

Legislative Fiscal Division

Legislative Budget Options

Section Name: Global Issue

Time : Medium

Committee: RTIC

Agency Name: Statewide Issue

Status : One-Time

FTE Impact : N

Program Name:

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Fund Balance Transfers	\$112,241,000	(\$112,241,000)	\$0

Description of Option: Transfer State Special Revenue Fund Balances to the General Fund

Criteria Name: Few corollary impacts on other programs or services

Summary of Issue

Fund balances that accumulate in certain state special revenue funds beyond the amount needed to operate the relevant programs could be transferred to the general fund. Appendix B lists the state special revenue funds identified by LFD staff as of this writing, including a description of the fund and its revenue source, why it is presented as an option, and whether statutory changes are necessary to transfer the balance.

How the Fund Balance Would be Impacted

Fund balance deemed to be in excess of the amount needed for ongoing operations would be transferred on a one-time-only basis to the general fund.

The amount of potential general fund deposits due to this option is as of this writing and will expand as more funds are identified.

Further Work Required

A number of factors will impact whether an observed fund balance could be transferred, including timing of cash flow, anticipated one-time-only expenditures, and other factors.

Legislation Required

Individual funds may have statutory provisions that would need to be adjusted to allow the transfer.

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Legislative Budget Options

Section Name: Global Issue	Time : Medium	Committee: RTIC
Agency Name: Statewide Issue	Status : On-Going	FTE Impact : N
Program Name:	Mode : Research	MCA : 15-31-101

Option	General Fund	State Special	Federal Special
Revenue Enhancements	\$1,110,570	\$0	\$0

Description of Option: Corporation Tax Credit Elimination

Criteria Name: Other

Summary of Issue
 The state currently provides 16 corporation license tax credits that reduce total corporation tax revenues.

In FY 2008 the credits provided \$5.6 million in tax revenue reduction. Given the anticipated need for a 10 percent reduction in the overall budget, a reduction of 10 percent of all the credits would provide approximately \$1.1 million to the general fund. This estimate is based on total credits in FY 2008. Of the 16 credits: 4 of the credits provided high value reductions and averaged \$1.3 million in FY 2008, and 12 credits provided low value reductions and averaged \$79,620 in FY 2008. Of the 12 "low value" credits, 4 were unused in FY 2008.

Options for changes in individual income tax credits could include: 1) reducing all credits by 10 percent, 2) eliminating all credits for a fixed amount of time, 3) eliminating all credits permanently, and 4) eliminating specific credits permanently or for a fixed amount of time.

How the Fund Balance Would be Impacted
 If corporation tax credits were reduced or eliminated, the balance of the general fund would increase.

Further Work Required
 Additional research might include how reduction or elimination of various credits would be received by the public.

Legislation Required
 To reduce or eliminate all corporation tax credits, sixteen statutes would need to be amended.

