

## 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
<b>Change in tax laws</b>				
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%
<b>Local government funds</b>				
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%
<b>Dedicated source funds</b>				
Casino revenues	\$0	1,944,486	\$1,944,486	n/a
<b>Dedicated purpose funds</b>				
Motor fuel	\$7,866,189	\$7,846,244	(\$19,945)	-0.3%
Auto license	\$1,806,024	\$2,145,845	\$339,821	18.8%
<b>TOTAL</b>	<b>\$51,974,799</b>	<b>\$26,104,528</b>	<b>(\$25,870,271)</b>	<b>-49.8%</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 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%
<b>TOTAL</b>	<b>\$68,505,955</b>	<b>\$36,398,111</b>	<b>(\$32,107,844)</b>	<b>-46.9%</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 and debt and for health and human service levels.
2. 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.
3. 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%
<b>TOTAL</b>	<b>\$28,578,605</b>	<b>\$2,623,340</b>	<b>(\$25,955,265)</b>	<b>-90.8%</b>

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