Highlights of Revenue Trends of County Governments in Arkansas, 1999–2015

Overview

County governments are mandated to provide law enforcement protection, collect and record property taxes, manage court and public records and administer justice through the courts. They also provide many non-mandated services, which may include agricultural, community development, emergency, human, solid waste, transportation and utility services.

To pay for these services, counties receive funds from local, state and federal sources. Local sources include revenue from sales and use tax, property tax, user fees, fines and commissions.

Since the Arkansas Constitution requires county governments to balance their budgets, it is imperative that counties receive enough revenue to pay for the increasing costs of services, including new mandated and non-mandated services demanded by a global economy.

Balancing the county budget is increasingly challenging because:

- Some regions of the state have experienced declines in population and economic activity in recent years. A small tax base limits counties’ ability to generate local government revenue.
- Other regions are growing rapidly, requiring counties to expand services and make investments in infrastructure to keep up with growing demand. Often, expenditures are required before revenue increases associated with growth are received.

In the full report, the authors identify changing trends in county government revenue and in the sources of that revenue over a 16-year period from 1999 to 2015. They also provide a comparison of revenue trends among different regions of the state. This fact sheet highlights some of their key findings.

Although total county government revenue increased statewide from 1999 to 2015, there was large variation in growth among counties, and revenue declined in some counties (Figure 1). There were also major differences in...
revenue sources and the amount of revenue generated per person and per $1,000 of personal income among counties. In addition, differences were observed between metro and non-metro counties and between rural regions of the state. There was also a shift toward greater reliance on sales tax revenue and less reliance on revenue from state and federal government transfers.

**Total Revenue**

- Total county government revenue in Arkansas grew 39% between 1999 and 2015, increasing from $803.6 million to $1.1 billion. However, during the same period, total revenue decreased in 5 of 75 counties, all of which were rural and located in the Delta (Monroe, Phillips, Poinsett and St. Francis counties) and Coastal Plains (Ashley County).

- Per capita county revenue increased 24% in Arkansas from 1999 to 2015. All regions of the state experienced per capita revenue growth during this time, but it decreased in three counties.

- Statewide revenue collected per $1,000 of personal income grew only 0.3% between 1999 and 2015, ranging from a decline of 34% to an increase of 102%.

**Sources of Revenue**

- Sales tax revenue reached $269.5 million in 2015, making it the largest share of county revenue (24%) for the first time since the local option sales tax was introduced in 1983 (Figure 2).

- Property tax revenue contributed about 23% of total county revenue in Arkansas in 2015, and intergovernmental revenue contributed 22%.

- Between 1999 and 2015, sales and use tax revenue grew by 73%, compared to more moderate growth of property tax (40%) and intergovernmental (21%) revenue.

- Of the remaining sources of county government revenue, officers, jail and 911 fees grew the most (78%), while fines, forfeitures and franchise taxes grew the least (14%).

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2All dollar values are reported in 2015 constant (real) dollars unless otherwise specified. The South Urban (SU) consumer price index (CPI) was used to adjust revenues for inflation.