

## Buckeye Institute says Ohio's local government cuts no disaster

By Jason Hart / September 8, 2014

Ohio Gov. John Kasich's cuts to local government funding have been nothing like the disaster critics describe, according to [a report](#) from the free market Buckeye Institute for Public Policy Solutions.

Buckeye Institute Statehouse Liaison and Policy Analyst Greg Lawson reviewed local tax data and found that 80 of Ohio's 88 counties have "rainy day" funds of more than 5 percent of their previous fiscal years' general revenue funds, as do roughly nine of every 10 cities and villages.



Greg Lawson

Statewide, municipal income tax revenue increased by \$230 million in 2012 and municipal sales tax revenue increased by \$80 million in 2013 — even though only a few new local tax levies or rate increases have been enacted since 2011.

The Kasich administration's largest cuts to local government support came from a fund that "represented less than five cents on every dollar of total state support for local entities" and "only a bit over 1 percent of the total local revenues" when Gov. Kasich took office, Lawson explained.

“Advocates of big government believe that economic growth is best achieved through the tax-and-spend powers of the state,” Lawson wrote in Buckeye’s Sept. 4 report.

“Thus, they continue to champion revenue sharing schemes like the Local Government Fund (LGF), the Tangible Personal Property Tax (TPP), and the Public Utility Tangible Property Tax (PUTP) reimbursement programs that take tax revenues from throughout the state and redistribute those funds,” Lawson continued.

“For decades the state has used various subsidy programs like these to prop-up the dizzying labyrinth of over 6,000 different local governmental entities at the cost of significant prosperity and job growth. Unfortunately, these programs have proven time and again to be inefficient paths to economic growth, and have the dubious distinction of creating moral hazards and undermining local control and fiscal accountability,” Lawson wrote.

Ohio Education Association and smaller labor unions [have attacked Kasich’s local government cuts](#) with a drumbeat of op-eds, rallies and social media posts. Unions have been aided in these efforts [by We Are Ohio](#) and other labor front groups including [Ohioans United](#), [Moving Ohio Forward](#), and One Ohio Now.

One Ohio Now’s [“Cuts Hurt Ohio”](#) website, which is based on research from union think tanks Policy Matters Ohio and Innovation Ohio, lists a county-by-county breakdown of state spending cuts, imploring the state to “invest in our future!”

Ohio Democrats, meanwhile, [have campaigned on](#) the unions’ talking points, calling for fewer tax cuts and more state spending on local government.

“Kasich’s cuts are squeezing budgets for our cities, towns, and villages,” Democrat gubernatorial candidate Ed FitzGerald wrote in [a September 6 Facebook post](#).

“Seen an increase in levies on your ballot? That’s thanks to Kasich,” FitzGerald asserted.

“Ultimately, the long-term fiscal health of the state’s local governments will be determined by Ohio’s economic growth, not by perpetual state subsidies or the redistributive preferences embodied in revenue sharing,” Lawson wrote in last week’s Buckeye Institute report.

“By slowly beginning to reform Ohio’s revenue sharing system, Ohio policymakers are embracing a new approach to government spending that will empower local taxpayers to assert greater control over local decisions and facilitate local governments re-thinking how they operate,” he explained.

“Over time, this shift should lead to more fiscal discipline from government at every level, and more space for the private sector to create the economic growth and opportunities Ohio needs.”

Upon taking office in 2011, Kasich, a Republican, refused to stop the phase-in of tax cuts initiated under Republican Gov. Bob Taft. In addition to signing a gradual repeal of the estate tax, Kasich reduced state funding of local governments to cover a shortfall left by Gov. Ted Strickland, his Democratic predecessor.

Strickland’s 2010-2011 budget was balanced using over \$3 billion from the American Recovery and Reinvestment Act. Even as municipal tax revenues have rebounded from the 2007 recession, unions and Democrats have demanded state taxpayers fill the gap left in the wake of President Obama’s “stimulus.”

The full Buckeye Institute report, “Revenue Sharing Reform: On the Road to Ohio’s Recovery,” is available [on the think tank’s website](#).

**Original Article:** <http://watchdog.org/169041/buckeye-institute-puts-ohios-local-government-cuts-context/>