

Impact of State Mandates on County Governments

Report highlights

January 2019

A collaborative relationship between counties and the state will improve the implementation of mandates.

Poor collaboration between counties and the state has left county officials feeling like a special interest group rather than a strategic partner.

Of county commissioners responding to our survey:

57% did not think the Legislature did a good job seeking input from counties.

66% did not think state agencies were responsive to counties' concerns.



Recommendation

Policymakers should consider a checklist for new or revised state mandates when drafting legislation or rules.

Checklist for new or revised state mandates

Purpose and performance

- What is the goal of the mandate?
- What are the performance standards to track effectiveness and compliance?
- How often and in what way will performance standards be reported?
- Who will analyze the standards and make recommendations for improvement?
- What is the state's responsibility for success?
- What is the county's responsibility for success?
- What efforts have been made to gather feedback from counties?
- What ideas do counties have for successful implementation?
- How will implementation problems between counties and the state be resolved?
- Should counties have an opportunity to opt out upon voter approval?

Fiscal analysis

- Will the mandate increase expenditures?
- Will the expenditures be offset by cost savings?
- Will the expenditures be offset by new or increased dedicated revenue?
- Will increased expenditures, savings, or revenues be consistent for counties, or are there factors that could create a range of impacts among the counties?
- If expenditure increases are expected to be supported through property taxes, how many counties can incorporate estimated increases given the budget cap or levy limits?

Follow-up analysis

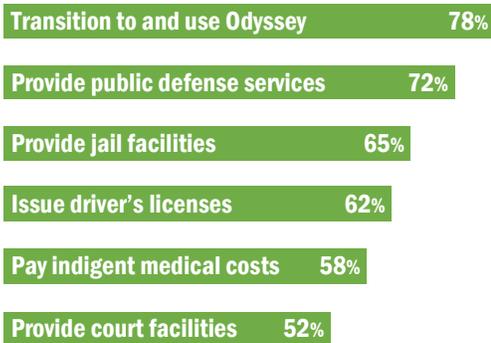
- Would an impact study be helpful to determine whether the new or revised mandate has achieved the intended results?
- Is there a need for a sunset clause to establish a timetable for legislative review?



View the report:
www.legislature.idaho.gov/ope/

Which mandates are problematic for counties?

More than half of county commissioners responding to our survey rated six mandates as difficult to implement.



Why are these mandates problematic?

From counties' perspective, mandates are problematic when certain conditions occur:

Technology problems

New or rapidly changing mandates

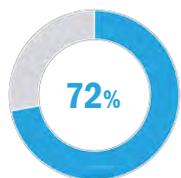
Rising costs, increasing demand for services, and a lack of revenue

Change in oversight

Interaction of two mandates

Changes in federal or state policy that affect implementation

Insufficient revenue was most consistently reported to be counties' biggest concern.



Mandates usually or always lead to financial problems



County revenue is rarely or never adequate

Two-thirds of counties were constrained by mandated tax and expenditure limitations in county fiscal year 2018.

15 counties were constrained by the 3% budget cap and budgeted the maximum amount of property taxes available to them.

These counties had no additional options to raise property taxes unless their community voted to override the budget cap.

14 counties were constrained by the current expense (or general fund) levy limit and did not have levy room to reach the maximum amount of property taxes available to them.

5 of the **14** did not use the justice or charity and indigent levy. They may benefit from budgeting property taxes in either fund.

7 of the **14** had a justice fund and used **97%** or more of the justice fund levy limit. They may face challenges when using property taxes for future increases in law enforcement or justice related expenses.

Rural counties were more likely to be constrained than were urban counties.

Rural counties have not experienced the same growth as urban counties, so they do not benefit from new construction. New construction gives counties the potential to increase their total property tax budget more than the budget cap.



Recommendation

Conduct further analysis to more precisely understand how counties are impacted by property tax and revenue sharing policies.