



Memo

TO: County Officials
FROM: CSA Staff
DATE: June 26, 2006
SUBJECT: County Budget Impacts and Projections for FY2006-2007

Further details on these revenue and expense projections for fiscal year 2007 are included in the following pages. If the item was included in legislation for the state budget, bill numbers are referenced.

Revenues

▪ **Air Quality Funding**

The legislature appropriated \$1,676,300 to cover costs associated with air quality programs in Maricopa, Pima and Pinal counties. These programs were previously funded through statutory in-lieu fees, which were removed by the legislature. (H.B. 2863: general appropriations)

▪ **County Assistance Fund/Arizona Lottery**

Counties will continue to receive this population-based revenue, according to forecasts from the Joint Legislative Budget Committee. Lottery sales are increasing, and counties can expect to receive the combined maximum of \$7,650,000. The thirteen counties with populations under 500,000 will each receive \$550,035; Maricopa and Pima will each receive \$249,772.

▪ **Highway User Revenue Fund (HURF)**

Based on information from the Arizona Department of Transportation, CSA estimates that counties will receive \$308,165,135 in HURF revenues. This includes the \$10 million shift from HURF to DPS. (H.B. 2863: general appropriations)

▪ **Out-of-County Tuition Compensation**

The legislature appropriated \$1 million to Apache, Greenlee, and Santa Cruz counties—the three counties without community college districts. For FY07, this funding will provide some relief from disproportionate costs associated with out-of-county reimbursement obligations pursuant to A.R.S. § 15-1469. (H.B. 2870: state government; budget reconciliation)

▪ **Proposition 204 Hold Harmless**

The legislature continued funding to eight counties that began receiving “hold harmless” payments with the implementation of Proposition 204. Those counties receive a total of \$4,825,600 in FY07. (H.B. 2863: general appropriations)

- **State Shared Sales Tax**

The Arizona Department of Revenue estimates that counties will receive a total of \$750,000,000 of state shared sales tax in FY07.

- **Summer Youth Employment Funding**

The legislature re-established a \$1 million appropriation for summer youth employment programs across the state. This appropriation began in 1996, but was repealed in FY06. Phoenix and Mesa receive \$350,000; counties divide the additional \$650,000. (H.B. 2870: state government; budget reconciliation)

- **Forest Fee Receipts**

Information on forest fee revenues will be estimated upon federal determination of the Consumer Price Index. This information should be available from the USDA Forest Service in October, 2006. We will send updated information at that time.

- **Payment In-Lieu of Taxes (PILT)**

The federal government appropriates PILT payments to counties, based on the number of federally-owned acres of property within a county's borders. PILT payments depend upon Congressional appropriations, and therefore vary from year to year.

Congress appropriated \$232.1 million to PILT in FY06; Arizona's counties will receive a total of just over \$19 million.

Expenditures

- **Arizona Long-Term Care System (ALTCS) Charges**

The budget sets county ALTCS contributions for FY07 at a total of \$ 244,880,500, a 12% increase over FY06 charges. S.B. 1299, sponsored by Senator Flake, established an additional "circuit breaker" to county ALTCS contributions, providing relief to all counties paying above-average per capita contributions to the ALTCS program. Seven counties receive a total of \$9,253,800 in ALTCS assistance for FY07. (H.B. 2371: health and welfare; budget reconciliation and S.B. 1299: long-term care; county adjustments)

- **Arizona Health Care Cost Containment System (AHCCCS) Acute Care Charges**

The legislature continued county ACUTE care contributions to AHCCCS at a total of \$59,222,500—the same level as in previous fiscal years. (H.B. 2371: health and welfare; budget reconciliation)

- **Arizona Health Care Cost Containment System (AHCCCS) Administration**

County contributions to AHCCCS administrative costs total \$2,531,900 for FY07—an increase of 5.7% over FY06. (H.B. 2371: health and welfare; budget reconciliation)

- **Disproportionate Uncompensated Care (DUC) Pool Charges**

The legislature continues the charges for state general fund payments to AHCCCS. The mandated county contributions total \$2,646,200—the same amount as in previous fiscal years. (H.B. 2371: health and welfare; budget reconciliation)

FY07 Summary of Estimated County Revenues and Expenditures

	County Assistance Fund (Lottery)	HURF /1	PILT /2	State Shared Sales Tax /3	Out-of-County Tuition Assistance	Air Quality Funding /4	Prop. 204 Hold Harmless	Summer Youth Employment /5	ALTCS /6	ACUTE Care	Prop. 204 Administration	DUC Pool
Apache	\$550,035	\$ 11,001,606	\$946,414	\$5,149,000	\$466,000			\$10,903	(\$575,600)	(\$268,800)	(\$83,451)	(\$87,300)
Cochise	\$550,035	\$ 11,662,112	\$1,242,640	\$12,672,000				\$19,292	(\$5,499,700)	(\$2,214,800)	(\$155,661)	(\$162,700)
Coconino	\$550,035	\$ 13,579,848	\$958,986	\$18,069,000				\$19,506	(\$1,727,000)	(\$742,900)	(\$153,560)	(\$160,500)
Gila	\$550,035	\$ 5,790,235	\$1,826,289	\$5,374,000				\$8,245	(\$2,531,400)	(\$1,413,200)	(\$63,070)	(\$65,900)
Graham	\$550,035	\$ 3,636,482	\$1,519,665	\$3,231,000			\$234,200	\$5,299	(\$959,300)	(\$536,200)	(\$44,840)	(\$46,800)
Greenlee	\$550,035	\$ 1,244,988	\$269,139	\$3,775,000	\$382,800		\$234,400	\$1,338	(\$215,200)	(\$190,700)	(\$11,520)	(\$12,000)
La Paz	\$550,035	\$ 4,900,623	\$1,077,843	\$2,096,000			\$159,700	\$3,167	(\$811,200)	(\$212,100)	(\$23,876)	(\$24,900)
Maricopa	\$249,772	\$ 112,499,888	\$1,858,155	\$483,430,000		\$948,000		\$175,000	(\$145,459,800)	(\$31,192,200)	\$0	\$0
Mohave	\$550,035	\$ 16,269,771	\$1,944,307	\$21,846,000				\$25,890	(\$7,729,400)	(\$1,237,700)	(\$176,233)	(\$187,400)
Navajo	\$550,035	\$ 12,549,186	\$744,028	\$11,252,000				\$15,804	(\$2,381,000)	(\$310,800)	(\$117,480)	(\$122,800)
Pima	\$249,772	\$ 61,357,170	\$1,925,348	\$107,400,000		\$268,300	\$3,817,800	\$275,000	(\$40,304,200)	(\$14,951,800)	(\$1,067,652)	(\$1,115,900)
Pinal	\$550,035	\$ 18,540,055	\$868,239	\$24,433,000		\$87,000		\$29,923	(\$10,309,600)	(\$2,715,600)	(\$208,907)	(\$218,300)
Santa Cruz	\$550,035	\$ 4,309,540	\$574,210	\$4,828,000	\$151,200		\$214,800	\$6,196	(\$1,912,400)	(\$482,800)	(\$49,372)	(\$51,600)
Yavapai	\$550,035	\$ 15,901,669	\$1,323,467	\$26,877,000			\$164,700	\$28,035	(\$8,838,500)	(\$1,427,800)	(\$197,336)	(\$206,200)
Yuma	\$550,035	\$ 14,921,963	\$1,944,685	\$19,568,000				\$26,402	(\$6,372,400)	(\$1,325,100)	(\$175,942)	(\$183,900)
	\$7,649,999	\$ 308,165,135	\$19,023,415	\$750,000,000	\$1,000,000	\$1,303,300	\$4,825,600	\$650,000	(\$235,626,700)	(\$59,222,500)	(\$2,531,900)	(\$2,646,200)

/1 CSA calculations based upon estimates provided by the Arizona Department of Transportation

/2 Source: U.S. Bureau of Land Management

/3 Estimates provided by the Arizona Department of Revenue

/4 In addition, the Pima Association of Governments receives \$373,000

/5 Based upon FY05 distribution

/6 Includes impact of S.B. 1299, the ALTCS relief package for Cochise, Gila, Mohave, Pima, Pinal, Santa Cruz and Yavapai counties

HURF Revenue Estimates for FY07

Counties 19% Forecast HURF Distribution - \$ 259,067,000 /1
 Counties 4.91% Forecast VLT Distribution - \$ 49,100,000

DISTRIBUTION FACTORS /2

	Fuel Factor (72%)	Unic. Pop. Factor (28%)	HURF Estimate
Apache	0.02286	0.05539	\$ 11,001,606
Cochise	0.03377	0.04409	\$ 11,662,112
Coconino	0.04291	0.04584	\$ 13,579,848
Gila	0.01485	0.02483	\$ 5,790,235
Graham	0.00854	0.01680	\$ 3,636,482
Greenlee	0.00359	0.00473	\$ 1,244,988
La Paz	0.01833	0.01218	\$ 4,900,623
Maricopa	0.47754	0.19258	\$ 112,499,888
Mohave	0.05364	0.05150	\$ 16,269,771
Navajo	0.02877	0.05905	\$ 12,549,186
Pima	0.14573	0.28095	\$ 61,357,170
Pinal	0.04958	0.07639	\$ 18,540,055
Santa Cruz	0.01312	0.01531	\$ 4,309,540
Yavapai	0.04165	0.06686	\$ 15,901,669
Yuma	0.04511	0.05350	\$ 14,921,963
Total	1.00000	1.00000	\$ 308,165,135

Notes:

/1 Based on forecast for FY07. "Off the top" HURF distributions include the \$10 million to DPS, \$0.6 million to MVD and \$1.0 million to the Economic Strength Projection Fund.

/2 Average fuel factor for Feb 05-Jan 06. Unincorporated population factors with 2000 Census. However, the figures can be appealed. HURF distribution to counties is based 72 percent on the fuel factor and 28 percent on the unincorporated population factor. VLT distribution to counties is based solely on the unincorporated population factor.

Individual estimates to counties may change due to changes in 2000 Census figures or the distribution of gasoline gallonage (corrections).

**Estimated State Shared Sales Tax Revenue to Counties
FY2006-2007**

	FY06 DOR Estimated State Shared Sales Tax	FY07 DOR Estimated State Shared Sales Tax	\$ Change (compared to FY06 estimates)	% Change (compared to FY06 estimates)
Apache	\$4,915,800	\$5,149,000	\$233,200	4.74%
Cochise	\$11,759,600	\$12,672,000	\$912,400	7.76%
Coconino	\$16,368,800	\$18,069,000	\$1,700,200	10.39%
Gila	\$5,001,600	\$5,374,000	\$372,400	7.45%
Graham	\$2,962,000	\$3,231,000	\$269,000	9.08%
Greenlee	\$2,728,800	\$3,775,000	\$1,046,200	38.34%
La Paz	\$1,984,500	\$2,096,000	\$111,500	5.62%
Maricopa	\$424,804,500	\$483,430,000	\$58,625,500	13.80%
Mohave	\$18,648,400	\$21,846,000	\$3,197,600	17.15%
Navajo	\$10,208,600	\$11,252,000	\$1,043,400	10.22%
Pima	\$97,808,500	\$107,400,000	\$9,591,500	9.81%
Pinal	\$18,238,700	\$24,433,000	\$6,194,300	33.96%
Santa Cruz	\$4,276,800	\$4,828,000	\$551,200	12.89%
Yavapai	\$22,888,000	\$26,877,000	\$3,989,000	17.43%
Yuma	\$17,405,400	\$19,568,000	\$2,162,600	12.42%
	\$660,000,000	\$750,000,000	\$90,000,000	13.64%

This estimate corresponds to Department of Revenue collections that will occur between July 1, 2006 and June 30, 2007. The estimate takes into account the new mid-decade population figures submitted to DOR pursuant to A.R.S. §42-5033 and 42-5033.01. If there are any corrections to these populations, the expected revenue sharing to each county will change.

Payment in-Lieu of Taxes (PILT)
Arizona Receipts for FY06

Payments in Lieu of Taxes (PILT) are Federal payments to local governments that help to offset losses in property tax revenues experienced as a result of nontaxable Federal lands within their boundaries.

Congress appropriates PILT payments each year. The Federal Bureau of Land Management (BLM) allocates payments according to a formula in the PILT Act that includes population, receipt-sharing payments, and the amount of Federal land within an affected county.

Congress appropriated \$232.1 million for the FY06 PILT program.

	FY05 PILT Distribution	FY06 PILT Distribution	% Change from FY05 to FY06	FY05 PILT Acreage	FY06 PILT Acreage	Difference between FY05 and FY06
Apache	\$ 930,466	\$ 946,414	2%	652,473	652,583	110
Cochise	\$ 1,251,218	\$ 1,242,640	-1%	899,429	900,746	1,317
Coconino	\$ 935,081	\$ 958,986	3%	4,725,631	4,726,727	1,096
Gila	\$ 1,884,123	\$ 1,826,289	-3%	1,775,216	1,775,512	296
Graham	\$ 1,492,061	\$ 1,519,665	2%	1,129,095	1,114,133	-14,962
Greenlee	\$ 367,750	\$ 269,139	-27%	907,384	907,644	260
La Paz	\$ 1,059,374	\$ 1,077,843	2%	1,842,767	1,842,767	0
Maricopa	\$ 1,813,162	\$ 1,858,155	2%	2,458,021	2,457,360	-661
Mohave	\$ 1,909,487	\$ 1,944,307	2%	6,080,010	6,080,727	717
Navajo	\$ 845,282	\$ 744,028	-12%	604,701	599,165	-5,536
Pima	\$ 1,930,009	\$ 1,925,348	0%	1,599,452	1,600,332	880
Pinal	\$ 861,637	\$ 868,239	1%	626,902	627,294	392
Santa Cruz	\$ 614,189	\$ 574,210	-7%	432,810	432,961	151
Yavapai	\$ 1,430,065	\$ 1,323,467	-7%	2,586,757	2,587,148	391
Yuma	\$ 1,909,810	\$ 1,944,685	2%	1,564,374	1,564,516	142
TOTAL	\$ 19,233,714	\$ 19,023,415	-1%	27,885,022	27,869,615	-15,407

For more information, visit <http://www.nbc.gov/pilt/search.cfm>.

JLBC AHCCCS Acute Care County Contributions for FY06-07

County	Acute Care	Restoration to Competency ^{/1}	Uncompensated Care (DUC Pool)	Expanded Coverage (Prop. 204 Administration)	Total
Apache	(\$268,800)	\$0	(\$87,300)	(\$83,451)	(\$439,551)
Cochise	(\$2,214,800)	\$0	(\$162,700)	(\$155,661)	(\$2,533,161)
Coconino	(\$742,900)	\$0	(\$160,500)	(\$153,560)	(\$1,056,960)
Gila	(\$1,413,200)	\$0	(\$65,900)	(\$63,070)	(\$1,542,170)
Graham	(\$536,200)	\$0	(\$46,800)	(\$44,840)	(\$627,840)
Greenlee	(\$190,700)	\$0	(\$12,000)	(\$11,520)	(\$214,220)
La Paz	(\$212,100)	\$0	(\$24,900)	(\$23,876)	(\$260,876)
Maricopa	(\$31,192,200)	(\$871,560)	\$0	\$0	(\$32,063,760)
Mohave	(\$1,237,700)	\$0	(\$187,400)	(\$176,233)	(\$1,601,333)
Navajo	(\$310,800)	\$0	(\$122,800)	(\$117,480)	(\$551,080)
Pima	(\$14,951,800)	(\$2,065,592)	(\$1,115,900)	(\$1,067,652)	(\$19,200,944)
Pinal	(\$2,715,600)	\$0	(\$218,300)	(\$208,907)	(\$3,142,807)
Santa Cruz	(\$482,800)	\$0	(\$51,600)	(\$49,372)	(\$583,772)
Yavapai	(\$1,427,800)	\$0	(\$206,200)	(\$197,336)	(\$1,831,336)
Yuma	(\$1,325,100)	\$0	(\$183,900)	(\$175,942)	(\$1,684,942)
Total	(\$59,222,500)	(\$2,937,152)	(\$2,646,200)	(\$2,531,900)	(\$67,337,752)

JLBC ALTCS County Contributions for FY06-07

County	Proposed JLBC ALTCS Contribution	Relief Provided by S.B.1299	FY07 ALTCS Contribution
Apache	(\$575,600)	\$0	(\$575,600)
Cochise	(\$5,982,600)	\$482,900	(\$5,499,700)
Coconino	(\$1,727,000)	\$0	(\$1,727,000)
Gila	(\$3,508,900)	\$977,500	(\$2,531,400)
Graham	(\$959,300)	\$0	(\$959,300)
Greenlee	(\$215,200)	\$0	(\$215,200)
La Paz	(\$811,200)	\$0	(\$811,200)
Maricopa	(\$145,459,800)	\$0	(\$145,459,800)
Mohave	(\$8,065,900)	\$336,500	(\$7,729,400)
Navajo	(\$2,381,000)	\$0	(\$2,381,000)
Pima	(\$44,836,100)	\$4,531,900	(\$40,304,200)
Pinal	(\$11,262,100)	\$952,500	(\$10,309,600)
Santa Cruz	(\$2,295,400)	\$383,000	(\$1,912,400)
Yavapai	(\$10,428,000)	\$1,589,500	(\$8,838,500)
Yuma	(\$6,372,400)	\$0	(\$6,372,400)
Total	(\$244,880,500)	\$9,253,800	(\$235,626,700)

^{/1} RTC costs based on actual FY05 costs; this does not reflect costs associated with Maricopa County's RTC program