

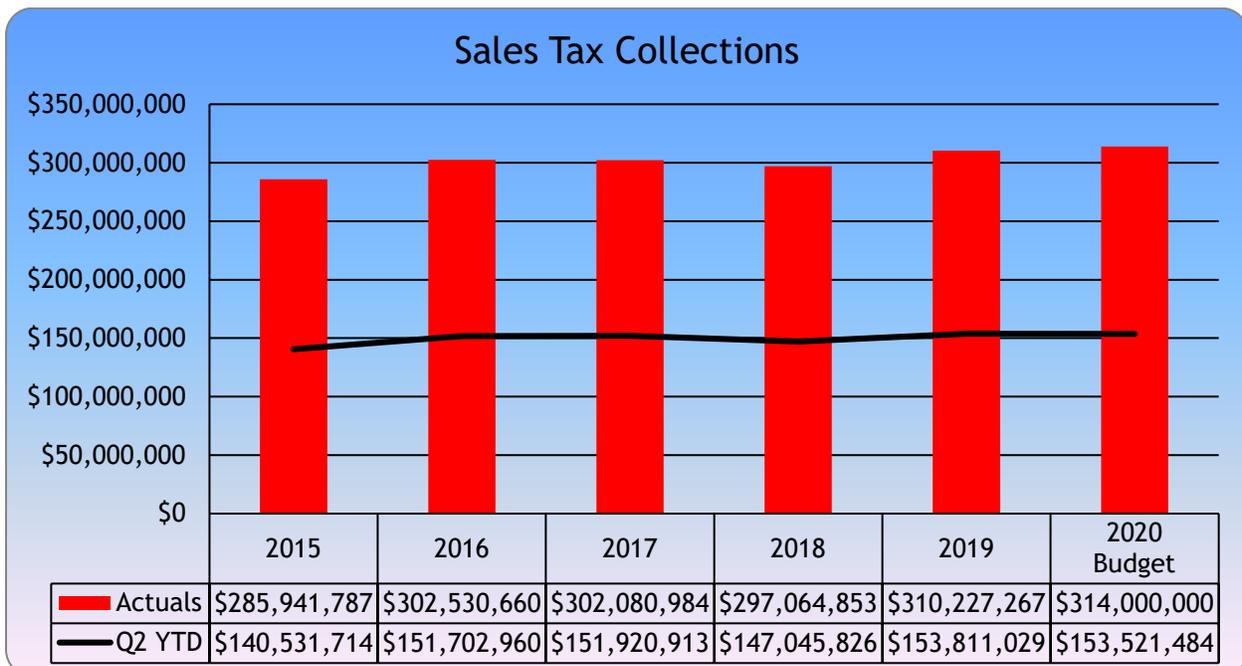
GENERAL FUND REVENUE ANALYSIS 2nd Quarter - 2020

Sales Tax

Franklin County receives the revenue from its sales tax three months after the actual sale occurs. For example, for a sale made in March, the vendor transmits all of the sales taxes collected to the state in April. The state then transmits to the County its share of the sales tax revenue in June. Therefore, the sales tax collections for the 2nd quarter of 2020 are based on the sales that occurred during the 1st quarter of 2020. The County portion of the sales tax is 1.25%.

The sales tax data in this analysis is reported net of the 1% administrative fee charged by the State for the collection of the County sales tax. While the County does not receive this revenue, the Auditor of State requires the County to record the revenue and the expenditure associated with the sales tax administrative fee. Neither the revenue nor appropriations associated with the sales tax administrative fee are included in the 2020 budget. The revenue adjustment and the necessary appropriations to record this expenditure will be made at the end of the year.

The chart below provides the annual sales tax collections, as well as collections through the end of the 2nd quarter for each year since 2015.



Through the end of the 2nd quarter of 2020, Franklin County collected \$153.5 million in sales tax, which is \$3.6 million or 2.3% below the 2020 estimate due to the economic impact of the COVID-19 Pandemic. The table below provides the comparison of the sales tax estimates with the actual sales tax collections for the 2nd quarter.

Franklin County Sales Tax collections versus estimates for 2020				
Month	2020 Estimate	2020 Actual	Monthly Variance	Percentage Variance
April	\$23,772,742	\$24,659,576	\$886,834	3.7%
May	\$22,737,870	\$23,942,826	\$1,204,956	5.3%
June	\$27,078,879	\$22,774,862	(\$4,304,017)	-15.9%
2nd Quarter	\$73,589,491	\$71,377,264	(\$2,212,228)	-3.0%
YTD TOTAL	\$157,134,423	\$153,521,484	(\$3,612,939)	-2.3%

When total collections are compared with the 2nd quarter of 2019, there is a decrease of \$289,545 or 0.2%. Due to the COVID-19 pandemic sales tax revenues are expected to continue to come in below estimates during the second half of the year. As a result, OMB is recommending a 5.0% or \$15.7 million reduction in the sales tax estimate to reflect these reductions. OMB will continue to monitor sales tax revenues to determine if further reductions are required.

Managed Care Tax

The state biennial budget for fiscal years 2010-2011 (Am. Sub. House Bill 1 of the 128th General Assembly) subjected health care services purchased from Medicaid managed care organizations (MCOs) to the sales tax beginning October 1, 2009. The Centers for Medicare and Medicaid Services advised states in July 2014 that taxing a subset of health care providers at the same rate as the statewide sales tax is not permissible and that a new method be implemented by July 1, 2017.

The state biennial budget for fiscal years 2018-2019 (Am. Sub. House Bill 49 of the 132nd General Assembly) fully replaced lost revenue to the state through a new proposed franchise fee on MCOs; however, it only provided counties and transit authorities a one-time allocation of \$207 million. These allocations are required to be deposited into a Medicaid Sales Tax Transition Fund. The share of the one-time allocation for Franklin County was \$14.1 million, with the first half distributed in November 2017 and the remainder in January 2018.

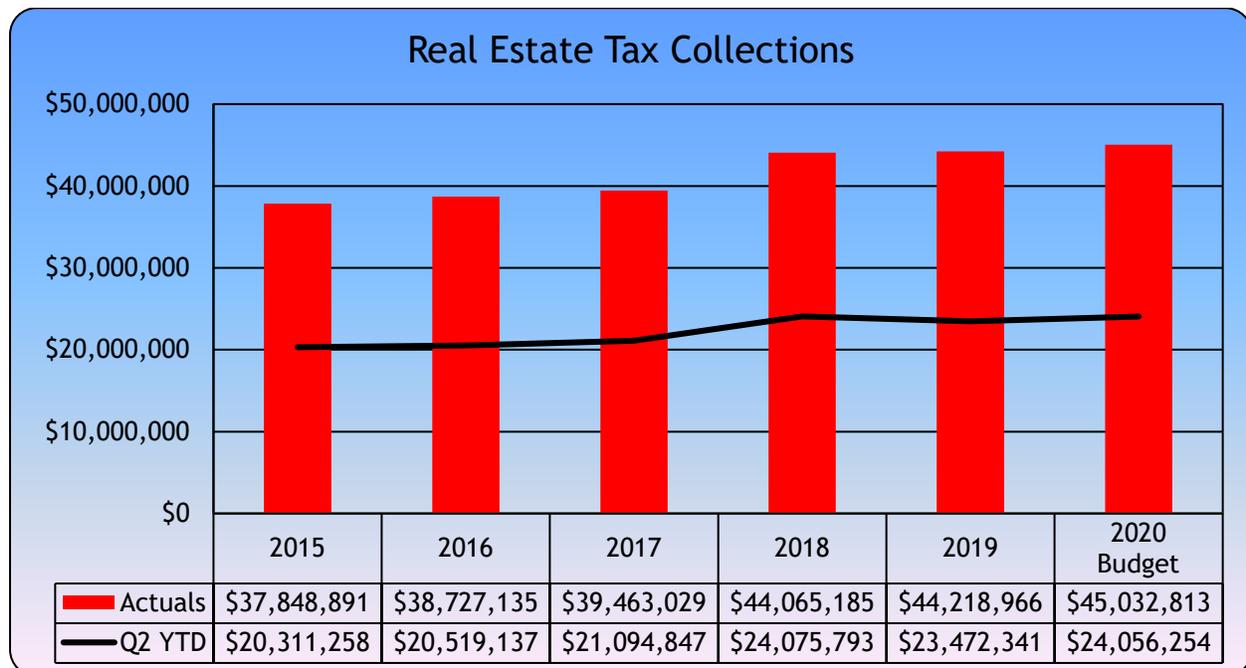
Prior to the end of 2017, the Ohio General Assembly provided an additional \$50 million to counties and transit authorities (Sub. House Bill 69). Franklin County received an additional \$5.3 million in January 2018 from this additional allocation. Sub. House Bill 69 also authorized a further \$30 million to be distributed to counties and transit authorities in August 2018 from surplus revenue at the end of state fiscal year 2018. Franklin County received \$3.2 million from the allocation of the surplus revenue.

Real Estate Tax

For Franklin County, first half real estate taxes were due January 21, 2020. Second half real estate taxes were originally scheduled to be due June 22, 2020 (and distributed in August), but the due date was extended to August 5, 2020 due to the impact of the COVID-19 pandemic. State Real Estate Tax reimbursements include a 10% rollback on residential homeowner properties, an additional 2.5% rollback on owner occupied properties, and a rollback of property taxes on the first \$25,000 value of homestead properties. The state reimbursement is generally received one month after the settlement of the applicable real estate tax collection. As a result, this revenue is normally received in the 2nd and 3rd quarters.

The chart below shows the increases in aggregate real estate and state reimbursement receipts since 2015. The amount collected during the first half of 2020 increased by \$583,913 or 2.5% when compared to prior year collections. The revised budget of \$45,032,813 is 1.8% or \$813,847 above the amount collected in 2019.

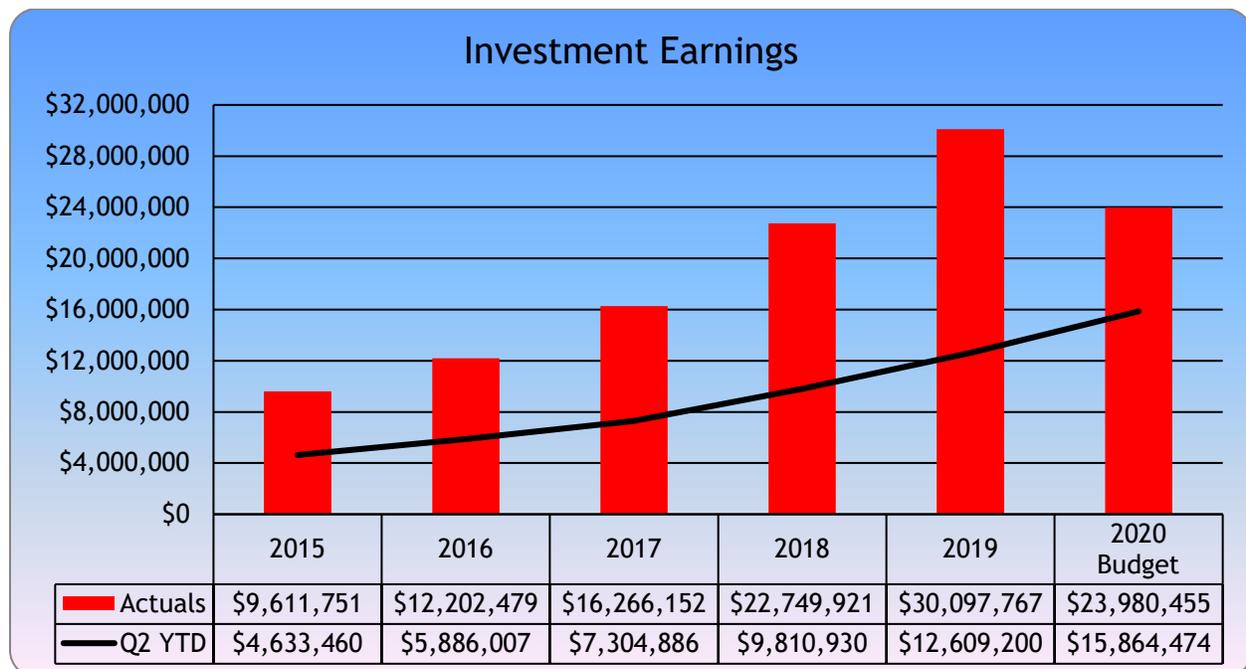
Receipts in 2018 increased primarily due to the sexennial reappraisal performed in 2017. Based on the reappraisal, real estate tax collections increased by \$4.6 million or 11.7% due to the increase in real estate values.



Investment Earnings

Franklin County is responsible for tax billing, collection, and distributions of local tax money for the County, cities, schools, and other taxing entities within the County that levy ad valorem and/or special assessment taxes; and maintains an average yearly portfolio value of approximately one billion dollars. One third of the overall collection remains within the portfolio due to the real estate collection distributions to the various levy-supported County agencies. As of June 30, 2020, The County's investments included \$1,232.9 million in its core portfolio, \$34.5 million in the portfolio for the Public Safety Center Fund, and \$208.7 million in the liquid portfolio.

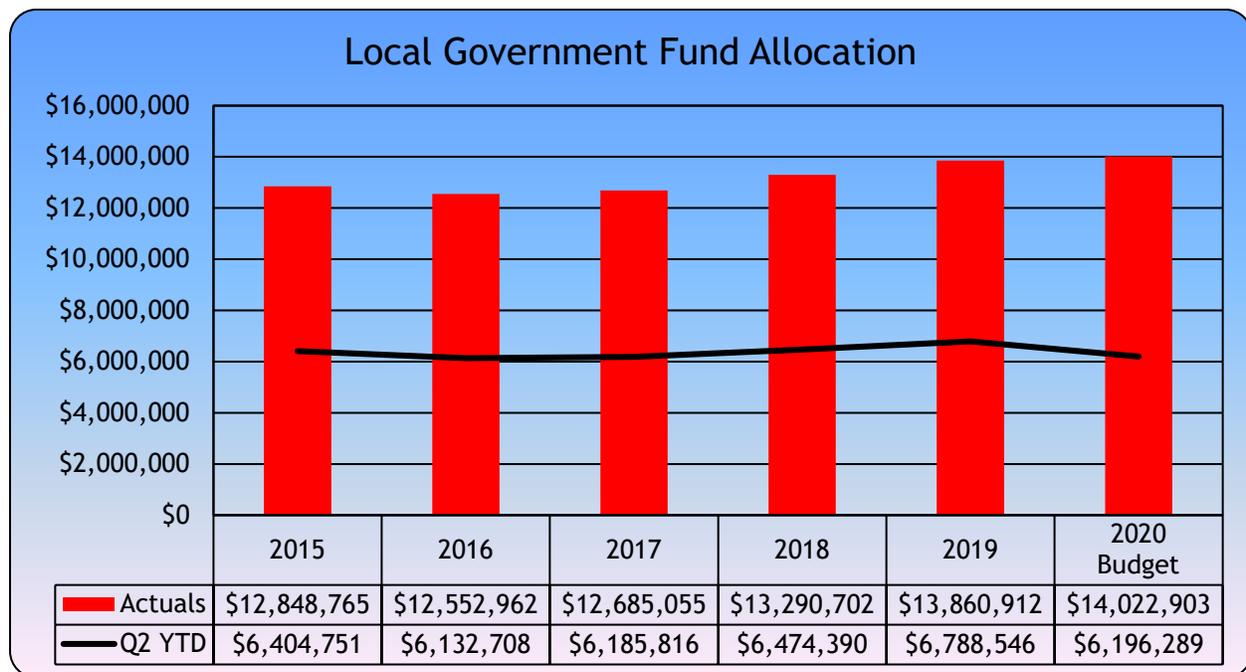
The 2020 revenue estimate for Investment Earnings is \$23,980,455. Through the end of the 2nd quarter, Franklin County collected \$15,864,474 in Investment Earnings, which is \$3,255,274 or 25.8% greater than the prior year. The increase is due to the prior rise in interest rates by the Federal Reserve; however, earnings are expected to decline to the recent decrease in rates, which can be seen in the chart below.



Of the total amount collected in the 2nd quarter, \$15,707,079 or 99.0% was associated with the Treasurer's Office. The remaining \$157,395 was received by the Clerk of Courts' Office.

Local Government Fund Allocation

The Local Government Fund allocation from the State included in the 2020 budget for Franklin County is \$14,022,903, which is \$161,991 or 1.2% more than 2019 actual receipts. Through the end of the 2nd quarter, \$6,196,289 or approximately 44.2% of the budgeted amount was collected. This amount is \$592,257 or 8.7% less than the amount collected in the prior year due to the economic impact of the COVID-19 pandemic. Based on updated estimates from the Ohio Department of Taxation, OMB is recommending an 8.0% or \$1.1 million reduction in the revenue estimate. OMB will continue to monitor the Local Government Fund allocation to determine if further reductions are required.

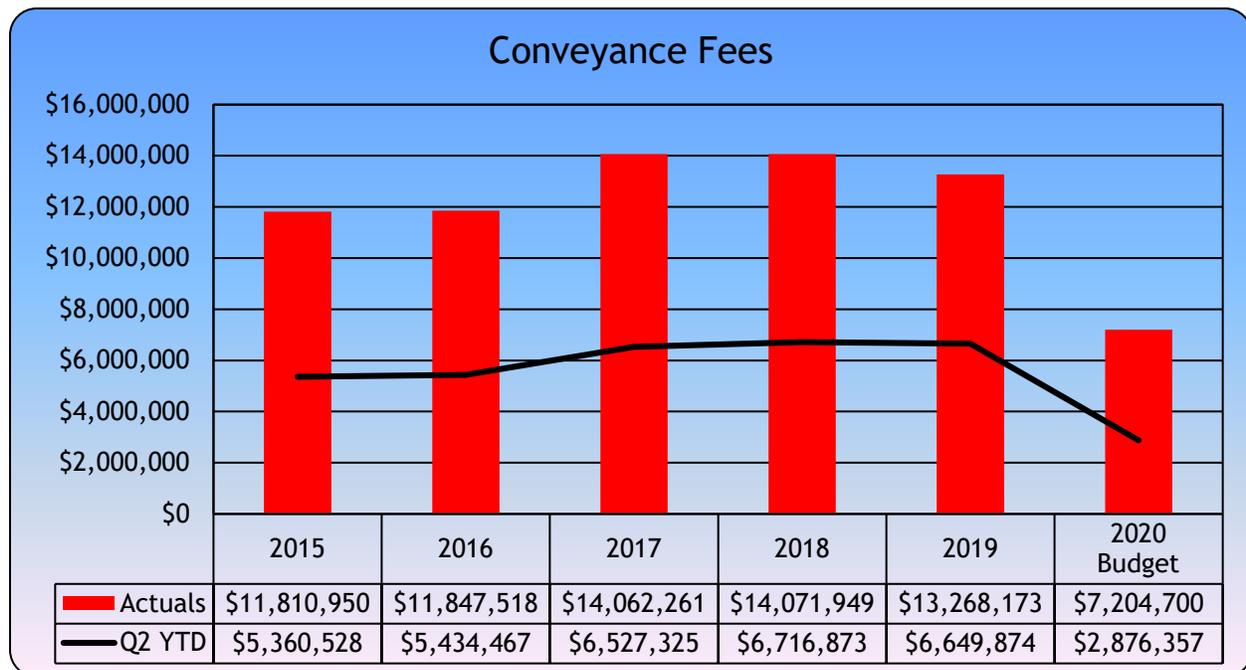


The Local Government Fund was established by the Ohio General Assembly in 1934 to provide funds for counties, municipalities, townships, and park districts in order to support current operating expenses. Beginning with the state biennial budget for fiscal years 2012-2013 (Am. Sub. House Bill 153 of the 129th General Assembly), support from the Local Government Fund was essentially cut in half, with allocations reduced by approximately 25% from the previous year's allocation beginning in August 2011, with an additional 25% reduction (for a total reduction of 50%) starting in July 2012.

Conveyance Fees

Conveyance fees are based on property sales, of which Franklin County collects \$3 per \$1,000 of the sale amount. This includes the \$1 fee mandated by state law plus a \$2 permissive fee levied by the County. Beginning in October 2019 with the increase of the permissive fee from \$1 to \$2, the revenue from the permissive fee was deposited into the Affordable & Emergency Housing Fund rather than the General Fund.

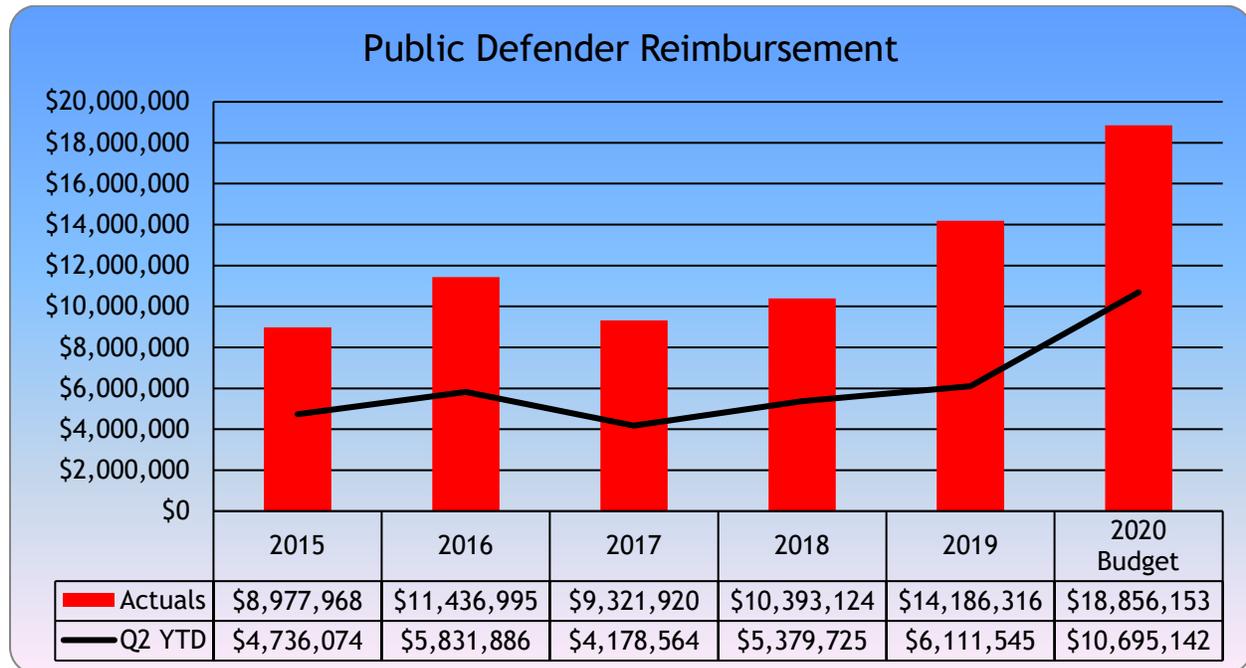
State law allows counties to levy a permissive fee of up to \$3, resulting in a maximum conveyance fee of \$4 per \$1,000 of the sale amount. Compared to the other metro counties, Cuyahoga, Hamilton, Lucas, and Summit counties collect at the rate of \$4 per \$1,000 of the sale amount, while Montgomery County collects \$3.



As a result of the deposit of the permissive fee to the Affordable & Emergency Housing Fund, the total amount of conveyance fees deposited in the General Fund through the end of the 2nd quarter reflects a decrease of 56.8% or \$3,773,517 from the amount collected during the prior year. However, when compared to the mandatory conveyance fee collections in the first half of 2019 (\$3,410,062), the amount collected in the current year is \$533,705 or 15.7% below the amount from the prior year due to the COVID-19 pandemic. At this time, OMB does not recommend making a revenue adjustment until after a review of 3rd quarter collections.

Public Defender Reimbursement

The revenue estimate for State Public Defender reimbursement in the 2020 budget was \$18,856,153. The collections through the end of the 2nd quarter are \$10,695,142 or 56.7% of the budgeted amount. The variance in revenue from the prior year is primarily due the State Public Defender’s Office reimbursing indigent defense expenditures at a rate of 85% through the first half of 2020, despite the difference in the number of reimbursement payments received (seven in 2019 compared to six in 2020).



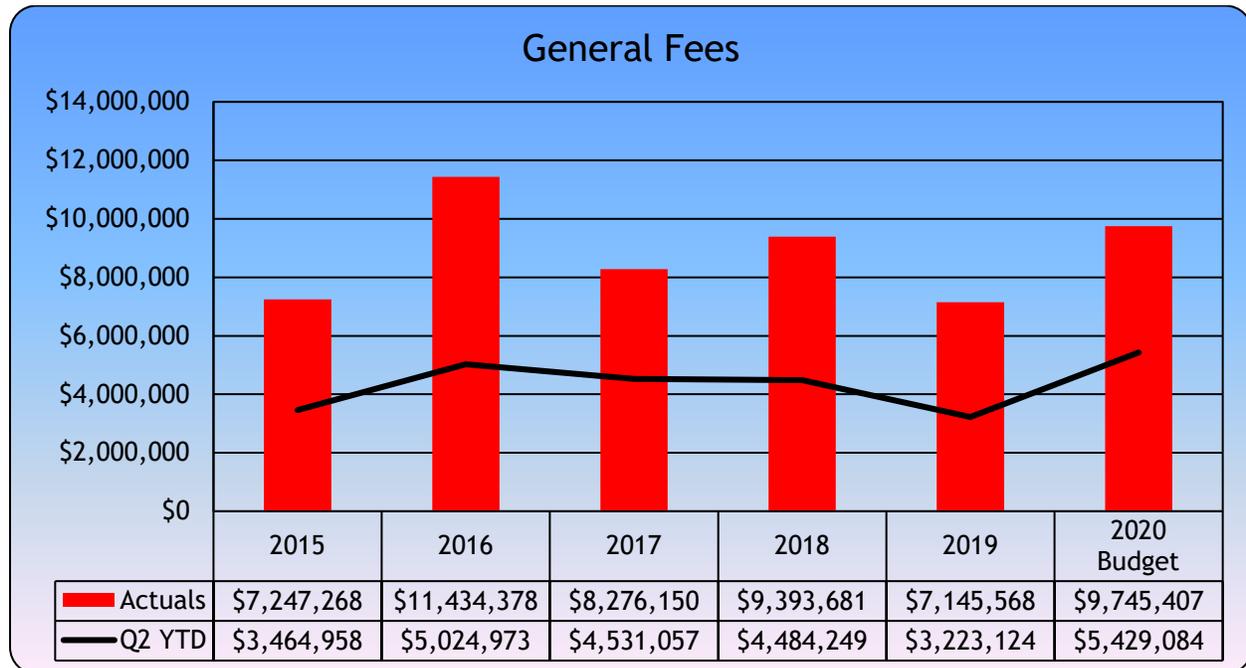
The State Public Defender’s Office reimbursement rate increased from 40% to 48% as of July 1, 2015 due to changes in the state biennial budget. The reimbursement rate was reduced from 48% to 44% as of January 1, 2017 and from 44% to 40% as of April 1, 2017 both of these reductions were due to a lack of revenue into the state Indigent Defense Support Fund (IDSF). The reimbursement rate was increased from 40% to 45% as of July 1, 2017 due to changes in the state biennial budget.

The State Public Defender’s Office notified counties during the 2nd quarter of 2018 that the reimbursement rate for county indigent defense expenditures for state fiscal year 2019 would be reduced to 42% for all cases, including capital cases. This reduction in reimbursement was due to a decrease in revenues to the IDSF and an increase in the amount requested for reimbursement from counties.

The state biennial budget for fiscal years 2020-2021 (House Bill 166) included a provision to increase the reimbursement rate for county indigent defense expenditures up to 75% in state fiscal year 2020 and 100% in state fiscal year 2021. Based on historical fluctuations, County agencies and courts have agreed upon an anticipated increase in the reimbursement rate to 70% for 2020.

General Fees

General Fees represent the fees for services provided by County agencies. This primarily includes the fees received by the Board of Elections (primarily in even numbered years) through the real estate tax settlement as reimbursement from political subdivisions for costs related to the prior year's elections, fees received by the Recorder's Office for the filing and recording of documents, and fees received by the Clerk of Courts' Office for the filing of court cases.



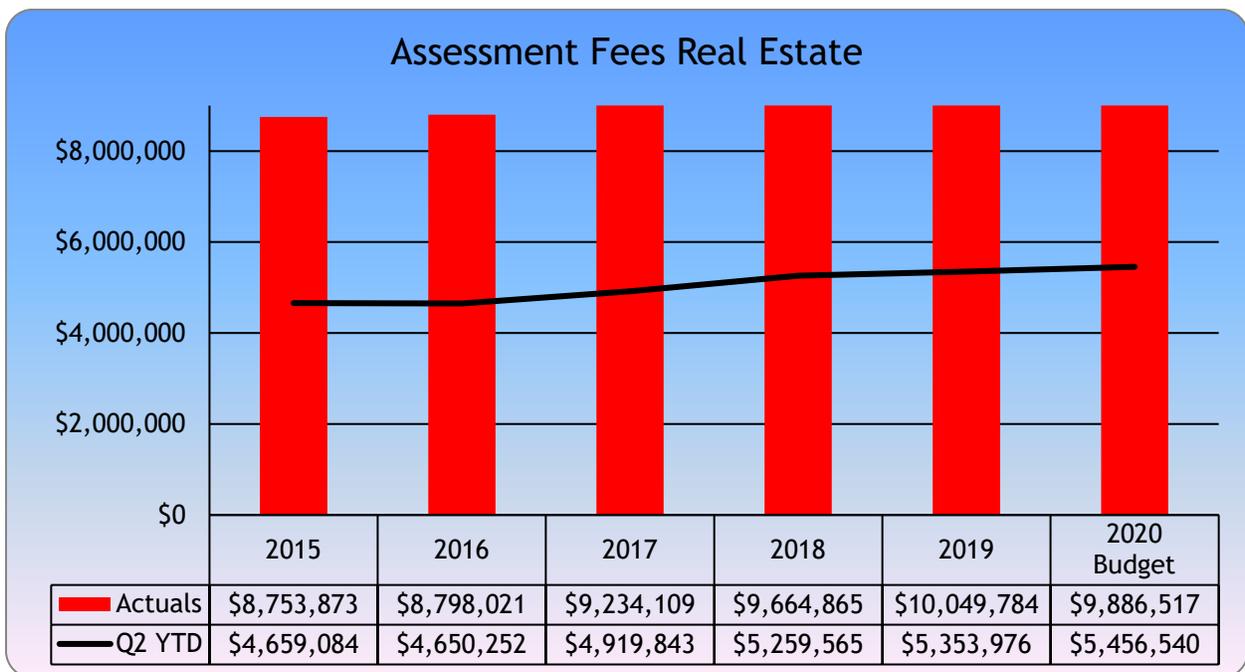
Of the amount collected in the 2nd quarter,

- \$2,607,469 or 48.0% is associated with the fees collected by the Recorder's Office. This amount is \$719,205 or 38.1% greater than the amount received in the prior year, which is partially related to the change in the base recording fee and the housing trust fund fee from \$14 to \$17 each that was authorized in the state biennial budget for fiscal years 2020-2021 (House Bill 166).
- \$1,748,854 or 32.2% is associated with the fees collected by the Board of Elections, primarily in even numbered years. For comparison, only \$26,252 was received in the prior year.
- \$680,354 or 12.5% is associated with the fees collected by the Clerk of Courts' Office. This amount is \$178,328 or 20.8% less than the amount received in the prior year.
- \$357,486 or 6.6% is associated with the fees collected by the Probate Courts' Office. This amount is \$58,452 or 14.1% less than the amount received in the prior year.

Assessment Fees Real Estate

Franklin County collects a fee to reimburse the Auditor’s Office and Treasurer’s Office for the collection and distributions of local tax money. The reimbursement is based on the total amount of taxes collected and apportioned ratably among the County, cities, schools, and other taxing entities within the County. The fees received by the Auditor’s Office are based on a formula set by section 319.54 of the Revised Code, while the formula for the Treasurer’s Office is set by section 321.26 of the Revised Code.

Total assessment fees collected through the end of the 2nd quarter were \$5,456,540, which is an increase of \$102,564 or 1.9% when compared to the prior year.



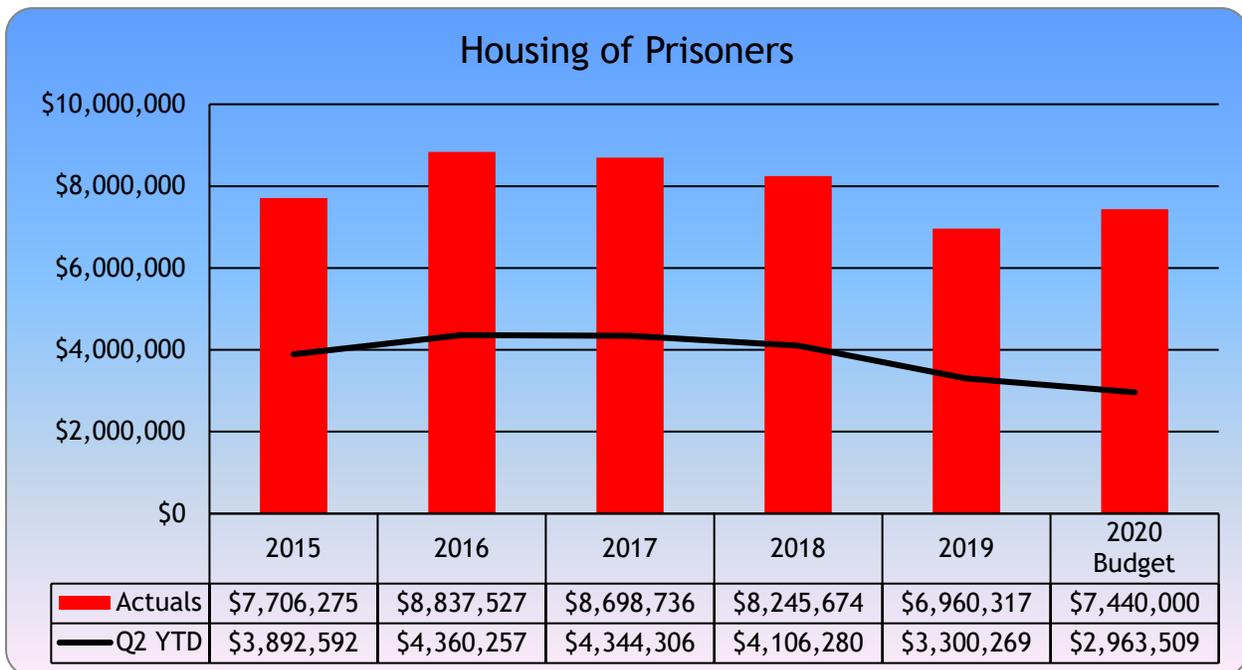
Of the \$5,456,540 collected during the current year, \$2,981,127 or 54.6% is associated with the fees received by the Treasurer’s Office and \$2,475,414 or 45.4% is associated with the fees by the Auditor’s Office.

Housing of Prisoners

Municipalities within Franklin County, including the City of Columbus, pay a housing per-diem rate for inmates charged under their municipal ordinances. The per-diem rate was increased by Resolution No. 0678-17 on September 26, 2017 from \$79 to \$88, with the increase to be phased-in over a three year period. As a result, the per diem rate for 2020 is \$88.

The Sheriff's Office also has a contract with the U.S. Marshal's Office to house a limited number of inmates on an as-needed basis at a rate of \$68 per day. This contract is currently up for renewal and a new rate is currently being negotiated.

Overall revenue for the housing of prisoners through the first half of the year has decreased 10.2% or \$336,759 over the same period in 2019, which is primarily due to the average daily jail population being down by an average of 296 individuals or 15.3% as a result of efforts to reduce the jail population due to the COVID-19 pandemic. As a result, OMB is recommending a decrease of 15.0% or \$1.1 million to reflect these continued efforts.



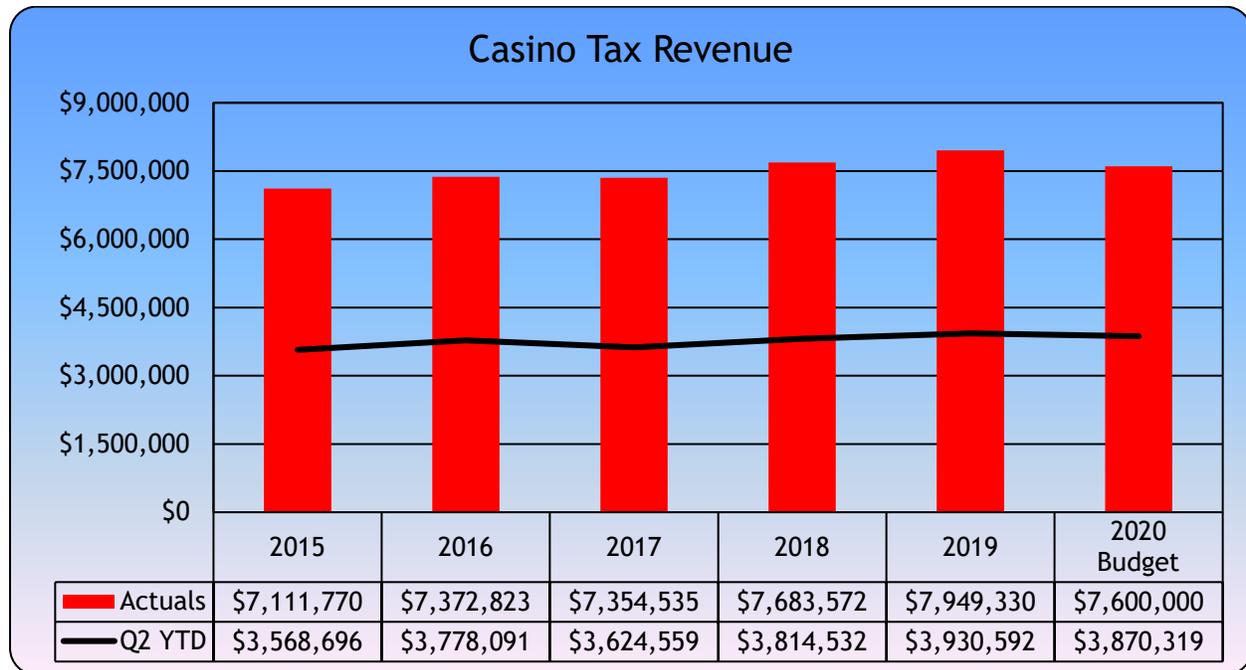
The 2020 budgeted revenue estimate for the housing of prisoners for the City of Columbus is \$4,000,000, with collections through the end of the 2nd quarter at \$1,324,545 or 33.1% of budgeted amount.

The 2020 budgeted revenue estimate for the housing of prisoners for the U.S. Marshal's office was \$2,490,000, with collections through the end of the 2nd quarter at \$1,293,239 or 51.9% of budgeted amount.

The 2020 budgeted revenue estimate for the housing of prisoners for local municipalities is \$950,000, with collections through the end of the 2nd quarter at \$345,726 or 36.4% of budgeted amount.

Casino Tax Revenue

Casino taxes have been collected by the State of Ohio since the first of four casinos opened in May 2012. Fifty-one percent (51%) of the gross casino revenue is distributed quarterly to each of the 88 Ohio counties proportionally based on population size. In addition, if the largest city in a respective county has a population size greater than 80,000, the total quarterly casino tax distribution will be split evenly between the specific county and city. The chart below displays the annual casino tax revenue collected by Franklin County.



The revenue from this source is estimated at \$7,600,000 in the 2020 budget, which is a decrease of \$349,300 or 4.4% from the \$7,949,330 that was collected in 2019. This decline was based on estimates for casino tax revenue incorporated in the state's current biennial budget. However, the amount collected through the end of the 2nd quarter of 2020 was \$60,273 or 1.5% less than the amount in the prior year, and is expected to decline further due to the COVID-19 pandemic. As a result, OMB is recommending that the revenue estimate be reduced by 34.2% or \$2.6 million.