REPLACE MEDICAID MCO SALES TAX REVENUE LOSS

A CCAO LEGISLATIVE PRIORITY

REPLACE REVENUE LOST FROM THE ELIMINATION OF THE MEDICAID MANAGED CARE ORGANIZATION (MCO) SALES TAX

The SFY 18/19 Executive Budget proposes a plan to address the loss of the Medicaid MCO sales tax revenue to the state, counties and transit authorities. The plan utilizes a waiver from the Centers for Medicare and Medicaid Services that will allow the state to fully replace its sales tax loss, but only provides counties a one-time allocation that ranges from approximately three months to a year or more of the foregone revenue.

Counties value our partnership with the state, which allows us to administer programs that serve our collective constituents. However, the disparate treatment contained in this proposal undermines the fiscal stability of county revenues.

THE COUNTY COMMISSIONERS ASSOCIATION OF OHIO OFFERS THE FOLLOWING CONSIDERATIONS:

- The Executive Budget proposal creates disparity by fully replacing the lost MCO sales tax revenue to the state, but only providing counties and transit authorities a one-time allocation. Ohio should develop a plan that provides equal treatment and offers complete and permanent replacement for everyone who is affected.
- In 2016 the MCO sales tax represented $209 million, or 8.2 percent of all county and transit authority sales tax collections.
- Permissive sales tax revenue represents over 50 percent of the county general revenue fund. The majority of this revenue is used to administer important services like public safety and child protection.
- As the administrative arm of the state, counties need fiscal stability in order to provide state mandated services to the citizens of Ohio.

County Commissioners Association of Ohio

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