



Message from the President

I hope that all of you are enjoying the summer. After this past winter, which strained most of our communities' budgets for snow removal and salt, the last thing we needed was a severe winter. We can all certainly use the break.

I want to thank **Gary Norton**, Councilman from East Cleveland and one of our At-Large Board Members this year, for agreeing to serve as Secretary for the remainder of the year. **Dorise Thompson**, Councilwoman from Warrensville Heights, resigned the Secretary's position due to other commitments. I would like to thank **Matt Zone**, Councilman from the City of Cleveland for stepping up from the Nominating Committee to fill the At-Large seat on the Board for the rest of the year. I think both will do an excellent job in their new positions.

I would also like to wish everyone good luck at this time, that may be running for election. It takes a dedication to want to serve a community in the position of Council. Often times it can seem unrewarding, but this position is the closest elected position in this country to the electorate. The job we do is probably criticized more than any other elected position, because the people know who we are and how to get hold of us. They also know it is easier to make a change at this level than any other. The services we provide affect people more directly than other elected positions. Maintaining the quality of life in our communities, given the budget constraints we face, is no easy task. That is why organizations such as NOCCA exist, so that we may network with other communities to see how others may be handling similar situations. We are all in this together, and collectively we can find economical solutions to our communities' ever growing budgetary problems. Sometimes making the right decision can cause us to face opposition in an election by a person who does not understand the process it takes to get results. So, all of you need to be thanked and congratulated for the service you provide to your community.

I hope to see all of you at our July Forum on the 28th at the CSU Wolstein Center, and have a very enjoyable summer.

Civically yours,
Donald Saunders
 President, N.O.C.C.A., Inc.

APRIL FORUM REVIEW



Bay Village Councilman and NOCCA Board member **David Tadych** introduced **The Honorable Sally Conway Kilbane**, Ohio State Representative for the 16th District, which includes Rocky River, Bay Village, Westlake, North Olmsted, and Fairview Park. Ms. Kilbane also serves as the state's Chair of the Ways and Means Committee. This recap includes topical highlights which focus on state and county shared concerns.

What should cities expect? The largest major tax reform since 1934. Two committees were formed in 2002 to create a simple system in compliance with lower administrative costs. The goal is a simplified tax system, a neutral tax system that provides no advantages to anyone and is based on ability to pay. Currently manufacturing is heavily taxed in Ohio. Manufacturing comprises 25% of Ohio's income tax base, and is taxed at a rate of \$10 per \$1,000 income, while retail is taxed at a rate of \$6 per \$1,000 income. Income tax revenue in Ohio has been level, yet we have the highest income tax rate in the region at 7.5% compared to 4% in Michigan and 3.5% in Pennsylvania. Only Montana is higher. In the state there are 548 taxing jurisdictions, each with different rules. Also in Ohio there is extensive local taxation on income tax. Both municipal income taxes and tangible personal property taxes lack uniformity which makes compliance a nightmare. These taxes are also an impediment to investment and need to be done away with. Income growth in Ohio has been below the national average since 1976. The state unemployment rate exceeds the national rate and has for a number of years. Additionally, there are 154 goods and services that are taxed in the US; Ohio taxes 52 of them.

Developments: A uniform withholding base, deadlines, extensions for the state which can be completed via electronic filing. There will be a 21% reduction in personal income tax rates, excluding the first \$10,000 in income, and 50% of income tax on \$100,000 and above. Approximately 300,000 people in the state, who currently pay half of the collected taxes, would be affected. Corporate Franchise Tax and

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PLAN TO ATTEND THE SUMMER FORUM

THURSDAY,
 July 28, 2005

**The Wolstein Center at
 Cleveland State University
 2000 Prospect Avenue
 Cleveland, OH**

**"The Voices And Choices
 Project: What Is It And
 Why Should We Care."**

GUEST SPEAKERS:

DAVID T. ABBOTT, Executive Director, The George Gund Foundation
SHARA DAVIS, Project Director, Voices and Choices

Registration, Meet & Greet, Cash Bar	6:15 pm
Welcome	7:00 pm
Dinner*	7:15 pm
Program	8:00 pm

*Dinner is Free of Charge for Paid Members. Member Guests are welcome at \$35 per person. Non-member guests are welcome at \$40 per person. Failure to cancel a registration 24 hours prior to event will result in billing of members and non-members.

Menu Choice: Chicken Tosca, Halibut, or Pasta Primavera (vegetarian option).

Parking: \$4.00 - Limited spaces available. Carpool is suggested. Use Lot Z and give name at the gate.

Please make your reservations by
 Monday, July 25, 2005
 to Cheryl McNulty
 Phone: 216-382-3456 Fax: 216-382-5105

BENNETT'S MUNICIPAL CORNER

VOICES & CHOICES – NOCCA 2005 SUMMER FORUM

Did you know that the 15 counties of Northeast Ohio contain over 3 million people and collectively have a gross regional product of \$130 million?*

This figure is larger than that of South Africa, Sweden or Israel.* Did you know that the 10 largest regions in the United States out produce 31 states?*

Do you think that team of regions needs another player to have a full squad of 11 players on the field? Shouldn't Northeast Ohio be that 11th player? What is missing from our bench (economy)? Why aren't we the 11th region? What should be the economic vision and focus for Northeast Ohio in the future?

To answer these questions and to revive Northeast Ohio's regional economy, nearly 70 Northeast Ohio Philanthropic

organizations funded the Fund for Our Economic Future. This fund spawned a project called **Voices & Choices**. A consortium of northeast Ohio universities called the *Universities Collaborative* has partnered with *AmericaSpeaks* to manage the Voices and Choices program/project. The Voices and Choices Project through *AmericaSpeaks* is dedicated to elevating the people's voice in public decision making. The Voices and Choices project is also dedicated to transforming the Northeast Ohio economy so that the area will once again become a region where businesses want to locate, where people want to live, build a career and family, and where residents feel a sense of civic pride.*

The Voices & Choices Project will involve political, business, and community leaders to both have a voice in the development of an action plan and to be ready to enact project recommendations. To ensure that the voice of Northeast Ohio's legislators will be heard, NOCCA has invited *AmericaSpeaks* to present the Voices & Choices Program at the 2005 NOCCA Summer Forum. (* *Facts and figures source, Voices and Choices Flyer.*)

Submitted by
Steven D. Bennett
City of University Heights



APRIL FORUM REVIEW - CONTINUED FROM PAGE 1

Tangible Personal Property Taxes will be eliminated. These taxes will be phased out over five years. As schools currently receive 70% of these taxes, they will be reimbursed by the state. Commercial Activities Tax will be .0026% on gross receipts over \$1,000,000 (example \$40-100,000 pay \$100). Financial and Insurance companies and Public Utilities are exempt from this tax.

Tax Increases considered: Cigarette taxes increase by \$.45. Other tobacco product taxes increase from 17% to 30%. Taxes on beer and wine will be doubled. Real estate transfer taxes increase. Estate taxes to eliminate the sponge tax so Ohio law conforms to Federal law. Repeal the 10% rollback tax on commercial property.

Problems: The Profit Tax levied by municipalities needs to change to a gross receipts tax. Cuyahoga County is more expensive than any other major county in Ohio. There are 3,611 taxing jurisdictions. Local cities must mimic state taxes. The goal is to have more services at a reasonable cost in cities.

The Ohio Growth Study concludes the following: Sales and property taxes equate to income. Sales tax revenues in Cuyahoga County have been even. New taxes may cause businesses to close, leading to increased unemployment. Columbus is making cuts for local governments and says that local government needs to be more responsible. Ohio's economy is heavily dependent on the auto industry. Auto sales taxes help support the state. If the industry fails, the state is in serious trouble.

Ms. Kilbane's remarks on the state budget included these highlights: Seventy-five percent of the State Budget is comprised of Medicaid (40%) and K-12 education (35%). Huge increases in these areas were realized in 2004. Every other expense in the budget is lower than three years ago. 1998 and 1999 were the last time the State had adequate revenues. Ohio has not recovered from the recession. Ohio is above its tax capacity. Three billion has been put into the schools in the last 3 years. Eighteen billion will be spent next year for 1.8 million children. An example given: almost all of the City of East Cleveland does not pay property tax, therefore, the city cannot support local services. Medicaid is the state's largest expense and it is still growing. Ohio has the fifth largest amount of truck traffic in the country, (excess of roads/repair). HB920 is a statutory law which was put into the State Constitution and it cannot be reversed. Tax Limitation Law results in stagnant or decreasing revenues, along with increasing expenditures. Social Services are very under funded. Spending on colleges has been flat. We need an educated workforce. There was additional information on school funding, needed changes, and comparables to other states' and cities' successes at reinventing their economies.

Overall, an excellent presentation given Ms. Kilbane's task to help us understand local government funding issues in the context of the state's \$52 billion dollar budget that finds spending down with the exception of education and human services (Medicaid). There is no substitute for being present at these very educational forums. We look forward to seeing you in July.

Submitted by
Pam Bobst, City of Rocky River
Kathryn Gambatese, City of Richmond Hts.
and
Cheryl McNulty, NOCCA Secretary

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