

# OMAC MuniNews

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The following article was taken from Moody's Investors Service, dated June 14, 2017.

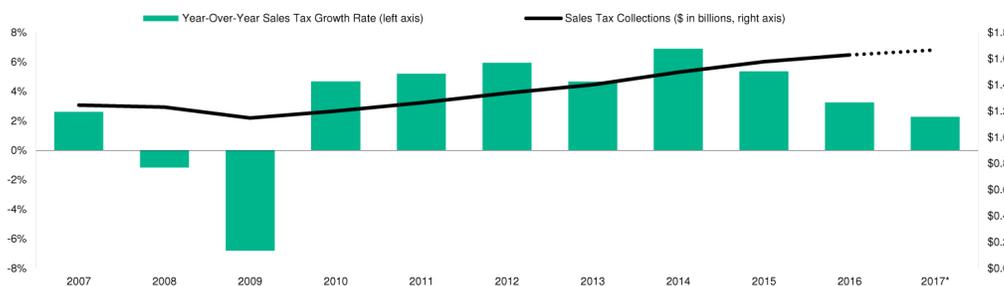
## Local Government – Ohio

### County sales tax revenue grows, but at a slower rate

The Ohio (Aa1 stable) Department of Taxation released data last month showing 2.3% year-over-year growth in total county sales tax collections for the 2017 first quarter (see Exhibit 1). Continued growth is a credit positive in Ohio, particularly because sales tax revenues account for 40% to 60% of a county's operating income. Still, with lagging employment growth and a difficult retail environment, the statewide growth rate is on pace to decline for a third straight year, following 5.4% and 3.3% increases in 2015 and 2016, respectively. A prolonged drop-off would pose a challenge as counties are likely to lose revenue due to the elimination of a sales tax on Medicaid managed care organizations.

#### EXHIBIT 1

#### Ohio county sales tax revenue continues to grow, but at a slower rate



Collections for 2017 are an estimate based on first-quarter results. Changes in sales tax collections owing to changes in tax rates are eliminated in the exhibit.

Sources: Ohio Department of Taxation, Moody's Investors Service

Overall, 69 of Ohio's 88 counties experienced year-over-year growth in sales tax revenues in the first quarter (see Exhibit 2 on following page) of 2017. Central Ohio counties in the Columbus (Aaa stable) metro area experienced some of the most robust growth, with Union County (Aa2) and Pickaway County (Aa3) leading the way, logging 23.6% and 10.9% growth, respectively. Fayette County (A2) and Muskingum County (Aa2) were among the biggest losers statewide, realizing 18.7% and 7.9% declines, respectively.

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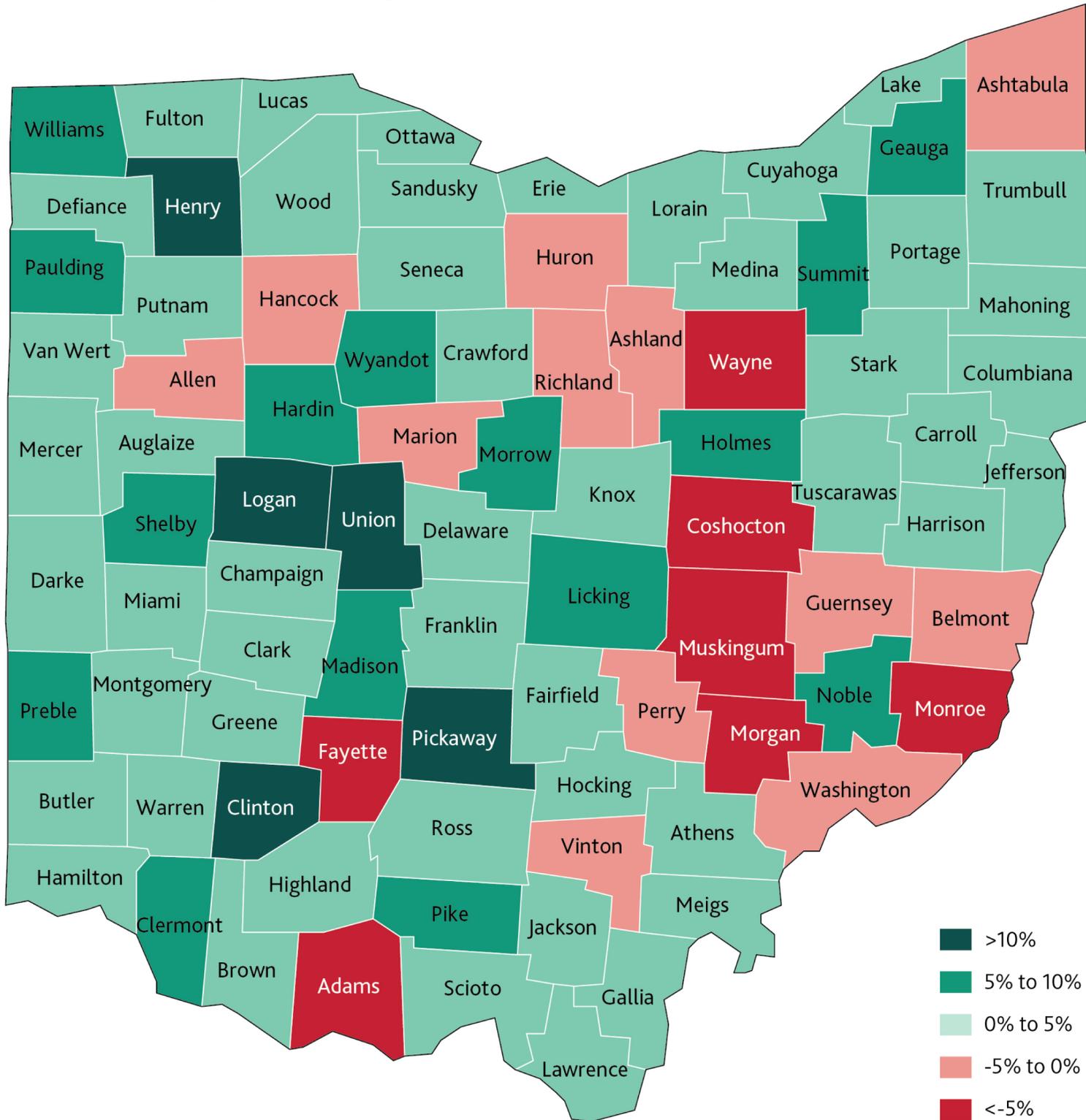
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EXHIBIT 2

Sales tax growth remains widespread, pockets of rapid growth near Columbus (Franklin County)

Year-over-year sales tax growth in 2017 first quarter



Changes in sales tax collections owing to changes in tax rates are eliminated in the exhibit.  
Source: Ohio Department of Taxation, Moody's Investors Service

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Lagging employment growth has likely contributed to the slowdown in the sales tax growth rate. In the 2017 first quarter, Ohio's monthly non-farm employment growth declined to 0.7% year over year, down from 1.7% and 1.5% in 2015 and 2016, respectively. Also, with some large retailers struggling, sales tax receipts from retail sales have steadily declined as a share of statewide collections, falling to 51% in 2016 from 60% in 2010.

### Shuttered brick-and-mortar retail outlets hurt county sales tax collections

Several counties have experienced declining sales tax collections due in part to the closure of traditional retail outlets. Belmont County (Aa2), for example, has seen a slew of closures over the past year as many of its retailers have restructured operations, closed underperforming outlets or declared bankruptcy. The county's recent or planned retail closures include Kmart, Radio Shack, MC Sports, Elder-Beerman, Woodbury Outfitters, hhgregg, and Things Remembered.

Belmont County's sales tax collections fell 10.2% in 2016 and were down 3% through the first quarter of 2017. The county has a history of maintaining sound reserves that mitigate the impact of a decline in the economically volatile revenue source; however, a prolonged period of lower collections without a corresponding sales tax rate increase or budget cut would weaken the county's credit quality.

Elsewhere in Ohio, large retailers such as Kmart (7 stores), Sears (4), JCPenney (4) and Macy's (4) have all recently closed or announced planned closures.

The decline in the sales tax growth rate comes as counties face a federally mandated elimination of a sales tax on Medicaid managed care organizations. Absent state action, most Ohio counties stand to lose 3% or more of their operating revenues from the disappearing tax beginning in the second half of 2017. Governor John Kasich's proposed fiscal 2018-19 biennial budget includes a one-time transfer to counties that will phase in the revenue loss and give management teams more time to prepare for the change; however, the proposal does not include a plan to permanently hold counties harmless.

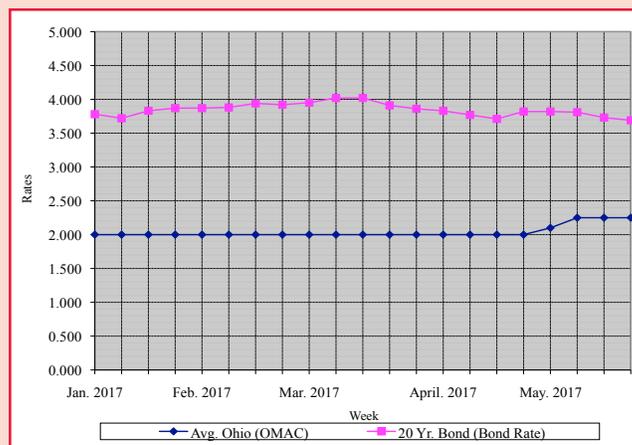
Ohio counties have varying degrees of flexibility to absorb a revenue hit. County boards can increase the sales tax rate up to a 1.5% cap without voter approval. Voters can petition for a ballot measure to repeal an increase approved only by the board, but such referendums are relatively uncommon. Of Ohio's 88 counties, 40 have a sales tax rate less than 1.5% and 48 are at the 1.5% cap.

## MARKET UPDATE

### GENERAL OBLIGATION

#### Note and Bond Interest Rates for January thru May

The following graph compares Ohio short-term note rates with the Bond Buyer's 20 year bond index. The short-term rates represent actual rates reported to OMAC by Ohio purchasers and reported on OMAC's weekly calendar.



## May 2017 Election Results

Voters approved 81% of Ohio's school district levies in the election. Of the seventy-eight (78) school district tax levies on the ballot, sixty-three (63) were approved while fifteen (15) were defeated.

Of the twenty-four (24) bond issues on the ballot, school districts represented the majority with twenty-two (22) followed by townships with two (2). Of these, twenty-one (21) were considered large - \$10,000,000 or greater, and three (3) were considered intermediate - \$5,000,000 to \$9,999,999. Voters approved twelve (12) or \$471,724,878 while rejecting twelve (12) or \$339,538,452.

The following tables show the results of the bond issues and school tax levies submitted at the May 5, 2017 special election. The results were compiled with the assistance of the County Boards of Election, and the office of the Secretary of State.

### Bond Issues

The following table compares this years results with those of the past four years.

<b>YEAR</b>	<b>VOLUME SUBMITTED</b>	<b>VOLUME APPROVED</b>	<b>PCT. APP.</b>	<b>NUMBER SUBMITTED</b>	<b>NUMBER APPROVED</b>	<b>PCT. APP.</b>
2017	\$811,263,330	\$471,724,878	58.1%	24	12	50.0%
2016	\$185,469,502	\$31,986,437	17.2%	6	2	33.3%
2015	\$4,500,000	\$4,500,000	100.0%	1	1	100.0%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2013	\$28,308,500	0	0.0%	1	0	0.0%

The second table shows by issue size, the volume and number of each submitted, and the volume and number of each approved (including ratio approved).

<b>Issue Size*</b>	<b>-----SUBMITTED-----</b>		<b>-----APPROVED-----</b>			
	<b>Volume</b>	<b>No.</b>	<b>Volume</b>	<b>% Vol.</b>	<b>No.</b>	<b>%No</b>
Large	\$791,513,330	21	\$465,974,878	58.9%	11	52.4%
Intermediate	\$19,750,000	3	\$5,750,000	29.1%	1	33.3%
Small	0	0	0	0.0%	0	0.0%
<b>TOTAL</b>	<b>\$811,263,330</b>	<b>24</b>	<b>\$471,724,878</b>	<b>58.1%</b>	<b>12</b>	<b>50.0%</b>

\*Large - \$10,000,000 or greater; Intermediate - \$5,000,000 to \$9,999,999; Small - less \$5,000,000

The third table show by subdivision classification, the volume and number of issues approved

	<b>-----VOLUME-----</b>			<b>-----NUMBER-----</b>		
	<b>Submitted</b>	<b>Approved</b>	<b>% App.</b>	<b>Submitted</b>	<b>Approved</b>	<b>% App.</b>
County	\$0	\$0	0.0%	0	0	0.0%
Municipality	\$0	\$0	0.0%	0	0	0.0%
Township	\$10,750,000	\$5,750,000	53.5%	2	1	50.0%
School District	\$800,513,330	\$465,974,878	58.2%	22	11	50.0%
Miscellaneous	\$0	\$0	0.0%	0	0	0.0%
<b>TOTAL</b>	<b>\$811,263,330</b>	<b>\$471,724,878</b>	<b>58.1%</b>	<b>24</b>	<b>12</b>	<b>50.0%</b>



The fourth table shows further breakdown of the volume and number of issues approved for school districts.

	-----VOLUME-----			-----NUMBER-----		
	Submitted	Approved	% App.	Submitted	Approved	% App.
City S/D	\$229,675,286	\$177,536,592	77.3%	4	3	75.0%
Local S/D	\$440,989,351	\$254,080,552	57.6%	16	7	43.8%
Jt. Voc. S/D	\$129,848,693	\$34,357,734	26.5%	2	1	50.0%
<b>TOTAL</b>	<b>\$800,513,330</b>	<b>\$465,974,878</b>	<b>58.2%</b>	<b>22</b>	<b>11</b>	<b>50.0%</b>

## School District Tax Levies

The first table shows the total new millage levies submitted (number and volume), and also the results thereof.

Type	-----Submitted-----		-----Approved-----				-----Defeated-----			
	No.	Millage	No	Pct.	Millage	Pct.	No.	Pct.	Millage	Pct.
Curr Exp & Perm Impr.*	2	14.40	2	100.0	14.40	100.0	0	0.0	0.00	0.0
Current Expense	10	63.13	8	80.0	46.58	73.8	2	20.0	16.55	26.2
Emergency	6	30.30	3	50.0	12.30	40.6	3	50.0	18.00	59.4
Permanent Improvement	13	16.74	6	46.2	7.90	47.2	7	53.8	8.84	52.8
<b>TOTAL</b>	<b>31</b>	<b>124.57</b>	<b>19</b>	<b>61.3</b>	<b>81.18</b>	<b>65.2</b>	<b>12</b>	<b>38.7</b>	<b>43.39</b>	<b>34.8</b>

The second table shows the total renewal millage levies submitted (number and volume), and also the results thereof.

Type	-----Submitted-----		-----Approved-----				-----Defeated-----			
	No.	Millage	No	Pct.	Millage	Pct.	No.	Pct.	Millage	Pct.
Current Expense	10	64.15	10	100.0	64.15	100.	0	0.0	0.00	0.0
Permanent Improvement	12	21.75	11	91.7	20.25	93.1	1	8.3	1.50	6.9
Emergency	23	163.94	22	95.7	154.03	94.0	1	4.3	9.91	6.0
<b>TOTAL</b>	<b>45</b>	<b>249.84</b>	<b>43</b>	<b>95.6</b>	<b>238.43</b>	<b>95.4</b>	<b>2</b>	<b>4.4</b>	<b>11.41</b>	<b>4.6</b>

\*Millage and percent for these issues are calculated with the individual Current Expense and Permanent Improvement categories.

The third table gives a three year comparison (Elections) by levy type, the total new millage submitted and approved, with the ratio approved.

	----- 2017 -----			----- 2016 -----			----- 2015 -----		
	Subm.	App.	% App.	Subm.	App.	% App.	Subm.	App.	% App.
Current Expense	63.13	46.58	73.8	4.50	0.00	0.0	0.00	0.00	0.0
Permanent Improvement	16.74	7.90	47.2	5.60	1.60	28.6	0.00	0.00	0.0
Curr Exp & Perm Impr*	14.40	14.40	100.0	0.00	0.00	0.0	0.00	0.00	0.0
Emergency	30.30	12.30	40.6	0.00	0.00	0.0	0.00	0.00	0.0
<b>TOTAL</b>	<b>124.57</b>	<b>81.18</b>	<b>65.2</b>	<b>10.10</b>	<b>1.60</b>	<b>15.8</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>



# CALENDAR

## Calendar of Issuer Conferences & Outings for 2017

NAME	EVENT	DATE	LOCATION
CAAO	Winter Conference	Nov. 15 – 17	Embassy Suites - Dublin, Ohio
CTAO	Fall Meeting	November 14-16	Columbus Marriott NW at Tuttle Crossing – Dublin, Ohio
GFOA	Annual Golf Outing	July 24	Worthington Hills Country Club - Worthington, Ohio
	Annual Fall Conference	September 20 - 22	Cleveland Marriott at Key Center - Cleveland, Ohio
	Advanced Accounting Seminar	August 2 - 3	Niagara Event Center - Put-In-Bay, Ohio
MFOA	OML Annual Conference	November 1 - 3	Renaissance Hotel – Columbus, Ohio
(OML)	MFOA Annual Conference	November 1 - 3	Renaissance Hotel - Columbus, Ohio
	Northeast Ohio Golf Outing	July 21	Ridgewood Golf Course - Parma, Ohio
	North-Central Ohio Golf Outing	TBD	Woussickett Golf Course – Sandusky, Ohio
NACO	National Conference	July 21 – 24	Columbus Convention Center – Franklin County, Ohio
OAPT	Annual Conference	October 4 – 6	Maumee Bay State Park Lodge – Maumee, Ohio
	National Conference	July 23 - 25	Walt Disney World Swan & Dolphin Hotel – Orlando, Florida
OMCA	Annual Conference	July 16 - 20	Doubletree by Hilton - Cleveland, Ohio
	Athenian – Follow Yellow Brick Rd	August 18	Montpellier, Ohio
	Med. Marijuana/Disaster Preparedness	September 14	Hilliard City, Ohio
	Athenian – Lean In	October 20	Green, Ohio
OSBA	Capital Conference	November 12 – 15	Columbus Convention Center – Columbus, Ohio

(T) - means date or place is tentative.

Red lettering means revised or updated events.

CAAO – County Auditor’s Association of Ohio ----- (614) 228-2226 ----- [www.caao.org](http://www.caao.org)  
 CTAO – County Treasures Association of Ohio ----- (614) 517-5072 ----- [www.ohiocountytreasurers.org](http://www.ohiocountytreasurers.org)  
 GFOA – Government Finance Officers Association ----- (614) 221-1900 ----- [www.ohgfoa.com](http://www.ohgfoa.com)  
 MFOA – Municipal Finance Officers Association of Ohio ----- (614) 221-4349 ----- [www.omloho.org](http://www.omloho.org)  
 NACO – National Association of Counties ----- (614) 221-5627 ----- [www.naco.org](http://www.naco.org)  
 OAPT – Ohio Association of Public Treasurers ----- (440) 576-3944 ----- [www.ohioapt.org](http://www.ohioapt.org)  
 OASBO – Ohio Association of School Business Officials ----- (614) 431-9116 ----- [www.oasbo-ohio.org](http://www.oasbo-ohio.org)  
 OMCA – Ohio Municipal Clerks Association ----- (614) 221-4349 ----- [www.omca.us](http://www.omca.us)  
 OSBA – Ohio School Boards Association ----- (614) 540-4000 ----- [www.ohioschoolboards.org](http://www.ohioschoolboards.org)

**If your organization has other events scheduled that you would like to see listed here, please contact OMAC at 800-969-6622 or email us at [chris@Ohiomac.com](mailto:chris@Ohiomac.com).**