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Testimony on House Bill 49 The Hamilton County Board of Commissioners June 14, 2017

Chair Oelslager, Ranking Member Skindell, and members of the Finance Committee, thank you for the opportunity to offer testimony on House Bill 49 and the need for solutions to the sales tax applied to Medicaid Managed Care (MMC).

As it stands, Hamilton County is projected to lose \$15 million across all of our various sales tax funds with the discontinuation of applied sales taxes to Medicaid Managed Care Organizations. This loss would significantly damage our ability to provide basic services in all areas of county government as revenues have never quite recovered from the recession of 2008-2010. Even with the proposed transitional aid, the elimination of the MMC sales tax will have a major impact on the finances of Hamilton County.

2016 collections for MMC sales tax in Hamilton County totaled \$6 million for every half cent of sales tax. The total impact to Hamilton County is \$15 million annually. \$6 million of this revenue loss is to the County General Fund, another \$6 million will impact the County Stadium/Riverfront operations, while our Union Terminal Project fund will see a loss of \$3 million annually.

The proposed transitional aid to the County totals \$9.6 million, or 64% of the first year losses. Over the next five years, Hamilton County will lose over \$65 million in revenue should the transitional aid be enacted as proposed.

We'd like to put these further reductions in the context of the revenue losses Hamilton County has already absorbed in recent years. In addition to the recessionary losses in property taxes, interest earnings, and court fees, the County general fund has absorbed \$12.6 million in annual revenue losses as a direct result of State action: \$9.9 million in local government funds, \$2.2 million in property tax reimbursements, and \$600,000 in estate tax fees. This doesn't include millions of dollars in RECLAIM allocations to our Juvenile Court, inmate telephone charges at our justice center, or reduction in Public Defender reimbursements.

At the same time, the State has required more local incarceration of felony offenders, significantly expanded Hamilton County Public Defender operations (per a State MOU), increased voting options and hours at our Board of Elections, and limited our options for funding 911 operations.

Now, as the heroin and opioid epidemic puts extraordinary new demands on our criminal justice systems, child protectives services, and recovery services, we face not only a loss of \$15 million in sales taxes, but further reductions in Public Defender reimbursements, and further revisions to local government fund allocations.

We continue to advocate for a full and permanent solution for the lost MMC sales tax, consistent with the Governor's proposed health-insuring corporation tax, which fully and permanently replaces the State's portion of what Budget Director Keen deemed a "temporary revenue source."

We appreciate that the State is engaged on this issue. We wanted to ensure that you are aware of Hamilton County's financial position, the gravity of this situation to the critical and mandated functions of County government, and the need for a full solution to this problem that takes into account ongoing revenue stagnation at the county level. Thank you for your attention to this important issue.

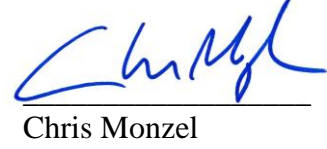
Sincerely,



Todd Portune
President, County
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Denise Driehaus
Vice President, County
Commissioner



Chris Monzel
County Commissioner