



September 18, 2017

Chairman Dever, Vice-Chairman Sprague, Ranking Member Smith, and Members of the Financial Institutions, Housing and Urban Development Committee:

Thank you for the allowing me the opportunity to testify in support of HB 251 (Greenspan) relative to a proposed increase in maturity levels of bonds eligible for investing interim money from five to ten years.

I am Dennis Kennedy, Fiscal Officer for Cuyahoga County. My position oversees various levels of County operations, including the auditor, recorder and treasurer functions. I have previously served as finance director for three suburban northeastern Ohio cities and have also held the position of executive Director of the Ohio Lottery Commission.

One of the challenges we face in Cuyahoga County, much like most of the counties throughout the State, is a limitation on revenue resources that are available to support the core mission of our County. We rely heavily on sales tax revenue to fund many of our General Fund operations while supporting our Health and Human Services with proceeds of voted levies.

Our revenue concerns have recently been increased due to the change in MCO sales tax revenue collections. We presently estimate the impact of the fall from this revenue to be in the range of \$24-\$27 million annually. We are currently preparing our 2018-2019 biennium budget based on the assumptions that this incremental revenue will not be realized and have asked our operational managers to propose expense reductions accordingly.

The current law limits our ability to invest in "bonds and other obligations of this state, or the political subdivisions of this state," to periods of five years or less. House Bill 251 will extend that investment period to ten years, an extension we are hopeful will allow us to produce more investment income for our portfolio. That increase in earnings capacity will help offset the loss of MCO sales tax revenue and reduce the impact of operational reductions.

On behalf of our County Executive and myself I would strongly ask for your support of Representative Greenspan's proposed bill. Expanded flexibility in our investment options will produce additional revenue opportunities that will help alleviate our continued revenue challenges in the immediate future.

Sincerely,

Dennis G. Kennedy, CPA
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