

COUNTY IMPACTS OF THE FY 2004 BUDGET

County Costs

County Contribution Fund — A provision in the Public Finance Omnibus Reconciliation Bill (ORB) (Laws 2003, Chapter 263) requires all counties except Maricopa County to pay a total of \$7.4 million in FY 2004 and FY 2005 to be deposited in the County Contribution Fund. Counties will make 12 equal payments due on the 15th of each month. If a county does not make a scheduled payment, the State Treasurer will withhold the payment amount from the county's transaction privilege tax distribution. The \$7.4 million deposited in the County Contribution Fund will be used to offset General Fund (GF) expenditures in the Arizona Health Care Cost Containment System (AHCCCS) budget (*See AHCCCS section for more information.*)

County Transportation Contribution Fund — A separate provision in the Public Finance ORB requires all counties except Maricopa County to pay a total of \$8.2 million in FY 2004 to be deposited in the County Transportation Contribution Fund. In FY 2005, all 15 counties will pay a total of \$13.0 million. The monies deposited in the fund will be used to offset GF expenditures in the Department of Public Safety (DPS) budget. (*See DPS section for more information.*)

Maricopa County Agreement — As part of a separate agreement, Maricopa County will contribute a total of \$33.6 million in both FY 2004 and FY 2005 through a combination of asset sales, assuming responsibility for adult probation and restoration to competency costs, and separate billing for state operations.

Maricopa County agreed to assume the state's share of its adult probation costs (approximately \$22.3 million), as well as its restoration to competency costs (\$1.3 million) in FY 2004. (*See Judiciary and Department of Health Services sections for more information.*) In FY 2004, Maricopa County also agreed to purchase the state's Black Canyon office building for \$1.8 million and a Department of Corrections building located at 32nd Street and Van Buren for \$3.0 million. In addition, as part of the \$33.6 million agreement, Maricopa County will be billed approximately \$5.4 million for state operations in FY 2004 and FY 2005. These monies will be deposited in the General Fund. Maricopa will be billed for DPS expenses in FY 2005 as a substitute for the one-time FY 2004 building purchases. These monies will be deposited in the County Transportation Contribution Fund.

A summary of the Maricopa County agreement is displayed in Table 1 below.

Maricopa County Agreement		
	<u>FY 2004</u>	<u>FY 2005</u>
Adult Probation	\$22,145,700	\$22,145,700
Restoration to Competency	1,300,000	1,300,000
Black Canyon Building	1,800,000	0
32 nd St. and Van Buren Property	3,000,000	0
Billing for State Operations	5,402,800	5,402,800
County Transportation Contribution Fund	<u>0</u>	<u>4,800,000</u>
Total	\$33,648,500	\$33,648,500

County Savings

Federal Matching Assistance Percentage (FMAP) — The federal Jobs and Growth Tax Relief Reconciliation Act of 2003 temporarily increased the federal matching assistance percentage (FMAP) for the last quarter of FY 2003 and all of FY 2004. The counties contribute ½ of the growth in the Arizona Long Term Care System (ALTCS) Program, which is a Title XIX program. Under the Title XIX program, state or county monies provide approximately a 33% match to the Federal Funds received. The federal legislation increases the federal share by 2.95%, providing more Federal Funds for each county dollar spent and generating county savings. These savings were assumed in the General Appropriation Act and estimated to total \$22.0 million in FY 2004. (*Please see AHCCCS section for more information.*)

Department of Revenue (DOR) Revenue Generating Program — The FY 2004 enacted budget includes a General Fund increase of \$6.6 million and 153 FTE Positions for an expansion of the DOR revenue generating program, which began in FY 2003. This program is anticipated to generate \$53.2 million in sales tax, individual income tax, and corporate income tax revenues for the state in FY 2004, through increased audit and collections activity. As sales tax proceeds are shared with the counties, they are expected to gain \$8.3 million in FY 2004 from the revenue generating program.

The net county by county impact of the FY 2004 enacted budget is shown in Table 2 below.

Table 2

County Impact of FY 2004 Budget

	County Contribution Fund	County Transportation Contribution Fund	Total County Contribution	FMAP Savings	DOR Revenue Plan	Total County Impact
Apache	\$ 32,400	90,900	123,300	(50,300)	(73,000)	0
Cochise	447,000	543,900	990,900	(568,300)	(156,2000)	266,400
Coconino	463,300	779,900	1,243,200	(151,000)	(234,500)	857,700
Gila	101,000	284,300	385,300	(312,400)	(72,900)	0
Graham	38,100	107,100	145,200	(104,100)	(41,100)	0
Greenlee	19,400	54,500	73,900	(21,100)	(52,800)	0
La Paz	27,900	78,400	106,300	(80,700)	(25,600)	0
Maricopa ^{1/}	0	0	33,648,500	(13,535,500)	(5,257,600)	14,855,400
Mohave	583,200	740,700	1,323,900	(685,800)	(222,800)	415,300
Navajo	89,400	251,200	340,600	(208,100)	(132,500)	0
Pima	3,827,600	2,881,400	6,709,000	(3,932,200)	(1,301,000)	1,475,800
Pinal	705,500	771,700	1,477,200	(824,900)	(205,000)	447,300
Santa Cruz	67,800	190,500	258,300	(203,300)	(55,000)	0
Yavapai	687,500	726,200	1,413,700	(713,600)	(271,400)	428,700
Yuma	356,400	706,100	1,062,500	(608,500)	(198,600)	255,400
Total	\$7,446,500	\$8,206,800	\$49,301,800	\$(21,999,800)	\$(8,300,000)	\$19,002,000

1/ Maricopa County will contribute \$33.6 million in both FY 2004 and FY 2005 as part of a separate agreement involving various policy issues. In FY 2005, Maricopa County will contribute \$4.8 million to the County Transportation Contribution Fund as part of their \$33.6 million.