

COUNTY AID

Enabling Laws

Act 642 of 2003
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)
 - 45% 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 § 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

The County Governments of Arkansas respectfully request that the County General Aid (Turnback) Fund be increased to \$21,715,701.00 in FY 2005/2006 and \$23,887,271.00 in FY 2006/2007 and all be placed in Category A of the Revenue Stabilization Act.

1. Counties in Arkansas are a constitutionally created political subdivision of the State and are required by law to provide certain government services to the State's citizens.
2. County Aid (turnback) was created by the General Assembly to assist counties in funding the cost of such services.
3. Counties have not had an increase in turnback since 1993, and in fact, have had cuts in funding.
4. Counties cannot continue to fund the ever-increasing need for services without an increase in revenues.

5. Request represents a ten percent (10%) increase over the current appropriation for the first year of the biennium and an additional ten percent (10%) the second year.

COUNTY AID SPECIAL REVENUES

The request for County Aid - Special Revenues is an appropriation authority amount and not an actual dollar amount from General Revenue. The money which comes through this appropriation is county road turnback, severance taxes, bond sales, etc.

<u>Appropriation</u>	<u>FY2005-2006</u>	<u>FY2006-2007</u>
Special Revenue to Counties (074)	\$ 140,000,000	\$ 160,000,000
Property Tax Relief (738)	\$ 225,000,000	\$ 225,000,000
Military Land Sales (1CW) (Severance Tax)	\$ 1,500,000	Carry Forward
Military Land Taxing Unit (1CX) (Spec Rev)	\$ 2,500,000	Carry Forward
Mineral Lease (190) (Unanticipated Sp Rev)	\$ 20,000,000	\$ 20,000,000

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 COUNTY AND MUNICIPAL AID
 FOR THE YEAR ENDED JUNE 30, 2002

Findings	Recommendations
None	None

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

Department Appropriation / Program Summary

Historical Data						Agency Request and Executive Recommendation								
Appropriation / Program	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
073 General Revenue to Counties	12,143,974	0	19,741,546	0	19,741,546	0	21,715,701	0	19,741,546	0	23,887,271	0	19,741,546	0
074 Special Revenue to Counties	76,692,667	0	160,000,000	0	160,000,000	0	140,000,000	0	140,000,000	0	160,000,000	0	160,000,000	0
190 Mineral Lease	200,275	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
1CW Military Land Sale	79,541	0	0	0	0	0	1,500,000	0	1,500,000	0	0	0	0	0
1CX Military Land Tax	132,568	0	0	0	0	0	2,500,000	0	2,500,000	0	0	0	0	0
738 Real Prop Tax Reduction-Counties	151,747,735	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0
Total	240,996,760	0	424,741,546	0	424,741,546	0	410,715,701	0	408,741,546	0	428,887,271	0	424,741,546	0

Funding Sources			%		%		%		%		%		%		
General Revenue	4000010	12,117,336	5.0	19,741,546	4.6			21,715,701	5.3	19,741,546	4.8	23,887,271	5.6	19,741,546	4.6
Federal Revenue	4000020	412,384	0.2	20,000,000	4.7			24,000,000	5.8	24,000,000	5.9	20,000,000	4.7	20,000,000	4.7
Special Revenue	4000030	228,440,402	94.8	385,000,000	90.7			365,000,000	88.9	365,000,000	89.3	385,000,000	89.7	385,000,000	90.7
Transfers to Agencies	4000695	26,638	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		240,996,760	100.0	424,741,546	100.0			410,715,701	100.0	408,741,546	100.0	428,887,271	100.0	424,741,546	100.0
Excess Appropriation/(Funding)		0		0				0		0		0		0	
Grand Total		240,996,760		424,741,546				410,715,701		408,741,546		428,887,271		424,741,546	

Analysis of Budget Request

Appropriation / Program: 073 - General Revenue to Counties

Funding Sources: MLC - County Aid Fund

The following appropriations provide spending authority for the Treasurer's Office to distribute General, Special and Federal funds to counties:

- General Revenue to Counties (073)
- Special Revenue to Counties (074)
- Unanticipated Special Revenue - Mineral Lease (190)
- Military Land Sale (1CW)
- Military Land Taxing Unit Distribution (1CX)

The Association of Arkansas Counties is requesting a 10% increase in General Revenue to Counties (073) over the 2003-2005 authorized level and an additional 10% increase for the second year of the biennium bringing the total request to \$21,715,701 in FY06 and \$23,887,271 in FY07. The additional increase for FY07 is requested due to the increasing costs of daily county operations.

The continuation of Base Level is requested for the following appropriations for the distribution of funds received from the federal government for mineral and oil leases:

Mineral Lease (190)	FY06 - \$20,000,000	FY07 - \$20,000,000
Military Land Sale (1CW)	FY06 - \$1,500,000	FY07 - Carry Forward
Military Land Taxing Unit (1CX)	FY06 - \$2,500,000	FY07 - Carry Forward

The continuation of Base Level is requested for Special Revenue to Counties (074) of \$140,000,000 for FY06 and \$160,000,000 for FY07.

The Executive Recommendation provides for Base Level for General Revenue to Counties of \$19,741,546 each year of the biennium. Continued state support to offset a portion of all county expenses for statewide primary elections, expenses for court reporters and administrative assistants, as well as significant amounts for the public defender and deputy prosecuting attorney systems, precludes the ability to increase aid to counties at this time. The Executive Recommendation also provides for Agency Request to continue Special and Federal Revenues received by the counties at the current appropriated levels.

Appropriation / Program Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	12,143,974	19,741,546	19,741,546	19,741,546	21,715,701	19,741,546	19,741,546	23,887,271	19,741,546
Total	12,143,974	19,741,546	19,741,546	19,741,546	21,715,701	19,741,546	19,741,546	23,887,271	19,741,546
Funding Sources									
General Revenue 4000010	12,117,336	19,741,546		19,741,546	21,715,701	19,741,546	19,741,546	23,887,271	19,741,546
Transfers to Agencies 4000695	26,638	0		0	0	0	0	0	0
Total Funding	12,143,974	19,741,546		19,741,546	21,715,701	19,741,546	19,741,546	23,887,271	19,741,546
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	12,143,974	19,741,546		19,741,546	21,715,701	19,741,546	19,741,546	23,887,271	19,741,546

Actual Expenditures have been adjusted to reflect the appropriation transfer to Arkansas Code Revision Commission pursuant to Act 1205 of 2003 for code books to Circuit Judges (\$21,348) and Prosecuting Attorneys (\$5,290). Special Language authorizes the carry forward of appropriation and funds. The amount of appropriation carried forward for FY05 was \$7,597,572.

Change Level by Appropriation

Appropriation / Program: 073-General Revenue to Counties

Funding Sources: MLC - County Aid Fund

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	19,741,546	0	19,741,546	100.0	19,741,546	0	19,741,546	100.0
C01	Existing Program	1,974,155	0	21,715,701	110.0	4,145,725	0	23,887,271	121.0

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	19,741,546	0	19,741,546	100.0	19,741,546	0	19,741,546	100.0
C01	Existing Program	0	0	19,741,546	100.0	0	0	19,741,546	100.0

Justification

C01	Appropriation and funding is requested each year of the biennium based upon the increasing cost of providing basic government services as provided by law.
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Appropriation / Program Summary

Appropriation / Program: 074 Special Revenue to Counties
Funding Sources: MLC - County Aid Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	76,692,667	160,000,000	160,000,000	140,000,000	140,000,000	140,000,000	160,000,000	160,000,000	160,000,000
Total	76,692,667	160,000,000	160,000,000	140,000,000	140,000,000	140,000,000	160,000,000	160,000,000	160,000,000
Funding Sources									
Special Revenue 4000030	76,692,667	160,000,000		140,000,000	140,000,000	140,000,000	160,000,000	160,000,000	160,000,000
Total Funding	76,692,667	160,000,000		140,000,000	140,000,000	140,000,000	160,000,000	160,000,000	160,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	76,692,667	160,000,000		140,000,000	140,000,000	140,000,000	160,000,000	160,000,000	160,000,000

Special Language authorizes carry forward of appropriation and funds. The amount of appropriation carried forward for FY05 was \$63,307,333.

Appropriation / Program Summary

Appropriation / Program: 190 Mineral Lease
Funding Sources: MLC - County Aid Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	200,275	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	200,275	20,000,000							
Funding Sources									
Federal Revenue 4000020	200,275	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Funding	200,275	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	200,275	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000

Special Language authorizes carry forward of appropriation and funds. The amount of appropriation carried forward for FY05 was \$19,799,725.

Appropriation / Program Summary

Appropriation / Program: 1CW Military Land Sale
Funding Sources: MLC - County Aid Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	79,541	0	0	1,500,000	1,500,000	1,500,000	0	0	0
Total	79,541	0	0	1,500,000	1,500,000	1,500,000	0	0	0
Funding Sources									
Federal Revenue 4000020	79,541	0		1,500,000	1,500,000	1,500,000	0	0	0
Total Funding	79,541	0		1,500,000	1,500,000	1,500,000	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	79,541	0		1,500,000	1,500,000	1,500,000	0	0	0

This is a biennial appropriation with an authorized level of \$1,500,000. The amount of appropriation carried forward for FY05 was \$1,420,459.

Appropriation / Program Summary

Appropriation / Program: 1CX Military Land Tax
Funding Sources: MLC - County Aid Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	132,568	0	0	2,500,000	2,500,000	2,500,000	0	0	0
Total	132,568	0	0	2,500,000	2,500,000	2,500,000	0	0	0
Funding Sources									
Federal Revenue 4000020	132,568	0		2,500,000	2,500,000	2,500,000	0	0	0
Total Funding	132,568	0		2,500,000	2,500,000	2,500,000	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	132,568	0		2,500,000	2,500,000	2,500,000	0	0	0

This is a biennial appropriation with an authorized level of \$2,500,000. The amount of appropriation carried forward for FY05 was \$2,367,432.

Analysis of Budget Request

Appropriation / Program: 738 - Real Prop 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 on 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 is requesting continuation of Base Level for this appropriation in the amount of \$225,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

Appropriation / Program: 738 Real Prop Tax Reduction-Counties
Funding Sources: TPR - Property Tax Relief Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refund/Reimbursements 5110014	151,747,735	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
Total	151,747,735	225,000,000							
Funding Sources									
Special Revenue 4000030	151,747,735	225,000,000		225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
Total Funding	151,747,735	225,000,000		225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	151,747,735	225,000,000		225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000

Special Language authorizes carry forward of appropriation. The amount of appropriation carried forward for FY05 was \$73,252,265.