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Ohio's Shaker Heights Boosts Taxes to Keep Trash Pickup

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By Mark Niquette

Shaker Heights Mayor Earl Leiken says he wasn't surprised when voters in the Cleveland suburb, whose services extend to free backyard trash pickup, passed a tax increase to offset state-aid cuts.

Despite a shaky economy and anti-tax sentiment fanned by opponents, almost two-thirds of voters in the city with Cuyahoga County's highest property levies agreed to raise the local income-tax rate 29 percent Aug. 7. They believe in the city and what it does for them, Leiken said.

Ohio Governor John Kasich, seen here, wants counties and cities to find ways to share services and provide them more efficiently without raising taxes, which are already too high, spokesman Rob Nichols said. The choice is "not just tax or fire people," he said. Photographer: Chip Somodevilla/Getty Images

"When our residents realized how severe the impact would be on the quality of services in our community, they stood up and essentially preserved the quality of life in our city," said Leiken, 70, whose family has lived there for four generations.

The Shaker Heights vote was a rarity in recent years as states and municipalities have been reluctant to consider raising levies in the current economic and political climate, said [Scott Pattison](#), executive director of the [National Association of State Budget Officers](#). Atlanta-area residents last month rejected a higher sales tax to help alleviate traffic congestion. Exceptions include increases that were passed in [New York](#), [Connecticut](#) and [Illinois](#), Pattison said.

More Increases

More communities may seek to raise taxes as federal and state aid drops while the recession's lingering effects cut municipal revenue, said Gregory Minchak, a National League of Cities spokesman. The Nelson A. [Rockefeller Institute](#) of Government in [Albany](#), New York, said local revenue fell steadily from October 2010 through March, while state revenue extended gains to a ninth straight quarter, in a report this month.

How voters respond to tax-increase proposals will depend on how they view their city and its spending, Minchak said.

“If they can prove that they’re good stewards of the money that’s been given to them, and if the community really feels that they’ll have a sense of loss from having to make the cuts that are coming next, then yeah, I think that they will be successful,” Minchak said.

In [Kansas City, Missouri](#), voters approved a 0.5 percentage- point increase in the local sales tax Aug. 7 to raise money for parks and street maintenance. The proposal faced no organized opposition, according to the Kansas City Star. A \$500 million revenue-bond issue for sewer system improvements also passed.

Atlanta Vote

Atlanta-area voters rejected a proposed 1 percentage-point boost in local sales taxes for 10 years to raise money for roads and public transportation. The measure failed at the polls July 31 after groups including the National Association for the Advancement of Colored People opposed it.

While Shaker Heights residents agreed to raise their city income-tax rate to 2.25 percent from 1.75 percent, three- quarters of the other 40 ballot measures to increase local levies in Ohio failed on Aug. 7, according to county election board websites.

In Shaker Heights, the tax boost will help offset about \$6 million in state funding cuts, Mayor Leiken said. The city’s 28,500 residents had a median [household income](#) averaging \$76,476 in the five years through 2010, compared with \$47,358 statewide, according to U.S. Census data.

The Ohio Legislature reduced aid to the city by \$900,000 annually in the current two-year budget, Leiken said. Lawmakers also eliminated an estate tax that had generated an average of \$5 million annually for the city in the past decade, he said. Combined, that amounts to about 15 percent of the city’s current \$39 million budget.

Actions Avoided

Without the larger levy on income, the city would have had to fire police officers, firefighters, public-works employees and close four city departments, Leiken said. Shaker Heights already has the highest property-tax rate in Cuyahoga County, at about 3.6 percent of estimated market value, according to the county treasurer’s website.

Opponents of the increase at the Shaker Heights Taxpayers Union believe city spending is on a “unsustainable path,” said Mark Zetzer, the group’s founder. The budget imbalance could have been corrected by increasing public-employee contributions for health care and by hiring companies to handle such functions as trash collection, he said.

“If they can’t provide these services in a cost-effective manner, they’re not dealing with people who can provide them,” said Zetzer, 49, a graphic artist.

Jobs Eliminated

The city has cut 58 jobs and renegotiated pay and benefits with its unions, Leiken said. Suggestions that the same level services could be provided without a tax increase are “wishful thinking,” he said.

Other communities will face the same dilemma because Governor [John Kasich](#), a Republican, and the Legislature that his party controls played “a shell game” with state aid and taxes, according to Innovation Ohio, a nonprofit group led by Janetta King, a former aide to ex-Governor [Ted Strickland](#), a Democrat. Local aid was cut in half while the estate tax was eliminated, starting next year. The levy produced \$230.8 million in fiscal 2010 for local governments, according to state Taxation Department figures.

Kasich wants counties and cities to find ways to share services and provide them more efficiently without raising taxes, which are already too high, spokesman [Rob Nichols](#) said. The choice is “not just tax or fire people,” he said.

Budget gaps totaling \$55 billion confronted 31 states for fiscal 2013, which began July 1 for most, according to a June 27 report from the Washington-based Center on Budget and Policy Priorities, a nonprofit group that focuses on issues affecting low-income Americans.

The “cuts-only approach” hasn’t worked, and many municipalities will have to raise revenue or cut needed services, said Jon Shure, the center’s director of state fiscal strategies. “What you’re seeing is that the jurisdiction-of- last-resort is now the one that has to honestly confront the situation because the buck has been passed.”

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