

FISCAL NOTE

Bill #: HB0244

Title: Research professorships for university system

Primary Sponsor: Ron Erickson

Status: Introduced

Sponsor signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
State Special Revenue	\$3,568,000	\$3,614,000
Revenue:		
State Special Revenue	\$3,568,000	\$3,614,000
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. This bill creates an endowed research professorship account in the state special revenue fund.
2. To provide funding for the above account, the bill doubles the wholesale energy tax rate from 0.015 cent per Kwh to 0.030 cent per Kwh. Under current law the wholesale energy transaction tax generates \$3,568,000 in fiscal 2002; and \$3,614,000 in fiscal 2003 (Revenue and Taxation Committee adopted revenue estimates). Doubling the tax rate would double this revenue.

3. Under current law all of the WET tax is deposited in the general fund; under the proposal half of the revenue from the WET tax is deposited in the general fund and half is deposited in the state special revenue account discussed above in assumption 1. This provides funding of \$3,568,000 in fiscal 2002 and \$3,614,000 in fiscal 2003 for this account.
4. There are no administrative expenses associated with this proposal.

FISCAL IMPACT:

	FY2002 <u>Difference</u>	FY2003 <u>Difference</u>
Scholarships/Fellowships	\$3,568,000	\$3,614,000
<u>Funding:</u>		
State Special Revenue (02)	\$3,568,000	\$3,614,000
<u>Revenues:</u>		
State Special Revenue (02)	\$3,568,000	\$3,614,000
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	\$0	\$00

LONG-RANGE IMPACTS:

1. Revenue from the WET tax will be double over current law under this proposal in fiscal years after the 2003 biennium.

TECHNICAL NOTES:

1. The title of the bill refers to the wholesale energy “transmission” tax; in fact it is the wholesale energy “transaction” tax.
2. Because the Montana University System uses a different fund structure, the bill should establish the state special revenue account at the Office of Commissioner of Higher Education. The funds would then be distributed to the universities.