

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:

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 Montgomery 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 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.