

## Sandusky and Erie County

The City of Sandusky is working with \$847,928 less in state funds in 2017 compared with 2010, which represents a 35.3 percent decrease in the funding sources shown (Table 1).

Table 1: Sandusky and Erie Counties				
Sandusky lost \$847,928 a year with state cuts and tax changes				
<i>Not adjusted for inflation</i>				
Sandusky	CY 2010	CY 2017	\$ change	% change
<b>Change in tax laws</b>				
Elimination of the Estate tax	\$337,384	\$0	(\$337,384)	-100.0%
Phase-out of tax reimbursements	\$284,559	\$0	(\$284,559)	-100.0%
<b>Local government funds</b>				
County undivided Fund	\$682,771	\$404,216	(\$278,555)	-40.8%
Municipal Fund	\$106,541	\$46,987	(\$59,554)	-55.9%
<b>Dedicated source funds</b>				
Casino revenues	\$0	\$0	\$0	n/a
<b>Dedicated purpose funds</b>				
Motor fuel	\$813,440	\$894,635	\$81,195	10.0%
Auto license	\$178,810	\$209,739	\$30,929	17.3%
<b>TOTAL</b>	<b>\$2,403,505</b>	<b>\$1,555,577</b>	<b>(\$847,928)</b>	<b>-35.3%</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 Sandusky.				

Loss to the city is not offset by casino revenues. An increase in motor fuel revenues forecast by the Department of Transportation and anticipated growth in auto license revenues will help offset loss of estate tax revenue, tax reimbursements and local government funds.

Erie County is working with an \$1.2 million less in 2017 than in 2010, a loss of 15.6 percent (Table 2). Growth anticipated in funds for transportation (gas taxes and auto license fees) and casino tax revenues offset 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. Erie County received \$606,022 in these funds in 2015. In some counties, this revenue, which is distributed on the basis of the residence of Medicaid enrollees receiving services, offsets other county losses. In Erie County, the uptick in sales tax revenues offsets about half of the impact of other state policy moves.

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 2: Sandusky and Erie County				
<b>Erie County has lost almost \$1.2 million before inflation</b>				
Erie	CY 2010	CY 2017	Change	% change
TPP tax reimbursement	\$1,693,182	\$45,424	(\$1,647,758)	-97.3%
Local government funds	\$1,769,054	\$1,048,776	(\$720,278)	-40.7%
Casino revenues	\$0	\$972,398	\$972,398	n/a
Motor fuel taxes	\$2,366,745	\$2,372,647	\$5,902	0.2%
License tax distribution	\$1,856,309	\$2,046,934	\$190,626	10.3%
<b>TOTAL</b>	<b>\$7,685,289</b>	<b>\$6,486,179</b>	<b>(\$1,199,109)</b>	<b>-15.6%</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 Erie 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 in state budget ALI 762901 between FY 2015 and FY 2017 (8.65%) and applies to the 2015 revenues for the county.

Services funded by property tax levies suffered significant losses. For example, senior services in Erie County lost \$102,980 in state tax reimbursement funds by 2017 compared with 2010 (Table 3).

Table 3: Sandusky and Erie County				
<b>Erie County levies are working with 96.3% less before inflation</b>				
Erie County	CY 2010	CY 2017	Change	% change
Senior Citizens	\$102,980	\$0	(\$102,980)	-100.0%
Mental Health and Developmental Disabilities	\$617,881	\$44,610	(\$573,271)	-92.8%
Erie-Lorain Health District	\$212,637	\$0	(\$212,637)	-100.0%
Erie-Ottawa Mental Health District	\$285,974	\$0	(\$285,974)	-100.0%
<b>TOTAL</b>	<b>\$1,219,473</b>	<b>\$44,610</b>	<b>(\$1,174,863)</b>	<b>-96.3%</b>

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