



# LEGISLATIVE AGENDA

## COUNTY AUDITORS' ASSOCIATION OF OHIO



### **County Government Revenue Stability**

Adequate resources must be dedicated by the state to ensure that counties can successfully accomplish the state's mission at the local level.

The state must permanently replace the \$166 million annual Medicaid Managed Care Organization revenue loss to counties. To date no permanent plan has been put in place to protect counties from further losses to their general fund. County Auditors support solutions that are permanent, hold all counties harmless, and do not impact funding of other local government programs or increase mandates on counties.

Over the last decade, decreases in the Local Government Fund (LGF) and real and tangible personal property taxes have made counties more reliant on sales tax revenue. In fact, sales tax is currently the number one revenue source for both counties and the state. The General Assembly continually carves out new exemptions from the sales tax. Ohio must protect the existing sales tax base from further erosion and carve outs.

The state must restore the LGF to its previous statutory level of 3.68 percent of the General Revenue Fund (GRF) taxes, creating an additional \$145 million annually for counties. Currently the LGF receives 1.66 percent of GRF taxes, as compared to 3.68 percent in 2008.



### **Apply Real Estate Transfer Tax to Transfers of Ownership Interests in Pass-Through Entities that Own Real Estate**

Single asset transfers pass-through entities avoid real estate conveyance tax fees and often real estate tax valuation increases. The transfer price of the assets is not recorded and the transfer of real estate assets is not disclosed as part of the public record. This "loophole" should be addressed through legislation to ensure the pass-through entity does not avoid payment of the conveyance fee and the real estate is properly appraised. Several states have already addressed this issue legislatively.



### **Preserve Tax Base, Limit Tax Exemptions, Treat all Taxpayers Fairly**

County Auditors represent the interest of all real property taxpayers, residential, commercial, industrial, and farms. In recent years the percentage of exempt from taxation properties has increased in many counties while non-exempt properties have remained the same or declined. Tax exemptions enacted by the Ohio General Assembly that exempt, either in whole or in part, certain properties from the effect of taxes may have the unintended consequences of impacting the tax burden of other properties and/or reducing the revenue to taxing districts including schools. When values are lowered by potentially millions of dollars, the tax base shrinks causing financial stress on local governments who may have to reduce services or increase taxes.

Laws that require significant differences in valuation methodology depending on the type of business or use of land, not only impact equal treatment of properties but can have a negative effect on the tax burdens of other property owners.

County Auditors continue to advocate for fair and equal treatment of properties and equitable methods of valuation and taxation. They continue to raise concern and awareness of the impact of the ongoing shrinking of the tax base.

