

	Continuing Impacts							New Impacts in FY 2016 Budget					Total Continuing and New Impacts to Counties	
	SVP Costs at ASH ¹	100% of RTC Costs at ASH ²	Increased County Judicial Salaries ³	ACJC Indigent Defense ⁴	Elimination of County Lottery Revenues ⁵	Elimination of Prop. 204 Funding ⁶	HURF Shifts to DPS ⁷	25% of Costs for Juveniles Housed at DJC ⁸	1% Property Tax Cap Liability Shift ⁹	ADOR Appropriation Shift ¹⁰	Additional Loss of Lottery Revenue ¹¹	Presidential Preference Election Cost Shift ¹²		Total New Impacts to Counties
Apache			\$ 58,616	\$ 5,744		\$ -	\$ 337,685	\$ 134,264		\$ 75,516		\$ 79,905	\$ 289,684	\$ 691,730
Cochise	\$ 57,932		\$ 107,463	\$ 11,776		\$ -	\$ 400,446	\$ 246,581		\$ 138,688		\$ 57,972	\$ 443,241	\$ 1,020,859
Coconino	\$ 38,272	\$ 246,984	\$ 65,594	\$ 13,362		\$ -	\$ 464,308	\$ 252,354		\$ 141,935		\$ 102,766	\$ 497,055	\$ 1,325,575
Gila			\$ 37,682	\$ 7,287		\$ -	\$ 187,331	\$ 100,620		\$ 56,593		\$ 57,809	\$ 215,022	\$ 447,322
Graham			\$ 33,495	\$ 4,979		\$ 234,200	\$ 125,306	\$ 69,875		\$ 39,301		\$ 16,628	\$ 125,804	\$ 523,784
Greenlee			\$ 22,330	\$ 1,003		\$ 234,400	\$ 47,235	\$ 15,839		\$ 8,909		\$ 15,673	\$ 40,421	\$ 345,389
La Paz			\$ 54,429	\$ 3,067		\$ 159,700	\$ 197,655	\$ 38,465		\$ 21,634		\$ 38,357	\$ 98,456	\$ 513,306
Maricopa	\$ 2,106,649		\$ 9,012,159	\$ 447,723	\$ 249,772	\$ -	\$ 5,095,023	\$ 7,166,033		\$ 4,030,498		\$ 1,912,221	\$ 13,108,752	\$ 30,020,077
Mohave	\$ 121,539	\$ 287,224	\$ 96,298	\$ 20,671		\$ -	\$ 609,804	\$ 375,818		\$ 211,377	\$ 550,000	\$ 198,576	\$ 1,335,770	\$ 2,471,306
Navajo	\$ 57,539		\$ 99,089	\$ 13,131		\$ -	\$ 402,498	\$ 201,718		\$ 113,456		\$ 124,025	\$ 439,199	\$ 1,011,456
Pima	\$ 509,850		\$ 243,897	\$ 88,346	\$ 249,772	\$ 3,817,800	\$ 2,162,508	\$ 1,840,289	\$ 18,610,629	\$ 1,035,061		\$ 404,682	\$ 21,890,660	\$ 28,962,833
Pinal	\$ 190,803	\$ 760,984	\$ 138,167	\$ 29,269		\$ -	\$ 946,390	\$ 705,449	\$ 2,815,942	\$ 396,776	\$ 550,000	\$ 143,879	\$ 4,612,045	\$ 6,677,659
Santa Cruz	\$ 38,272	\$ 244,010	\$ 30,704	\$ 4,210		\$ 214,800	\$ 160,355	\$ 89,024		\$ 50,071		\$ 84,326	\$ 223,420	\$ 915,772
Yavapai	\$ 235,084		\$ 92,111	\$ 28,955		\$ 164,700	\$ 573,546	\$ 396,181		\$ 222,830	\$ 550,000	\$ 88,417	\$ 1,257,428	\$ 2,351,824
Yuma		\$ 33,300	\$ 52,986	\$ 20,777		\$ -	\$ 514,946	\$ 367,492		\$ 206,694		\$ 96,969	\$ 671,154	\$ 1,293,164
Total	\$ 3,355,940	\$ 1,572,502	\$ 10,145,020	\$ 700,300	\$ 499,544	\$ 4,825,600	\$ 12,225,037	\$ 12,000,000	\$ 21,426,571	\$ 6,749,337	\$ 1,650,000	\$ 3,422,204	\$ 45,248,112	\$ 78,572,055

¹Continues a session law provision that requires counties to pay 31 percent of the cost of treatment and confinement for Sexually Violent Persons (SVP) at the Arizona State Hospital (ASH). Based on actual FY2014 billings.

²Continues session law requiring counties to pay for 100 percent of the cost of Restoration to Competency (RTC) treatments at ASH. Based on actual FY2014 billings.

³Starting in FY2011, the state share of Justice of the Peace salaries is permanently lowered from 38.5 percent to 19.25 percent. The Maricopa County number reflects their requirement to pay 100 percent of superior court judge salaries.

⁴No state appropriation for ACJC State Aid to Indigent Defense is included. These monies are instead used to fund Attorney General and DPS operations.

⁵The statutory distribution of lottery revenue to the counties was originally eliminated in FY2011. In FY 2014, a direct appropriation to counties was included to replace this distribution.

⁶Does not restore Prop. 204 Hold Harmless payments.

⁷Shifts \$96,812,300 from the Highway User Revenue Fund (HURF) to the Department of Public Safety (DPS), a \$7,557,300 increase over last year. This does include the effects of the \$30 million local government HURF restoration.

⁸As permanent law, requires the director of the Arizona Department of Juvenile Corrections (ADJC) to assess a "committed youth confinement cost sharing fee" to each county. Session law requires the amount raised from the fees to equal \$12,000,000 and directs the director of ADJC to proportionally bill each county based on county population.

⁹Uses JLBC 1% cap liability estimates for all counties and applies the current Property Tax Oversight Commission' (PTOC) interpretation of that law, which uses statewide average property tax rates to determine which jurisdictions will be impacted.

¹⁰As permanent law, requires the Arizona Department of Revenue (ADOR) to assess a fee to every county, city, town, and to MAG and PAG. Session law requires the amount raised from the fees to equal \$20,755,835, of which \$6,749,337 is the aggregate county share, and proportionally allocates each county's share based on county population. **NOTE: HB 2617 contained a provision that removed MAG and PAG from the proportion of taxes the counties have to pay, lowering the county impact to \$6,749,337 from \$9,877,417**

¹¹The Budget removes the county lottery appropriation for Mohave, Pinal, and Yavapai counties.

¹²Joint analysis by CSA and Arizona Association of Counties (AACo) based on Maricopa County's projection of costs for the 2016 PPE, using the January 1, 2015, Secretary of State active registered voter count.

Note: Additional ongoing impacts not quantified include:

- Elimination of Post-Conviction Public Defender's Office
- Elimination of Department of Health Services' grants to counties (Prenatal, Tuberculosis, influenza, food borne illness)
- Suspension of State Lake Improvement Fund (SLIF) grant program
- Reduction of Federal Resources (Secure Rural Schools, Payment In Lieu of Tax, Criminal Justice, Public Health, among others)

County Flexibility Language in FY15-16 State Budget & Other Legislation

The State Budget passed on March 7, 2015, included a variety of allowances for county financial flexibility. Please see below for a breakdown of the flexibility language contained in various parts of the state budget and one additional bill.

Comprehensive Flexibility Language: As session law, allows counties with fewer than 900,000 persons (Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Mohave, Navajo, Pinal Santa Cruz, Yavapai, and Yuma) to use any source of county revenue, including countywide special districts controlled by the board of supervisors, to meet a county fiscal obligation for FY2015 and requires those counties to report to the Joint Legislative Budget Committee (JLBC) by October 1, 2015, whether the county used the flexibility language, with the specific amount and revenue source. Counties with population between 200,000 persons and 900,000 persons (Mohave, Pinal & Yavapai) may not use more than \$1,000,000 of other county revenue sources.

[SB 1471 Sec. 18 \(pg. 16\)](#)

A. Notwithstanding any other law, for fiscal year 2015-2016, a county with a population of less than two hundred thousand persons according to the 2010 United States decennial census may meet any county fiscal obligation from any source of county revenue designated by the county, including monies of any countywide special taxing jurisdiction in which the board of supervisors serves as the board of directors.

[HB 2617 Sec. 18 \(pg. 9\)](#)

C. Notwithstanding any other law, for fiscal year 2015-2016, a county with a population of more than two hundred thousand persons but less than nine hundred thousand persons according to the 2010 United States decennial census may meet any county fiscal obligation from any source of county revenue designated by the county, including monies of any countywide special taxing jurisdiction in which the board of supervisors serves as the board of directors. Under the authority provided in this subsection, a county may not use more than \$1,000,000 for purposes other than the purposes of the revenue source.

New Impact with Flexibility Language in State Cost Shifts

- **25 Percent Cost Shift of The Arizona Department of Juvenile Corrections Agency (ADJC):** Includes flexibility language to allow counties to use any county revenue source to meet the fiscal obligation imposed by the cost shift.

[SB 1478 Sec. 4 \(pg. 3\)](#)

D. Notwithstanding any other law, a county may meet the cost sharing requirements of this section from any source of county revenue designated by the county, including monies of any countywide special taxing jurisdiction in which the board of supervisors serves as the board of directors.

- **Arizona Department of Revenue (ADOR) Cost Shift:** Includes flexibility language to allow counties to use any source of county revenue for the fiscal obligations imposed by the cost shift requiring ADOR to charge every city, town, and county a fee for service, for the revenue that is collected on behalf of the jurisdiction.

[SB 1471 Sec. 7 \(pg. 12\)](#)

G. Counties, cities and towns may meet their cost sharing obligation from any source of county, city or town revenue designated by the appropriate county, city or town. The county sources may include monies of any countywide special taxing jurisdiction in which the board of supervisors serves as the board of directors.

Continuing Impacts with Flexibility Language in State Cost Shifts

- **Sexually Violent Persons (SVP) Payments:** Includes “flexibility language” allowing counties to pay for the ongoing cost shift with any source of county revenue, as the budget decreases the requirement that counties reimburse the Department of Health Services for the SVP housing cost at the Arizona State Hospital, from 34 percent to 31 percent.

[SB 1475; health; budget reconciliation; 2015-2016 Sec. 8 \(pg. 20\)](#)

D. Notwithstanding any other law, a county may meet any statutory funding requirements of this section from any source of county revenue designated by the county, including funds of any countywide special taxing district in which the board of supervisors serves as the board of directors.

- **Restoration to Competency (RTC) Payments:** Includes “flexibility language” allowing counties to pay for this ongoing cost shift with any source of county revenue, by continuing to require counties to reimburse DHS for 100 percent of the cost associated with competency restoration treatment at the Arizona State Hospital.

[SB 1475; health; budget reconciliation; 2015-2016 Sec. 9 \(pg. 20\)](#)

D. Notwithstanding any other law, a county may meet any statutory 39 funding requirements of this section from any source of county revenue 40 designated by the county, including funds of any countywide special taxing 41 district in which the board of supervisors serves as the board of directors.

FY 2015-2017 General Fund Forecast - Raise to 3.99 Rate, \$1M for comp study, 4% Additional Budget Reduction						
	FY 11-12 Actual	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 (Current Year) Projection	FY 15-16 Projection	FY 16-17 Projection
BEGINNING FUND BALANCE	\$43,015,930	\$43,730,294	\$48,044,732	\$36,505,766	\$22,227,657	\$18,887,053
REVENUES						
Property Taxes and Delinquent Tax Lien Sales	\$83,931,211	\$81,067,759	\$73,174,837	\$74,756,340	\$80,490,456	\$82,548,169
County Sales Tax	\$12,460,496	\$12,799,507	\$13,554,101	\$13,700,000	\$14,111,000	\$14,604,885
License & Permits	\$1,526,700	\$2,418,264	\$2,969,113	\$2,775,000	\$2,975,000	\$3,175,000
Intergovernmental	\$40,747,766	\$40,108,940	\$44,368,471	\$45,864,833	\$47,164,833	\$48,464,833
Charges for Services	\$21,027,837	\$19,440,241	\$18,795,692	\$7,112,815	\$6,552,815	\$6,332,815
Fines & Forfeits	\$1,894,038	\$1,839,517	\$764,504	\$811,500	\$836,500	\$861,500
Miscellaneous	\$1,556,393	\$1,300,144	\$1,732,010	\$2,712,600	\$762,600	\$762,600
Transfers In	\$4,931,672	\$3,388,438	\$3,199,011	\$4,178,583	\$11,488,583	\$5,888,583
TOTAL REVENUE	\$168,076,112	\$162,362,810	\$158,557,740	\$151,911,671	\$164,381,787	\$162,638,385
EXPENDITURES						
Personnel	\$103,290,109	\$104,260,129	\$103,573,164	\$100,414,313	\$99,699,497	\$100,449,497
Non-Personnel	\$50,150,064	\$49,360,309	\$52,345,495	\$51,312,070	\$51,345,420	\$51,445,420
Transfers Out	\$13,921,577	\$4,427,934	\$14,178,047	\$14,463,397	\$14,265,429	\$13,365,429
State Impact					\$4,612,045	\$4,612,045
Estimated Effect of Additional 4% Budget Reduction					(\$2,200,000)	(\$2,200,000)
TOTAL EXPENDITURES	\$167,361,749	\$158,048,372	\$170,096,706	\$166,189,780	\$167,722,391	\$167,672,391
REVENUE LESS EXPENDITURE	<u>\$714,365</u>	<u>\$4,314,438</u>	<u>(\$11,538,966)</u>	<u>(\$14,278,109)</u>	<u>(\$3,340,604)</u>	<u>(\$5,034,006)</u>
ENDING FUND BALANCE	\$43,730,294	\$48,044,732	\$36,505,766	\$22,227,657	\$18,887,053	\$13,853,047
15% of Projected Outflows	\$25,104,262	\$23,707,256	\$25,514,506	\$24,928,467	\$25,158,359	\$25,150,859

Assumes a 3% increase in existing property values for FY16-17. For FY 15-16 existing valuation increased 0.7% with \$37M of new construction.

Assumes tax rate increase of 20 cents.

Assumes \$1M wage increases and Annual Fund Sweeps of \$3.1M.

Reserve 26% 30% 21% 13% 11% 8%

FY 2015-2017 General Fund Forecast - Flat Rate \$3.79, \$1M for comp study, 7% Additional Budget Reduction						
	FY 11-12 Actual	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 (Current Year) Projection	FY 15-16 Projection	FY 16-17 Projection
BEGINNING FUND BALANCE	\$43,015,930	\$43,730,294	\$48,044,732	\$36,505,766	\$22,227,657	\$18,757,433
REVENUES						
Property Taxes and Delinquent Tax Lien Sales	\$83,931,211	\$81,067,759	\$73,174,837	\$74,756,340	\$76,560,836	\$78,700,660
County Sales Tax	\$12,460,496	\$12,799,507	\$13,554,101	\$13,700,000	\$14,111,000	\$14,604,885
License & Permits	\$1,526,700	\$2,418,264	\$2,969,113	\$2,775,000	\$2,975,000	\$3,175,000
Intergovernmental	\$40,747,766	\$40,108,940	\$44,368,471	\$45,864,833	\$47,164,833	\$48,464,833
Charges for Services	\$21,027,837	\$19,440,241	\$18,795,692	\$7,112,815	\$6,552,815	\$6,332,815
Fines & Forfeits	\$1,894,038	\$1,839,517	\$764,504	\$811,500	\$836,500	\$861,500
Miscellaneous	\$1,556,393	\$1,300,144	\$1,732,010	\$2,712,600	\$762,600	\$762,600
Transfers In	\$4,931,672	\$3,388,438	\$3,199,011	\$4,178,583	\$11,488,583	\$5,888,583
TOTAL REVENUE	\$168,076,112	\$162,362,810	\$158,557,740	\$151,911,671	\$160,452,167	\$158,790,876
EXPENDITURES						
Personnel	\$103,290,109	\$104,260,129	\$103,573,164	\$100,414,313	\$99,699,497	\$100,449,497
Non-Personnel	\$50,150,064	\$49,360,309	\$52,345,495	\$51,312,070	\$51,345,420	\$51,445,420
Transfers Out	\$13,921,577	\$4,427,934	\$14,178,047	\$14,463,397	\$14,265,429	\$13,365,429
State Impact					\$4,612,045	\$4,612,045
Estimated Effect of Additional 7% Budget Reduction					(\$6,000,000)	(\$6,000,000)
TOTAL EXPENDITURES	\$167,361,749	\$158,048,372	\$170,096,706	\$166,189,780	\$163,922,391	\$163,872,391
REVENUE LESS EXPENDITURE	<u>\$714,365</u>	<u>\$4,314,438</u>	<u>(\$11,538,966)</u>	<u>(\$14,278,109)</u>	<u>(\$3,470,224)</u>	<u>(\$5,081,515)</u>
ENDING FUND BALANCE	\$43,730,294	\$48,044,732	\$36,505,766	\$22,227,657	\$18,757,433	\$13,675,918
15% of Projected Outflows	\$25,104,262	\$23,707,256	\$25,514,506	\$24,928,467	\$24,588,359	\$24,580,859

Assumes a 3% increase in existing property values for FY16-17. For FY 15-16 existing valuation increased 0.7% with \$37M of new construction.

Assumes \$1M wage increases and Annual Fund Sweeps of \$3.1M.

Reserve 26% 30% 21% 13% 11% 8%

Revenue Option Considerations

- **Jail District Excise Tax (Sales Tax) ½ cent**
 - ~\$14M Revenue
 - Offset ~\$1M Revenue for not charging cities
 - Vote by citizens in a General Election
 - Appoint Citizen Advisory Committee
 - FY 15/16 Adult Detention Center GF budget target of \$15.8M or \$16.8M
 - Potentially reduce property tax rate
- **Regional Transportation Excise Tax (Sales Tax) ½ cent**
- **Library District Tax Increase of 1 cent**
 - Revenue of approximately \$200k
 - Fully funds OMB-A87 Indirect Costs (primarily IT support)
- **Fees**
 - Each type have their own circumstances
 - Examples
 - \$400k of General Fund support for Environmental Health Inspections
 - JP Cost Recovery Fees for critical security upgrades and personnel
 - Community Development Fees