




CLOSING THE REVENUE/EXPENDITURE GAP

**Increase Revenue - Finding
Alternative Sources**

Cut Spending

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- Counties are very limited in terms of additional revenue sources. If they don't have unused sales tax authority, there are only a limited amount of ways for additional revenue. If the state doesn't provide more sales tax authority or another revenue source, counties will need to make some drastic changes.

INCREASE REVENUE

- **County Permissive Taxes**

- **Sales and Use Tax** – ORC Chapter 5739 – can be used for many purposes, up to 1.5%. Additional sales tax can be enacted for special projects, subject to voter approval. There are specific requirements for each; i.e. public hearings and resolutions. (CCAO Ch. 18)

- 6.5% - 4 counties
- 6.75% - 15 counties
- 7.00% - 10 counties
- 7.25% - 51 counties
- 7.50% - 2 counties
- 7.75% - 2 counties
- 7.8% - 1 county
- 8.00% - 2 counties

Only 29 counties are under the allotted 1.5%.

INCREASE REVENUE

• **County Permissive Taxes (cont.)**

- Defiance County receives 2.76 mils. This equates to around \$3,806,128 per year.
- We collect approximately \$55 million on behalf of other entities in the county through property taxes.
- If we were to raise our sales tax to the maximum 7.25%, (+.5%) this would bring in an additional \$3,717,165, leaving our general fund short by roughly \$89,000. If the state keeps cutting funding for county programs, counties will be expected to cover those costs, and we would need to make bigger cuts in the budget.
- For entities like Board of DD, 911, Senior Center – sales tax would need to be raised a lot higher to cover these entities.

INCREASE REVENUE - ALTERNATE REVENUE SOURCES

- **Courts – Local permissive filing fees**
 - Computerization, dispute resolution programs, and/or special projects for efficient operation of court (CCAO CAB 2002-05)
- **Increase in Fees and Penalties** – somewhat limited, as most significant fees are set in state law. (Recorders, Title, etc.)
- **Permissive Motor Vehicle License Tax** (ORC 4504, CCAO Ch. 20)
- **Lodging Tax/ Bed Tax** (ORC 5739.08(A) 505.56; CCAO Ch. 21)
- **Cost allocation – Indirect costs** - May only allocate indirect costs where specifically authorized by state law

OTHER ITEMS TO CONSIDER

- **Budget Stabilization fund** – amount cannot exceed 5% of general fund revenue or of the special fund revenue for the proceeding year.
- **Payroll-related special revenue funds** – can be used to pay out unused sick, vacation or comp time when employee leaves. Can also be used to pay for 27th pay period.
- **Capital Projects fund** – used for the acquisition, construction, or improvement of fixed assets including motor vehicles.

CUT SPENDING

- Across the Board cuts versus selective services – need to be careful that you are not taking funds away from higher priority program/services – how do you prioritize those.
 - Hiring freeze – No new positions – shared employees
 - Wage freeze – what about union contracts
 - No overtime
 - Layoffs – Job abolishment, early retirements, furloughs and/or reduction in hours – who are essential employees
 - Only mandated training/travel or what is required for job performance
 - Eliminate vacation buy out policy, HSA contributions, life insurance policies and vision/dental county paid coverage

CUT SPENDING

- Cut support money to outside agencies
- Cancel outside contracts and do the work with current staff. Or if doing something in house – can it be done cheaper hiring it out.
- Energy efficiency – LED lighting, water saving devices, automated lighting fixtures
- Re-evaluate employees that take home vehicles – cuts down on gas, wear & tear

CUT SPENDING

- Change Purchasing Practices – only buy what is essential to operation
- Delay Capital/Equipment Purchases
- Cancel Memberships/Association Dues
- Ask Employees if they see areas for saving money or improving operations – they can be a great source

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