

RESTRICTED — Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Congressional Relations, a record of which is kept by the UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

RELEASED

B-178349

JUL 19 1974



LM089667

The Honorable Jerry Litton
House of Representatives

Dear Mr. Litton:

Your March 8, 1974, letter requested the amount of total Federal tax revenues derived from and total Federal payments disbursed to the State of Missouri, each of the 10 congressional districts of Missouri, and the 23 counties within the Sixth Congressional District. p 2583

In our April 4 meeting, your office agreed that Federal disbursement data would be limited to revenue sharing entitlements as of June 30, 1973, and that we would contrast Federal individual income tax collections and revenue sharing entitlements for the 50 States. On May 30, your office indicated that the data we had compiled (see encls. I, II, and III) and an explanatory letter would satisfy your request.

METHOD USED TO ALLOCATE REVENUE SHARING FUNDS

The State and Local Fiscal Assistance Act of 1972, popularly known as the Revenue Sharing Act, provides for distributing about \$30.2 billion to State governments and to over 35,000 local governments during a 5-year period beginning January 1, 1972.

A State's revenue sharing entitlement is determined by applying two formulas--a five-factor and a three-factor formula--and then using the formula that yields the higher amount. If the total amount allocated to all States under this procedure exceeds the appropriation for that entitlement period, the allocation to each State is reduced proportionately so that the total amount allocated equals the amount appropriated.

Three factors in the five-factor formula were designed to consider need--population, urbanized population, and population weighted by the relative per capita income of the United States compared to the State per capita income. Each factor is given a weight of about 22 percent in

BEST DOCUMENT AVAILABLE

~~906843~~
089667

distributing the total amount available. The remaining two factors, general tax effort of the State government and its localities and State individual income tax collections, were designed to provide incentives to states and localities to meet their own revenue needs. Each factor is given a weight of about 17 percent in distributing the total.

The elements in the three-factor formula--population, relative income, and tax effort--are combined for each State by multiplication. The resulting products are then used to calculate each State's portion of the total funds being allocated. The three-factor formula tends to give larger distributions to those states which have low incomes and high tax effort.

After each State's allocation is determined, one-third of the amount is distributed to the state government and the remaining two-thirds is available for allocation among the State's local governments.

The two-thirds is first allocated among county areas using the same three-factor formula used to allocate funds to some States. The county area funds are then divided between (1) the county government and (2) all other local governments in the county as a group, on the basis of their total relative adjusted taxes. The funds available from this division to other local governments are then divided among them using the three-factor formula.

Federal income taxes are not used in the intrastate allocation of revenue sharing funds; they play only a minor role in the interstate allocation, such as establishing a floor and a ceiling for the amount of a State's income taxes which may be used in the five-factor formula.

STATE REVENUE SHARING ENTITLEMENTS

Enclosure I shows the per capita revenue sharing entitlements for each State for the period January 1, 1972, through June 30, 1973. Because this data is for an 18-month period, we adjusted the fiscal year 1973 Federal individual income and employment taxes for each State to a comparable period. The highest Federal income and employment taxes on a per capita basis was paid by Delaware (\$2,321) and the lowest by Mississippi (\$476.) Missouri paid the ninth highest per capita amount, \$1,417.

The revenue sharing entitlements for the 50 States (including allocations to both the State governments and its localities) on a per capita basis ranged from \$61.92 for Mississippi to \$30.95 for Ohio. Missouri ranked 49th with \$22.77. Revenue sharing entitlements, as a percent of Federal income and employment taxes, ranged from 15 percent for Mississippi to 1.79 percent for Connecticut. Missouri ranked 44th with 2.31 percent.

CONGRESSIONAL DISTRICTS

Revenue sharing funds are not allocated to congressional districts. However, to determine revenue sharing entitlements of the 10 congressional districts of this state as your office requested, we accumulated the revenue sharing entitlements of the local governments in each district for entitlement periods 1, 2, and 3. In addition, we compiled statistics showing the population, adjusted taxes, and per capita income data for each district. Because the boundaries of congressional districts one through five and eight and nine do not coincide with county boundaries, we prorated their adjusted tax data and revenue sharing entitlements on the basis of population. (See enc. II.)

The per capita revenue sharing entitlements calculated for the 10 districts ranged from \$30.57 for the Fifth District to \$13.92 for the Second. The Sixth District ranked fifth with a per capita entitlement of \$23.19.

COUNTIES OF THE SIXTH DISTRICT

Enclosure III shows the revenue sharing entitlements for the period January 1, 1972, through June 30, 1973, for local governments in each of the 23 counties in the Sixth Congressional District. It also shows the data used in the allocation formula. The average per capita revenue sharing entitlements ranged from \$31.64 for governments in Atchison County to \$15.22 for governments in Ray County.

LOCAL GOVERNMENTS OF THE SIXTH DISTRICT

We also compiled the revenue sharing entitlements and corresponding data for all the local governments receiving revenue sharing funds in the Sixth District. As agreed, we will provide this data to your office separately.

Sincerely yours,



Victor L. Howe
Director

REVENUE SHARING ENTITLEMENT
STATISTICS FOR THE YEAR 1971

<u>State</u>	<u>Per capita Federal individual income and employment taxes</u>		<u>Per capita revenue sharing entitlements</u>		<u>Revenue sharing as percent of income and employment taxes</u>	
	<u>Amount</u>	<u>Rank</u>	<u>Amount</u>	<u>Rank</u>	<u>Percent</u>	<u>Rank</u>
Ala.	\$ 679.54	43	\$40.79	27	6.00	14
Alaska	1,106.50	21	34.33	45	3.10	35
Ariz.	1,025.03	25	45.17	18	4.41	20
Ark.	547.20	49	44.13	19	8.06	5
Calif.	1,258.18	16	43.96	20	3.49	30
Colo.	2,066.36	2	39.08	33	1.89	49
Conn.	1,913.58	4	34.30	46	1.79	50
Del.	2,320.72	1	45.22	17	1.95	48
Fla.	1,108.91	19	34.10	47	3.08	36
Ga.	1,004.35	28	37.14	35	3.70	26
Hawaii	1,199.42	18	47.69	9	3.98	25
Idaho	1,014.05	27	46.97	10	4.63	19
Ill.	1,703.07	7	38.16	34	2.24	46
Ind.	1,249.02	17	33.96	48	2.72	38
Iowa	814.56	35	41.47	26	5.09	16
Kans.	344.33	33	35.97	39	4.26	22
Ky.	657.01	35	41.96	24	6.39	11
La.	749.85	38	52.20	4	6.96	8
Maine	719.56	40	50.22	8	6.98	7
Md. (note a)	1,704.59	6	43.23	22	2.54	43
Mass.	1,320.36	14	45.44	16	3.44	32
Mich.	1,713.62	5	39.34	30	2.30	45
Minn.	1,347.57	12	43.06	23	3.20	33
Miss.	476.44	50	61.92	1	13.00	1
Mo.	1,417.06	9	32.77	49	2.31	44
Mont.	671.55	44	46.04	14	6.86	9
Nebr.	1,103.39	22	40.70	28	3.69	27
Nev.	1,359.51	11	36.88	36	2.71	40
N. Ha.	971.45	29	35.20	43	3.62	28
N. J.	1,326.46	13	36.07	38	2.72	39
N. Mex.	682.14	41	50.72	6	7.44	6
N. Y.	1,925.12	3	50.24	7	2.61	42

BEST DOCUMENT AVAILABLE

N. C.	\$ 4,000.00	30	\$41.58	29	4.76	17
N. Dak.	627.03	40	15.79	3	8.89	3
Ohio	1,000.00	5	30.98	50	2.12	47
Okla.	500.67	31	35.74	40	4.21	23
Oreg.	1,000.20	23	39.12	32	3.56	29
Pa.	1,100.33	10	36.97	37	2.68	41
R. I.	1,200.45	15	39.42	29	3.06	37
S. C.	680.47	42	43.32	21	6.37	13
S. Dak.	582.54	47	56.15	2	9.64	2
Tenn.	841.66	34	39.19	31	4.65	18
Tex.	1,107.77	22	34.60	44	3.12	34
Utah	794.50	36	45.47	15	5.72	15
Vt.	734.90	37	51.65	5	6.55	10
Va.	544.87	32	35.28	42	4.18	24
Wash.	1,019.84	26	35.33	41	3.46	31
W. Va.	561.77	48	46.23	13	8.23	4
Wis.	1,075.72	24	46.86	11	4.36	21
Wyo.	734.86	39	46.82	12	6.37	12
National average	\$1,270.17		\$40.58		3.19	

^aFigures for Maryland include the District of Columbia because Federal individual income and employment taxes for these two governments are combined in Internal Revenue Service reports. The per capita revenue sharing entitlements for Maryland and the District were \$42.08 and \$49.16, respectively.

SOURCES:

Revenue sharing entitlements were obtained from records of the Office of Revenue sharing. The per capita entitlements were computed for the 18-month period January 1, 1972, through June 30, 1973.

Per capita individual income and employment taxes were computed using data from "Combined Statement of Receipts, Expenditures, and Balances of the U.S. Government for Fiscal Year ended June 30, 1973," Department of the Treasury. Federal individual income and employment taxes for fiscal year 1973 were adjusted to an 18-month period to coincide with the period of the revenue sharing entitlements.

BEST DOCUMENT AVAILABLE

REVENUE SHARING ENTITLEMENT STATISTICS
FOR CONGRESSIONAL DISTRICTS OF MISSOURI

Congressional District (note a)				Population (note b)				Per capita adjusted taxes				Per capita income				Revenue sharing entitlements			
District (note a)				Population (note b)				Per capita adjusted taxes				Per capita income				Revenue sharing entitlements			
Amount				Rank				Amount				Rank				Total (note c)			
First	468,050	3	\$147.11	1	\$2,233,949	4	\$26.14	2	10	17.92	1	6,524,492	1	\$101,947,751	6	27.45	6	17.97	5
Second	465,508	2	75.75	4	4,253	1	17.92	10	17.97	5	2,234	10	17.97	5	2,234	10	17.97	5	2,234
Third	467,544	5	148.97	2	3,305	2	12,210,606	2	12,210,606	2	12,210,606	2	12,210,606	2	12,210,606	2	12,210,606	2	12,210,606
Fourth	466,940	4	72.75	5	2,780	5	11,926,455	5	11,926,455	5	11,926,455	5	11,926,455	5	11,926,455	5	11,926,455	5	11,926,455
Fifth	467,457	7	120.43	3	3,302	3	14,737,103	3	14,737,103	3	14,737,103	3	14,737,103	3	14,737,103	3	14,737,103	3	14,737,103
Sixth	469,042	1	66.56	6	2,500	7	10,741,155	7	10,741,155	7	10,741,155	7	10,741,155	7	10,741,155	7	10,741,155	7	10,741,155
Seventh	468,699	10	41.25	8	2,399	9	8,942,152	9	8,942,152	9	8,942,152	9	8,942,152	9	8,942,152	9	8,942,152	9	8,942,152
Eighth	467,532	6	35.05	9	2,602	8	7,112,105	8	7,112,105	8	7,112,105	8	7,112,105	8	7,112,105	8	7,112,105	8	7,112,105
Ninth	467,990	4	54.89	7	2,525	6	5,235,106	6	5,235,106	6	5,235,106	6	5,235,106	6	5,235,106	6	5,235,106	6	5,235,106
Tenth	468,741	9	31.21	10	2,231	10	4,515,035	10	4,515,035	10	4,515,035	10	4,515,035	10	4,515,035	10	4,515,035	10	4,515,035
Total	4,677,399																		

Adjusted taxes and revenue sharing entitlements for districts one through five and eight and nine were prepared on the basis of population because these districts do not coincide with county boundaries. Population of Sixth District differs from figures shown in enclosure III because the Bureau of the Census data for congressional districts is based on a sample of the population and not on a complete count.

Revenue sharing entitlements are for the 18-month period January 1, 1972, through June 30, 1973.

NOTE: Population and per capita income data were obtained from "Congressional District Data Book, 93d Congress," Bureau of the Census. Entitlements were obtained from records of the Office of Revenue Sharing for entitlement periods 1, 2, and 3.

REVENUE SHARING ENTITLEMENT STATISTICS FOR THE 23
COUNTIES IN THE SIXTH CONGRESSIONAL DISTRICT

County	Population		Per capita adjusted taxes		Per capita income		Revenue sharing entitlements	
	Amount	Rank	Amount	Rank	Amount	Rank	Total	Per capita
Adair	22,472	4	\$ 35.73	21	\$2,472	11	\$ 371,642	\$15.54
Andrew	11,913	11	35.53	22	2,432	10	195,437	16.41
Atchison	9,140	15	34.11	2	2,359	6	222,353	31.74
Buchanan	36,915	2	65.63	4	2,733	4	2,151,121	24.72
Callaway	8,351	17	49.76	11	2,167	21	255,122	31.19
Carroll	12,585	9	61.26	7	2,404	14	158,504	12.61
Cherokee	11,177	13	45.32	16	2,171	20	19,919	27.15
Crittenden	17,732	1	100.95	1	3,406	2	2,940,562	24.77
Crawford	12,412	10	53.35	9	2,515	9	19,749	21.61
Dallas	3,420	16	36.19	20	2,053	23	196,232	25.77
DeKalb	7,355	20	43.84	17	2,279	17	175,337	23.86
Franklin	3,600	18	47.54	13	2,215	19	225,112	27.31
Gentry	11,819	12	63.07	5	2,430	12	334,160	26.27
Harrison	10,237	14	47.14	14	2,091	22	314,197	31.63
Jefferson	5,654	21	51.53	10	2,704	3	127,123	16.19
Lincoln	15,125	5	61.49	6	2,491	15	415,544	27.34
Linn	15,565	7	42.57	18	2,050	5	231,245	15.20
Madison	4,910	22	47.67	12	2,277	15	129,374	26.45
Marion	22,497	5	46.36	15	2,336	16	535,174	23.95
Monroe	32,061	3	67.60	3	3,491	1	504,349	15.73
Polk	17,509	6	37.25	19	2,635	7	277,519	15.22
Sullivan	7,572	19	34.55	23	2,427	13	141,394	17.61
Worth	3,359	23	53.69	8	2,610	8	75,916	22.30
Total	402,000						\$10,331,035	

BEST DOCUMENT AVAILABLE

Population, adjusted taxes, and per capita income data were obtained from records of the Office of Revenue Sharing.

Revenue sharing entitlements are for the 13-month period January 1, 1972, through June 30, 1973, and were obtained from allocation records for entitlement periods 1, 2, and 3, Office of Revenue Sharing.