

## 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
<b>Change in tax laws</b>				
Elimination of Estate tax	\$845,562	\$0	(\$845,562)	-100.0%
Phase-out of tax reimbursements	\$533,018	\$0	(\$533,018)	-100.0%
<b>Local government funds</b>				
County undivided Fund	\$5,082,626	\$2,976,443	(\$2,106,183)	-41.4%
Municipal Fund	\$625,908	\$276,037	(\$349,871)	-55.9%
<b>Dedicated source funds</b>				
Casino revenues	\$0	540,306	\$540,306	n/a
<b>Dedicated purpose funds</b>				
Motor fuel	\$2,195,062	\$2,121,882	(\$73,180)	-3.3%
Auto license	\$530,860	\$608,441	\$77,581	14.6%
<b>TOTAL</b>	<b>\$9,813,037</b>	<b>\$6,523,109</b>	<b>(\$3,289,928)</b>	<b>-33.5%</b>
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				
<b>Stark County has lost more than \$5 million a year before inflation</b>				
	<b>CY 2010</b>	<b>CY 2017</b>	<b>Change</b>	<b>% change</b>
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%
<b>TOTAL</b>	<b>\$23,095,856</b>	<b>\$17,494,207</b>	<b>(\$5,601,648)</b>	<b>-24.3%</b>

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 Stark 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 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				
<b>Stark County levies are down by \$5.6 million before inflation because of loss of tax reimbursements</b>				
	<b>CY 2010</b>	<b>CY 2017</b>	<b>Change</b>	<b>% change</b>
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%
<b>TOTAL</b>	<b>\$6,273,769</b>	<b>\$584,291</b>	<b>(\$5,689,478)</b>	<b>-90.7%</b>

Source: Policy Matters Ohio, based on Ohio Department of Taxation