

STATE OF MAINE



Summary of Major State Funding Disbursed to Municipalities and Counties

Maine State Legislature
Office of Fiscal and Program Review
November 2020
Pub. #31

SUMMARY OF MAJOR STATE FUNDING DISBURSED TO MUNICIPALITIES AND COUNTIES

This report summarizes the major state funding disbursed to municipalities and counties. These disbursements represent a substantial portion of the State's budget and significantly affect local government budgets as well. The State's support of municipal and county functions through these disbursements has a major impact on the amount of local property taxes assessed on Maine taxpayers to support municipal and county government. The report captures state funds, including bond proceeds, paid directly to municipalities and counties or paid on their behalf for a local governmental purpose. All major direct-disbursement programs/items are reflected, such as General Purpose Aid for Local Schools and State-Municipal Revenue Sharing, as well as certain indirect expenditures, most notably, Teachers' Retirement, which is paid by the State for the "employer share" of teacher retirement costs. The amounts in this report do not include federal funds that pass through state agencies to local units of government and do not reflect any benefit that local units might receive from the sales tax and fuel tax exemptions for local governmental purchases. The exclusion of federal funds is particularly noteworthy during the period from FY 2009 through FY 2011 because a significant amount of the American Recovery and Reinvestment Act of 2009 federal stimulus funds passed through to local school units to mitigate the impact of cuts in state funding. The summary data in this report also do not include amounts the State pays to individuals and businesses as reimbursement for local property taxes. Appendix A summarizes those expenditures separately.

FY 2020 was the third year in a row that state funding disbursed to municipalities reached a new all-time high (see the graph on page 3). The biggest increase in FY 2020 from the previous year was in State-Municipal Revenue Sharing, followed closely by increased funding for education. Assuming disbursements in FY 2021 conform to budget, the average annual percent increase in all disbursements will be 2.4% over the 20-year period from FY 2002 to FY 2021. On an inflation-adjusted basis that is an average annual increase of just under 0.4%.

The extent of the State's financial support of local governments can also be expressed as a percentage of state revenue. For FY 2020, disbursements to municipalities and counties from the General Fund represented 34.0% of General Fund revenue, slightly more than the FY 2019 percentage. If State-Municipal Revenue Sharing expenditures were included as General Fund expenditures and the revenue set aside for revenue sharing is added back to General Fund revenue, the percentage of these disbursements would be 35.8%. When all state disbursements to municipalities and counties, excluding bond expenditures, are compared to total state operating revenue (which for the purposes of this analysis excludes all federal funds, enterprise funds, internal services funds, trust funds and bond funds), the State disbursed 27.5% of its adjusted operating revenue back to municipalities and counties, very similar to FY 2019.

TABLE OF CONTENTS

Summary Table.....	2
Summary Graphs.....	3
Exhibit A – Transportation Funding.....	4
Exhibit B – General Assistance.....	5
Exhibit C – Education Funding.....	6
Exhibit D – Revenue Sharing Programs.....	7
Exhibit E – Property Tax Reimbursement.....	8
Exhibit F – Natural Resources Agencies.....	9
Exhibit G – Criminal Justice Funding.....	10
Exhibit H – Economic and Community Development.....	11
Exhibit I – Emergency and Disaster Assistance.....	12
Appendix A – Property Tax Assistance for Individuals and Businesses.....	13

**SUMMARY OF MAJOR STATE FUNDING
DISBURSED TO MUNICIPALITIES AND COUNTIES**

Fiscal Year Ending June 30	Transportation Funding (Exhibit A)	General Assistance (Exhibit B)	Education Funding (Exhibit C)	Revenue Sharing (Exhibit D)	Property Tax Reimbursement (Exhibit E)	Natural Resource Agencies (Exhibit F)	Criminal Justice (Exhibit G)	Economic Development (Exhibit H)	Emergency & Disaster Assistance (Exhibit I)	Totals
2002	\$24,786,543	\$4,223,211	\$880,024,791	\$100,610,139	\$45,744,922	\$8,686,698	\$12,264,341	\$487,779	\$224,175	\$1,077,052,599
2003	\$23,872,102	\$4,984,476	\$900,268,779	\$102,311,399	\$45,620,356	\$8,731,814	\$12,604,352	\$1,032,137	\$311,543	\$1,099,736,958
2004	\$26,606,248	\$5,479,942	\$901,868,960	\$110,663,051	\$41,233,017	\$9,100,439	\$12,729,101	\$1,039,918	\$410,543	\$1,109,131,219
2005	\$24,675,596	\$5,887,901	\$923,799,065	\$117,609,820	\$39,189,427	\$11,139,146	\$13,459,537	\$393,498	\$452,907	\$1,136,606,897
2006	\$26,821,628	\$5,553,604	\$1,022,120,697	\$121,386,964	\$32,524,389	\$7,768,687	\$14,668,003	\$275,962	\$421,827	\$1,231,541,761
2007	\$27,813,099	\$6,445,772	\$1,109,469,145	\$121,378,821	\$35,924,885	\$6,810,408	\$14,786,340	\$578,948	\$1,275,945	\$1,324,483,363
2008	\$27,381,432	\$7,022,826	\$1,150,014,842	\$133,124,059	\$35,331,125	\$7,331,377	\$15,324,362	\$366,732	\$2,554,425	\$1,378,451,180
2009	\$26,149,830	\$7,549,259	\$1,139,551,786	\$120,959,079	\$43,014,127	\$6,429,363	\$15,255,927	\$124,176	\$2,687,380	\$1,361,720,927
2010	\$29,741,355	\$9,640,062	\$1,099,758,961	\$97,473,014	\$49,831,802	\$7,002,966	\$18,992,219	\$158,552	\$1,900,970	\$1,314,499,901
2011	\$25,134,827	\$11,624,449	\$1,061,583,749	\$93,155,452	\$40,133,650	\$5,952,964	\$19,377,928	\$748,135	\$1,487,419	\$1,259,198,573
2012	\$25,969,396	\$13,197,761	\$1,036,051,541	\$96,875,178	\$53,202,384	\$8,348,820	\$22,161,335	\$895,516	\$892,666	\$1,257,594,597
2013	\$25,005,379	\$11,450,322	\$1,015,049,513	\$95,972,537	\$54,837,406	\$3,754,501	\$20,897,198	\$1,067,489	\$780,635	\$1,228,814,980
2014	\$23,445,117	\$12,501,342	\$1,097,610,304	\$66,059,597	\$58,826,350	\$9,436,497	\$22,651,269	\$722,686	\$249,257	\$1,291,502,419
2015	\$22,809,586	\$8,913,489	\$1,081,796,340	\$63,599,206	\$60,311,642	\$5,168,271	\$24,468,272	\$68,642	\$602,842	\$1,267,738,290
2016	\$22,641,790	\$9,541,668	\$1,096,260,914	\$67,354,442	\$64,493,603	\$4,695,279	\$25,648,895	\$823,778	\$257,613	\$1,291,717,982
2017	\$23,030,717	\$11,888,219	\$1,119,078,119	\$65,227,463	\$79,455,874	\$6,594,910	\$23,330,584	\$57,421	\$555,077	\$1,329,218,384
2018	\$22,952,872	\$11,435,886	\$1,174,170,750	\$69,336,911	\$95,547,054	\$6,533,239	\$26,735,988	\$77,377	\$207,000	\$1,406,997,077
2019	\$24,683,104	\$8,845,295	\$1,169,653,699	\$74,093,902	\$117,341,672	\$6,949,853	\$30,413,388	\$84,645	\$1,123,259	\$1,433,188,817
2020	\$24,210,294	\$7,437,259	\$1,207,037,351	\$113,612,027	\$126,801,895	\$8,081,497	\$30,574,429	\$551,540	\$410,371	\$1,518,716,662
2021 ⁽¹⁾	\$23,327,646	\$14,534,830	\$1,343,147,844	\$127,770,027	\$153,686,615	\$6,642,609	\$33,023,574	\$857,559	\$670,000	\$1,703,660,704

(1) Budgeted Amounts through 129th Legislature, 2nd Regular Session.