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# Forum

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## Editorial

### Kasich's cuts in aid to local government really hurt Ohio

To his great credit, Gov. John Kasich's political choices have shown he cares about working Ohioans — including the working poor who don't make enough to afford health insurance. That's why he vetoed legislative efforts to freeze — effectively kill — Medicaid expansion in Ohio, provisions that should stay dead.

Too bad Kasich doesn't feel the same way about the communities where those people live. The two-year state budget Kasich just signed yet again shorts Ohio's local governments.

The steady decline in state financial support for counties, cities, villages, townships and park districts is a thread that runs through all four Ohio budgets during Kasich's governorship. It's a decline that accords with the Kasich administration's budget goals — but the view that localities can make do with less has merely driven increased local taxes and fees, or reduced services, in too many communities.

During Ohio's 2010-11 fiscal year that started before Kasich took office, localities received \$694.4 million from Ohio's Local Government Fund.

The budget Kasich just signed appropriates \$381.8 million for the Local Government Fund for the year that began July 1, 2017.

That's a nearly 82 percent drop in just seven years.

True, the Local Government Fund, created in the 1930s when Ohio enacted its first sales tax, isn't the only form of state aid to localities. But other forms have likewise been slashed or repealed. Effective in 2013, the General Assembly and Kasich repealed Ohio's estate tax; cleveland.com reported that the estate tax had produced about \$250 million a year for local governments and \$60 million for the state.

Earlier, during Republican Gov. Bob Taft's 1999-2007 administration, legislators replaced Ohio's longstanding property tax on business equipment and inventories with the Commercial Activity Tax on business gross receipts. The business property tax had produced about \$500 million a year for local governments (even more for schools), according to a coalition of local government organizations. CAT proceeds go to the state — and Kasich accelerated revenue-sharing cuts.

This past winter, the Kasich administration designed a fix after federal rules changed on taxing Medicaid managed-care organizations that fully immunized state revenues — but offered only meager interim funds to counties and transit authorities that were looking at an annual loss of more than \$200 million. So the legislature devised its own fix — which Kasich declared to be flawed and vetoed, a veto just overridden by the Ohio House and now awaiting Senate action.

The Kasich administration should recognize that the net effect of starving counties, cities and towns is bad for Ohio, forcing many local officials simply to raise local taxes. That's robbing Peter to pay Paul — for political gain.