

# County Fiscal Study

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In 2001, municipalities statewide raised \$76.7 million through property taxes to fund the operations of county government. In that same year, federal, state and county sources combined contributed just \$27 million to pay for county expenditures.

It is certainly undeniable that the local property taxpayers fund a lion's share of the cost of county government. It is this over reliance on the property tax to support county services that has fueled the sometimes uneasy relationship between municipal and county government.

Some municipal officials believe that the annual increases in county government budgets could be mitigated if county government was restructured according to more modern, hierarchical management principles. Other municipal officials believe that county budget woes stem from a remarkably intense pressure of state and federal mandates regarding correctional facilities. Still other municipal officials believe that county government efficiencies could be obtained and cost savings realized if state, county and local officials worked cooperatively to provide

services to taxpayers statewide.

Regardless of the sentiment toward county government, its relative "efficiencies" cannot be determined solely by the fact that property taxpayers pay for 71% of all county expenditures. Benchmarks need to be established, and other factors that play a role in increasing county budgets need to be taken into consideration. For example, in 2001 counties spent nearly \$34 million to operate jails. The state's contribution for that service was \$4.5 million, just 13% of the entire cost. Rising costs in employee benefits and health care have also impacted county budgets. In 2001, counties spent nearly \$11 million to provide insur-

ances and benefits to county employees.

Based on these data, it is clear that further study in county government revenues and expenditures is necessary to understand the reasons behind increasing county costs. While it is likely that counties can find ways to provide services more efficiently, it is by looking at past, current and future expenditures that solutions for providing services more effectively can be explored and created.

In 2003, MMA's Executive Committee took a first step towards acquiring an in-depth understanding of county government revenues and expenditures by directing the MMA staff to

**FIGURE 1**  
**County Revenues**

	Amount	% of Total
Municipalities	\$ 76,732,216	71.3
Federal/State/County	26,529,796	24.6
Other Revenue	4,367,730	4.1
<b>Total</b>	<b>\$ 107,629,742</b>	<b>100</b>

Source: 2003 MMA County Fiscal Study

**FIGURE 2**  
**Federal, State & County Revenue**

	Amount	% of Total
Registry of Deeds	\$ 9,109,563	34.3
County Jails - State Share	4,461,157	16.8
Other Jail Revenue (boarding, work release, etc.)	3,995,959	15.1
Sheriff	2,006,445	7.6
Investment Income	1,362,943	5.1
Registry of Probate	1,303,126	4.9
Courts	950,532	3.6
Emergency Management Agency	540,761	2.0
Civil Process Fees	501,340	1.9
Jail Operation & Fine Surcharge Fund	338,638	1.3
Grants	314,682	1.2
Community Outreach / Education	263,795	1.0
District Attorney	137,577	0.5
Social Security / Inmate Reimbursement	17,000	0.1
Other	1,226,278	4.6
<b>Total</b>	<b>\$ 26,529,796</b>	<b>100</b>

Source: 2003 MMA County Fiscal Survey

**FIGURE 3**  
**Registries of Deed Revenue**

	Amount	% of Total
Androscoggin	\$ 360,000	4.1
Aroostook	382,843	4.4
Cumberland	2,529,914	28.8
Franklin	150,000	1.7
Hancock	487,769	5.6
Kennebec	688,085	7.8
Knox	341,940	3.9
Lincoln	313,648	3.6
Oxford	440,358	5.0
Penobscot	550,000	6.3
Piscataquis	162,022	1.8
Sagadahoc	281,544	3.2
Somerset	298,157	3.4
Waldo	293,430	3.3
Washington	225,853	2.6
York	1,604,000	18.3
<b>Total</b>	<b>\$ 9,109,563</b>	<b>103.7</b>

Source: 2003 MMA Fiscal Study

study and report on the components of the 2001 county budgets. The goals of the study were to identify the services being provided by county government, determine whether local and county governments provide duplicate services, and begin to analyze whether and how county services could be provided

**FIGURE 4**  
**Boarding of Prisoners Revenue**

	Amount	% of Total
Androscoggin	\$ 18,000	0.5
Aroostook	197,263	4.9
Cumberland	2,277,617	57.0
Franklin	10,000	0.3
Hancock	-	0.0
Kennebec	794,509	19.9
Knox	191,605	4.8
Lincoln	3,000	0.1
Oxford	9,031	0.2
Penobscot	303,000	7.6
Piscataquis	-	0.0
Sagadahoc	177,680	4.4
Somerset	-	0.0
Waldo	9,861	0.2
Washington	4,393	0.1
York	-	0.0
<b>Total</b>	<b>\$ 3,995,959</b>	<b>100</b>

Source: 2003 MMA County Fiscal Study

more efficiently. By using the 2001 county budgets, annual reports and audits, a thorough analysis of county revenues and expenditures was created. What follows are the results of that study.

### County Revenue

County revenues are generated by three sources: 1) municipal property taxes; 2) federal, state and county sources; and 3) other miscellaneous sources (*Figure 1*).

In 2001, counties statewide raised \$107.6 million in revenue. Of that total, \$76.7 million was generated through tax assessments on municipalities, \$26.5 million from federal, state and county sources, and \$4.4 million from miscellaneous sources such as sales of property, salary savings, surpluses and transfers from undesignated and special revenue accounts, etc.

### Federal, State and County Revenue Sources

Of the \$26.5 million raised by federal, state and county sources, over one-third of those revenues were raised by the registries of deeds' share of the real estate transfer taxes (*Figure 2*). As required under MRSA, Title 36, section 4641(N), property sold in Maine is subjected to a \$2.20 per \$500 of value real estate transfer tax. Of the revenue generated by the tax, 10% is remitted to the county treasurer where the property was sold. For example, if a property in Androscoggin County sold for \$150,000, a \$660 real estate transfer tax would be applied and the county would be reimbursed \$66 of that tax revenue. As would be expected, the number and prices of home sales impacts the amount of transfer tax revenue collected by the registries of deeds in each county. In 2001, the rapidly growing Cumberland and York counties collected over 45% (\$4.1 million) of the statewide revenue of the registries (*Figure 3*).

The second largest source of revenue generated in this category was the state's \$4.5 million state contribution to county jails. The state's share of funding county jails pales in comparison to the \$33.7 million that counties statewide invested in the operation of the jails. In addition to the inadequate funding of county jails, the state has enacted laws that require most of

**FIGURE 5**  
**County Expenditures**

	Amount	% of Total
Public Safety	\$ 57,492,468	54.1
General Admin.	24,489,410	23.0
D.A. & Registries	11,170,695	10.5
Debt Service	8,329,643	7.8
Community Outreach	1,593,061	1.5
Transportation	193,593	0.2
Other	3,068,234	2.9
<b>Total</b>	<b>\$ 106,337,104</b>	<b>100</b>

Source: 2003 MMA County Fiscal Study

Maine's prison population to be housed in county jails. As a matter of law, all prison sentences less than 12 months must be served in a county facility. This requirement has the impact of increasing the prison population and costs in the county jails, while decreasing state financial responsibility for funding the cost of boarding prisoners. In 2001 for example, county jails processed 32,918 admissions. In that same year, 826 admissions were processed in state prison facilities.

The third largest source of revenue in this category came from inter-county sources. In 2001, counties statewide raised nearly \$4 million through charges to other counties for the boarding prisoners. Of that revenue, Cumberland County alone raised \$2.3 million by taking prisoners from other counties with overcrowded facilities (*Figure 4*).

### County Expenditures

For the purpose of this study, county expenditures were divided into seven categories: 1) general adminis-

**FIGURE 6**  
**Public Safety Expenditures**

	Amount	% of Total
County Jails	\$ 33,793,885	58.8
Registry of Deeds	22,523,210	39.2
Registry of Probate	1,175,373	2.0
<b>Total</b>	<b>\$ 57,492,468</b>	<b>100</b>

Source: 2003 MMA County Fiscal Study

FIGURE 7  
State & Local Funding for County Jails

Year	State Share	% Increase State Share	State Share as % of Total	Local Share	% Increase Local Share	Local Share as % of Total	Total Jail Expenditure	% Increase Total
1997	\$ 4,206,852	—	16.0	\$ 22,063,379	—	84.0	\$ 26,270,231	—
1998	5,157,197	22.6	18.4	22,925,382	3.9	81.6	28,082,579	6.9
1999	5,237,280	1.6	17.2	25,247,727	10.1	82.8	30,485,007	8.6
2000	4,758,766	-9.1	14.6	27,865,054	10.4	85.4	32,623,820	7.0
2001	4,461,157	-6.3	13.2	29,332,728	5.3	86.8	33,793,885	3.6
2002	4,967,974	11.4	13.5	31,825,911	8.5	86.5	36,793,885	8.9
2003	5,092,173	2.5	11.6	38,726,847	21.7	88.4	43,819,020	19.1

Sources: 2003 MMA County Fiscal Survey; 2003 Office of Fiscal & Program Review's Summary of Major State Funds Disbursed to Municipalities & Counties Report

tration; 2) public safety; 3) district attorneys and registries; 4) road and bridge repair and maintenance; 5) debt service; 6) community outreach; and 7) miscellaneous expenditures.

In 2001, counties spent \$106.3 million to provide services statewide (*Figure 5*). Of that total, \$57.4 million was spent on public safety, \$24.5 million on general administration, \$11.2 million on the offices of the district attorneys and registries and the remaining \$13.2 million for road and bridge maintenance, debt service, community outreach and all other miscellaneous expenditures.

Public safety services accounted for one-half of all county expenditures (*Figure 6*). In 2001, counties statewide spent \$33.8 million to operate jails, \$22.5 million on communications and the sheriffs' departments, and \$1.2 million on emergency management. Between 1997 and 2001, the cost of operating county jails increased by 29% (figure 7). During that same time, the state reimbursement to counties increased by 6%, thereby shifting the difference to the property taxpayers. The antiquated state formula used to reimburse counties for jail expenditures is based on a prorated amount using the county's share of the 1997 state appropriation for community corrections. Based on that formula in 2001, unreimbursed county jail expenditures (\$29.3 million), accounted for 38% of the county revenue raised through property taxes. If the state had reimbursed counties for at least 50% of jail expenditures, rather than a mere 13%, statewide the property tax mill rate for county government would have decreased from .87 mills to .74 mills, a \$12.4 million property tax savings.

General administration accounted for 23% of all county expenditures (*Figure 8*). In 2001, counties statewide spent \$11 million on employees benefits, \$6.4 million for property and building maintenance, and \$3.8 million to operate the offices of the county commissioners.

District attorneys and registries of deeds and probate accounted for 11% of all county expenditures. In 2001, counties statewide spent \$4.3 million on the district attorney's offices, \$4.3 million on the registries of deeds and \$2.5 million on the registries of probate.

Road and bridge maintenance, debt service, community outreach and all other miscellaneous expenditures accounted for 12.4% of all county spending. In 2001, counties statewide spent \$8.3 million on debt service, \$3 million on other miscellaneous expenditures including the operation and maintenance of airports and solid waste facilities, \$1.6 million on community outreach through donation to charitable organizations, and a mere \$194,000 on the maintenance and repair of county roads and bridges.

### Ongoing Analysis

Although the information provided in this study is a good first step, further analysis of county government revenue and expenditures, both past and future, is necessary to evaluate the efficiency of service delivery at the county level. What can be concluded from this county fiscal study is that county and municipal government provide complementary rather than duplicate services. Counties provide services, such as jails, registries of deeds and probate, that municipalities

could not provide in an efficient and effective manner. Municipalities provide more specialized services that meet the needs of the residents in the community.

There may be other services that are currently being provided locally, such as tax assessment or general assistance, that, with proper study, could be provided at the county level in a more efficient manner. In an effort to find such efficiencies, MMA's Executive Committee has pledged to work with county officials to discuss and study the delivery of some services on a more regional level. It is through the development of partnerships at the local and county level that service delivery efficiencies can be found and implemented.

If you are interested in receiving a copy of the 2001 County Fiscal Analysis report, please contact MMA's Laura Veilleux at 1-800-452-8786 or [lveilleux@memun.org](mailto:lveilleux@memun.org).