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Ohio's Aging Communities: A Call for State Attention
by the Ohio First Suburbs Consortium

Ohio's first suburbs have reached the point where they are facing challenges similar to those faced by central cities. 74% of Cuyahoga County's residential real estate was built before 1960. These older properties require maintenance or renovation beyond the means of many owners; structures are becoming obsolete; 50 year-old water and sewer systems and streets are deteriorating; demand in the real estate market is eroding. Redevelopment is imperative.

Without renewal of real estate and infrastructure, Cuyahoga County's older suburbs will decline. Similar situations exist in other major counties of the state. Aging inner-ring suburbs have been overlooked in the State's effort to revitalize cities, an understandable situation since suburban decline lagged central city decline by decades. However, decline will affect more and more suburbs as they continue to age.

The First Suburbs Consortium of Northeast Ohio is a Council of Governments formed by twelve of Cuyahoga County's older, built-out suburbs committed to working jointly to strengthen their communities by addressing common problems. Various projects and initiatives have been undertaken, including commercial and residential revitalization, and cooperation with county government to establish a low interest residential renovation loan program. However, FSC tax revenues are severely limited in relation to the scale of the challenge. Tax rates are already the highest in the region.

In Franklin County, five older suburbs have joined together as the Central Ohio First Suburbs Consortium. Other older suburbs from Hamilton, Lucas and Montgomery Counties also have participated with Northeast Ohio and Central Ohio FSCs in Ohio First Suburbs forums. Across Ohio each of these cities recognizes that partnership with our Governor and General Assembly is required, now, to meet our common challenges.

Ohio's mature communities want to work collaboratively with State policymakers. Policies in place in Ohio inadvertently contribute to the decline of aging suburbs. Fortunately, policies can be amended and programs introduced that will curb the decline and encourage renewal. State government, in its constitutional role as partner of local government, can provide direction for attention to the problem.

The FSC requests that the Office of the Governor initiate a comprehensive assessment of the situation by requesting the commissioners of Cuyahoga, Hamilton, Franklin, Lucas, Summit and Montgomery Counties to provide (1) an analysis of the age, condition, and viability of the county's real estate, and (2) plans for ensuring either maintenance or redevelopment of properties over 40 years old. The FSC suggests that the Department of Development prepare an overview of the six county assessments.

The FSC also requests that the Office of the Governor initiate a review of current State policies and programs to determine their effect on the marketability of existing real estate and the use of existing infrastructure.

We believe the following pages describe examples of existing policies that contribute to the decline of existing communities, as well as examples of proposed policies that can address these challenges and strengthen our communities.

Infrastructure Funding for Transportation, Communication & Utility Networks

Current Situation

Public spending initiatives to build roads, provide water and waste removal and offer telecommunications services all bestow substantial economic benefits -- such as job and

business creation and retention -- on a community. Public subsidies for new infrastructure have the effect of luring economic development outward. This longstanding public policy trend contributes to urban sprawl patterns and to the decline of inner cities and inner-ring suburbs by encouraging development of new communities to the detriment of existing communities.

In Ohio and across the nation, mature communities are faced with staggering infrastructure funding needs. For the first time, a significant amount of buried infrastructure is at or near the end of its expected life span, according to a report by the American Water Works Association which projected that more than $250 billion over the next 30 years will be required just to replace aging pipes and other basic infrastructure across the country.

Similar facts about roads are well known to local public works officials:

Urban freeways are heavily congested.
Nearly half of Ohio's roads are in poor or mediocre condition.
One-quarter of Ohio's bridges are structurally deficient or obsolete.
Drinking water infrastructure needs total $4.9 billion over the next 20 years.
Wastewater infrastructure needs are estimated at $7.4 billion.

These infrastructure challenges require resources and attention from the federal, state and local levels of government. Sewers and roads are perfect examples of infrastructure utilized by more than just one community. As local officials have long emphasized, "local" infrastructure needs are no longer simply a local concern. Yet, infrastructure continues to be handled independently, community by community or piecemeal by state and federal agencies. For this reason, most older communities are unable to maintain "their" roadways to the level required for economic competitiveness.

A recent case in point is the Governmental Accounting Standards Board (GASB) Statement 34 announcement, which establishes new requirements for the annual financial reports of state and local governments. GASB 34 requires governments to inventory their capital

assets, including infrastructure, and compare the expenses and revenues generated from each asset. For instance, the expenses and long-term debt for a city's drinking water line will be reported in relation to user charges to determine whether the function is a benefit or burden on the constituency of the reporting government. This requirement will apply to governments with total annual revenues between $10 million and $100 million for fiscal years ending after June 15, 2003; thereafter, such requirements will apply to governments with total annual revenues below $10 million.

Many water and wastewater services have been regionalized since the 1970s. Although cities are less dominant in these services, most own or are responsible for the collection and delivery systems. Mature cities such as inner-ring suburbs are faced with aging underground water and sewer systems badly in need of repair; however, these same communities lack sufficient revenues to pay for the needed replacement of the buried infrastructure.

Cities, counties and townships in Ohio currently fund their infrastructure costs primarily from their own limited capital improvement budgets. Not surprisingly, local governments often seek additional funding through federal and state matching grant programs or loans. The State provides funding for roadway improvements through the State Infrastructure Bank and taxes on fuel and vehicle licenses. Ohio also has two grant programs for local infrastructure improvements. The State Capital Improvements Program (SCIP) allows the state to issue up to $120 million in bonds each year, using State general revenues as debt support. The Local Transportation Improvements Program (LTIP) typically provides $65 to $70 million in gasoline tax receipts each year for transportation-related infrastructure costs.

Ohio has been distributing proportionately less resources to address growing needs. SCIP funding has remained at no more than $120 million each year for well over 10 years without adjustments for inflation or increases in the costs of construction. Similarly, LTIP funding has increased little over the same time period, rising and falling slightly with State gasoline

tax revenues. It is estimated that the State's combined SCIP and LTIP funds, administered through the Ohio Public Works Commission, meet only 2% or 3% of Ohio's infrastructure financial needs. Through water and sewer bills, local citizens and private businesses pay 90% of the total cost to build, operate and maintain their water and wastewater systems.

A significant cost to local governments stems from compliance with the 1996 Safe Drinking Water Act passed by Congress. Recognizing this fact, Congress established the Drinking Water State Revolving Fund (DWSRF). The goal of the program is to provide states with a financing mechanism for ensuring safe drinking water. States can use awarded federal capitalization grant money to set up infrastructure funding accounts from which assistance is made available to public water systems.

Historically, public infrastructure outlays have risen in real (inflation-adjusted) terms since the mid-1950s. The federal share of such spending rose dramatically during the first half of that period, expanding from 17% in 1956 to 40% in 1977. Since the end of the 1980s, however, state and local governments have contributed approximately 75% of public infrastructure outlays, and current patterns of spending maintain that trend.

Federal infrastructure spending has always been dominated by outlays for highways, ranging from 30% to 60% of federal infrastructure expenditures. During the 1970s, federal spending for infrastructure focused relatively more on wastewater treatment and mass transit. Beginning in the 1980s and continuing in the 1990s, the federal emphasis has shifted back to highways and aviation. Compared with federal spending, the priorities for state and local spending have changed little since the 1970s, with expenditures for highways maintaining their predominance and mass transit, aviation, and wastewater treatment showing some increases.

Comparing infrastructure spending and gross domestic product also may be helpful. Throughout the 1960s and 1970s, federal spending for infrastructure averaged slightly

more than 0.9% of GDP. In 1980, total federal spending for infrastructure was 1.1% of GDP, the highest it has ever been. A steep drop in infrastructure spending in the 1980s decreased the ratio to 0.6% by 1990, where it remained as of 1997.

The Bush Administration's budget for 2002 includes $2.1 billion in grants to states for water infrastructure, including $850 million in the clean water state revolving loan fund (CW-SRF), $823 million in the drinking water SRF and $450 million for a new program to address infrastructure needs related to combined sewer overflows and sanitary sewer overflows.

Policy Recommendations

Inner-ring communities usually are not competitive in receiving local assistance from Ohio. The following infrastructure funding criteria recommended by The Clean Water Network should be implemented:

> Funding should only be for water and wastewater needs and source water protection;
> Funding should not subsidize new development;
> The funding program should assure accountability by fund recipients;
> Funding could be used to restructure or consolidate systems that are in significant noncompliance with the law;
> Priority should be given to projects that address the most serious threats to public health; systems with the greatest needs, based on affordability; and small systems with compliance problems.

Public Works Integrating Committees also should follow these criteria, awarding extra points in evaluating applications for SCIP/LTIP grants or loans. (See accompanying proposal.) Additionally, first suburbs communities should explore flexible municipal Tax Increment Finance (TIF) procedures outlined in the Ohio Revised Code in Sections 5709.40 through 5709.43 for redevelopment opportunities that may help finance infrastructure improvements.

At the national level, congressional action is required. There are bills in Congress that impact infrastructure spending as it relates to sewer and water infrastructure. HR 3166, the

Rebuild America: Financing Infrastructure Renewal and Security for Transportation Act of 2001, sponsored by Rep. Robert Borski (D-PA), would provide additional funding for clean water purposes, rail transportation, aviation, public building security, economic development purposes and other public works initiatives.

Sen. George Voinovich's bill S. 252, the Clean Water Infrastructure Financing Act, would assist states in establishing simplified procedures for small water systems. It requires revolving funds to be used only for assistance to activities that have as a principal benefit the improvement or protection of water quality of navigable waters. The bill also provides for an extended repayment period and additional subsidization with respect to revolving fund loans made to financially distressed communities.

The Governor and General Assembly in partnership with Ohio's largest cities and Ohio First Suburbs Consortium should support these bills and work to follow the long-term plan recommended by Patrick Karney, Director of the Metropolitan Sewer District of Greater Cincinnati, in testimony before Congress in March, 2001.

Mr. Karney testified that the challenge of closing the water infrastructure financing gap can be met, but not without a substantial and concerted effort by the federal government to join with local communities and consumers in a fiscal partnership. To bridge the investment gap, the federal government should meet localities halfway by authorizing an average of $11.5 billion per year in capitalization funds over the next five years. States would receive the funds and, in turn, offer grants and loans to local agencies. The *WINow* report, endorsed by over 30 nationally-recognized organizations, also recommends federal budget provisions to:

Create a long-term, sustainable, and reliable source of federal funding for clean and safe water;

Authorize capitalization of the next generation of state financing authorities to distribute funds in fiscally responsible and flexible ways, including grants, loans, loan

subsidies, and credit assistance;
Focus on critical water and wastewater infrastructure needs and non-point source pollution;
Streamline federal administration of the funding program and encourage continuous improvement in program administration at both the federal and state levels;
Adequately finance strong state programs to implement the Clean Water Act and the Safe Drinking Water Act;
Establish a new program for clean and safe water technology and management innovation to reduce infrastructure costs, prolong the life of America's water and waste-water assets, and improve the productivity of utility enterprises;
Provide expanded, targeted technical assistance to communities most in need.

Ohio's congressional delegation needs to hear from us on these issues.

Changes to Issue 2 Infrastructure Funding Factors

The "Issue Two" funds for infrastructure improvements are administered by "districts." Each district has a "District Public Works Integrating Committee." The Committee "evaluate(s) applications submitted by local subdivisions for capital improvements and select(s) [those] that will be formally submitted to the Director of the Ohio Public Works Commission." The following ten "factors" are established by the statute at Ohio Revised Code Section 164.06(B):

1. The infrastructure repair and replacement needs of the district;

2. The age and condition of the system to be repaired or replaced;

3. Whether the project would generate revenue in the form of user fees or assessments;

4. The importance of the project to the health and safety of the citizens of the district;

5. The cost of the project and whether it is consistent with division (G) of Section 164.05 of the Revised Code and the district's allocation for grants, loans, and local debt support and credit enhancement in that year;

6. The effort and ability of the benefitted local subdivisions to assist in financing the project;

7. The availability of federal or other funds for the project;

8. The overall economic health of the particular local subdivision;

9. The adequacy of the planning for the project and the readiness of the applicant to proceed should the project be approved;

10. Any other factors relevant to a particular project.

We propose that these factors be modified as follows:

(i). Add to Factor #2: “and whether the project will preserve and improve the efficiency of the existing system.”

(ii). Substitute the following for Factor #8: “Whether the project enhances the economic health of the particular local subdivision and enhances the economic viability of existing communities in the impacted region.”

(iii). Renumber Factor #10 as #11, and substitute as new Factor #10: “Whether the project will result in efficient land use development or redevelopment that facilitates accessibility, saves future infrastructure costs, and preserves and enhances farmland, forests and open space in the impacted region.”

Ohio Revitalization Linked Deposit Program

It is proposed that the State Treasurer, with the assistance of the Ohio Department of Development, implement a Housing Revitalization Linked Deposit Program utilizing State funds on deposit for the necessary certificates of deposit. The proposed program would provide loans to homeowners in incorporated cities. Emphasizing local control, each county would establish eligibility requirements based on its own assessment of needs.

At present, the State Treasurer is authorized to use up to 12% of the State's total average investment portfolio for linked deposits. Such deposits normally have a two year limit and do not "roll over." The limit for such deposits is five years, a period seldom used. The Treasurer bases linked deposit investments upon the priorities of Ohio's investment and cash flow needs. Under the proposed program, the State Treasurer would invest a certificate of deposit and receive a rate of interest 3% below the market rate upon monies being loaned by participating banks at a rate of interest 3% below the advertised market loan rate, including special offers, for authorized housing uses. The reduced interest paid by such banks on the investments compensates them for the reduced interest received on the loans.

Current legislation authorizes the State Treasurer to enter into agreements facilitating reduced interest, linked deposit loans for small businesses and agriculture. New legislation would be required to accommodate the proposed program for housing renewal. County treasurers currently administer their linked deposit programs. Under the proposed program, the State Treasurer would enter into agreements with county treasurers and provide technical advice to implement the program. The State's investment could be augmented with matching county or community funds. The participating county treasurers would, in turn, enter into agreements with lending institutions and incorporated communities for the implementation, management and monitoring of the program.

Such a program would address the growing concerns of first suburbs and other older,

established communities in metropolitan areas regarding the continuous exodus of middle class residents to outer-ring suburbs and ex-urban areas. Eleven of the sixteen mayors of cities invited by the Governor to participate in the Urban Revitalization Task Force considered housing a priority issue in their communities. Three key housing themes emerged from the Task Force focus groups:

1. The need to develop policies and programs to retain and attract middle/upper income households;
2. The desire to revitalize neighborhoods and provide amenities, education, culture and shopping choices those residents expect;
3. The importance of safe, sanitary housing available for all income groups, with this responsibility being shared throughout the adjacent greater metropolitan area.

New legislation authorizing the proposed program also could allow use of linked deposits to provide reduced interest loans for multi-family housing or retail development, so long as existing funding of county-based programs for homeowners were not jeopardized. The linked deposit program, as described, would be one way for the State to partner with counties and cities in addressing these public purposes in a cost-efficient manner. At the same time, local governments would be able to participate in planning to meet their own needs.

State Historic Preservation Tax Credit Legislation

With leadership from the not-for-profit Heritage Ohio, Inc., a State Tax Credit Task Force was formed to study historic rehabilitation tax credit programs already in effect in other states and to draft legislation for an Ohio tax credit. The Task Force includes key personnel from the State DOD, Housing Preservation Office and Housing Finance Agency as well as the Ohio Municipal League. It has proposed legislation granting tax credits for rehabilitation of qualifying properties.

The proposed tax credit would be similar to the federal model and would borrow from the best of the tax credit programs available in 18 other states. The Task Force also is undertaking an economic study to address the impact of such tax credits on state tax revenues and Ohio's economy, including housing development, commercial revitalization,

and heritage tourism.

Under the proposed legislation, tax credits would be available to qualifying owner-occupied housing, investment housing and commercial buildings. Properties constructed more than 50 years ago could qualify by virtue of their significant architectural, cultural or other specified qualities or by their location in a district meeting such criteria. The tax credits would encourage owners, lenders and investors connected to neighborhoods in existing older communities to revitalize and rehabilitate properties.

In summary, the draft bill provides the following:

- Corporations, partnerships and individuals may receive tax credits for costs of rehabilitation of eligible historic properties located in Ohio;
- The tax credits are equal to 25% of the total costs and expenses of rehabilitation incurred on projects, including architectural fees and the costs associated with nominating the properties to the National Register of Historic Places;
- The rehabilitation must be "substantial," meaning that the investment exceeds the greater of the adjusted basis of the buildings or $5,000;
- Excess tax credits may be carried back three years and forward ten years;
- Tax credits granted to partnerships, limited liability companies taxed as partnerships, or multiple owners of historic properties may be passed through to the partners, members or owners, respectively, either pro rata or as otherwise agreed among such investors;
- Taxpayers with little or no tax liability may elect to receive, in lieu of tax credits, historic rehabilitation mortgage credit certificates to be used to reduce the principal or interest rate of mortgages;
- Tenants with leases of five or more years' duration also may qualify for such credits;
- The rehabilitation or maintenance of the historic properties must comply with the *Secretary of the Interior's Standards for Rehabilitation* and be certified by the Ohio Historic

Preservation Office;

- Expenditures qualifying for such credits must be used to rehabilitate historic properties or maintain them after rehabilitation, and generally may not be used to acquire, expand or enlarge the properties, nor to modify or maintain the land surrounding the properties;
- Properties may be deemed eligible by local landmark designation or by listing in the National Register of Historic Places, which consists of "districts, sites, buildings, structures and objects significant in American History, architecture, archeology, engineering and culture" (16 U.S.C.A. 470a);
- Taxpayers must apply for certification by the Historic Preservation Officer before incurring expenditures for which credits are claimed, then must keep the certificates for four years and make them available to the Ohio Tax Commissioner for auditing purposes.

Although tax credit incentives provided by the proposed legislation initially will impact Ohio's tax revenues, the resulting renovation, redevelopment and maintenance projects throughout the State will fuel economic growth – and revenue production – in a myriad of ways over the long term.

Ohio's Local Government Funds

Past and Present Situation

The State Local Government Fund has existed since the inception of the state sales tax in 1935. The purpose of this fund has stayed essentially the same over the years -- to designate a portion of state revenues to local governments. The fund is composed of 4.2 percent of the state sales tax, use tax, personal income tax, corporate franchise tax and public utility excise tax. Since 1989, the State Local Government Revenue Assistance Fund also has provided local subdivisions with shared state tax revenues. Revenue from this fund is approximately one-seventh the size of the Local Government Fund revenue. The

State Local Government Revenue Assistance Fund is composed of 0.6 percent of the same five taxes and is allocated among the 88-county undivided local government revenue assistance funds based on county population.

Every municipality that levies an income tax receives an amount from the Local Government Fund in proportion to its share of all municipal income tax collections statewide. The money goes to the municipalities' general funds to be used for any lawful purpose. Cleveland and Columbus received more than $40 million and more than $53 million, respectively, from the combined funds in 2000.

Local governments rely on these steady, predictable revenue sources for large parts of their budgets. For example, these funds comprise 10% of the City of Columbus' general fund. The amount distributed to inner-ring suburbs in 2000 ranged from more than $3.9 million to Parma to just over $53,000 to the Village of Fairfax. In FY 2000, total distributions across the state amounted to $706.1 million. For the past five years, the revenues distributed through these Funds increased between 9 - 9.5 percent per year.

The State's 2002-2003 budget freezes the amount of tax revenue deposited into and distributed by the Funds at the FY 2001 level. During the freeze period, the amount deposited from each tax source into the Local Government Funds will equal the amount in the Funds during the corresponding month of June 2000 through May 2001. The following amounts were received directly by various first suburbs from the Funds in 2000:

City/Village	2000 Amount
Bedford	$617,420
Bexley	$83,059
Cleveland Heights	$2,907,166
Deer Park	$113,136
Euclid	$2,875,396
Fairfax	$53,566
Fairview Park	$735,874
Forest Park	$493,029
Garfield Heights	$1,729,436

Grandview Heights	$577,672
Greenhills	$94,376
Harrison	$160,988
Springdale	$415,684
Lakewood	$3,888,788
Lincoln Heights	$133,528
Madeira	$192,137

City/Village	2000 Amount
Maple Heights	$1,574,219
Mariemont	$102,658
Montgomery	$254,664
Mount Healthy	$121,412
North College Hill	$181,511
Parma	$3,914,926
Shaker Heights	$1,296,259
Silverton	$104,525
South Euclid	$1,147,579
St. Bernard	$238,640
University Heights	$789,003
Upper Arlington	$2,405,404
Warrensville Heights	$816,412
Whitehall	$1,498,858
Worthington	$798,380
Wyoming	$193,031
TOTAL	**$30,508,736**

As initially proposed, House Bill 405 would have reduced the Local Government Funds by up to 6% for 2002-2003. Eventually State lawmakers and the General Assembly, recognizing that such legislation would be devastating to Ohio's cities, left the Local Government Funds frozen at current levels and found other ways to effect savings in the state budget.

Policy Recommendations

In order to avoid the prospect of future Local Government Funds cuts, the State must broaden its tax base to increase revenue streams and/or increase existing taxes on those revenue streams. Some possibilities include:

Increasing the current 4.2 percent tax rate formula;

Increasing state taxes;

Enacting new taxes (for instance, taxing internet transactions);

Replacing lost revenues at a later date through legislation.

Of the options listed, an increase from 4.2 percent of state taxes to a higher percentage may be the most realistic. The State should consider taxing internet transactions as soon as practicable, despite the complicated nature of such action and political opposition that can be expected. Supplementing the LGF with other state revenue sources also is a possibility.

The Ohio First Suburbs Consortium urges the Governor and General Assembly to increase the current 4.2 percent funding formula to at least 4.4 percent, beginning with the next biennial budget, 2004-2005.

RESTORATION OF MUNICIPAL REVENUE LOSSES RESULTING FROM SB 108

As a result of Senate Bill 108, enacted by the General Assembly in 2000, older, established communities throughout Ohio are about to suffer disastrous estate tax revenue losses. SB 108 raises the tax exemption level, in phases, for the estates of Ohio residents deceased in 2001 and during/after 2002, from $25,000.00 to $338,500.00. The legislation also revises the estate tax revenue sharing formula, previously at 36% State and 64% local government, to 30% State, 70% local government for 2001 decedents; and 20% State, 80% local government for 2002 (and thereafter) decedents.

From 1997 through 2001, before the impact of SB 108, the estate tax generated approximately $1.9 billion for the State and local governments, with the State receiving about $667 million and local governments receiving almost $1.3 billion. In a recent survey of 53 Northeast Ohio communities, 77% reported using the estate tax revenues for basic

operating expenses, such as police and fire services; 44% reported using the revenues to finance capital infrastructure improvements, such as water and sewer line replacements, street construction, sidewalk and curb replacements, parks and recreation improvements, construction of facilities and maintenance; and 32% reported using the revenues to finance capital equipment needs. These revenues are especially critical to older communities, which generally serve populations with modest incomes and property values. Revenue losses resulting from SB 108 cannot be offset by increasing other available municipal tax sources, such as property taxes and local income taxes, because those tax rates already are among the highest in the region and state.

An analysis of estate tax filing data during the past several years by the Cuyahoga County Auditor, Estate Tax Division, provides a chilling view of anticipated local revenue losses. Applying SB 108 filing and revenue distribution criteria to the data, the Auditor reports the following in regard to Cleveland and the 14 older, built-out member-cities of the Northeast Ohio First Suburbs Consortium:

City (& Data Review Period)	% Decrease in No. of Filings, Applying SB 108	% Decrease in Revenue, Applying SB 108	Average Annual Revenue Loss, Applying SB 108
Cleveland (7/98-2002)	92%	35%	$1,800,000
Bedford (7/98-2000)	89%	39%	$ 166,000
Brook Park (7/99-2001)	95%	68%	$ 152,800
Bedford Heights (7/99-2001)	96%	57%	$ 28,800
Cleveland Heights (7/98-2000)	84%	22%	$ 282,000
Euclid (7/98-2001)	89%	48%	$ 657,000
Fairview Park (7/98-2000)	84%	16%	$ 60,000
Garfield Heights (7/98-2000)	93%	68%	$ 311,000
Lakewood	88%	32%	$ 424,000

(7/98-6/2001)			
Maple Heights (7/98-2000)	97%	86%	$ 200,000
Parma (7/98-2000)	95%	71%	$1,080,000
Shaker Heights (7/98-2001)	67%	11%	$ 340,000
South Euclid (7/98-2000)	91%	43%	$ 223,000
University Heights (7/98-2000)	80%	18%	$ 84,000
Warrensville Heights (7/98-2000)	97%	81%	$ 46,000

The average revenue loss for Northeast Ohio FSC member-cities conservatively anticipated from SB 108 will be approximately $290,00 per year - - nearly equal to the cost of four police officers or firefighters. Although such data analysis currently is not available from other counties, it is probable that similar losses will be experienced by the five cities in Franklin County constituting the Central Ohio FSC (Bexley, Grandview Heights, Upper Arlington, Whitehall and Worthington) as well as the many other older, built-out Ohio communities where millions reside.

The financial impact of SB 108 probably will not begin to be felt until 2003, because of the timing of estate filings. As mandated by the legislation, the General Assembly formed a committee to study the future of the estate tax after 2006, and make recommendations on its continuance. In December, 2001, the Committee recommended eliminating the tax by the end of 2002, without any revenue replacement for local governments. As a result, the looming financial crisis for local governments can be averted only by prompt State action to restore or replace the desperately needed local operating revenues eliminated by the General Assembly.