

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:

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 Preble 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 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