

## 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				
<b>Kent lost \$1.1 million a year as a result of state policy changes</b>				
<i>Not adjusted for inflation</i>				
	CY 2010	CY 2017	\$ change	% change
<b>Change in tax laws</b>				
Elimination of Estate tax	\$207,315	\$0	(\$207,315)	-100.0%
Phase-out of tax reimbursements	\$311,275	\$0	(\$311,275)	-100.0%
<b>Local government funds</b>				
County undivided Fund	\$1,246,057	\$742,774	(\$503,283)	-40.4%
Municipal Fund	\$153,101	\$67,520	(\$85,580)	-55.9%
<b>Dedicated source funds</b>				
Casino revenues	\$0	\$0	\$0	n/a
<b>Dedicated purpose funds</b>				
Motor fuel	\$614,664	\$593,878	(\$20,786)	-3.4%
Auto license	\$186,009	\$220,088	\$34,079	18.3%
<b>TOTAL</b>	<b>\$2,718,420</b>	<b>\$1,624,261</b>	<b>(\$1,094,160)</b>	<b>-40.2%</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 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				
<b>Portage County has lost \$832,935 – before inflation</b>				
	<b>CY 2010</b>	<b>CY 2017</b>	<b>Change</b>	<b>% change</b>
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%
<b>TOTAL</b>	<b>\$11,324,399</b>	<b>\$10,491,464</b>	<b>(\$832,935)</b>	<b>-7.4%</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 Portage 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 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				
<b>Portage County health and human service levies are down by \$2 million a year because of loss of tax reimbursements</b>				
<i>(not adjusted for inflation)</i>				
<b>Portage</b>	<b>CY 2010</b>	<b>CY 2017</b>	<b>Change</b>	<b>% change</b>
MH/DD	\$2,140,612	\$394,245	(\$1,746,367)	-81.6%
Children’s Services	\$316,749	\$9,868	(\$306,881)	-96.9%
<b>TOTAL</b>	<b>\$2,457,362</b>	<b>\$404,113</b>	<b>(\$2,053,248)</b>	<b>-83.6%</b>

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