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, commissions and fines.

Since the Arkansas Constitution requires that county governments 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 15-year period, from 1999 to 2014. They also provide a comparison of revenue trends among different regions of the state. This fact sheet highlights some of the key findings.

Although total county government revenue increased statewide from 1999 to 2014, there was large variation in growth among counties, and several counties saw their revenue decline (Figure 1). There were major differences in the rate of revenue growth among regions. Some counties experienced significant growth, while others saw declines.

Figure 1. Change in Total County Government Revenue (1999-2014)

Sources: Arkansas Legislative Audit and U.S. Department of Labor (CPI Index)

Change in Total County Government Revenue, 1999-2014

-15% to 0%

2% to 40%

40% to 100%

100% to 200%

in revenue sources and the amount of revenue generated per person and per $1,000 of personal income among counties. Differences were also observed between metro and non-metro counties and between rural regions of the state. There has also been a shift toward greater reliance on sales and property taxes as revenue sources and less reliance on revenue from state and local government transfers.

**Total Revenue**

- Total county government revenue in Arkansas grew 36% between 1999 and 2014, increasing from $805 million to $1.1 billion. However, during the same period, 7 of 75 counties saw total revenue decrease. Of these counties, only one was urban (Crittenden) and only one was located outside of the Delta (Ashley).
- Per capita county revenue increased 22% in Arkansas from 1999 to 2014. While all regions of the state experienced per capita revenue growth during this time, seven counties (three urban and four rural) saw per capita revenue decrease.
- Statewide revenue collected per $1,000 of personal income only grew 0.8% between 1999 and 2014. This low growth resulted from large decreases in 19 of Arkansas’ 75 counties.

**Sources of Revenue**

- Intergovernmental revenue from state and federal sources reached $263.9 million in 2014, making it the largest share of total county revenue (24%) in 2014 (Figure 2).
- Sales and use tax revenue and property tax revenue both contributed about 23% of total county revenue in Arkansas in 2014.
- Between 1999 and 2014, sales and use tax revenue grew by 64%, compared to more moderate growth of property tax (36%) and intergovernmental (27%) revenues.
- Of the remaining sources of county government revenue, officers, jail and 911 fees grew the most (53%), while fines, forfeitures and franchise taxes grew the least (12%).

**Regional Comparisons**

- Metro (urban) counties saw a greater increase in total revenues (39%) than rural counties (34%), while rural counties saw greater growth in per capita revenue than urban counties (36% versus 13%).
- All three rural regions of Arkansas saw increases in total county revenue from 1999 to 2014. The Highlands region saw total revenue increase the most at 45%, while the Coastal Plains and Delta both saw growth of about 21%.

Total county government revenue in Arkansas’ 75 counties grew from 1999 to 2014, as did revenue from the three major sources – intergovernmental, sales tax and property tax. Per capita revenue also grew, while revenue as a share of personal income exhibited little to no growth during this time period. Statewide trends, however, mask major differences among counties and regions of the state.

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2All dollar values are reported in 2014 constant (real) dollars unless otherwise specified. The South Urban (SU) consumer price index (CPI) was used to adjust revenues for inflation.