table 2). Loss to the county has been mitigated by strong growth of sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Medina County received \$966,579 in these funds in 2015, which offsets the loss to the county from other cuts.

The state’s treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the “fix” to the Medicaid

tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Medina City and Medina County				
Medina County has lost almost \$500,000 a year – before inflation				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$2,111,803	\$15,604	(\$2,096,199)	-99.3%
Local government funds	\$2,816,339	\$1,551,805	(\$1,264,534)	-44.9%
Casino revenues	\$0	\$2,260,777	\$2,260,777	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$3,757,912	\$4,353,517	\$595,605	15.8%
TOTAL	\$11,052,798	\$10,554,350	(\$498,448)	-4.5%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
25. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
26. Casino revenue estimate applies share of county distribution received by Medina County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
27. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax applies growth \ in ALI 762901 between FY 2015 and FY 2017 (8.65%) to the 2015 revenues for the county.				

Medina County's losses are mostly attributable to loss in human service levies. For example, Medina County's anti-drug levy lost \$104,030 in state tax reimbursement funds by 2017 compared with 2010 (Table 3). The largest loss is in levies that supported mental health and developmental disabilities. The state has taken responsibility for providing Medicaid matching funds for services in these areas, which eases the fiscal loss.

Table 3: Medina City and Medina County				
Medina County health and human service levies down by \$1.5 million a year due to loss of tax reimbursements (not adjusted for inflation)				
	CY 2010	CY 2017	Change	% change
Mental health and developmental disabilities	\$1,045,498	\$0	(\$1,045,498)	-100.0%
Health	\$260,074	\$0	(\$260,074)	-100.0%
Anti-Drug	\$104,030	\$0	(\$104,030)	-100.0%
County Home	\$52,015	\$0	(\$52,015)	-100.0%
TOTAL	\$1,461,617	\$0	(\$1,461,617)	-100.0%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Dayton, Kettering and Montgomery County

Dayton is working with \$7.4 million less in state funds in 2017 than in 2010, a 33.9 percent decrease in the funding sources shown (Table 1).

Table 1: Dayton, Kettering and Montgomery County				
Dayton lost \$7.4 million a year – a loss of 33.9% of state aid and taxing authority - as a result of state policy changes				
<i>Not adjusted for inflation</i>				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of the Estate tax	\$455,413	\$0	(\$455,413)	-100.0%
Phase-out of tax reimbursements	\$3,258,784	\$1,443,052	(\$1,815,733)	-55.7%
Local government funds				
County undivided Fund	\$11,108,565	\$6,472,833	(\$4,635,732)	-41.7%
Municipal Fund	\$1,867,570	\$823,633	(\$1,043,937)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$766,548	\$766,548	100.0%
Dedicated purpose funds				
Motor fuel	\$4,161,557	\$3,771,818	(\$389,739)	-9.4%
Auto license	\$1,008,717	\$1,179,040	\$170,323	16.9%
TOTAL	\$21,860,607	\$14,456,924	(\$7,403,683)	-33.9%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation.				
Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Dayton,				

The largest loss to the city was from reduction of local government funds. Slow or negative growth in transportation-related tax revenues forecast by the Ohio Department of Transportation reduces capacity to deal with road and street repair. Casino tax revenues provided some mitigation of loss.

Dayton is not the only city in Montgomery County to lose funds. For example, Kettering lost 57 percent of the revenues source reviewed here (\$4.1 million). The largest blow to Kettering was loss of the estate tax (Table 2).

Table 1: Dayton, Kettering and Montgomery County				
Kettering lost \$4.1 million a year before inflation				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$3,056,159	\$0	(\$3,056,159)	-100.0%
Phase-out of tax reimbursements	\$479,332	\$0	(\$479,332)	-100.0%
Local government funds				
County undivided Fund	\$1,082,256	\$618,412	(\$463,844)	-42.9%
Municipal Fund	\$387,561	\$170,922	(\$216,640)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$1,903,141	\$1,941,888	\$38,747	2.0%
Auto license	\$361,868	\$396,957	\$35,088	9.7%
TOTAL	\$7,270,317	\$3,128,178	(\$4,142,139)	-57.0%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Kettering.				

Montgomery County is working with about \$14.4 million less in 2017 than in 2010, a loss of 39.3 percent (Table 3). Loss to the county has been mitigated by strong growth of sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Montgomery County received \$7.2 million in these funds in 2015, which offsets only about half of the loss to the county from other cuts.

The state’s treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the “fix” to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 3: Dayton, Kettering and Montgomery County				
Montgomery County has lost \$14.4 million a year – before inflation				
Montgomery	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$13,623,829	\$0	(\$13,623,829)	-100.0%
Local government funds	\$13,455,757	\$8,225,620	(\$5,230,137)	-38.9%
Casino revenues	\$0	\$3,420,126	\$3,420,126	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$7,256,767	\$8,261,701	\$1,004,934	13.8%
TOTAL	\$36,703,098	\$22,280,095	(\$14,423,003)	-39.3%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
28. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
29. Casino revenue estimate applies share of county distribution received by Montgomery County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
30. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax takes applies growth indicated in 2016-17 state budget in ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Kent and Portage County

The City of Kent is working with \$1.1 million less in state funds in 2017 than in 2010, a 40.2 percent decrease in the funding sources shown (Table 1).

Table 1: Kent and Portage County				
Kent lost \$1.1 million a year as a result of state policy changes <i>Not adjusted for inflation</i>				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$207,315	\$0	(\$207,315)	-100.0%
Phase-out of tax reimbursements	\$311,275	\$0	(\$311,275)	-100.0%
Local government funds				
County undivided Fund	\$1,246,057	\$742,774	(\$503,283)	-40.4%
Municipal Fund	\$153,101	\$67,520	(\$85,580)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$614,664	\$593,878	(\$20,786)	-3.4%
Auto license	\$186,009	\$220,088	\$34,079	18.3%
TOTAL	\$2,718,420	\$1,624,261	(\$1,094,160)	-40.2%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Kent,				

The largest loss to the city was from cuts to local government funds. Elimination of the estate tax contributed to the loss. Slow growth of transportation related funds makes road and street maintenance difficult.

Portage County has \$832,935 less in 2017 than in 2010, a loss of 7.4 percent in the revenue sources reviewed here (Table 2). Loss to the county has been mitigated by strong growth of sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Portage County received \$1.3 million in these funds in 2015, which offsets other losses.

The state’s treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the solution to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Kent and Portage County				
Portage County has lost \$832,935 – before inflation				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$2,968,248	\$404,113	(\$2,564,134)	-86.4%
Local government funds	\$2,442,647	\$1,485,548	(\$957,099)	-39.2%
Casino revenues	\$0	\$2,079,275	\$2,079,275	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$3,546,759	\$4,149,880	\$603,121	17.0%
TOTAL	\$11,324,399	\$10,491,464	(\$832,935)	-7.4%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
31. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
32. Casino revenue estimate applies share of county distribution received by Portage County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
33. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax applies growth in state budget line item ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.				

Portage County's losses are mostly attributable to loss in human service levies. For example, the county children's services lost \$306,881 in state tax reimbursement funds. (Table 3). The other big loss was in mental health and developmental disabilities – two levies in which the state picked up the required Medicaid match, providing some relief from fiscal pressures.

Table 3: Kent and Portage County				
Portage County health and human service levies are down by \$2 million a year because of loss of tax reimbursements (not adjusted for inflation)				
Portage	CY 2010	CY 2017	Change	% change
MH/DD	\$2,140,612	\$394,245	(\$1,746,367)	-81.6%
Children's Services	\$316,749	\$9,868	(\$306,881)	-96.9%
TOTAL	\$2,457,362	\$404,113	(\$2,053,248)	-83.6%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Eaton and Preble County

The City of Eaton is working with \$444,677 less in state funds in 2017 than in 2010, a 48.6 percent decrease in the funding sources shown (Table 1).

Table 1: Eaton and Preble County				
Eaton lost \$446,677 a year, a 48.6% decline Not adjusted for inflation				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$170,917	\$0	(\$170,917)	-100.0%
Phase-out of tax reimbursements	\$159,972	\$0	(\$159,972)	-100.0%
Local government funds				
County undivided Fund	\$148,663	\$92,014	(\$56,649)	-38.1%
Municipal Fund	\$50,487	\$22,266	(\$28,221)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$319,355	\$292,909	(\$26,446)	-8.3%
Auto license	\$70,573	\$66,101	(\$4,472)	-6.3%
TOTAL	\$919,967	\$473,290	(\$446,677)	-48.6%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Preble,				

The largest loss to the city was elimination of the estate tax. Loss of transportation-related funds makes road and street maintenance difficult.

Preble County has \$193,197 less in 2017 than in 2010, a loss of 3.7 percent of the revenue sources reviewed here (Table 2). Loss to the county has been mitigated by strong growth of sales tax revenue. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Preble County received \$552,574 in these funds in 2015, offsetting other losses.

The state’s treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the solution to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Eaton and Preble County				
Preble County has lost \$193,197 a year – before inflation				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$614,743	\$39,805	(\$574,939)	-93.5%
Local government funds	\$713,412	\$425,238	(\$288,174)	-40.4%
Casino revenues	\$0	\$532,933	\$532,933	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$1,533,278	\$1,664,358	\$131,081	8.5%
TOTAL	\$5,228,178	\$5,034,981	(\$193,197)	-3.7%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
34. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
35. Casino revenue estimate applies share of county distribution received by Preble County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
36. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax applies growth in state budget ALI 762901 between FY 2015 and FY 2017 (8.65%) and to the 2015 revenues for the county.				

Preble County's losses are mostly attributable to loss in human service levies. For example, the county children's services lost \$46,893 in state tax reimbursement funds. (Table 3). The other big loss was in mental health and developmental disabilities – two levies in which the state picked up the required Medicaid match, providing some relief from fiscal pressures.

Table 3: Eaton and Preble County				
Preble County levies lost \$2 million a year – before inflation				
	CY 2010	CY 2017	Change	% change
Children's Services	\$76,082	\$29,190	(\$46,893)	-61.6%
Health	\$45,649	\$10,615	(\$35,034)	-76.7%
Mental Health & Developmental Disabilities	\$230,529	\$0	(\$230,529)	-100.0%
Seniors	\$76,082	\$0	(\$76,082)	-100.0%
TOTAL	\$428,342	\$39,805	(\$388,538)	-90.7%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Chillicothe and Ross County

Chillicothe is working with \$1.1 million less in 2017 than in 2010, a 41.2 percent decrease in the funding sources shown (Table 1).

Table 1: Chillicothe and Ross County				
Chillicothe lost more than a million a year, a 41.2% decline <i>Not adjusted for inflation</i>				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$329,817	\$0	(\$329,817)	-100.0%
Phase-out of tax reimbursements	\$303,041	\$0	(\$303,041)	-100.0%
Local government funds				
County undivided Fund	\$901,695	\$534,934	(\$366,761)	-40.7%
Municipal Fund	\$147,733	\$65,153	(\$82,580)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$840,903	\$799,659	(\$41,244)	-4.9%
Auto license	\$199,152	\$200,733	\$1,581	0.8%
TOTAL	\$2,722,341	\$1,600,479	(\$1,121,862)	-41.2%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Chillicothe,				

The largest loss to the city was due to state abolishment of the estate taxes and the phase-out of tax reimbursements for the elimination of the tangible personal property tax. Loss was compounded by cuts to the local government fund. Negative growth of transportation-related funds makes road and street maintenance difficult.

Ross County suffered losses as well: it has \$549,395 less in 2017 than in 2010, a loss of 7.8 percent in the revenue sources reviewed here. However, the county's loss has been mitigated by strong growth of sales tax revenue. Counties and transit agencies "piggyback" the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Ross County received \$1.5 million in these funds in 2015, offsetting other losses.

The state's treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the solution to the

Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Chillicothe and Ross County				
Ross County lost more than a half million dollars a year before inflation				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$1,363,469	\$108,888	(\$1,254,581)	-92.0%
Local government funds	\$1,165,686	\$691,687	(\$473,999)	-40.7%
Casino revenues	\$0	\$990,462	\$990,462	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$2,142,855	\$2,325,675	\$182,820	8.5%
TOTAL	\$7,038,754	\$6,489,359	(\$549,395)	-7.8%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
37. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
38. Casino revenue estimate applies share of county distribution received by Ross County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
39. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax applies growth in the state budget line item ALI 762901 between FY 2015 and FY 2017 (8.65%) to the 2015 revenues for the county.				

Ross County's losses are mostly attributable to loss in human service levies. For example, the county children's services lost \$123,184 in state tax reimbursement funds. (Table 3). The other big loss was in mental health and developmental disabilities – two levies in which the state picked up the required Medicaid match, providing some relief from fiscal pressures.

Table 3: Chillicothe and Ross County				
Ross County levies lost nearly a million dollars before inflation				
	CY 2010	CY 2017	Change	% change
Health	\$145,050	\$30,640	(\$114,410)	-78.9%
Mental health and developmental disabilities	\$739,754	\$56,382	(\$683,372)	-92.4%
Children's Services	\$145,050	\$21,866	(\$123,184)	-84.9%
Seniors	\$43,515	\$0	(\$43,515)	-100.0%
TOTAL	\$1,073,369	\$108,888	(\$964,481)	-89.9%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Canton and Stark County

As a result of state policy changes Canton is working with \$3.3 million less in 2017 than it had in 2010 from estate tax, local government funds and tax reimbursements, a loss of one-third of the funding sources shown (Table 1).

Table 1: Canton and Stark County				
Canton lost \$3.2 million a year, a 33.5% decline relative to 2010 <i>Not adjusted for inflation</i>				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of Estate tax	\$845,562	\$0	(\$845,562)	-100.0%
Phase-out of tax reimbursements	\$533,018	\$0	(\$533,018)	-100.0%
Local government funds				
County undivided Fund	\$5,082,626	\$2,976,443	(\$2,106,183)	-41.4%
Municipal Fund	\$625,908	\$276,037	(\$349,871)	-55.9%
Dedicated source funds				
Casino revenues	\$0	540,306	\$540,306	n/a
Dedicated purpose funds				
Motor fuel	\$2,195,062	\$2,121,882	(\$73,180)	-3.3%
Auto license	\$530,860	\$608,441	\$77,581	14.6%
TOTAL	\$9,813,037	\$6,523,109	(\$3,289,928)	-33.5%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Canton,				

The largest loss to the city was due to cuts to the local government fund. Negative growth of transportation related funds makes road and street maintenance difficult.

Stark County suffered losses as well: it has \$5.6 million less in 2017 than in 2010, a decline of almost 25 percent of the revenue sources reviewed here (Table 2). Notably, the receipt of casino revenues in 2017, if the state's growth projections are met, offset the loss of local government funds for Stark County operations. However, loss of tax reimbursements is the larger problem.

The county's loss has been mitigated by strong growth of sales tax revenue. Counties and transit agencies "piggyback" the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Stark County received \$1.875 million in these funds in 2015. This mitigates but does not offset overall loss.

The state's treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the "fix" to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue. The cushion that made the state cuts less painful to counties would vanish.

Table 2: Canton and Stark County				
Stark County has lost more than \$5 million a year before inflation				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$7,774,018	\$1,168,583	(\$6,605,435)	-85.0%
Local Government Fund	\$5,451,314	\$3,192,776	(\$2,258,538)	-41.4%
Casino revenues	\$0	\$2,410,536	\$2,410,536	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$ 7,503,778	\$8,349,666	\$845,888	11.3%
TOTAL	\$23,095,856	\$17,494,207	(\$5,601,648)	-24.3%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
40. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
41. Casino revenue estimate applies share of county distribution received by Stark County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
42. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax takes the growth in 2016-17 state budget ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies it to the 2015 revenues for the county.				

Stark County's losses are mostly attributable to loss in human service levies. For example, the county children's services lost almost \$1 million in state tax reimbursement funds. (Table 3). The other big loss was in mental health and developmental disabilities – two levies in which the state picked up the required Medicaid match, providing some relief from fiscal pressures.

Table 3: Canton and Stark County				
Stark County levies are down by \$5.6 million before inflation because of loss of tax reimbursements				
	CY 2010	CY 2017	Change	% change
Mental health and developmental disabilities	\$5,319,065	\$584,291	(\$4,734,774)	-89.0%
Children's Services	\$954,704	\$0	(\$954,704)	-100.0%
TOTAL	\$6,273,769	\$584,291	(\$5,689,478)	-90.7%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Akron and Summit County

Akron is working with \$15 million less in 2017 than in 2010, a loss of 50 percent of the funding sources shown (Table 1).

Table 1: Akron and Summit County				
Akron lost \$15 million a year, a 50% decline relative to 2010 <i>Not adjusted for inflation</i>				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of the Estate tax	\$7,256,126	\$0	(\$7,256,126)	-100.0%
Phase-out of tax reimbursements	\$3,231,208	\$83,927	(\$3,147,281)	-97.4%
Local government funds				
County undivided Fund	\$10,996,452	\$6,410,741	(\$4,585,711)	-41.7%
Municipal Fund	\$1,518,889	\$669,858	(\$849,031)	-55.9%
Dedicated source funds				
Casino revenues	\$0	780,532	\$780,532	n/a
Dedicated purpose funds				
Motor fuel	\$5,421,923	\$5,270,210	(\$151,713)	-2.8%
Auto license	\$1,209,796	\$1,417,419	\$207,624	17.2%
TOTAL	\$29,634,394	\$14,632,688	(\$15,001,706)	-50.6%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Akron,				

The largest loss to the city was due to cuts to loss of the estate tax, compounded by cuts to the local government fund. Casino revenues did not offset losses. Slow growth of transportation related funds makes road and street maintenance difficult.

Summit County suffered losses as well: it has \$10.7 million less in 2017 than in 2010, a decline of a 33 percent of the revenue sources reviewed here (Table 2). The receipt of casino revenues in 2017, if the state's growth projections are met, will not offset the loss of local government funds for Summit County operations.

The county's loss has been mitigated by strong growth of sales tax revenue. Counties and transit agencies "piggyback" the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Summit County received \$3 million in these funds in 2015.

Between growth of sales tax revenues and receipt of casino revenues, Summit County's losses are somewhat mitigated. However, the state's treatment of Medicaid providers within the sales tax base has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the "fix" to the Medicaid tax takes it out of the sales tax base, the county loses this sales tax revenue.

Table 2: Akron and Summit County				
Summit County has lost \$10.7 million a year before inflation				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$11,920,101	\$615,837	(\$11,304,264)	-94.8%
Local government funds	\$10,472,812	\$6,105,468	(\$4,367,344)	-41.7%
Casino revenues	\$0	\$3,478,275	\$3,478,275	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$7,459,437	\$8,983,528	\$1,524,090	20.4%
TOTAL	\$32,219,095	\$21,555,755	(\$10,663,340)	-33.1%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
43. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
44. Casino revenue estimate applies share of county distribution received by Summit County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
45. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax takes growth in state budget ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies it to the 2015 revenues for the county.				

Summit County's losses are mostly attributable to loss in human service levies. For example, the county children's services lost \$2.7 million in state tax reimbursement funds. (Table 3). The other big loss was in mental health and developmental disabilities – two levies in which the state picked up the required Medicaid match, providing some relief from fiscal pressures.

Table 3: Akron and Summit County				
Summit County levies are down by \$9.6 million before inflation because of loss of tax reimbursements				
	CY 2010	CY 2017	Change	% change
Mental health and developmental disabilities	\$6,951,652	\$0	(\$6,951,652)	-100.0%
Children's Services	\$2,672,107	\$0	(\$2,672,107)	-100.0%
TOTAL	\$9,623,759	\$0	(\$9,623,759)	-100.0%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				

Wooster and Wayne County

As a result of state policy change, Wooster is working with \$1.86 million less in 2017 than it had in 2010, a loss of 49 percent of the funding sources shown (Table 1).

Table 1: Wooster and Wayne County				
Wooster lost almost \$2 million a year, about a 50% decline Not adjusted for inflation				
	CY 2010	CY 2017	\$ change	% change
Change in tax laws				
Elimination of the Estate tax	\$988,632	\$0	(\$988,632)	-100.0%
Phase-out of tax reimbursements	\$420,251	\$0	(\$420,251)	-100.0%
Local government funds				
County undivided Fund	\$1,089,444	\$636,500	(\$452,944)	-41.6%
Municipal Fund	\$143,299	\$63,198	(\$80,102)	-55.9%
Dedicated source funds				
Casino revenues	\$0	\$0	\$0	n/a
Dedicated purpose funds				
Motor fuel	\$870,360	\$856,936	(\$13,424)	-1.5%
Auto license	\$269,898	\$367,539	\$97,641	36.2%
TOTAL	\$3,781,885	\$1,924,173	(\$1,857,712)	-49.1%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Casino Commission, Ohio Legislative Service Commission, Ohio Department of Public Safety, Ohio Department of Transportation. Notes: Auto license permissive tax collections are not shown. Estimate for 2017 Auto license distribution applies growth in state budget line 762901 between FY 2015 and FY 2017 (8.65%) to 2015 auto license revenue received by Wooster,				

The largest loss to the city was due to cuts to loss of the estate tax, compounded by cuts to the local government fund.

Wayne County suffered losses as well: it has about \$1.5 million less in 2017 than in 2010, a decline of 13 percent in the revenue sources reviewed here (Table 2). The receipt of casino revenues in 2017, if the state's growth projections are met, will offset some losses. So too will the growth of sales tax revenue – with a caveat. Counties and transit agencies “piggyback” the state sales tax. The state sales tax base includes Medicaid providers, and Medicaid expansion has driven expansion of local sales taxes as services have increased. The sales taxes collected from this part of the base are distributed to counties based on share of Medicaid recipients residing in each county. Wayne County received \$805,642 in these funds in 2015 – which cushions, but does not offset, other losses. The state's treatment of Medicaid providers within the sales tax base, however, has been deemed out of compliance with federal law. The base must be widened, or reconfigured. If the solution to the Medicaid tax takes it out of the sales tax base, the county loses this cushion against other losses.

Table 2: Wooster and Wayne County				
Wayne County has lost almost \$1.5 million a year before inflation				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$2,663,244	\$233,339	(\$2,429,905)	-91.2%
Local government funds	\$2,177,390	\$1,329,283	(\$848,107)	-39.0%
Casino revenues	\$0	\$1,484,834	\$1,484,834	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$3,563,847	\$3,865,149	\$301,302	8.5%
TOTAL	\$10,771,226	\$9,285,252	(\$1,485,974)	-13.8%
Source: Policy Matters Ohio, based on Ohio Department of Taxation, Ohio Legislative Service Commission Budget in detail, Ohio Department of Transportation, Ohio Department of Public Safety, Ohio Casino Commission.				
Notes:				
46. TPP tax reimbursement includes levies for county operations, debt and health and human service levels.				
47. Casino revenue estimate applies share of county distribution received by Allen County in fiscal year 2016 to statewide county casino tax appropriation for fiscal year 2017 in the current budget bill.				
48. Auto license registration does not include permissive tax. Estimate for 2017 auto license tax applies growth in state budget ALI 762901 between FY 2015 and FY 2017 (8.65%) to the 2015 revenues for the county.				

Wayne County's losses are mostly attributable to loss in human service levies. For example, the county children's services lost \$893,297 in state tax reimbursement funds. (Table 3). The other big loss was in mental health and developmental disabilities – two levies in which the state picked up the required Medicaid match, providing some relief from fiscal pressures.

Table 3: Wooster and Wayne County				
Wayne County human service levies are down by \$1.96 million before inflation because of loss of tax reimbursements				
	CY 2010	CY 2017	Change	% change
Mental health and developmental disabilities	\$1,065,298	\$227,051	(\$838,247)	-78.7%
Medway Drug Enforcement	\$59,183	\$0	(\$59,183)	-100.0%
Children's Services	\$899,585	\$6,288	(\$893,297)	-99.3%
County Home	\$165,713	\$0	(\$165,713)	-100.0%
TOTAL	\$2,189,779	\$233,339	(\$1,956,440)	-89.3%
Source: Policy Matters Ohio, based on Ohio Department of Taxation				