GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill #	HB0150		**Title:**	Establish a carbon cost community dividend fee on large emission sources
Primary Sponsor:	Dunwell, Mary Ann		**Status:**	As Introduced

☐Significant Local Gov Impact ☒Needs to be included in HB 2 ☒Technical Concerns

☐Included in the Executive Budget ☐Significant Long-Term Impacts ☐Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2022 Difference	FY 2023 Difference	FY 2024 Difference	FY 2025 Difference
Expenditures:				
General Fund	$497,029	$96,502	$0	$0
State Special Revenue	$23,989,414	$50,674,273	$55,089,686	$60,436,741
Revenue:				
General Fund	$34,000,000	$73,000,000	$82,000,000	$90;000,000
State Special Revenue	$43,000,000	$91,000,000	$100,049,270	$110,050,010
Net Impact-General Fund Balance:	$33,502,971	$72,903,498	$82,000,000	$90,000,000

Description of fiscal impact: HB 150 establishes the Montana Climate Action Act. The bill establishes carbon equivalent emission reduction targets and enacts a tax on carbon equivalent emissions from large sources, excluding publicly owned municipal landfills. The tax begins January 1, 2022 at $10 per metric ton of carbon content and increases by $1 per year plus the rate of inflation until Montana is considered on track to hit the carbon emission reduction target. A total of 40% of the tax revenue is allocated to four newly created accounts in the state special revenue fund, with each account receiving 10% of revenue. Three of these state special revenue accounts are for grant programs to be administered by the Department of Commerce – the community impacts program, the healthy communities program, and the tribal communities program. The fourth state special revenue account is for remediation and rehabilitation of areas affected by large carbon emission sources. The remaining 60% of tax revenue is allocated 40% to the general fund and 20% to be distributed according to 15-35-108, MCA (coal severance tax distribution).

FISCAL ANALYSIS

Assumptions:

Department of Revenue (DOR):

1. Facilities currently report emission levels of carbon dioxide equivalents (CO_2e) to the Environmental Protection Agency.

2. CO_2e levels for 2019 were considered the baseline for estimation for all years. CO_2e emissions in 2019 were 20,912,589 metric tons.
3. Colstrip emission levels were decreased from 2019 levels by 30% to account for the closure of units 1 and 2 in January 2020.
4. The MDU Lewis and Clark coal fired boiler is estimated to cease operations in March 2021, so it is completely removed from consideration.
5. HB 150 also exempts publicly owned municipal landfills from the tax, so they are also removed from the total CO_2e emissions.
6. After these adjustments, CO_2e emissions in 2019 were 16,055,859 metric tons.
7. It is assumed emissions will decrease according to a linear function as tax rates increase.
8. The emission change function is based on analysis of a similar tax in Australia that assessed a tax of $20 per ton of CO_2e emitted. The Australia tax achieved an estimated 8.2% reduction in CO_2e emissions (O'Gorman and Jotzo, 2014).
9. The function for estimating percentage of baseline emissions is

$$Emissions = 100 - 0.41(tax)$$

10. A $1 increase in the carbon tax will result in a 0.41% reduction in baseline emissions.
11. The carbon tax starts at $10 for the 2022 calendar year and increases by $1 each year plus the rate of inflation so long as Montana is not considered on trajectory indicating compliance with target emissions.
12. Montana is not expected to be on trajectory towards compliance before FY 2025, therefore the tax will increase by $1 plus inflation each year.
13. The inflation factor used is the inflationary factor for FY 2023 contained in HJ 2.
14. The tax per metric ton of CO_2e is $10 in 2022, $11.18 in 2023, $12.38 in 2024, and $13.60 in 2025.
15. Montana calendar year CO_2e emissions are projected to be 15.40 million in 2022, 15.32 million in 2023, 15.24 million in FY 2024, and 15.16 million in FY 2025.
16. Fiscal year total carbon tax revenue is estimated at $77 million in FY 2022, $163 million in FY 2023, $180 million in FY 2024, and $197 million in FY 2025. FY 2022 revenue is significantly lower because the tax does not begin until January 1, 2022.
17. Carbon tax revenue is dedicated 40% to four new state special revenue funds, 40% to the general fund, and 20% to be distributed the same as coal severance tax, which is dictated by 15-35-108, MCA.
18. The provision for 15-35-108, MCA, distribution of carbon tax revenue also increases general fund revenue because the general fund receives about 27% of revenue distributed through 15-35-108, MCA. Effectively, approximately 45% of carbon tax revenue will be deposited to the general fund.
19. General fund revenue from the carbon tax will be $34 million in FY 2022, $73 million in FY 2023, $82 million in FY 2024, and $90 million in FY 2025.
20. State special revenue from the carbon tax will be $43 million in FY 2022, $91 million in FY 2023, $100 million in FY 2024, and $110 million in FY 2025.
21. The following table breaks down the collection and distribution of the carbon tax.

Fiscal Impact of HB 150
($ millions)

	FY 2022	FY 2023	FY 2024	FY 2025
CO_2e Emissions (millions of metric tons)	7.70	15.36	15.28	15.20
Tax per Metric Ton	$10.00	$10.59	$11.78	$12.99
Total Tax Revenue	$77.00	$162.66	$180.00	$197.45
State Special Revenue	$43.40	$91.12	$100.05	$110.16
Large Emission Source Rehabilitation & Response Acct.	$7.70	$16.27	$18.00	$19.74
Community Impact Acct.	$7.70	$16.27	$18.00	$19.74
Healthy Communities Acct.	$7.70	$16.27	$18.00	$19.74
Tribal Communities Acct.	$7.70	$16.27	$18.00	$19.74
Long Range Building Prgm. Acct.	$1.85	$3.90	$4.32	$4.74
Library Services	$0.14	$0.30	$0.33	$0.37
Conservation Districts	$0.57	$1.21	$1.34	$1.47
Growth Through Agriculture Act	$0.13	$0.27	$0.30	$0.32
Parks Trust Fund	$0.20	$0.41	$0.46	$0.50
Renewable Resource Loans Debt Service	$0.15	$0.31	$0.34	$0.38
Capitol Art Protection Trust Fund	$0.10	$0.20	$0.23	$0.25
Coal Natural Resource Acct.	$0.89	$1.89	$1.04	$1.15
School Facilities Trust Fund	$5.78	$12.20	$13.50	$14.81
Big Sky Economic Development Trust Fund	$1.93	$4.07	$4.50	$4.94
Interest Income from School Facilities Fund	$0.48	$0.50	$0.62	$0.76
Interest Income from Big Sky Economic Development Fund	$0.41	$0.80	$1.07	$1.52
General Fund Revenue	$34.48	$72.84	$81.64	$89.56

22. The department estimates a one-time cost of $400,000 in contracted services in FY 2022 to develop the tax within the integrated tax system.
23. The department estimates a one-time cost of $1,000 for form development.
24. Due to the limited number of taxpayers, the department will utilize existing resources for administration and compliance for this tax.

Department of Commerce (DOC):

25. Section 17 of the bill establishes the community impact account in the state special revenue fund to provide grant funding to local governments and economic development organizations for economic development support and growth projects. The account also provides for the department's costs for administration. This account is administered by the DOC.
26. Section 19 of the bill establishes the healthy community account in the state special revenue fund to provide grant funding to individuals and organizations focused on preparing communities for challenges caused by climate change. The account also provides for the department's costs for administration. This account is administered by the DOC.
27. Section 21 of the bill establishes the tribal communities account in the state special revenue fund to provide grant funding to tribal corporations created for the purpose of supporting schools, colleges, universities, and other tribal nonprofit organizations to assist in meeting the economic needs and priorities of Indian reservations in the state. The account also provides for the department's costs for administration. This account is administered by the DOC.
28. Section 23 supplements the coal severance taxes disbursed under 15-35-108, MCA, by directing 20% of the proposed carbon taxes collected to be disbursed per the percentages specified in 15-35-108, MCA, which designates 5.8% of revenue to the coal natural resource account administered by the Coal Board at the DOC

through June 30, 2023. Beginning July 1, 2023, the allocation is reduced to 2.9%. The DOC will use the allocated revenue to fund additional local impact grants in accordance with 90-6-1001, MCA.

29. The following table shows carbon tax revenue allocations to the DOC.

	% Allocation	FY 2022	FY 2023	FY 2024	FY 2025
HB 150 Revenue Estimate Total		$ 76,987,845	$ 162,626,035	$ 179,988,280	$ 197,471,325
DOC Community Impact Fund	10.00%	$ 7,698,785	$ 16,262,604	$ 17,998,828	$ 19,747,133
DOC Healthy Communities Fund	10.00%	$ 7,698,785	$ 16,262,604	$ 17,998,828	$ 19,747,133
DOC Tribal Communities Fund	10.00%	$ 7,698,785	$ 16,262,604	$ 17,998,828	$ 19,747,133
DOC Coal Natural Resources Account					
20%*5.8% through June 30, 2023	1.16%	$ 893,059	$ 1,886,462		
20%*2.9% beginning July 1, 2023	0.58%			$ 1,043,932	$ 1,145,334
DOC HB 150 Revenue		$ 23,989,414	$ 50,674,273	$ 55,040,416	$ 60,386,731

30. DOC is using the Treasure State Endowment program (TSEP) as the basis for estimating the administrative costs for implementing the three grant programs proposed in the bill. It should be noted that the TSEP program typically administers grant appropriations each biennium in the range of $17.00 to $19.00 million. Administrative costs for the TSEP program for the 2023 biennium are as follows:

		FY 2022	FY 2023
FTE		6.17	6.17
Personal Services		$ 551,263	$ 552,170
Operating Expenses		$ 164,591	$ 162,403
		$ 715,854	$ 714,573

31. The estimated fiscal impacts for the community impact, healthy communities, and tribal communities programs are presented in the following three tables (FY 2024 and FY 2025 administrative costs have a 2% inflation factor applied).

	% Allocation	FY 2022	FY 2023	FY 2024	FY 2025
DOC Community Impact Revenue	10.00%	$ 7,698,785	$ 16,262,604	$ 17,998,828	$ 19,747,133
Expenditures					
FTE		3.085	6.17	6.17	6.17
Personal Services		$ 275,632	$ 552,170	$ 563,213	$ 574,478
Operating Expenses		$ 82,296	$ 162,403	$ 165,651	$ 168,964
Administrative Costs *		$ 357,927	$ 714,573	$ 728,864	$ 743,442
Community Impact Grants		$ 7,340,858	$ 15,548,031	$ 17,269,964	$ 19,003,691
Community Impact Total:		$ 7,698,785	$ 16,262,604	$ 17,998,828	$ 19,747,133

	% Allocation	FY 2022	FY 2023	FY 2024	FY 2025
DOC Healthy Communities Revenue	10.00%	$ 7,698,785	$ 16,262,604	$ 17,998,828	$ 19,747,133
Expenditures					
FTE		3.085	6.17	6.17	6.17
Personal Services		$ 275,632	$ 552,170	$ 563,213	$ 574,478
Operating Expenses		$ 82,296	$ 162,403	$ 165,651	$ 168,964
Administrative Costs *		$ 357,927	$ 714,573	$ 728,864	$ 743,442
Healthy Community Grants		$ 7,340,858	$ 15,548,031	$ 17,269,964	$ 19,003,691
Healthy Community Impact Total:		$ 7,698,785	$ 16,262,604	$ 17,998,828	$ 19,747,133

	% Allocation	FY 2022	FY 2023	FY 2024	FY 2025
DOC Tribal Communities Revenue	% Allocation	$ 7,698,785	$ 16,262,604	$ 17,998,828	$ 19,747,133
Expenditures					
FTE		3.085	6.17	6.17	6.17
Personal Services		$ 275,632	$ 552,170	$ 563,213	$ 574,478
Operating Expenses		$ 82,296	$ 162,403	$ 165,651	$ 168,964
Administrative Costs *		$ 357,927	$ 714,573	$ 728,864	$ 743,442
Tribal Community Grants		$ 7,340,858	$ 15,548,031	$ 17,269,964	$ 19,003,691
Tribal Community Total:		$ 7,698,785	$ 16,262,604	$ 17,998,828	$ 19,747,133

32. The estimated fiscal impact of the increased revenue to the coal natural resource account is outlined below.

	% Allocation	FY 2022	FY 2023	FY 2024	FY 2025
DOC Coal Natural Resources Revenue	% Allocation	$ 893,059	$ 1,886,462	$ 1,043,932	$ 1,145,334
Expenditures					
Coal Board, Local Impact Grants		$ 893,059	$ 1,886,462	$ 1,043,932	$ 1,145,334
Coal Natural Resources Total		$ 893,059	$ 1,886,462	$ 1,043,932	$ 1,145,334

Department of Environmental Quality (DEQ):

33. DEQ will need to develop a carbon content reduction plan by September 1, 2022. The plan would identify how to monitor, report, and track the required emission reductions and potential impacts of a carbon tax through administrative rule.
34. The Board of Environmental Review (BER) must adopt reduction plan rules, which would also include the reporting requirements and fee schedule for large emission sources, before January 1, 2022. Therefore, DEQ will be required to initiate rulemaking during the BER meeting held in the summer of 2021. DEQ will incur $750 in charges for publication of rulemaking notices.
35. DEQ will engage stakeholders to develop program details, including the fee schedule, prior to seeking initiation by the BER.

36. Because fees will not be available until FY 2024, general fund will be necessary to fund related activities in FY 2022 and FY 2023. Beginning in FY 2024, DEQ will collect enough revenue from the large emission source reduction and reporting account to cover the costs of implementing the program.
37. The bill directs DEQ to report to the EQC Interim Committee by September 1 of each year preceding a legislative session.
38. DEQ will use the funds in the newly created large emission source rehabilitation and response account for operations in accordance with section 16 of the bill.
39. Because of the complex nature of greenhouse gas regulations, DEQ will need 0.50 FTE (Environmental Science Specialist, Band 7) and 0.25 FTE (Lawyer, Band 8) to help develop the carbon content reduction plan, the associated rules for BER adoption, and the fee structure.
40. Once the rules are adopted, on-going implementation of the program will require 0.50 FTE (Environmental Science Specialist, Band 7). Existing FTE will be re-assigned and funded from the reduction plan fees during FY 2024 and FY 2025.

	FY 2022 Difference	FY 2023 Difference	FY 2024 Difference	FY 2025 Difference
Fiscal Impact:				
FTE	10.01	19.26	18.51	18.51
Expenditures:				
Personal Services	$903,709	$1,734,334	$1,729,374	$1,763,764
Operating Expenses	$667,102	$505,887	$506,489	$516,571
Grants	$22,915,632	$48,530,554	$52,853,823	$58,156,406
TOTAL Expenditures	$24,486,443	$50,770,775	$55,089,686	$60,436,741
Funding of Expenditures:				
General Fund (01)	$497,029	$96,502	$0	$0
State Special Revenue (02)	$23,989,414	$50,674,273	$55,089,686	$60,436,741
TOTAL Funding of Exp.	$24,486,443	$50,770,775	$55,089,686	$60,436,741
Revenues:				
General Fund (01)	$34,000,000	$73,000,000	$82,000,000	$90,000,000
State Special Revenue (02)	$43,000,000	$91,000,000	$100,049,270	$110,050,010
TOTAL Revenues	$77,000,000	$164,000,000	$182,049,270	$200,050,010
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	$33,502,971	$72,903,498	$82,000,000	$90,000,000
State Special Revenue (02)	$19,010,586	$40,325,727	$44,959,584	$49,613,269

Technical Notes:

1. Section 23 repeatedly references section 15(2)(d) which is the tribal communities account, not the disbursement in accordance with 15-35-108, MCA. On page 15 lines 13-14 language should be added to mention the carbon tax allocation made in accordance with section 15(2)(e) or there is no direction to where the remainder of funds will be allocated. This fiscal note was created with the understanding that these were unintentional clerical errors.

AUTHORIZED BY SPONSOR | 1/19/21 | KA | 1/16/2021

Sponsor's Initials | *Date* | *Budget Director's Initials* | *Date*

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Dedication of Revenue 2023 Biennium

17-1-507, MCA.

a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)
Yes. The community impact dedicated revenue fund created by this bill in section 17 is for providing grants to local governments and economic development organizations for the projects and purposes as defined and in accordance with section 18 of the bill.

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?
Section 17 of the bill creates the community impact dedicated revenue account in the state special revenue fund.

"(1) There is an account in the state special revenue fund established by 17-2-102 to be known as the community impact account.
(2) There must be deposited in the account:
(a) allocations made in accordance with [section 15(2)(b)];
(b) a gift, donation, grant, legacy, bequest, or devise made for the purposes of [section 18]; and
(c) interest or other income earned on the money in the account.
(3) The account must be used by the department of commerce:
(a) to provide grants in accordance with [section 18]; and
(b) for the department's costs of administering [section 18]."

A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

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

d) Does the need for this state special revenue provision still exist? _X_Yes ___No (Explain)
A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
No. The fund in question is audited by the Office of the Legislative Auditor with any findings being presented to the Legislative Audit Committee. The fund is also subject to legislative review and appropriation.

f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**
Yes. A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

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?)**
Yes. A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Dedication of Revenue 2023 Biennium

17-1-507, MCA.

a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**
Yes. The healthy communities dedicated revenue fund created by this bill in section 19 is for providing grants to individuals and organizations focused on preparing communities for challenges caused by climate change and ensuring that the impacts of climate change are not disproportionately borne by certain populations as defined and in accordance with section 20 of the bill.

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?**
Section 19 of the bill creates the healthy communities dedicated revenue account in the state special revenue fund.

"(1) There is an account in the state special revenue fund established by 17-2-102 to be known as the healthy communities account.
(2) There must be deposited in the account:
(a) allocations made in accordance with [section 15(2)(c)];
(b) a gift, donation, grant, legacy, bequest, or devise made for the purposes of [section 20]; and
(c) interest or other income earned on the money in the account.
(3) The account must be used by the department of commerce:
(a) to provide grants in accordance with [section 20]; and
(b) for the department's costs of administering [section 20]."

A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**
Yes, to the extent allowed in the bill.

d) **Does the need for this state special revenue provision still exist? _X_Yes ___No (Explain)**
A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
No. The fund in question is audited by the Office of the Legislative Auditor with any findings being presented to the Legislative Audit Committee. The fund is also subject to legislative review and appropriation.

f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**
Yes. A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

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?)**
Yes. A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Dedication of Revenue 2023 Biennium

17-1-507, MCA.

a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**
Yes. The tribal communities dedicated revenue fund created by this bill in section 21 is for providing grants to tribal corporations created for the purpose of supporting schools, colleges, and universities and to other tribal nonprofit organizations to assist in meeting the economic needs and priorities of Indian reservations in the state in accordance with section 22 of the bill.

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?**
Section 21 of the bill creates the tribal communities dedicated revenue account in the state special revenue fund.

"(1) There is an account in the state special revenue fund established by 17-2-102 to be known as the tribal communities account.
(2) There must be deposited in the account:
(a) allocations made in accordance with [section 15(2)(d)];
(b) a gift, donation, grant, legacy, bequest, or devise made for the purposes of [section 22]; and
(c) interest or other income earned on the money in the account.
(3) The account must be used by the department of commerce:
(a) to provide grants in accordance with [section 22]; and
(b) for the department's costs of administering [section 22]."

A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**
Yes, to the extent allowed in the bill.

d) **Does the need for this state special revenue provision still exist? _X_Yes ___No (Explain)**
A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
No. The fund in question is audited by the Office of the Legislative Auditor with any findings being presented to the Legislative Audit Committee. The fund is also subject to legislative review and appropriation.

f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**
Yes. A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

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?)**
Yes. A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to providing grants for the purposes defined in the bill would be accounted for in a dedicated fund.

GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Dedication of Revenue 2023 Biennium

17-1-507, MCA.

a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**
Yes. The large emission source reduction and reporting account referenced in Section 5 & 6 of this bill is for the reporting program administered by DEQ.

The large emission source rehabilitation and response dedicated revenue fund created by this bill in section 16 is for reclamation of land and water affected by the operation of large emission sources. The general public benefits from improvement in environmental conditions associated with cleaner land and water resources.

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?**
Section 6 of the bill references the large emission source reduction and reporting account in the state special revenue fund.

Section 16 of the bill creates the large emission source rehabilitation and response dedicated revenue account in the state special revenue fund. A state special revenue account should be established for the program proposed in this bill because it guarantees a secure source of funds dedicated to environmental reclamation of land and water resources affected by the operation of large emission sources.

c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**
Yes, to the extent allowed by the bill.

d) **Does the need for this state special revenue provision still exist? _X__Yes ___No (Explain)**
Yes. Environmental reclamation is a long-term issue.

e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
No. The fund in question is audited by the Office of Legislative Auditor with any findings being presented to the Legislative Audit Committee. The fund is also subject to legislative review and appropriation.

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

Yes. Environmental remediation is a long-term issue.

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?)**
A state special revenue account allows expenditures and revenues related to environmental reclamation as defined in the bill to be more easily monitored.