SENATE BILL 10

Introduced by Harp

11/23	Introduced
11/23	Fiscal Note Requested
11/29	First Reading
11/29	Referred to Taxation
12/02	Fiscal Note Received
12/02	Fiscal Note Printed
12/03	Hearing
	Tabled in Committee

SENATE BILL NO. 10

INTRODUCED BY HARP

BY REQUEST OF THE DEPARTMENT OF REVENUE AND THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FUNDING FOR THE ADMINISTRATION OF CERTAIN TAXES BY ASSESSING A FEE AGAINST THE PORTION OF THE TAXES NOT ALLOCATED TO THE GENERAL FUND; AMENDING SECTIONS 15-23-707, 15-31-702, 15-35-108, 15-36-112, 15-37-117, AND 15-38-106, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Account for administration of certain taxes -- source of funds -- use.** (1) There is an account in the state special revenue fund for the administration of corporate taxes and natural resource taxes. The fees collected pursuant to subsection (2) must be deposited in the account.

(2) There is a fee for administering the dedicated portions of taxes collected pursuant to Title 15, chapter 23, part 7; Title 15, chapter 31, part 7; Title 15, chapter 35; Title 15, chapter 36, part 1; Title 15, chapter 37, part 1; and Title 15, chapter 38. Except for coal severance taxes, the fee is assessed against the amount of the tax not

deposited in the general fund. The department of revenue shall assess the fee as follows:

(a) from [the effective date of this act] until June 30, 1994, 1% of the dedicated portion;

(b) from July 1, 1994, until June 30, 1995, 0.6% of the dedicated portion; and

(c) on and after July 1, 1995, an amount calculated by the department pursuant to subsection (3).

(3) By July 31 of each year the department shall determine the amount of the fee by dividing the appropriation for the administration of the taxes enumerated in subsection (2) by estimated tax collections. The fee must be calculated to raise 125% of the appropriation for administering the tax.

(4) The money in the account provided for in subsection (1) must be used to administer the taxes subject to the fee provided for in subsection (2).

Section 2. Section 15-23-707, MCA, is amended to read:

"**15-23-707. Coal gross proceeds redistribution account.** (1) There is within the state special revenue fund a coal gross proceeds redistribution account.

(2) ~~All~~ After deducting the fee provided for in [section 1], all money received from county treasurers, as provided in 15-23-703(6)(a), must be deposited by the department into the coal gross proceeds redistribution

account for redistribution as provided in 15-23-706."

Section 3. Section 15-31-702, MCA, is amended to read:

"**15-31-702. Distribution of corporation license taxes collected from banks or savings and loan associations.** (1) All corporation license taxes, interest, and penalties collected from banks and savings and loan associations must, in accordance with the provisions of 15-1-501(6), be distributed in the following manner:

(a) 20% must be allocated as provided in 15-1-501(3); and

(b) ~~80%~~ after deducting the fee provided for in [section 1], the remainder is statutorily appropriated, as provided in 17-7-502, for allocation to the various taxing jurisdictions within the county in which the bank or savings and loan association is located.

(2) The corporation license taxes, interest, and penalties distributed under subsection (1)(b) must be allocated to each taxing jurisdiction in the proportion that its mill levy for that fiscal year bears to the total mill levy of the taxing authorities of the district in which the bank or savings and loan association is located.

(3) "Taxing jurisdictions" means, for the purposes of this section, all taxing authorities within a county permitted under state law to levy mills against the taxable value of property in the taxing district in which the bank

or savings and loan association is located.

(4) If a return filed by a bank or savings and loan association involves branches or offices in more than one taxing jurisdiction, the department of revenue shall provide a method by rule for equitable distribution among those taxing jurisdictions."

Section 4. Section 15-35-108, MCA, is amended to read:

"**15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections are allocated. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law. After making the deposit to the trust fund, the department of revenue shall assess the fee provided for in [section 1] against the allocations provided in subsections (2), (3)(a), and (3)(c) through (3)(k) of this section.

(2) Starting July 1, 1987, and ending June 30, 2003, 12% of coal severance tax collections are allocated to the highway reconstruction trust fund account in the state special revenue fund.

(3) Coal severance tax collections remaining after

allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:

(a) 17 1/2% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the state special revenue fund for state equalization aid to public schools of the state.

(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;

(c) 1% to the state special revenue fund to the credit of the county land planning account;

(d) 1 1/4% to the credit of the renewable resource development bond fund;

(e) 0% to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(f) 1% to the state special revenue fund to the credit of the state library commission for the purposes of providing basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking;

(g) 1/2 of 1% to the state special revenue fund for

conservation districts;

(h) 1 1/4% to the debt service fund type to the credit of the renewable resource loan debt service fund;

(i) 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

(j) 1 2/3% to a nonexpendable trust fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Income from this trust fund ~~shall~~ must be appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects.

(k) beginning July 1, 1993, and ending June 30, 1995, 3 1/3% to a special revenue account to be used by the department of fish, wildlife, and parks for the stabilization and preservation of historic and cultural sites within the state park system;

(l) all other ~~revenues~~ revenue from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state. (Terminates June 30, 1995--sec. 4, Ch. 536, L. 1993.)

15-35-108. (Effective July 1, 1995) Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

(1) To the trust fund created by Article IX, section 5,

of the Montana constitution, 50% of total coal severance tax collections are allocated. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law. After making the deposit to the trust fund, the department of revenue shall assess the fee provided for in [section 1] against the allocations provided in subsections (2), (3)(a), and (3)(c) through (3)(j) of this section.

(2) Starting July 1, 1987, and ending June 30, 2003, 12% of coal severance tax collections are allocated to the highway reconstruction trust fund account in the state special revenue fund.

(3) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:

(a) 17 1/2% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the state special revenue fund for state equalization aid to public schools of the state.

(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;

(c) 1% to the state special revenue fund to the credit of the county land planning account;

(d) 1 1/4% to the credit of the renewable resource development bond fund;

(e) 3 1/3% to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(f) 1% to the state special revenue fund to the credit of the state library commission for the purposes of providing basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking;

(g) 1/2 of 1% to the state special revenue fund for conservation districts;

(h) 1 1/4% to the debt service fund type to the credit of the renewable resource loan debt service fund;

(i) 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

(j) 1 2/3% to a nonexpendable trust fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Income from this trust fund ~~shall~~ must be appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects.

(k) all other ~~revenues~~ revenue from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state. (Terminates July 1, 2003--sec. 4, Ch. 191, L. 1991.)

15-35-108. **(Effective July 1, 2003) Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections <u>are allocated</u>. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law. <u>After making the deposit to the trust fund, the department of revenue shall assess the fee provided for in [section 1] against the allocations provided in subsections (2)(a) and (2)(c) through (2)(j) of this section.</u>

(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:

(a) 17 1/2% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the state special revenue fund for state equalization aid to public schools of the state.

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(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;

(c) 1% to the state special revenue fund to the credit of the county land planning account;

(d) 1 1/4% to the credit of the renewable resource development bond fund;

(e) 3 1/3% to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(f) 1% to the state special revenue fund to the credit of the state library commission for the purposes of providing basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking;

(g) 1/2 of 1% to the state special revenue fund for conservation districts;

(h) 1 1/4% to the debt service fund type to the credit of the renewable resource loan debt service fund;

(i) 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

(j) 1 2/3% to a nonexpendable trust fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Income from this trust fund ~~shall~~ must be appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects.

(k) all other ~~revenues~~ revenue from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state."

Section 5. Section 15-36-112, MCA, is amended to read:

"**15-36-112. Disposition of oil and gas state and local government severance taxes -- calculation of unit value for local government severance tax.** (1) Each year the department of revenue shall determine the amount of tax collected under this chapter from within each taxing unit.

(2) For purposes of the distribution of local government severance taxes collected under this chapter, the department shall determine the unit value of oil and gas for each taxing unit as follows:

(a) The unit value for petroleum and other mineral or crude oil for each taxing unit is the quotient obtained by dividing the net proceeds taxes calculated on petroleum or mineral or crude oil produced in that taxing unit in calendar year 1988 by the number of barrels of petroleum or other mineral or crude oil produced in that taxing unit during 1988, excluding new and interim production.

(b) The unit value for natural gas is the quotient obtained by dividing the net proceeds taxes calculated on

natural gas produced in that taxing unit in calendar year 1988 by the number of cubic feet of natural gas produced in that taxing unit during 1988, excluding new and interim production.

(3) The state and local government severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

(a) ~~The~~ After deducting the fee provided for in [section 1], the remaining local government severance tax is statutorily appropriated, as provided in 17-7-502, for allocation to the county for distribution as provided in subsection (4).

(b) The state severance tax is allocated to the state general fund.

(4) (a) For the purpose of distribution of the local government severance tax, the department shall adjust the unit value determined under this section according to the ratio that the local government severance taxes collected during the quarters to be distributed plus accumulated interest earned by the state and penalties and interest on delinquent local government severance taxes bears to the total liability for local government severance taxes for the quarters to be distributed. The taxes must be calculated and distributed as follows:

(i) By November 30 of each year, the department shall calculate and distribute to each eligible county the amount of local government severance tax, determined by multiplying unit value as adjusted in this subsection (4)(a) times the units of production on which the local government severance tax was owed during the calendar quarters ending March 31 and June 30 of the preceding calendar year.

(ii) By May 31 of each year, the department shall calculate and distribute to each eligible county the amount of local government severance tax, determined by multiplying unit value as adjusted in this subsection (4)(a) times the units of production on which the local government severance tax was owed during the 2 calendar quarters immediately following those quarters referred to in subsection (4)(a)(i).

(b) Any amount by which the total tax liability exceeds or is less than the total distributions determined in subsections (4)(a)(i) and (4)(a)(ii) must be calculated and distributed in the following manner:

(i) The excess amount or shortage must be divided by the total distribution determined for that period to obtain an excess or shortage percentage.

(ii) The excess percentage must be multiplied by the distribution to each taxing unit, and this amount must be added to the distribution to each respective taxing unit.

(iii) The shortage percentage must be multiplied by the

distribution to each taxing unit, and this amount must be subtracted from the distribution to each respective taxing unit.

(5) Except as provided in subsection (6), the county treasurer shall distribute the money received under subsection (4) to the taxing units that levied mills in fiscal year 1990 against calendar year 1988 production in the same manner that all other property tax proceeds were distributed during fiscal year 1990 in the taxing unit, except that a distribution may not be made to a municipal taxing unit.

(6) The board of county commissioners of a county may direct the county treasurer to reallocate the distribution of local government severance tax money that would have gone to a taxing unit, as provided in subsection (5), to another taxing unit or taxing units, other than an elementary school or high school, within the county under the following conditions:

(a) The county treasurer shall first allocate the local government severance taxes to the taxing units within the county in the same proportion that all other property tax proceeds were distributed in the county in fiscal year 1990.

(b) If the allocation in subsection (6)(a) exceeds the total budget for a taxing unit, the commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

(7) The board of trustees of an elementary or high school district may reallocate the local government severance taxes distributed to the district by the county treasurer under the following conditions:

(a) The district shall first allocate the local government severance taxes to the budgeted funds of the district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year 1990.

(b) If the allocation under subsection (7)(a) exceeds the total budget for a fund, the trustees may allocate the excess to any budgeted fund of the school district."

Section 6. Section 15-37-117, MCA, is amended to read:

"**15-37-117. Disposition of metalliferous mines license taxes.** (1) Metalliferous mines license taxes collected under the provisions of this part must~~,~~ be allocated in accordance with the provisions of 15-1-501(6).~~,--be--allocated---as follows:~~

~~(a)~~ Fifty-eight percent of the metalliferous mines license tax collections must be allocated to the credit of the general fund of the state~~,-58%-of-total-collections-each year;~~. The remaining collections must be allocated as follows:

(a) to the account provided for in [section 1], the fee

provided for in [section 1], which the department shall deduct for deposit;

(b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 1.5% of total collections each year;

(c) to the state resource indemnity trust fund, 15.5% of total collections each year;

(d) to the county or counties identified as experiencing fiscal and economic impacts, resulting in increased employment or local government costs, under an impact plan for a large-scale mineral development prepared and approved pursuant to 90-6-307, in direct proportion to the fiscal and economic impacts determined in the plan or, if an impact plan has not been prepared, to the county in which the mine is located, 25% of total collections each year, to be allocated by the county commissioners as follows:

(i) not less than 40% to the county hard-rock mine trust reserve account established in 7-6-2225; and

(ii) all money not allocated to the account pursuant to subsection (1)(d)(i) to be further allocated as follows:

(A) 33 1/3% is allocated to the county for planning or economic development activities;

(B) 33 1/3% is allocated to the elementary school districts within the county that have been affected by the development or operation of the metal mine; and

(C) 33 1/3% is allocated to the high school districts within the county that have been affected by the development or operation of the metal mine.

(2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under subsection (1)(d) in a manner similar to that provided for property tax sharing under Title 90, chapter 6, part 4.

(3) The department shall return to the county in which metals are produced the tax collections allocated under subsection (1)(d). The allocation to the county described by subsection (1)(d) is a statutory appropriation pursuant to 17-7-502."

Section 7. Section 15-38-106, MCA, is amended to read:

"**15-38-106. (Temporary) Payment of tax -- records -- collection of taxes -- refunds.** (1) The tax imposed by this chapter must be paid by each person to which the tax applies, on or before March 31, on the value of product in the year preceding January 1 of the year in which the tax is paid. The tax must be paid to the department at the time the statement of yield for the preceding calendar year is filed with the department.

(2) ~~The~~ After deducting the fee provided for in

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[section 1], the department shall, in accordance with the provisions of 15-1-501(6), deposit the proceeds of the tax in the resource indemnity trust fund of the nonexpendable trust fund type, except that:

(a) 14.1% of the proceeds must be deposited in the ground water assessment account established by 85-2-905;

(b) 15% of the proceeds must be deposited in the renewable resource grant and loan program state special revenue account established by 85-1-604; and

(c) 15% of the proceeds must be deposited in the reclamation and development grants account established by 90-2-1104.

(3) ~~Every~~ Each person to whom the tax applies shall keep records in accordance with 15-38-105, and the records are subject to inspection by the department upon reasonable notice during normal business hours.

(4) The department shall examine the statement and compute the taxes to be imposed, and the amount computed by the department is the tax imposed, assessed against, and payable by the taxpayer. If the tax found to be due is greater than the amount paid, the excess must be paid by the taxpayer to the department within 30 days after written notice of the amount of deficiency is mailed by the department to the taxpayer. If the tax imposed is less than the amount paid, the difference must be applied as a tax

credit against tax liability for subsequent years or refunded if requested by the taxpayer. (Terminates June 30, 1995--sec. 37, Ch. 478, L. 1993.)

15-38-106. (Effective July 1, 1995) Payment of tax -- records -- collection of taxes -- refunds. (1) The tax imposed by this chapter must be paid by each person to which the tax applies, on or before March 31, on the value of product in the year preceding January 1 of the year in which the tax is paid. The tax must be paid to the department at the time the statement of yield for the preceding calendar year is filed with the department.

(2) ~~The~~ After deducting the fee provided for in [section 1], the department shall, in accordance with the provisions of 15-1-501(6), deposit the proceeds of the tax in the resource indemnity trust fund of the nonexpendable trust fund type, except that:

(a) 14.1% of the proceeds must be deposited in the ground water assessment account established by 85-2-905;

(b) 10% of the proceeds must be deposited in the renewable resource grant and loan program state special revenue account established by 85-1-604; and

(c) 30% of the proceeds must be deposited in the reclamation and development grants account established by 90-2-1104.

(3) ~~Every~~ Each person to whom the tax applies shall

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keep records in accordance with 15-38-105, and the records are subject to inspection by the department upon reasonable notice during normal business hours.

(4) The department shall examine the statement and compute the taxes to be imposed, and the amount computed by the department is the tax imposed, assessed against, and payable by the taxpayer. If the tax found to be due is greater than the amount paid, the excess must be paid by the taxpayer to the department within 30 days after written notice of the amount of deficiency is mailed by the department to the taxpayer. If the tax imposed is less than the amount paid, the difference must be applied as a tax credit against tax liability for subsequent years or refunded if requested by the taxpayer."

NEW SECTION. **Section 8. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 1, part 5, and the provisions of Title 15, chapter 1, part 5, apply to [section 1].

NEW SECTION. **Section 9. Effective date.** [This act] is effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for SB0010, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:
An act providing funding for the administration of certain taxes by assessing a fee against the portion of the taxes not allocated to the general fund.

ASSUMPTIONS:
1. Approximately 6 percent of the general fund costs of the Corporation Tax Bureau are allocable to financial institutions corporate tax revenues ($49,000).
2. Approximately 60 percent of the general fund costs of the Natural Resources Bureau are allocable to various nongeneral fund revenues, excluding the school equalization account and coal permanent trust fund ($282,000).
3. Estimated distributions of corporation taxes paid by financial institutions for which the proposed assessment would be applicable is $6.2 million for the remainder of FY 1994 and $8,000,000 for FY 1995. Estimated nongeneral fund natural resource tax collections for which proposed assessment would be applicable is $38,247,918 for the remainder of FY 1994 and $54,609,487 in FY 1995. These revenues tend to be highly volatile from year to year and therefore actual revenues may vary substantially from these estimates.
5. The proposed assessment will marginally reduce amounts remitted by counties to the state for state mills. The FY 1994 assessment will reduce state revenues by $49,500 in FY 1994 and by $49,500 in FY 1995. The FY 1995 assessment will reduce state revenues by $59,250 in FY 1995 and $19,750 in FY 1996.
6. The reduction in general fund expenditures shown below assumes coordinating amendments to the general appropriations act.

FISCAL IMPACT:

Expenditures:	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Natural Resource & Corp Tax						
General Fund	1,284,334	953,334	(331,000)	1,301,871	970,871	(331,000)
State Special Revenue	60,388	391,388	331,000	61,478	392,478	331,000
Total	1,344,722	1,344,722	0	1,363,349	1,363,349	0
Revenues:						
General Fund (state mills)	161,967,000	161,917,500	(49,500)	166,171,000	166,062,250	(108,750)
NRC Admin Account (02)	0	444,500	444,500	0	375,700	375,700

(continued)

Dave Lewis 12-1
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

JOHN HARP, PRIMARY SPONSOR DATE
Fiscal Note for SB0010, as introduced

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FISCAL IMPACT: (continued)

Net Impact	FY '94	FY '95
General Fund	281,500	222,250
NRC Admin Account (02)	113,500	44,700

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
The distribution of natural resource tax and financial institutions corporate tax revenues to counties and other local government entities would be reduced by approximately $340,000 in FY 1994 and by $297,000 in FY 1995. These amounts represent approximately 0.5% of total revenues received by counties or other local government entities from these revenue sources.

TECHNICAL NOTE:
1. Section 1, as currently drafted, would require the fee to be set at 125% of the appropriation in subsequent biennia, resulting in an ever-increasing account balance. The bill requestors' intent is that the fee be set at a level to maintain an ending fund balance equivalent to 25% of appropriations, for cash flow purposes.
2. Section 1, as currently drafted, sets the FY 1995 rate on financial institutions corporate tax at 0.60 percent, equal t the rate for natural resource taxes. The bill requestors' intent is that the FY 1995 rate on financial institutions corporate tax be set at 0.75 percent. The estimated difference in revenues for these two rates is approximately $12,000.

DEDICATION OF REVENUE:

a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (Please explain)

No. The Natural Resource and Corporate Tax Division provides collection and audit services for each nongeneral fund revenue affected. The amount of the assessment is intended to correlate with the level of effort associated with each revenue source. In effect, each revenue source bears its fair share of administrative costs.

b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?

The use of a state special revenue account simplifies the procedure for setting the rate to be assessed to nongeneral fund revenues. After the 1995 biennium, the rate is determined by the estimated revenues, appropriations from the stat special revenue account, and the projected fund balance in the account at the end of the fiscal year. If the funds we deposited to the general fund, the bill would require amendments revising the mechanism for setting the rates. The result would be either: 1) an extremely cumbersome and complex statutory construction; 2) an inflexible mechanism whic would not adjust to correlate to level of effort; or 3) an inappropriate degree of administrative discretion.

DEDICATION OF REVENUE: (continued)

c) Is the source of revenue relevant to current use of the funds and adequate to fund the program/activity that is intended? _X_ Yes ____ No (if no, explain)

d) Does the need for this state special revenue provision still exist? ____ Yes ____ No (Explain)

Not applicable--new state special revenue account.

e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please explain)

Not insofar as the purpose of the funds would be to replace what would otherwise be general fund expenditures. However, the legislature would need to evaluate the adequacy of the account's fund balance in determining appropriations.

f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please explain)

Yes, insofar as the proposed legislation is approved by the legislature.

g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)

See b) above. Use of a state special revenue account simplifies auditing of the assessments.