

STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

OHIO COUNTIES

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

From State Funds:

- Counties receive 11.4 percent of local distribution of state motor fuel tax (28 cents per gallon, of which, counties received 3.18 cents per gallon in CY 2007).
- Counties receive a portion of revenues from the statewide motor vehicle license tax. Counties received 75 percent of the total local distribution in CY 2007, amounting to \$234.8 million.
- The Ohio Public Works Commission distributes funds from the Local Transportation Improvement Program (LTIP) on a project basis, to which counties apply for grant funding. The program is funded through one cent of the 28 cent per gallon state motor fuel tax, which amounted to \$64 million in FY 2007. Grants awarded through LTIP can cover up to 100 percent of the total project cost. One-third (1/3) of the program's funds must be distributed with 42 percent going towards municipal projects, 37 percent for county projects and 20 percent for township projects to county road projects.
- The Ohio Public Works Commission distributes funds through the State Capital Improvement Program (SCIP) to local governments through three types of funding. Eighty (80) percent of a government's SCIP allocation can be awarded in the form of grants, requiring a minimum 10 percent match. Twenty (20) percent of a government's SCIP allocation must be awarded in the form of interest free loans or in the form of local debt support.

From Federal Funds:

- Twelve (12) counties in Ohio receive federal Secure Rural Schools and Community Self-Determination (SRS) payments that must be used towards county roads and schools.

From County Funds:

- Counties may use local permissive tax revenues generated through local motor vehicle license taxes of up to \$15 in three separate increments of \$5 each. All counties have authority to levy any or all 3 levies, with most counties levy at least one.
- Counties levy property taxes for the purpose of construction, reconstruction and repair of streets, roads and bridges; for the purpose of purchasing, constructing, improving, equipping, maintaining or operating a county transit system; for purpose of acquiring, rehabilitating or developing rail service.
- Voters in six counties in Ohio approved highway real property tax levies for highway related purposes.

Share of County Owned Road Miles Out of Public Roads Statewide	24%
Share of County Owned Bridges Out of Public Bridges Statewide	55%
Share of Structurally Deficient Bridges Out of County Owned Bridges	11%

COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	Counties may not levy a property tax that exceeds the combined one percent limit on state and local taxes for the purpose of roads and bridges.
Levy Personal Property Taxes		
Levy Local Option Sales Taxes	X	Counties may levy sales taxes of 1% and 0.5% with revenues used for general or specific purposes.
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee	X	Counties have authority to enact up to \$15 in motor vehicle license taxes in 3 separate increments of \$5 each.
Form Special Districts for Transportation	X	Counties may create intergovernmental legal structures such as authorities, and improvement districts.

- In addition to the one percent general local option sales and use tax, counties levy a maximum 0.5 percent sales and use tax for additional revenue for transportation purposes, transit authorities, permanent improvements under a Community Improvements Board or to pay for debt service.
- Counties create Transportation Improvement Districts (TIDs) to promote intergovernmental and public-private cooperation by coordinating resources for transportation projects. For the 2012-2013 biennium, the Ohio Department of Transportation (ODOT) provided \$3.5 million each fiscal year to finance TIDs. Transportation Improvement Districts can impose a \$20 motor vehicle license tax above other vehicle licensing taxes. Recent legislation allows counties more flexibility to work together across political subdivisions, encouraging governments to collaborate with other counties, cities, towns and ODOT to take care of the state's road needs while saving money by sharing equipment and costs.

COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- Revenues collected through the motor fuel tax can only be used for highway purposes and not just general transportation purposes.
- The state motor vehicle gas tax fund and motor vehicle license funds are constitutionally dedicated to road purposes. Many county general funds are drying up, forcing legislative boards to spread the limited funds across many governmental services. As a result, many county legislative boards are cutting general fund appropriations to road and bridge projects, leaving county engineers with the limited allocation they receive from the state gas tax.

NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- House Bill 51, a transportation funding bill includes language requiring ODOT to reimburse counties for the cost of relocating county water and sewer lines when necessitated by a state highway project. The bill also allows county commissioners to establish road vacation fees to be paid by any person or entity that petitions the board of commissioners to vacate a public road; road vacation fee to be used to reimburse the county for the actual cost of published and mailed notices. The bill permits the Ohio Turnpike and Infrastructure Commission to issue bonds, collect tolls, and authorize construction of "infrastructure projects" around the state.
- State law allows County Boards of Commissioners and engineers to complete projects by force account, meaning the county can use their own employees for projects that cost under \$30,000 per mile of road or \$100,000 per bridge. This allows counties to save money on small projects by using their own equipment and employees and avoiding the costs of bidding projects out to contractors. The state places strict limits on the maximum costs of projects eligible to be completed by force account, requiring counties to include administrative costs and fringe benefits to the estimated cost of the project, and requiring county engineers to put the project out for bid if it exceeds the cost threshold.
- Starting in FY 2004 and continuing to FY 2008, ODOT began phasing out the State Highway Patrol's use of motor fuel tax revenues. In FY 2008, the state redirected the Highway Patrol's former motor fuel tax allocation of approximately \$186 million, in total to local governments for road and bridge projects.