



County of Hamilton

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Hamilton County Financial Mess – How Did We Get Here?
By Dusty Rhodes, County Auditor

There are two main reasons for Hamilton County's stadium related financial situation.

The first was an ill-advised and wildly optimistic projection of future revenues when the stadium projects began. At the time, in 1996, we had been seeing five to seven percent annual growth in sales tax revenues over the preceding ten to twenty years.

This let County Commissioners claim they were "conservative" in estimating a three percent annual future sales tax revenue growth for the stadium bonds. When I questioned this at the time and suggested zero growth might be more realistic one of the Commissioners called me "Chicken Little".

The rosy scenario was projected by a financial firm which apparently failed to consider that no economic trend ever continues forever. The County paid \$750,000 to this out-of-town consultant. And then, in spite of being so spectacularly wrong, the County continues to use this firm, mostly recently with a \$590,000 contract for their economic counsel over the next two years.

The failure of annual sales tax revenue growth to even come close to these projections has put the stadium fund "in the red" as early as next year.

The second reason is an extravagant example of "mission creep". Recall that the original stadium proposal – which a majority approved at the ballot box – was to build two stadiums, provide a sales tax related property tax credit and give some money to the Cincinnati Public Schools.

There was no mention of remaking the City of Cincinnati's riverfront or building underground (and still unused) "intermodal transit centers" and parking garages. That did not come until after the voters approved the half-percent sales tax.

Only then we began hearing of plans for the riverfront, known as "The Banks", which would be the greatest and most successful retail and residential development in the history of mankind. And best of all, it would be funded by all the "excess" sales tax revenues plus the usual state and federal grants.

The "excess" sales tax revenues never materialized. Today after millions of dollars in legal fees and millions more in construction, "The Banks" has not announced a single signed tenant.

The Commissioners still claim this "economic development" will be an immense benefit to our area. The expected benefits are so far in the future that no one will ever be called to account if the expectation is wrong. And the taxpayers will be left holding the bag.

I believe if "The Banks" made any economic sense private developers would be all over it. They are not. It is not a proper role of government to subsidize private development and create competition for businesses not so blessed.

It is easy to blame the recession for the problems, but the truth is the County's fiscal nightmare was totally self-inflicted. Both wildly optimistic revenue projections and excessive expansion of the original mission have created the mess.

It is hard to see how the voters will ever pass another sales tax to make up the shortfall while Commissioners persist in funding "The Banks" project.

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