

COUNTY AID

Enabling Laws

Act 166 of 2016
A.C.A. §19-5-602

History and Organization

Established by A.C.A. §19-5-602, the County Aid Fund consists of:

- General revenues provided under the Revenue Stabilization Law;
- Special revenues including:
 - Arkansas Highway Revenue Distribution Law - A.C.A. §27-70-201 et seq.
 - Special revenues specified in A.C.A. §19-6-301 subdivisions (74) and (117)
 - 34% of those special revenues as specified in subdivision (20) of A.C.A. §19-6-301
 - 25% of all severance taxes other than those imposed upon saw timber and timber products as set out in subdivision (18) of A.C.A. §19-6-301 of the Revenue Classification Law

All distributions of general and special revenues are to be made within ten (10) days after the close of each calendar month to the respective counties.

General revenue is distributed with seventy-five percent (75%) divided equally among the seventy-five (75) counties of the state and twenty-five percent (25%) distributed on the basis of population according to the most recent federal decennial or special census, with each county to receive the proportion that its population bears to the total population of the state. The funds are received by the County Treasurer and are to be credited to the County General Fund to be used for general county purposes, unless otherwise appropriated by the Quorum Court.

The biennial budget request for the County Aid Fund is prepared and submitted by the Director of the Arkansas Association of Counties.

Agency Commentary

In order to assist counties with the ever-increasing costs of providing state services administered at the county level, the General Assembly

created and funded a County Aid Fund beginning with the 1953/54 biennium. Since that time turnback dollars have increased very gradually. But, the percentage of state general revenue the counties receive has declined sharply - while at the same time the costs of delivering state mandated services have risen dramatically.

Unlike highway revenue turnback, which has a built-in mechanism for revenue growth - general revenue aid to counties is an arbitrary appropriation. That appropriation, for all practical purposes, was flat for a quarter of a century - from 1981 through 2006. For example: If county government had received a simple 3% annual adjustment in their county aid appropriation since 1981 the appropriation for 2016 would have been \$51,687,141 instead of the current \$23,428,616 (\$21,428,616 from the state's General Revenue Fund and \$2,000,000 from the surplus of the Property Tax Relief Fund).

Another point of concern is the amount of per capita funding that county government receives. This can best be illustrated below:

County General Revenue Aid

• Annual Gross General Revenue Funding	\$21,428,616.00
• Annual Additional Funding / Property Tax Relief Fund	\$ 2,000,000.00
• Less Property Reappraisal Deduction	\$ 2,280,000.00
• Less Deputy Prosecutor Salary Deduction	<u>\$ 5,459,621.28</u>
• Net Available for Use by Counties	\$ 15,688,994.72

- Per Capita Funding (Net Available Divided by County Population = $\$15,688,994.72 / 2,915,918 = \5.38 per capita)
\$5.38

This per capita number has dropped following the 2010 census, with many more citizens accessing services from county government which are often largely state functions but administered at a local level. The Association of Arkansas Counties respectfully ask that the State of Arkansas provide adequate state funding to county government for these mandates that we work under, and we specifically ask for a restoration of the 1% cut to county turnback administered in the 2015-2016 biennium which would take gross general revenue funding from \$21,428,616.00 back to \$21,645,067.

A partial list of the mandates on county government for which the State of Arkansas should bear responsibility include: (1) the administration of justice through the court system; (2) court records management; (3) responsibility for a portion of Deputy Prosecutor salaries (which are a

deduction from the General County Aid); (4) funding of office operations for Deputy Prosecutors and to some degree Prosecutors; (5) funding of office operations for Public Defenders; (6) law enforcement as it relates to the court system; and (7) the cost of the General Election.

The Association of Arkansas Counties is therefore respectfully requesting that county aid be funded for the 2017/2018 biennium at present levels plus the restoration of a 1% cut in the 2015/2016 biennium with an additional request as follows: Act 1044 of 1999 began a shift of deputy prosecutor salaries from county government to the state. However, at present the county general turnback is reduced by \$5,459,621.28 per year, reducing the net turnback received by our counties by over 25%. Within Act 1044 it is stated that "it is the intent of the General Assembly, in the transition to a state-funded deputy prosecuting attorney system, to provide an appropriate and adequate level of legal representation through deputy prosecuting attorneys in all areas of the state". We therefore would respectfully request that the state continue the transition to a state-funded deputy prosecuting attorney system through state funding, in full, of the deputy prosecutor salaries.

Also, we request that the state continue to monitor the progress of the Property Tax Relief Fund. If and when this fund is solvent enough to restore the \$4,000,000 per year that originally flowed to counties that this restoration occur. The 2015/2016 biennium budget cut this number in half (\$2,000,000 to each entity) in order to eliminate decreases in the fund balance.

Therefore, we respectfully submit our budget request of the following amounts - this includes the restoration of 1% to general turnback and \$2,000,000 per year from the Property Tax Relief Fund:

FY 2018	\$23,645,067
FY 2019	\$23,645,067

Finally, the county road turnback (special revenue) appropriation is funded by receiving a 15% allocation of revenues through the highway distribution law. We request that this base level budget of \$200,000,000 remain the same for both years unless an increase based on collections is warranted.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
N/A	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
073 General Revenue to Counties	21,347,496	0	21,428,616	0	21,645,067	0	21,428,616	0	21,645,067	0	21,428,616	0	21,428,616	0	21,645,067	0	21,428,616	0
074 Special Revenue to Counties	136,753,394	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0
190 Mineral Lease	7,110,200	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0
738 Real Property Tax Reduction-Counties	243,948,710	0	250,000,000	0	252,000,000	0	250,000,000	0	250,000,000	0	250,000,000	0	250,000,000	0	250,000,000	0	250,000,000	0
738A Property Tax Relief - Counties	2,000,000	0	2,000,000	0	0	0	2,000,000	0	4,000,000	0	4,000,000	0	2,000,000	0	4,000,000	0	4,000,000	0
Total	411,159,800	0	493,428,616	0	493,645,067	0	493,428,616	0	495,645,067	0	495,428,616	0	493,428,616	0	495,645,067	0	495,428,616	0

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	21,347,496	5.2	21,428,616	4.3	21,428,616	4.3	21,645,067	4.4	21,428,616	4.3	21,428,616	4.3	21,645,067	4.4	21,428,616	4.3	
Federal Revenue	4000020	7,110,200	1.7	20,000,000	4.1	20,000,000	4.1	20,000,000	4.0	20,000,000	4.1	20,000,000	4.1	20,000,000	4.0	20,000,000	4.1	
Special Revenue	4000030	136,753,394	33.3	200,000,000	40.5	200,000,000	40.5	200,000,000	40.4	200,000,000	40.5	200,000,000	40.5	200,000,000	40.4	200,000,000	40.5	
Trust Fund	4000050	245,948,710	59.8	252,000,000	51.1	252,000,000	51.1	254,000,000	51.2	252,000,000	51.1	252,000,000	51.1	254,000,000	51.2	252,000,000	51.1	
Total Funds		411,159,800	100.0	493,428,616	100.0	493,428,616	100.0	495,645,067	100.0	493,428,616	100.0	493,428,616	100.0	495,645,067	100.0	493,428,616	100.0	
Excess Appropriation/(Funding)		0		0		0		0		2,000,000		0		0		2,000,000		
Grand Total		411,159,800		493,428,616		493,428,616		495,645,067		495,428,616		493,428,616		495,645,067		495,428,616		

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %

Analysis of Budget Request

Appropriation: 073 - General Revenue to Counties

Funding Sources: MLC - County Aid Fund

This appropriation provides spending authority for the Treasurer's Office to distribute general revenues designated for the counties.

The Base Level for General Revenue to Counties is \$21,428,616 for each year of the biennium.

The Association of Arkansas Counties requests the restoration of appropriation and general revenue funding from the 1% reduction in FY2015 of \$216,451.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 073 - General Revenue to Counties

Funding Sources: MLC - County Aid Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	21,347,496	21,428,616	21,645,067	21,428,616	21,645,067	21,428,616	21,428,616	21,645,067	21,428,616
Total		21,347,496	21,428,616	21,645,067	21,428,616	21,645,067	21,428,616	21,428,616	21,645,067	21,428,616
Funding Sources										
General Revenue	4000010	21,347,496	21,428,616		21,428,616	21,645,067	21,428,616	21,428,616	21,645,067	21,428,616
Total Funding		21,347,496	21,428,616		21,428,616	21,645,067	21,428,616	21,428,616	21,645,067	21,428,616
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		21,347,496	21,428,616		21,428,616	21,645,067	21,428,616	21,428,616	21,645,067	21,428,616

Change Level by Appropriation

Appropriation: 073 - General Revenue to Counties
Funding Sources: MLC - County Aid Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	21,428,616	0	21,428,616	100.0	21,428,616	0	21,428,616	100.0
C01	Existing Program	216,451	0	21,645,067	101.0	216,451	0	21,645,067	101.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	21,428,616	0	21,428,616	100.0	21,428,616	0	21,428,616	100.0
C01	Existing Program	0	0	21,428,616	100.0	0	0	21,428,616	100.0

Justification

C01	The Association of Arkansas Counties requests the restoration of appropriation and general revenue funding from the 1% reduction in FY2015 of \$216,451.								
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2016 TO FISCAL YEAR 2017**

Agency: County Aid, Treasurer of State

Program: General Revenue to Counties

Act #: 527 Section(s) #: 3 & 12

Estimated Carry Forward Amount \$ 0.00 Funding Source: General Revenue

Accounting Information:

Business Area: 0074 Funds Center: 073 Fund: MLC Functional Area: CNST

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

Justification for carry forward of fund balance:

No carry forward expected.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward funding:

All funds were distributed in FY16.

Chris Villines

Director

08-10-2016

Date

Analysis of Budget Request

Appropriation: 074 - Special Revenue to Counties

Funding Sources: MLC - County Aid Fund

This appropriation provides spending authority for the Treasurer's Office to distribute special revenues designated for the counties.

The Association of Arkansas Counties requests Base Level for Special Revenue to Counties of \$200,000,000 each year of the biennium.

The Executive Recommendation provides for the Association's request.

Appropriation Summary

Appropriation: 074 - Special Revenue to Counties

Funding Sources: MLC - County Aid Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	136,753,394	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total		136,753,394	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Funding Sources										
Special Revenue	4000030	136,753,394	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Funding		136,753,394	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		136,753,394	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

Analysis of Budget Request

Appropriation: 190 - Mineral Lease

Funding Sources: MLC - County Aid Fund

This appropriation provides spending authority for the Treasurer's Office to distribute monies received from the federal government to those counties to which such monies are allocated by law.

The Association of Arkansas Counties requests Base Level of \$20,000,000 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Association's request.

Appropriation Summary

Appropriation: 190 - Mineral Lease

Funding Sources: MLC - County Aid Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	7,110,200	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total		7,110,200	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Funding Sources										
Federal Revenue	4000020	7,110,200	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Funding		7,110,200	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		7,110,200	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000

Analysis of Budget Request

Appropriation: 738 - Real Property Tax Reduction-Counties

Funding Sources: TPR - Property Tax Relief Trust

Amendment 79 to the Arkansas Constitution proposed limiting the increase in the assessed value of a taxpayer's real property after a countywide reappraisal and a required property tax credit of at least three hundred dollars (\$300) on homestead property. This amendment was adopted at the November 2000 general election and became effective January 1, 2001.

This appropriation provides spending authority for the Treasurer's Office to distribute special revenue to counties based upon a property tax reduction.

The Association of Arkansas Counties requests Base Level of \$250,000,000 for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Association's request.

Appropriation Summary

Appropriation: 738 - Real Property Tax Reduction-Counties

Funding Sources: TPR - Property Tax Relief Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	243,948,710	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Total	243,948,710	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Funding Sources									
Trust Fund 4000050	243,948,710	250,000,000		250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Total Funding	243,948,710	250,000,000		250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	243,948,710	250,000,000		250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000

Analysis of Budget Request

Appropriation: 738A - Property Tax Relief - Counties

Funding Sources: TPR - Property Tax Relief Trust Fund

Amendment 79 to the Arkansas Constitution proposed limiting the increase in the assessed value of a taxpayer's real property after a countywide reappraisal and a required property tax credit of at least three hundred dollars (\$300) on homestead property. This amendment was adopted at the November 2000 general election and became effective January 1, 2001.

This appropriation provides spending authority for the Treasurer's Office to distribute special revenue to counties based upon a property tax reduction.

Base Level for this appropriation is \$2,000,000 for each year of the biennium.

The Association of Arkansas Counties requests an increase of \$2,000,000 in appropriation and funding for each year of the 2017-2019 Biennium to restore to the original \$4,000,000 allocated to counties.

The Executive Recommendation provides for the Association's request in appropriation only.

Appropriation Summary

Appropriation: 738A - Property Tax Relief - Counties

Funding Sources: TPR - Property Tax Relief Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	2,000,000	2,000,000	2,000,000	2,000,000	4,000,000	4,000,000	2,000,000	4,000,000	4,000,000
Total	2,000,000	2,000,000	2,000,000	2,000,000	4,000,000	4,000,000	2,000,000	4,000,000	4,000,000
Funding Sources									
Trust Fund 4000050	2,000,000	2,000,000		2,000,000	4,000,000	2,000,000	2,000,000	4,000,000	2,000,000
Total Funding	2,000,000	2,000,000		2,000,000	4,000,000	2,000,000	2,000,000	4,000,000	2,000,000
Excess Appropriation/(Funding)	0	0		0	0	2,000,000	0	0	2,000,000
Grand Total	2,000,000	2,000,000		2,000,000	4,000,000	4,000,000	2,000,000	4,000,000	4,000,000

Change Level by Appropriation

Appropriation: 738A - Property Tax Relief - Counties
Funding Sources: TPR - Property Tax Relief Trust Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,000,000	0	2,000,000	100.0	2,000,000	0	2,000,000	100.0
C01	Existing Program	2,000,000	0	4,000,000	200.0	2,000,000	0	4,000,000	200.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,000,000	0	2,000,000	100.0	2,000,000	0	2,000,000	100.0
C01	Existing Program	2,000,000	0	4,000,000	200.0	2,000,000	0	4,000,000	200.0