

## Lorain and Lorain County

The City of Lorain is working with nearly \$3 million less in state funds in 2017 compared with 2010. This is a 35.8 percent decrease in the funding sources shown (Table 1).

Table 1: Lorain County and Lorain City				
Lorain City lost \$2.8 million a year – a loss of 35.8%				
<i>Not adjusted for inflation</i>				
	CY 2010	CY 2017	\$ change	% change
<b>Change in tax laws</b>				
Elimination of Estate tax	\$752,261	\$0	(\$752,261)	-100.0%
Phase-out of tax reimbursements	\$280,027	\$89,621	(\$190,406)	-68.0%
<b>Local government funds</b>				
County undivided Fund	\$4,451,430	\$2,644,633	(\$1,806,797)	-40.6%
Municipal Fund	\$284,249	\$125,359	(\$158,890)	-55.9%
<b>Dedicated source funds</b>				
Casino revenues	\$0	\$0	\$0	n/a
<b>Dedicated purpose funds</b>				
Motor fuel	\$1,838,653	\$1,829,007	(\$9,646)	-0.5%
Auto license	\$356,664	\$421,552	\$64,888	18.2%
<b>TOTAL</b>	<b>\$7,963,286</b>	<b>\$5,110,173</b>	<b>(\$2,853,113)</b>	<b>-35.8%</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 Lorain,				

The largest loss to the city was in local government funds. Elimination of the estate tax contributed to the loss.

Lorain County (Table 2) is working with about \$2.2 million less in 2017 than 2010, a loss of 13.1 percent. 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. Lorain County received \$2.4 million in these funds in 2015, which offsets 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 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: Lorain County and Lorain City				
Lorain County has lost \$2.2 million (before inflation)				
	CY 2010	CY 2017	Change	% change
TPP tax reimbursement (all levies)	\$4,905,098	\$187,934	(\$4,717,164)	-96.2%
Local government funds	\$4,871,695	\$2,894,529	(\$1,977,166)	-40.6%
Casino revenues	\$0	\$3,908,120	\$3,908,120	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
Auto license	\$4,415,487	\$5,022,881	\$607,393	13.8%
<b>TOTAL</b>	<b>\$16,559,025</b>	<b>\$14,386,111</b>	<b>(\$2,172,914)</b>	<b>-13.1%</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 Lorain 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.

Lorain County's losses are mostly attributable to reduction of state funds in human service levies. For example, Lorain County Children's services lost about \$704,755 in state tax reimbursement funds by 2017 compared with 2010 (Table 3).

Table 3: Lorain County and Lorain City				
Lorain County levies lost \$4 million a year before inflation				
Lorain County	CY 2010	CY 2017	Change	% change
County reimbursement	\$751,739	\$93,967	(\$657,772)	-87.5%
Anti-drug lab unit	\$117,459	\$0	(\$117,459)	-100.0%
TB Clinic	\$93,967	\$0	(\$93,967)	-100.0%
Children's services	\$704,755	\$0	(\$704,755)	-100.0%
MH/DD	\$1,639,731	\$0	(\$1,639,731)	-100.0%
Mental Health	\$845,706	\$0	(\$845,706)	-100.0%
<b>TOTAL</b>	<b>\$4,153,359</b>	<b>\$93,967</b>	<b>(\$4,059,392)</b>	<b>(\$6)</b>

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