

**TABLE 64. STATE AID PAID TO COUNTIES AND MUNICIPALITIES BY TYPE**

Fiscal year	County reimbursements						Municipal reimbursements						Annual combined county/ municipal reimbursements/ distributions [\$]
	Exemption of inventories from property tax base a [\$]	Homestead exemption for elderly disabled [\$]	Repeal of intangibles tax [\$]	Sales taxes lost due to exemption of purchases made with food stamps [\$]	Local government hold harmless distribution payments * [\$]	Total county reimbursements/ distributions [\$]	Exemption of inventories from property tax base a [\$]	Homestead exemption for elderly disabled [\$]	Repeal of intangibles tax [\$]	Sales taxes lost due to exemption of purchases made with food stamps [\$]	Local government hold harmless distribution payments * [\$]	Total municipal reimbursements/ distributions [\$]	
1996-97.....	128,127,586	5,982,816	93,536,620	4,684,418	-	232,331,440	62,046,502	1,907,937	35,435,883	1,722,221	-	101,112,544	333,443,983
1997-98.....	127,816,851	8,267,726	91,981,080	4,644,908	-	232,710,565	62,357,237	2,369,914	36,991,422	1,761,732	-	103,480,305	336,190,870
1998-99.....	127,759,250	8,258,365	91,715,522	4,639,885	-	232,373,022	62,414,838	2,369,914	37,256,980	1,766,755	-	103,808,487	336,181,509
1999-00.....	127,702,802	5,982,816	91,739,799	4,627,348	-	230,052,765	62,471,286	1,907,937	37,232,703	1,779,291	-	103,391,217	333,443,983
2000-01.....	63,863,877	5,982,816	92,105,827	4,624,220	-	166,576,739	31,223,168	1,907,937	36,866,676	1,782,419	-	71,780,200	238,356,939
2001-02.....	127,781,871	-	92,162,980	4,629,639	-	224,574,490	62,392,217	-	36,809,522	1,777,001	-	100,978,740	325,553,230
2002-03.....	-	-	-	-	-	-	-	-	-	-	-	-	-
2003-04.....	-	-	-	-	20,730,041	20,730,041	-	-	-	-	18,102,442	18,102,442	38,832,483
2004-05.....	-	-	-	-	14,855,944	14,855,944	-	-	-	-	14,157,460	14,157,460	29,013,405
2005-06.....	-	-	-	-	9,188,605	9,188,605	-	-	-	-	11,211,914	11,211,914	20,400,519
2006-07.....	-	-	-	-	4,021,523	4,021,523	-	-	-	-	10,070,276	10,070,276	14,091,799
2007-08.....	-	-	-	-	21,538,871	21,538,871	-	-	-	-	8,047,673	8,047,673	29,586,544
2008-09.....	-	-	-	-	8,601,835	8,601,835	-	-	-	-	8,163,255	8,163,255	16,765,090
2009-10.....	-	-	-	-	18,357,831	18,357,831	-	-	-	-	12,515,129	12,515,129	30,872,960
2010-11.....	-	-	-	-	38,046,723	38,046,723	-	-	-	-	13,250,049	13,250,049	51,296,772

Detail may not add to totals due to rounding.

Reimbursements are replacement revenues paid to local governments by the State intended to offset local revenue lost due to legislative changes.

Amounts are shown by year in which received by local governments.

Intangibles tax was repealed effective for taxable years beginning on or after January 1, 1995; amounts shown for intangibles tax include special allocations to local governments to replace local revenue lost.

aPrior to repeal, local governments received two payments annually (in September and April) as reimbursement for local property taxes lost due to the exemption of inventories from the property tax base.

In 2000-01, the April payment was deferred until July 2001 (2001-02 fiscal year); as a result, local governments realized one-half of the annual, scheduled reimbursement amount during the 2000-01 fiscal year.

The September 2001 payment was issued but the State retained the funds allocated for the April 2002 payment, instead placing them in a special reserve fund due to the budgetary shortfall.

The reimbursement for local property taxes lost due to the homestead exemption for the elderly and disabled was canceled in 2001-02 as the State retained the funds due to the budgetary shortfall.

**\*Repeal of local reimbursements and revenue replacement option (§ 105-521)**

The 2001 General Assembly repealed local reimbursements effective July 1, 2003; the 2002 General Assembly advanced the date of the scheduled repeal to July 1, 2002. A new Article 44 of Subchapter VIII, Chapter 105 granted counties the authority to impose an additional 1/2% local sales and use tax to replace revenue lost due to repeal of the reimbursements, and provided for a transitional local government hold harmless distribution scheduled to sunset in 2012.

**\*Chapter 323 of the 2007 Session Laws-Hold Harmless (§ 105-523)**

Effective October 1, 2007, the State began assuming Medicaid responsibilities for the counties in exchange for eventual assumption of the 1/2% local sales tax rate (repeal of Article 44).

For 2007-08 (the first of the three-year phase-in), the State assumed 25% of county funding for Medicaid costs while reducing ADM school facility allocations to the counties.

Effective October 1, 2008, half of the 1/2% Article 44 levy (0.25%) was assumed by the State; effective October 1, 2009, the remaining 0.25% Article 44 rate was assumed by the State.

The legislation included a hold harmless payment provision to assure that each county benefited by at least \$500,000 annually from the exchange of a portion of the local sales and use taxes for the State's agreement to assume the responsibility for the nonfederal, nonadministrative costs of Medicaid.