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Reductions in Earmarking

Maine—11.7 percent in FY 1993, down from 16.9 percent in FY 1988. The state repealed earmarking of some minor taxes.

Montana—64.3 percent in FY 1993, down from 71.6 percent in FY 1988. The state reported a lower rate of earmarking personal income taxes and severance taxes; in addition, severance taxes did not grow in proportion to total state tax collections in the period.

New Hampshire—14.2 percent in FY 1993, down from 24 percent in FY 1988. The motor fuel tax, which is the only tax New Hampshire earmarks, did not grow in proportion to total state tax collections in the period.

New Mexico—39.6 percent in FY 1993, down from 47.3 percent in FY 1988. The change is largely accounted for by severance taxes' growing more slowly than total tax collections in the period.

Tennessee—60.1 percent in FY 1993, down from 66.4 percent in FY 1988. The change occurred because collections from the major earmarked taxes have not kept pace with growth in total state tax collections.

Increases in Earmarking

California—18.8 percent in FY 1993, up from 11.7 percent in FY 1988. The increase is due to earmarking 8.4 percent of the sales tax for county health and social service programs and to greater earmarking of tobacco taxes.

Illinois—32.3 percent in FY 1993, up from 20.8 percent in FY 1988. The increase is largely due to greater earmarking of personal and corporate income taxes for city and county governments and to greater earmarking of sales taxes with a wide variety of new beneficiaries.

Louisiana—15.4 percent in FY 1993, up from 8.6 percent in FY 1988. Louisiana reports greater earmarking of sales and severance taxes than in FY 1988.

Nevada—56.9 percent in FY 1993, up from 48.4 percent in FY 1988. The increase is partly due to greater earmarking of the sales tax.

North Carolina—18.5 percent in FY 1993, up from 13.4 percent in FY 1988. The increase is due to earmarking 33 percent of the corporate income tax for reimbursement for state mandates.

South Dakota—47 percent in FY 1993, up from 27.4 percent in FY 1988. The increase is largely due to earmarking more than 50 percent of sales tax collections for K-12 education, new since FY 1988.

New Ways of Designating Taxes

Other changes in tax law in the period provide additional evidence that legislators are increasingly willing to designate taxes for specific expenditures in ways that are somewhat different from traditional earmarking. In 1990, Oklahoma enacted large sales tax and personal income tax increases as part of an education reform package. The taxes were not specifically earmarked, but the legislation provided that all of the revenue from those increases and all the annual growth attributable to the increases in future years would be used for education. In 1991, Arkansas earmarked portions of sales and income tax increases for education, although the amounts were not large enough to be included in the table 1. In 1993, Michigan's education reform package replaced local school funding from property taxes with new earmarking of state sales taxes and other taxes.

Beneficiaries of Earmarked Taxes

New decisions to earmark taxes tend to benefit elementary and secondary education more than any other state program. This is a departure from traditional practice. The primary beneficiaries of earmarking have been transportation and local governments, with education, social services, and environmental programs much less favored. Table 2 shows what areas of state expenditure are most likely to benefit from taxes earmarked in their favor. Tables 3, 4, 5, and 6 itemize earmarking on behalf of local governments, education, social and health programs, and the environment.

Transportation. Although transportation benefits more than any other state program from earmarked revenues, earmarking for transportation is so widespread in the states that a table to show the instances would be superfluous. Details appear in the individual state pages in appendix B. Table 3 notes earmarking for mass transit. Table 2 shows that all 50 states earmark motor fuel taxes, generally for state highways and other transportation purposes. Thirty-one states earmarked motor fuel tax for local governments, usually for transportation purposes. Motor fuel taxes provided 29 percent of the total amount of state tax collections that were earmarked in FY 1993.

Local government. Local governments other than school districts are the beneficiaries of earmarked state taxes in 47 states, most commonly through designation of state motor fuel and vehicle user charges for local roads and highways (table 3). Each of the kinds of taxes shown in table 2 is earmarked for local government in at least one state. The taxes most commonly earmarked for aid to local governments are motor fuel taxes (31 states) and general sales taxes (23 states). Table 3 itemizes how each state designates the use of the taxes it earmarks for local government.

Education. Earmarking for education follows something of a regional pattern, as table 4 shows. No New England states and only one mid-Atlantic state—New Jersey—earmark any state revenue for either K-12 or higher education. In the Great Lakes region, only Illinois and Michigan do so out of the five states in the region. But south and west of the

northeastern quadrant of the continental United States, earmarking state revenues to support education is the rule rather than the exception. Alabama is most decisive on the point, earmarking almost all of its general sales and personal income tax and all of its corporate income tax collections for education. In all, 13 states now earmark a portion of the general sales tax for education, up from 10 in FY 1988. Arkansas and South Dakota earmarked significant shares of sales taxes for education between FY 1988 and FY 1993, and, although it is not reflected in the detail of this report, Michigan increased the proportion of sales tax earmarked for education.

Health, welfare, and human services. Taxes earmarked for health, welfare, and human services are itemized in table 5. Interest in earmarking greater portions of tobacco and alcoholic beverage taxes to benefit health and social programs—an interest evident from the number of questions the National Conference of State Legislatures receives on those topics—has not produced much action over the past five years. This report shows that in FY 1993 11 states earmarked tobacco taxes for health and social programs, up by only two from FY 1988. In FY 1993, 13 states reported earmarking a portion of alcoholic beverage taxes for health and social programs, two fewer than in FY 1988. (The report does not include decisions states made by initiative or referendum in late 1994 to increase and earmark tobacco taxes.)

Environment. This report adds a new table on earmarking for environmental programs. Table 6 shows that 23 states now earmark some revenue sources for environmental programs. A number of such taxes are on products or activities related to environmental issues—on hazardous waste, purchase of new tires, landfill deposits, underground storage tanks, and, in Washington, a wood stove fee whose proceeds are used for wood stove education and enforcement.

Earmarking by Kind of Tax

Table 7 lists the most important taxes to be earmarked and shows the states that earmark each of them (it provides additional detail to the listing in table 2). The table shows how much of the three major state taxes—sales, personal income, and corporate income—is earmarked by each state, and shows which states earmark other taxes.

The most frequently earmarked tax is the motor fuel tax, earmarked to some extent in all 50 states. Thirty-two states earmark all or a portion of the motor vehicle registration fee. Other taxes earmarked in at least half the states are general sales taxes (33 states); tobacco taxes (27 states); taxes on alcoholic beverages, and insurance and severance taxes (24 states each). Other than the general sales tax, the personal and corporate income taxes are the most important state taxes in terms of revenue produced. Seventeen states earmark some of their corporate income tax collections, and 17 earmark at least some personal income tax collections.

Personal income taxes. In FY 1993, 17 states earmarked portions of personal income taxes (tables 7 and 8). Three states earmark all or almost all their personal income tax

collections, each of them largely for education. Utah earmarks 100 percent for education; New Jersey earmarks 82 percent of its collections for K-12 and about 19.5 percent for other programs; and Alabama earmarks all personal income tax collections, with 97.4 percent going for education. Three other states earmark something over one-third of personal income tax collections. Massachusetts earmarks 40 percent for aid to local government, which helps to fund local education; Montana earmarks 37.5 percent with three-quarters of that designated for K-12 education, and Tennessee earmarks 35.3 percent for local government. The other 11 states that earmark any portion of personal income taxes do so on a much smaller scale—Illinois at 19.3 percent, Arizona at 11.7 percent, and the others at 5 percent or less. Earmarking of state personal income taxes has not changed significantly since the previous NCSL study of earmarked taxes.

Corporate income taxes. Seventeen states earmark some of their corporate tax collections (tables 7 and 8). Only Utah earmarks 100 percent, for public education, and it is the only state of the 17 that earmarks more than 50 percent of collections. Four more states earmark between 25 percent and 50 percent—Iowa (45 percent), Massachusetts (40 percent), Montana (39.7 percent), and North Carolina (46.1 percent). These four states primarily designate the earmarked share of corporate income taxes for aid to local government, property tax relief, and compensation for state mandates. The feeling may be that such a purpose can withstand the fluctuations in collections that typify corporate income taxes, which are the least stable of the three major state taxes. Education and aid to local governments tend to be the most common uses of earmarked corporate income taxes in other states as well. This general pattern is unchanged since the previous NCSL study of earmarked taxes, except that North Carolina is now earmarking about 33 percent of the corporate income tax for mandate relief to local government. It produced \$238 million for the purpose in FY 1993.

General sales taxes. States have tended to earmark general sales taxes more often and to a greater degree than personal and corporate income taxes, perhaps because the relative stability of the sales tax (compared with income taxes) makes it an attractive source of funding for special purposes. Another possible reason is that more state sales taxes than income taxes were enacted in the 1930s, 1940s, and 1950s, when earmarking was more characteristic of state fiscal management than later when most states created their income taxes.

Thirty-three states earmark some portion of their general sales taxes. Five states earmark more than 50 percent—Alabama (100 percent), Michigan (77 percent), Nevada (80.3 percent), South Dakota (56.3 percent), and Tennessee (72.3 percent). Ten more states earmark between 25 percent and 50 percent of their general sales taxes—Illinois (36.6 percent), Indiana (41.2 percent), Massachusetts (41 percent), Minnesota (30.8 percent), Mississippi (28.2 percent), Missouri (31.9 percent), New Mexico (39.6 percent), New York (28 percent), Virginia (42.8 percent), and Wyoming (35 percent). Education is the primary beneficiary of earmarking in all these states, with assistance to local government coming in second. The principal changes to occur in earmarking sales taxes since FY 1988 have been that Illinois increased the amount earmarked for local government and mass transit,

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EVALUATION OF EARMARKING

This section focuses on two main questions about earmarking:

1. Does earmarking constitute good policy? What are the justifications for and criticisms of earmarking?
2. What is the fiscal impact of earmarking? Does it in fact increase spending on the designated purpose?

The basic policy question with regard to earmarking state taxes is whether the inflexibility it imposes on a state revenue system is sufficiently balanced by the guaranteed level of funding it provides programs. For most fiscal analysts and budget experts, there is little, if anything, to be said in favor of earmarking taxes. Advocates who are not charged with overall budget responsibility may find earmarking a desirable way to perpetuate funding for the programs they support. The following discussion of the justifications and criticisms of earmarking approaches the subject from the viewpoint of state fiscal management. The subsequent discussion of the fiscal impact of earmarking asks whether it lives up to its promise of securing funding for its beneficiaries.

Does Earmarking Constitute Good Policy?

The following discussion will sound familiar to many readers. It draws extensively upon NCSL's 1987 book *Earmarking State Taxes*, which in turn was based upon the Tax Foundation's 1965 study *Earmarked State Taxes*, which credited J. Wilner Sundelson's 1938 study *Budgetary Methods in National and State Government* with the initial analysis of state tax earmarking. Sundelson, it should be noted, "attached more importance to the shortcomings of earmarking than to the few merits he found."²

Justifications for Earmarking

The Tax Foundation's report on earmarking notes four justifications for earmarking:

1. Earmarking enforces the benefit principle—those who receive a service should pay for it.
2. Earmarking assures a minimum level of support and continuity of funding for specific projects or services.
3. Earmarking stabilizes state finances.
4. Earmarking can induce the public to support new or increased taxes.³

The benefit principle. The first justification for earmarking listed above is the "benefit principle"—those who benefit from a service ought to pay for it. Because taxes are usually broad-based levies unconnected to a specific service, this justification of earmarking is limited in its application to state government, but that does not make it invalid. This principle works best when a government provides a specific service to a group of people who can be identified and charged without excessive administrative expense. Local governments are more likely to meet this condition than state governments are, but examples can be found on the state level: Toll roads and tuition at a state university are good illustrations.

Usually payments for services are considered fees, not taxes. Few examples of earmarked taxes illustrate the benefit principle. The closest fit between a tax and a benefit is the use of motor fuel taxes for highway finance, but the fit is not precise: Motor fuel taxes are not paid in proportion to the costs highway users impose; and nondrivers, who receive indirect benefits from the existence of a highway network, do not pay directly or in proportion to benefits.

Appendix A, which lists the purposes for which each state earmarks specific taxes, makes it clear that the benefit principle finds little expression in the earmarking of state taxes. The point is well illustrated by the first state listed in appendix A, Alabama, which happens to have the highest proportion of earmarked taxes. The benefit principle can be seen in the state's earmarking 29 percent of lodging tax collections to promote tourism, but the entire list provides no other clear example of the benefit principle except for motor fuel and motor vehicle registration taxes. No cost-benefit linkage seems to exist in Alabama's earmarking of the public utilities tax for mental health, tobacco taxes for welfare expenditures, or general sales taxes for education. The information for the other states in appendix A illustrates the same point. In the overwhelming number of cases, there is no relationship between the service provided and the kind of revenue earmarked to pay for it.

Funding assurance. The second justification for earmarking is that it assures a minimum level of support and continuity of funding for specific projects or services. This discussion will return later to the question of whether earmarking actually can provide such assurance. Assuming that such assurance can be given, is it good policy to provide it? In special cases it may be.

One such use of earmarking is to provide a continuous revenue stream to pay the principal and interest on a bond issue. Maryland earmarks some state property tax revenue for general obligation bonds; Oklahoma does the same with cigarette taxes. If a relatively stable revenue is earmarked, the practice can make state bonds even more attractive than the designation "general obligation" makes them. Because state constitutions usually give general obligation debt priority over any other state expenditure, the practice does not interfere with decision makers' freedom of action since such payments are mandatory.

Earmarking funds for operating expenses, however, is another matter. One authority recently explained:

Earmarking inherently makes it impossible for elected officials to focus on the best mix of taxes, using criteria like impact on various income groups or convenience for taxpayers and administrators, or to concentrate on picking the best mix of spending. Earmarking often ties spending needs moving in one direction, such as indigent health care trending sharply upward, with a revenue source moving in another, such as taxes on tobacco products.⁴

Stability. The third justification listed above is that earmarking contributes stability to a state financial system. Earmarking certainly adds rigidity, by limiting elected officials' power to allocate funds among competing purposes. By partially or fully excluding programs that benefit from earmarked revenues from the give-and-take of a legislative budget process, earmarking can distort policy on the basis of decisions made in earlier years. Statutes that determine earmarking are likely to remain in effect since most budgeting on the state level builds on previous decisions. This rigidity should not be confused with stability. Stability in the sense of a predictable, fairly steady flow of revenue is independent of earmarking. Stability depends upon the state's choice of taxes, the breadth of the tax base, diversity of the state economy, and the elasticity of the tax system rather than upon how collections are assigned.

Inducement to support new taxes. The fourth argument is that earmarking can induce the public to support new or increased taxes that voters might oppose (in a referendum or through their elected representatives) if the money were to go into the general fund to be allocated through the appropriations process. The recent set of major earmarked tax proposals in California indicates that this argument has strong appeal. There is some political appeal in this notion, but it is also possible that it may disillusion voters. When new taxes are earmarked, what happens to the revenue from old taxes? Sometimes unearmarked revenue can be moved away from a program at the same time that it gains new earmarked revenue. If that is done (and budgetary pressures may make the temptation very powerful), program proponents could be disillusioned.

Thus, the arguments in favor of earmarking tend to be of limited application to the real world of state taxes and budgets or to be limited in scope. The arguments against earmarking are more powerful.

Criticisms of Earmarking

Some criticisms of earmarking are the following:

1. Earmarking hampers legislatures' budgetary control by removing revenues and expenditures from the review that occurs in the appropriations process. For effective financial management, legislatures need the power to weigh the merits of each state program in terms of the total state revenue.
2. Earmarking distorts the distribution of funds among programs, since there is no necessary relationship between the amount a source produces and what it is used for.
3. Earmarking reduces the flexibility of the revenue structure, increasing the difficulty of adapting budgets to changing economic conditions.
4. Earmarking infringes on the policymaking powers of the executive branch and the legislature, because it removes a portion of governmental activities from periodic review and because earmarking statutes tend to remain in force after the need for which they were established has passed.

Reduction of budgetary control. All four criticisms are expressions of one theme: Earmarking prevents comprehensive budgeting. In the 1980s, state control over state budgets tended to diminish as a consequence of federal mandates, consent decrees, judicial decisions especially regarding education and corrections, and state entitlement programs. Earmarking further diminishes legislators' and governors' budgetary control.

Legislative budgeting focuses on the appropriations process, which in turn is governed by what is available in the general fund—the money subject to appropriation. One of the principles of good budgeting is to take all revenues and objects of expenditure into account. In no other way can elected officials carry out their responsibility to set priorities in response to current economic and social conditions. Weighing the relative merits of programs as diverse as road construction, education, corrections, and public health is not just a question of effective financial management, as the first criticism above suggests, but is also a fundamental responsibility of legislators and governors.

Distortion of fund distribution. As the second criticism says, earmarking can produce a distortion of funding through the lack of relationship between a source of revenue and its use. Appendix A shows that earmarking taxes tends to be arbitrary—little connection exists between the source of revenue and its use, except for taxes earmarked for transportation. There is also no necessary relationship between program needs and the amount of revenue earmarked taxes raise. There is no reason to expect, for example, that a state sales tax earmarked for public schools will provide the actual amount decision makers might choose to allocate for them. If the revenue is too little, education would

suffer in the absence of additional funding. If the revenue is too much, other public purposes may lack adequate funding.

The principle of using an earmarked revenue source of support for a public purpose can work well if a direct relationship exists between revenues and program costs, as in the case of a water district that charges for water. The absence of such a relationship reduces the chances that revenue will match needs. If additional funding for a program has to be provided by appropriation, there is no rationale for earmarking revenue for the program since the question of the right funding for it remains in the public policy arena.

Less flexibility. The third criticism is that earmarking reduces the flexibility of a state revenue structure. One way it does this has to do with cash management. No tax produces an even flow of collections in the course of a fiscal year. Sales tax collections may be high in January and low in June. Income tax collections may rise and fall according to how close a month is to the date for quarterly estimated payments and to April 15. Cyclical fluctuations can cancel each other out, however, so that the more sources of revenue in the general fund, the smoother its cash flow will be. Earmarking complicates revenue structures by requiring more elaborate accounting and cash management systems than otherwise would be necessary.

More important, earmarking can make it hard for policymakers to respond to changes in the economy or necessary changes in the overall spending pattern. In the late 1970s and early 1980s, for example, the costs of highway construction and maintenance tended to rise faster than inflation in general, while motor fuel tax revenue grew much slower. This contributed to the deterioration of highways and bridges. Adherence to traditional highway funding patterns made it difficult for legislators to respond because voters had to be convinced to accept higher motor fuel taxes while fuel prices were perceived as high. In this instance, earmarked revenues proved inadequate for their purpose. In other cases, good policy might require that funding be shifted from a program that benefits from earmarking to one that does not, a shift that the practice of earmarking would hinder.

Infringement on policymaking powers. The fourth criticism of earmarking is that it reduces executive and legislative control of the budgets of programs that benefit from earmarking. Even legislatures with extensive program review capabilities are unlikely to review every state program annually outside the appropriations process. In some states, the appropriations process may constitute the only frequent evaluation of program activities. Activities not reliant upon appropriations are likely to get less scrutiny than others, and past decisions to earmark revenue for a program may remain after the need for the program has changed.

For all the apparent strength of these criticisms, which have been circulated for more than 50 years, earmarking remains very much a part of the state fiscal scene. Probably the chief reason is that, whatever the defects of the practice, it is perceived as a source of fiscal strength for the programs that receive such funds. So far, this discussion has focused on

general state fiscal management and budgeting. The fiscal impact of earmarking on a program also needs consideration.

What Is the Fiscal Impact of Earmarking?

Does earmarking live up to expectations and guarantee a specific level of funding for its beneficiary? The answer depends largely on circumstances.

Consider two hypothetical examples in which state legislators are contemplating earmarking \$50 million from a tax to operate the state police and \$200 million from a tax to aid elementary and secondary schools.

States invariably spend many times more on school aid than they do on the state police. If the expenditures before earmarking were \$40 million for the state police and \$1 billion for school aid, what effect would earmarking have? At first glance, it would increase the state police budget at least \$10 million. There would not necessarily be any change in state aid for elementary and secondary schools, however, because the state already was spending five times as much as the earmarked revenue. If it wanted to, the state could take away \$200 million of general revenue that it previously was spending on school aid and devote it to some other purpose (higher spending on other programs or lower taxes), leaving the size of the school aid budget unchanged.

So a key issue is the amount of revenue earmarked compared with the existing level of spending for the designated program. If the amount of earmarked revenue is less, then there is no guarantee that earmarking will increase spending for that program. If it is more, earmarking will have some effect. But the impact of earmarking may be no greater than the difference between the previous spending and the amount earmarked. In the example of the state police, earmarking would increase spending at least \$10 million, which is far less than the full \$50 million earmarked, but would not necessarily increase the funding beyond \$10 million. Only in the extreme case where a state has not spent anything at all on a program would funding for a program grow by the full amount of revenue earmarked for it.

A classic instance of the failure of an earmarked revenue to increase spending as it was expected to do occurred in Illinois, where a state lottery was created to increase funding for education: all net state lottery revenue is earmarked for the Common School Fund. It amounted to \$524 million in fiscal year 1988. But a recent analysis of the role of the lottery in Illinois state finance notes:

While lottery revenues to education have skyrocketed, state budgetary allocations (which include the lottery revenues) are increasing at a decidedly reduced pace relative to the pre-lottery years. . . . Funding from sources other than the lottery immediately

began to decline after the lottery's inception. . . [T]he only conclusion that can be drawn is that lotteries which are designated to support education, in all likelihood, do not.⁵

Although the example involves earmarking lottery proceeds and not a tax, the source of the revenue is not at issue: The point is that because money is transferable, earmarking cannot guarantee funding growth for a program.

Although the foregoing analysis describes the most important consideration in evaluating how earmarking affects budget allocations, several other factors can be noted:

- Earmarking sometimes makes it feasible to raise total state revenue to a higher level than it would be otherwise. If the designated purpose normally receives a large proportion of the state budget, then it probably will receive a significant share of any new revenue. To take one prominent example, earmarking certain revenue for school aid may not necessarily increase the level of that aid by the amount of new earmarked revenue because schools invariably receive a large amount of aid regardless of earmarking. It is likely, however, to increase aid somewhat because schools are such a high priority for states.
- When a particular earmarking provision is first adopted, it may cause spending for the designated purpose to increase because of the publicity attendant on enacting the earmarking, but over time the earmarked revenue may have less effect on spending levels as the spotlight shifts to other areas. Because inflation normally causes total spending to rise year after year, it is difficult to trace the effects of earmarking in the years after it is first implemented.
- In some cases, the proponents of a particular program may not only succeed in obtaining some earmarked revenue but also attach a requirement that it be used to supplement (not substitute for) the previous level of spending. Such *effort maintenance requirements* are usually ineffective because of the problem just described—inflation leads to higher outlays from one year to the next, so after a few years there is no way of knowing whether spending is any higher as a result of earmarking than it would have been otherwise.
- Most of the previous discussion has pointed to ways of thwarting the intention of earmarking, but another consideration may tend to offset them. Earmarking may be a commitment to increase spending in a certain area, so it could strengthen the arguments of those who want more spending.
- Earmarking actually may decrease funding for a particular area. An analysis by the Children's Defense Fund noted that "some advocates. . . feel that Children's Trust Funds provide a way to let many state legislators 'off the

hook.' Many legislators may feel they have already 'done their bit' for children such as AFDC and medical assistance without adequate support." Such a perverse result is especially likely if the earmarked tax source grows at a relatively slow rate.

The intent of earmarking is easily circumvented when the legislature appropriates earmarked funds. For example, in Colorado if the legislature decides that a certain function does not require all of the revenue from its earmarked revenue source, only a portion of the earmarked funds will be appropriated. It is not known how widespread the practice of appropriating earmarked funds is.

Examples of the effects of earmarking. Because the key issue is the amount of money earmarked in comparison with what was already being spent on the designated program, it follows that earmarking will tend to have more significance the larger the earmarked revenue source in proportion to the budget of the designated program. This rule has to be viewed in a relative sense. Even a large revenue source earmarked for a major function may have no fiscal significance, while a relatively small revenue source devoted to a minor function may increase its budget. It is impossible to say what a program's funding would be in the absence of earmarking, but a review of some of the programs that frequently receive revenue helps fill out the picture.

Aid to schools. K-12 education, which is the largest budget responsibility in virtually all states, rarely receives the full benefit from earmarking, even though money frequently is earmarked for it. Extreme examples occur in Alabama, Utah, Michigan, and New Jersey. Alabama and Utah earmark all or almost all personal and corporation income tax revenue for schools, Michigan earmarks 60 percent of its sales tax as well as portions of several other taxes for schools, and New Jersey earmarks its entire personal income tax for schools and property tax relief. In all three cases, however, a substantial amount of additional revenue from other taxes must be added to fund the school aid program, so the earmarking does not necessarily increase the size of the program at all.

Smaller revenue sources, such as lotteries or "sin" taxes, have even less chance of influencing the size of the school aid budget. Two qualifications previously noted must be recalled here: Earmarking may increase the school budget when it is first enacted, for example, when a lucrative new lottery is established (as in California in 1985) or when the sales tax is raised to increase school aid (as in South Carolina in 1984). This boost in the school aid budget, however, may be transitory. A second qualification is that schools receive such a large share of the state budget that if earmarking helps increase the total amount of state revenue, schools are certain to obtain some significant proportion of the new money.

General aid to cities and counties. Aid to local governments is a function that receives little or no money in some states and a substantial amount in some others, so earmarking could increase the general aid budget allocation if a large revenue source is devoted to it. Michigan, for example, earmarks significant portions of its sales tax and single business tax

(a form of value-added tax) to cities and counties, an action that surely benefits them. Another significant example is Nevada, which earmarks about 39 percent of state sales tax collections for local governments. But as table 3 shows, most earmarking for local government is from much smaller revenue sources (such as alcoholic beverage or tobacco taxes), so it is of relatively minor fiscal significance. Many of these minor revenue sources are inelastic, so their revenue grows slowly, further diminishing the value of earmarking.

Highways. A distinction has to be made between money earmarked for state and local streets and roads. One fiscal staffer in a state where gasoline taxes and other motor vehicle fees are constitutionally dedicated to highways responded to NCSL's 1987 earmarking survey by observing, "It is not clear that the state would spend a significantly different amount on highways and transportation under any alternative financing plan." This same comment could be made in many other states. It is beyond the scope of the report to determine whether such earmarking increases or decreases state road spending. Evidence can be cited on both sides of this issue. On the one hand, having a separate revenue source exempts most highway funds from across-the-board cuts that states usually implement during periods of general revenue shortfalls. (At least three-quarters of the states had such cutbacks during the state fiscal crises of 1982-83.) On the other hand, the motor fuel tax—the largest source of earmarked road money—is one of the slowest growing taxes levied by states because gasoline consumption per mile traveled has declined and most states impose flat per gallon rates.

Most states earmark tax revenue not only for state roads but also for city and county roads and streets. For example, when the state gasoline tax is increased, a portion of the added revenue generally flows automatically to local governments. This added road money, however, will not necessarily increase highway spending if the recipient already was spending some of its tax money for roads. The locality could use some or all of its increased state aid to substitute for the tax money already being spent on highways. In that case, the state highway aid would have a similar effect to an increase in general revenue sharing.

Senior citizens programs. Two states earmark significant revenue sources for programs benefiting the elderly—New Jersey (the casino tax) and Pennsylvania (the lottery). Some fiscal experts believe that these actions have led to more services for senior citizens in those states. Examples include low-cost taxi service and heavily subsidized prescription medicine. This does not imply, however, that *all* of the revenue from the casino tax and lottery results in higher spending for senior citizens. For example, Pennsylvania funds its property tax circuitbreaker from the lottery. The majority of other states have such programs, so it is likely that Pennsylvania would provide a circuitbreaker even if there were no earmarking. In the early 1980s, financing for some health programs in Pennsylvania formerly paid for by the state general fund was transferred to the lottery.

Other Effects of Earmarking

As discussed in the previous section, even if earmarking does not increase the budget of the designated function, it is not altogether meaningless. Several legislative fiscal staff reported to NCSL that earmarked funds receive less scrutiny by the legislature than general fund spending, and one person suggested that programs with earmarked funds exhibited less accountability. Earmarking also may reduce uncertainty about how much will be available for particular programs, permitting more long-range planning. This is not true, however, if the earmarked revenue source fluctuates considerably from year to year.

CONCLUSION

The use of earmarked taxes in state government appears to have stabilized, with its major role being in highway finance. Even that use, which is reasonably consistent with the benefit principle, illustrates one of the problems of earmarking: Single revenue sources will not automatically provide funding equal to demand for services. Thus, policy decisions remain even when programs are financed by earmarked revenues: Is the level of service to be governed by the source of taxes or by level of need, which might require additional funding? From the perspective of program finance, earmarking may not live up to its advocates' expectations.

Earmarking is more likely to hamper than assist state budgetary design and management. Programs not dependent on the cyclical appropriations process can disappear from view. Since earmarking can produce too little funding for optimum service levels, it can damage a desirable program just as earmarking can perpetuate a less needed one. Although there may be strategic advantages in earmarking a tax, no policymaker should lose sight of the overall disadvantages of earmarking.

Tables 1-9

Table 1
Proportion of Tax Revenue Earmarked, by State
Fiscal Years 1954, 1963, 1979, 1984, 1988 and 1993

State	1954	1963	1979	1984	1988	1993
New England						
Connecticut	26 %	23 %	0 %	1 %	12 %	10 %
Maine	46	39	19	20	17	12
Massachusetts	56	54	41	40	N/A	39
New Hampshire	53	54	31	24	24	14
Rhode Island	6	4	0	1	5	5
Vermont	42	39	23	23	12	13
Mid-Atlantic						
Delaware	0	3	0	5	7	6
Maryland	47	40	34	24	20	17
New Jersey	7	2	25	39	36	39
New York	13	10	0	6	N/A	8
Pennsylvania	41	63	15	15	14	11
Great Lakes						
Illinois	39	43	14	18	21	32
Indiana	49	39	43	33	30	26
Michigan	67	57	38	39	35	39
Ohio	48	48	21	18	19	17
Wisconsin	63	61	N/A	12	12	9
Plains						
Iowa	51	44	19	13	21	22
Kansas	77	66	29	25	21	25
Minnesota	73	74	12	13	14	16
Missouri	57	40	20	29	30	27
Nebraska	55	53	41	29	22	21
North Dakota	73	43	29	21	22	22
South Dakota	59	54	33	32	27	47
Southeast						
Alabama	89	87	88	89	89	87
Arkansas	41	36	21	18	17	13
Florida	40	39	28	28	26	28
Georgia	29	22	11	9	8	6
Kentucky	46	29	N/A	16	N/A	4
Louisiana	85	87	5	4	9	15
Mississippi	40	37	N/A	30	26	26
North Carolina	38	30	20	8	14	19
South Carolina	69	62	56	55	44	17
Tennessee	72	77	60	61	66	60
Virginia	39	32	27	24	25	25
West Virginia	57	39	21	21	20	19
Southwest						
Arizona	47	51	31	29	32	30
New Mexico	80	31	36	44	47	40
Oklahoma	62	59	N/A	43	24	21
Texas	81	66	54	20	24	21
Rocky Mountain						
Colorado	75	51	17	25	18	20
Idaho	51	44	38	32	25	21
Montana	61	53	55	60	65	64
Utah	71	62	52	48	N/A	55
Wyoming	61	64	54	69	N/A	17
Far West						
Alaska	N/A	6	1	2	9	8
California	42	28	12	13	12	19
Hawaii	N/A	7	5	5	6	5
Nevada	55	35	34	52	49	57
Oregon	47	36	23	19	23	21
Washington	35	30	29	26	29	30
Average	51 %	41 %	23 %	21 %	24 %	24 %

Notes: Figures have been rounded to whole numbers in this table. Figures for 1993 are carried out to one decimal place in tables in appendix A.
N/A = Not available

Source: 1954 and 1963, Tax Foundation, *Earmarked State Taxes*; 1979, Montana Office of the Legislative Fiscal Analyst, memo (March 19, 1980); 1984, 1988, and 1993, NCSL surveys.

Table 2
Number of Major State Taxes Earmarked, by Tax and Purpose, FY 1993

	General Sales	Tobacco	Alcoholic Beverage	Insurance	Public Utilities	Pari-mutuel	Personal Income	Corporation Income	Motor Fuel	Motor Vehicle Registration	Gaming	Property	Severance
Number of states levying tax	45	50	50	50	50	36	43	45	50	50		42	39
Number of states earmarking tax ^a	33	27	24	24	12	10	17	17	50	32	8	14	24
Purpose: ^b													
Local government (includes highways)	23	9	15	10	6	3	9	11	31	18	5	4	18
Education (K-12 and Higher Ed.)	13	7	7	3	3	—	7	6	1	3	1	4	9
State highways	13	1	1	1	1	—	—	2	47	30	—	—	—
Health/welfare/human services	2	11	13	1	1	1	1	1	1	1	1	1	—
Pensions	1	2	2	10	—	—	—	—	—	2	—	2	1
Parks/natural resources	3	4	—	—	—	—	—	—	2	2	2	1	5
Debt service/building funds	8	6	1	—	—	2	2	3	4	2	2	3	2
Environmental programs	5	2	—	—	—	—	1	3	6	3	—	—	3
Other	12	7	10	11	4	8	4	4	24	14	4	2	9

Notes:

a. Includes states earmarking only a portion of the tax.

b. Because a tax often is earmarked for several purposes, numbers under purposes may not add to the number of states earmarking the tax.

Table 3
Earmarking for Local Government, FY 1993

State	Type of Tax	Percent Dedicated	Recipient
New England			
Connecticut	Vehicle registration and other	100.0 %	Transportation fund
Maine	Sales	5.1	Cities and towns
	Personal income	5.1	Cities and towns
	Motor fuel	100.0	State and local highways
	Motor vehicle fees & licenses	100.0	State and local highways
Massachusetts	Gas	90.0	State and local highways, mass transit, administration
	Corporate income	40.0	Local aid fund
	Personal income	40.0	Local aid fund
	Sales	40.0	Local aid fund
New Hampshire	Gasoline, road toll, other users of fuel and motor vehicle fees	12.5	Local government
Rhode Island	Sales and gross receipts	(a)	Cities and towns
	Personal income	(a)	Cities and towns
	Motor fuel	58.8	Dept. of transportation for intermodal surface transportation and RI public transit authority
Mid-Atlantic			
Delaware	Insurance	67.0	Volunteer fire companies, police departments, and nonprofit ambulance and rescue
New Jersey		10.0	Municipal aid
	Public utility	52.9	Municipal tax replacement
	Realty transfer	27.5	Municipalities for neighborhood preservation and affordable housing grants
	Insurance premiums	1.2	Counties
New York		9.5	Municipalities
	Petroleum business	8.7	Mass transit operating assistance fund
	Sales and use	24.1	Local government assistance corporation
		3.9	Mass transportation operating assistance fund
	Corporation and utilities	4.1	Mass transportation operating assistance fund
	Corporation franchise surcharge	10.4	Mass transportation operating assistance fund
	Bank tax surcharge	11.3	Mass transportation operating assistance fund
	Insurance tax surcharge	8.9	Mass transportation operating assistance fund

Table 3, continued

State	Type of Tax	Percent Dedicated	Recipient
Pennsylvania	Corporation and utilities tax surcharge	7.9 %	Mass transportation operating assistance fund
	Sales and use	0.4	Public transportation assistance fund
	Liquid fuels	4.2	Liquid fuels tax fund (local roads)
		2.7	Local highway turnback program
	Public utilities realty	28.5	Public transportation assistance fund
	Lease tax; tire fee; and vehicle rental fee	100.0	Public transportation assistance fund
Great Lakes			
Illinois	Personal and corporate income	12.0	Cities and counties
	Sales	3.0	Cities and counties
		4.1	Counties and mass transit
		0.4	Downstate public transportation
		0.2	Metro-east transportation
	Motor fuel	19.2	Cities
		13.7	Counties
		6.2	Townships and road districts
	Inheritance	5.8	Counties
	Riverboat gambling tickets	25.1	Cities and counties
Indiana	Sales	0.8	Mass transit
	Alcoholic beverage	25.0	Cities and towns
	Tobacco	15.4	Cities and towns
	Financial institutions	43.9	Local units
	Fuel	8.8	Local road and street
	Hazardous waste	24.0	Counties
	Sales	15.0	Local governments
Michigan		1.7	Public transportation
	Personal income	9.8	Local governments
	Single business	15.2	Local governments
	Horse wagering	83.1	Cities w/ tracks, purses
Ohio	Sales and use	4.7	Local government fund and local government revenue assistance fund
	Public utility excise	5.0	Local government fund and local government revenue assistance fund
	Horse racing	22.6	Local government
	Personal income	4.7	Local government fund and local government revenue assistance fund
		5.7	Library and local government support fund

Table 3, continued

State	Type of Tax	Percent Dedicated	Recipient
Wisconsin	Corporate franchise	4.9 %	Local government fund and local government revenue assistance fund
	Motor fuel	9.9	Highways-municipal
		8.6	Highways-county
		4.6	Highways-townships
		4.6	Local transportation improvement
	Intangible property	62.6	Local government fund
	Estate	65.1	Local governments
	Real estate transfer	19.9	Counties
Plains			
Iowa	Real estate transfer	17.3	Counties
	Franchise (b)	27.0	Cities
		18.0	Counties
Kansas	Sales and use	3.3	Local government
		2.5	Cities and counties
	Liquor and beer	21.2	City or county of origin
	Motor vehicle rental	100.0	All property tax levying units
	Motor fuel	40.1	City/county highways
	Motor carrier property	100.0	City/county highways
	Severance	3.5	Counties in producing area
	Sales and use	30.8	Local government trust fund
Minnesota	Motor vehicle excise	30.8	Local government trust fund
	Mortgage registry	3.0	County revenue fund
	Deed transfer	3.0	County revenue fund
Missouri	Financial institution	98.0	Home political subdivisions
Nebraska	Motor fuel	13.8	County highways
		13.8	City highways
	Motor vehicle registration	23.3	County roads
		23.3	City roads
	Motor vehicle sales	23.3	County roads
		23.3	City roads
	Sales	1.7	Cities
		0.1	Townships
		2.6	Counties
North Dakota	Oil & gas gross production	39.6	Counties
		34.0	Counties
	Coal severance	22.8	Counties
		21.6	County roads
		13.2	City streets
	Cigarette and tobacco	5.9	Township roads
		9.6	Cities
		13.4	Local fire departments
	Insurance premium		

Table 3, continued

State	Type of Tax	Percent Dedicated	Recipient
South Dakota	Alcoholic beverage	25.0 %	Municipalities
	Bank franchise	72.2	Political subdivisions
	Credit card operations	5.1	Counties with banks offering or doing credit card business
	License plate fees	96.0	Counties
	Malt beverage	50.0	Local governments (c)
	Malt beverage	24.5	Municipalities
	Liquor	25.0	Municipalities
	Inheritance	9.9	Counties
	Mineral	20.0	Counties
	Mineral severance	48.0	Counties
Southeast			
Alabama	Alcoholic beverage	4.0	Counties
		0.9	Cities
	Motor fuel	42.9	Counties and cities
	Motor vehicle registration	20.2	Counties and cities
	Petroleum inspection	16.0	Counties and cities
	Severance	20.1	Counties and cities
	Corporate franchise	6.6	Counties
	Financial institution excise	50.0	Cities
		25.0	Counties
	Mortgage/deed record	33.0	Counties
Arkansas	Insurance	9.4	Counties
	Pari-mutuel	3.4	Mental retardation/indigent patients
	Severance	34.0	County aid; oil museum fund
	Motor fuel	15.0	County roads
		15.0	Municipal roads
	Motor vehicle registration	14.9	County aid road fund
Florida		14.9	Municipal aid road fund
	Sales and use	8.5	Local governments
	Solid mineral severance	9.5	Counties where mined
	Oil & gas severance	11.8	Counties
	Pari-mutuel	28.3	Counties
	Tobacco	2.6	County revenue sharing
		33.7	Municipal revenue sharing
	Highway fuel	50.0	County highways
		50.0	City highways
	Constitutional gas	100.0	County highways
	Intangibles	32.7	Counties
		0.2	Local school boards
	Documentary stamp	3.0	Local government housing trust fund
	Dept. of revenue	100.0	District school boards
	Motor vehicle	14.6	Small business administration for Counties

Table 3, continued

State	Type of Tax	Percent Dedicated	Recipient
Kentucky	Constitutional gas Coal severance	6.7 %	Revenue sharing for municipalities
		6.7	Fuel tax refund for counties
		100.0	Counties
		3.0	Local government economic development fund
		12.0	Local government economic assistance fund
	Minerals, natural gas, oil production Motor fuels	49.7	Local government economic assistance fund
		22.2	Construction, reconstruction, and maintenance of secondary and rural roads
		18.3	Construction, reconstruction and maintenance of county roads and bridges
		7.7	Construction, reconstruction and maintenance of urban roads and streets
		12.6	Causeway/Mississippi River Bridge authority
Louisiana	Vehicle licenses	3.5	Parish governments
	Severance and royalties	3.6	Parish governments
	Insurance	3.8	Local fire departments
	Video poker	25.0	Local governments
Mississippi	Motor fuel	8.5	Local highways
	Sales	15.0	Municipalities
	Insurance premium	5.9	Municipal fire protection
		5.9	County fire protection
	Alcoholic beverage	2.6	Municipalities
	Oil severance	24.1	Counties
	Gas severance	32.8	Counties
	Nuclear plant in lieu	94.0	Cities and counties served by the nuclear plant
	Petroleum	14.1	State aid road fund for counties
		11.5	Counties on gulf coast
North Carolina	Auto privilege	18.2	Counties
	Public utilities	43.6	Cities-state tax sharing
	Beer and wine	26.8	Local—state tax sharing
	Liquor	2.7	County rehabilitation contribution
		4.4	County law enforcement
		3.7	County alcohol education
		34.9	County/city districts
South Carolina	Property: Intangibles	77.1	Local-state tax sharing
	Accommodation	100.0	Local government
	Gasoline county watercraft	100.0	Local government
Tennessee	Sales and gross receipts	4.5	Cities
		1.2	Counties
	Beer	10.4	Cities
		10.4	Counties
	Alcoholic beverage	17.5	Counties

Table 3, continued

State	Type of Tax	Percent Dedicated	Recipient
Virginia West Virginia	Personal income	26.0%	Cities
		9.3	Counties
	Excise	1.9	Cities
		1.0	Counties
	Gasoline	12.3	Cities
		24.6	Counties
	Motor fuel	8.8	Cities
		17.4	Counties
	Special petroleum products	15.3	Cities
		9.5	Counties
	Severance	70.0	Counties
	Mixed drinks	31.3	Cities
		16.7	Counties
	Alcoholic beverage	66.8	Local government
	Consumer sales tax—additional 5% on sales of beverages (alcoholic) outside of municipalities	100.0	Counties and municipalities
	Coal severance	31.4	Municipalities
Southwest Arizona		68.6	Counties
	Insurance premium—additional 1%	50.0	Volunteer fire departments
	Sales	13.7	Counties
		9.0	Cities
	Insurance premiums	4.2	Fire districts
	Personal and corporate income	11.4	Cities
	Motor fuel	21.2	Cities
		14.1	Counties
		2.3	Maricopa County/cities
		1.4	Pima County/cities
		1.3	Rural counties
		0.9	Rural cities
	Motor vehicle license	17.1	Counties
		17.1	Cities
		3.4	County assessors—administration
	Jet fuel excise	15.9	Counties
		10.1	Cities
	Severance	30.4	Counties
		20.1	Cities
	Liquor licenses	25.8	Counties
	Boulder canyon projects	33.3	County special fund
	Salt river project—municipalities	100.0	Urban in-lieu fund
	Rental occupancy	22.2	Counties

Table 3, continued

State	Type of Tax	Percent Dedicated	Recipient
New Mexico		11.1 %	Cities
	Gross receipts	35.9	Counties and municipalities
	Compensating	10.0	Small cities assistance fund
		10.0	Small counties assistance fund
		5.9	Local government road fund
	Gasoline	10.1	Counties and municipalities
		5.6	County government road fund
		5.6	Municipal road fund
		1.4	Municipal arterial fund
	Cigarette	13.2	County and municipal cigarette fund
	Insurance premium	36.7	Local fire districts
		1.7	Volunteer fire pensions
	Ad valorem production	93.4	County treasurers
	Motor vehicle excise	25.0	Local government road fund
		18.9	County road fund
		12.6	Counties and municipalities
		50.0	County road fund
Oklahoma	Alcoholic beverage	29.0	Cities and towns
	Diesel fuel	24.2	County roads
	Gasoline	1.9	Cities and towns
		32.8	County roads
	Motor vehicle collections	2.5	Cities and towns
		5.9	Counties for roads
		0.7	County government
		2.1	County road fund
		2.9	County road improvement fund
	Gas severance	7.3	Counties for roads
	Oil severance	7.4	Counties for roads
Texas	Gasoline, diesel, LPG	--	\$7.3 million annual dedication to local highways
	Mixed drinks gross receipts	10.7	Cities
		10.7	Counties
Rocky Mountain			
Colorado	Cigarette	28.1	Local government
	Severance	50.0	State government impact fund
Idaho		50.0	Local government impact fund
	Sales	3.9	Cities
		9.9	Counties
	Alcoholic beverage	14.1	Counties
		21.1	Cities
Montana	Highway user	35.8	Local highways
	Alcoholic beverages	16.9	Local government
	Corporation income	9.6	Local government
	Video gaming	62.7	Local government
	Motor fuel	12.1	Local highways

Table 3, continued

State	Type of Tax	Percent Dedicated	Recipient
Wyoming	Severance	35.7 %	Local government
	Sales and use	35.0	Cities, towns and counties
	Severance	9.2	Cities, towns and counties
	Fuel	32.3	Cities, towns and counties
	Cigarette	76.8	Cities, towns and counties
Far West			
Alaska	Public utilities	100.0	Borough/city
	Fuel (Aviation)	59.4	Municipal gov't where collected
	Corporation income	19.8	Municipal assistance
California	Fisheries business	51.2	Municipal gov't where collected
	Sales and use	1.1	Mass transit and transit planning
	Cigarette & tobacco	0.5	Cities
	Vehicle license fee	43.1	County general purpose
Hawaii		29.4	City general purpose
	Motor fuel	34.0	City streets/county roads
	Motor fuel	43.3	Counties
	Transient accommodation	95.0	Counties
Nevada	Sales	23.4	Counties
		14.0	Cities
		6.3	Special districts
	Cigarette	24.2	Cities
		3.2	Counties
	Liquor	12.3	Cities
		1.4	Counties
	Jet fuel	100.0	Counties
		38.2	County, city, town roads
	Annual fee on games (gaming)	95.8	Counties
Oregon	Net proceeds of minerals	45.8	Counties and other local governments
	Tobacco	6.5	Cities
		6.5	Counties
	Alcoholic beverage	31.4	Cities
		9.2	Counties
	Motor fuel	23.9	Counties
		15.3	Cities
	Vehicle registration	12.1	Counties
		7.3	Cities
		21.3	Counties
Washington		13.6	Cities
	Property in-lieu	100.0	Local government
	Amusement device	35.3	Counties
	Alcoholic beverage	6.0	Cities, counties, and drug/alcohol programs
		7.4	Cities and counties
	Motor vehicle excise	1.3	County sales & use tax equalization
		3.9	City sales & use tax equalization
		7.2	Cities for police/fire /public health

Table 3, continued

State	Type of Tax	Percent Dedicated	Recipient
		1.0 %	Criminal justice assistance for high crime cities
		1.0	City population distribution for criminal justice
		4.9	County criminal justice
		0.9	High capacity transportation
		22.3	Mass transit
		0.6	Central puget sound public transportation
		0.2	Public transportation systems
	Motor vehicle fuel	10.3	City highways
		23.6	County highways
		13.4	Urban highway grants
	Public utilities district privilege	54.9	Local taxing districts
	Public utilities	2.5	Local public works assistance
	Real estate excise	7.7	Local public works assistance
	Refuse collection	100.0	Local public works assistance
	Sales and use	0.2	Cities
		0.2	Counties
	Travel trailer/camper excise	12.9	Counties
		12.9	Cities based on population

Notes:

- a. General revenue sharing of 6.1% combined sales and income tax revenue was delayed until FY 1994.
- b. Amount earmarked will not fall below 45.0%, but is capped at \$9.8 million.
- c. Distributed among levels of local government by some method such as share of property value.

Table 4
Earmarking for K-12 and Higher Education, FY 1993

State	Type of Tax	Percent Dedicated	Recipient
New England (no states)			
Mid-Atlantic			
New Jersey	Gross income	82.0 %	K-12 education
Great Lakes			
Illinois	Personal and corporate	7.3	K-12; higher education
	Public utilities	1.6	K-12 education
	Cigarette	20.8	K-12 education
	Intertrack/OTB wagering	14.0	Home economics extension councils
	Riverboat gambling tickets	75.0	K-12 education
	Pull tabs and jar games	50.0	K-12 education
	Bingo	48.6	K-12 education
	Sales	21.6	K-12 education
	Sales	60.0	School aid fund
	Industrial facilities	100.0	School aid fund
Michigan	Cigarette	8.0	School aid fund
	Liquor	29.4	School aid fund
Plains			
Kansas	Sales and use	9.6	K-12 education
	Individual income	4.9	K-12 education
	Severance	3.5	K-12 education in producing area
Minnesota	Mining occupation	40.2	Elementary and secondary schools
		10.0	University of Minnesota
Missouri	Individual income	0.1	Missouri Community College job
	Sales, use, and motor	22.0	Public schools
	Cigarette	69.2	State school money fund
Nebraska	Insurance	30.8	Fair share fund
		60.0	K-12 education, counties and cities
		89.6	Permanent school fund
North Dakota	One-mill statewide property	100.0	University Medical Center
South Dakota	Sales and use	56.3	K-12 education
Southeast			
Alabama	Sales	94.7	Education
	Public utilities	72.0	Education
	Tobacco	31.7	Education
	Insurance	19.5	Education
	Alcoholic beverage	14.5	Education
	Rental	40.0	Education
	Personal income	97.4	K-12 education
	Corporation income	100.0	K-12; higher education
	Property	46.0	Education
Arkansas	Corporate income estimates	5.9	Technical colleges; lifelong learning
	Sales	9.7	K-12 education

Table 4, continued

State	Type of Tax	Percent Dedicated	Recipient
		0.1 %	Department of Education
		0.2	Vo-tech administration
		0.6	Department of Higher Education grants
		2.7	Four-year and community colleges
Florida	Mixed drink	26.2	Univ. of Arkansas Med. Center
	Gross receipts utilities	100.0	Public education capital outlay and debt service trust fund
Louisiana	Royalties from offshore properties	50.0	K-12 education
		50.0	Higher education
Mississippi	Sales	1.6	Public school building fund
		2.3	Local school districts
		32.0	Higher education enhancement fund
		68.0	K-12 education enhancement fund
North Carolina	Income corporations	12.5	County school facilities capital
South Carolina	Sales	20.1	Education
Tennessee	Sales	67.2	Education
	Tobacco	99.5	Education
	Mixed drinks	48.1	Education
Virginia	Sales and use	28.6	K-12 education
West Virginia	Soft drinks	100.0	West Virginia University Medical School
Southwest			
Arizona	Motor vehicle license	17.1	Schools
New Mexico	Oil and gas state royalty	100.4	State Permanent Fund
Oklahoma	Motor vehicle collections	29.3	School districts
	Gas severance	7.3	School districts
	Oil severance	7.5	School districts
Texas	Cement	25.0	Public education (K-12)
	Coin-operated amusement	25.0	Public education (K-12)
	Professional	25.0	Public education (K-12)
	Utilities	25.0	Public education (K-12)
	Oil production	25.0	Public education (K-12)
	Natural gas	25.0	Public education (K-12)
	Oil and gas well	25.0	Public education (K-12)
	Sulphur	25.0	Public education (K-12)
	Motor carriers	25.0	Public education (K-12)
	Motor vehicle sales	25.0	Public education (K-12)
	Motor vehicle use	25.0	Public education (K-12)
	Insurance occupation	25.0	Public education (K-12)
	Alcoholic beverage	25.0	Public education (K-12)
	Cigarette	1.8	Public education (K-12)
	Gasoline, diesel, LPG	25.0	Public education (K-12)

Table 4, continued

State	Type of Tax	Percent Dedicated	Recipient
Rocky Mountain			
Idaho	Alcoholic beverage	9.4 %	K-12 education
		2.3	Community colleges
	All other	0.8	Public schools
Montana	Individual income	28.4	K-12 education
	Corporation income	22.0	K-12 education
	Severance	4.0	K-12 education
	Property	89.6	K-12 education
	Property	6.0	Higher education/vo-tech
		0.4	Vocational education
Utah	Individual income	100.0	Public education
	Corporate franchise	100.0	Public education
	Mineral production	100.0	Public education
	Gross receipts	100.0	Public education
Far West			
Alaska	Tobacco	16.2	School construction
Nevada	Sales	33.6	Local school districts
		3.0	State distributive school account
	Estate	47.3	K-12 education
		47.3	University system
Oregon	Oil and gas severance	100.0	K-12 education
Washington	Alcoholic beverage	4.6	Drug enforcement and education
	Real estate excise	92.7	K-12 education
	State property	100.0	K-12 education

Table 5
Earmarking for Health, Welfare, and Human Services, FY 1993

State	Type of Tax	Percent Dedicated	Recipient
New England			
Massachusetts	Cigarette	100.0 %	Health protection and health care
Vermont	Fuel gross receipts	100.0	Weatherization trust fund
Mid-Atlantic			
New Jersey	Alcoholic beverage excise	12.5	Alcohol education, rehabilitation and
	Casino gross receipts	100.0	Senior and disabled citizens services
	Employer payroll	100.0	Relief fund for children with
	Hospital assessments	100.0	Various health care institutions
Pennsylvania	Cigarette	3.3	Children's health fund
Plains			
Illinois	Bingo	48.6	Mental health
	Uncashed pari-mutuel tickets	3.0	Veterans rehabilitation
Indiana	Alcoholic beverage	8.4	Addiction services
Michigan	Sales	0.3	Health
	Cigarette	16.0	Health and safety fund
Ohio	Liquor profits	2.6	Alcohol treatment and prevention
Kansas	Liquor and beer	2.6	Alcoholism treatment and prevention
Minnesota	Cigarette	10.4	Health care access fund
	Health care	100.0	Health care access fund
Southeast			
Alabama	Public utilities	24.5	Mental health
	Tobacco	6.0	Welfare
	Insurance	3.8	Mental health
	Alcoholic beverage	7.7	Mental health
		25.2	Human resources
	Contractors gross receipts	85.0	Mental health
		15.0	Welfare
	Corporate franchise	16.4	Welfare
Arkansas	Cigarette	3.6	Aging and adult services
Florida	Tobacco	25.9	Public medical assistance trust fund
	Alcoholic beverages	1.6	Child and adolescent substance abuse
Kentucky	Cigarette	16.7	U. of K. Tobacco and Health Research
Mississippi	Alcoholic beverage	8.1	Dept. of Mental Health
North Carolina	Liquor	2.7	County, rehabilitation contribution
		3.7	County, alcohol education
South Carolina	Bingo	25.0	Local--aging
	Documentary	8.7	Low-income housing

Table 5, continued

State	Type of Tax	Percent Dedicated	Recipient
West Virginia	Portion of marriage and divorce filing fees	100.0 %	Regional domestic violence programs and shelters
Southwest			
Arizona	Telecom excise	38.3	Telecom for the deaf
New Mexico	Personal income	0.6	Retiree health care fund
	Liquor excise	52.0	Community alcoholism and detoxification fund
Oklahoma	Cigarette	19.8	Dedicated health research fund
	Occupational health and safety	93.8	Special occup. health and safety fund
Rocky Mountain			
Idaho	Cigarette	2.7	Cancer control
		0.7	Tumor registry
	Alcoholic beverage	9.4	Alcohol programs
		5.5	Welfare
Montana	Alcoholic beverages	24.0	Alcohol treatment/rehab
	Property	4.0	Welfare/medicaid
Far West			
California	Sales and use	8.4	County health and social service programs
	Cigarette and tobacco excise	66.8	Health programs
	Vehicle license fee	24.6	County health and social service programs
Nevada	Liquor	4.1	Alcohol/drug abuse programs
Oregon	Alcoholic beverage	7.3	Alcoholism programs
Washington	Real estate excise	0.1	Low-income housing assistance

Table 6
Earmarking for Environmental Programs, FY 1993

State	Type of Tax	Percent Dedicated	Recipient
New England			
Connecticut	Hazardous waste	100.0%	Emergency spill response fund
	Solid waste	100.0	Solid waste fund
	Resource recovery/landfill	100.0	Municipal solid waste recycling trust fund
Massachusetts	Gas	0.03	Environmental law enforcement
Vermont	Gasoline surcharge	100.0	Petroleum cleanup fund
Mid-Atlantic			
Delaware	Gross receipts	2.9	Hazardous waste cleanup fund
	Public accommodation	12.5	Beach preservation program
Maryland	Electrical energy surcharge	100.0	Environmental fund
	Boat titling	96.6	Waterway improvement
New Jersey	Environmental (various)	100.0	Various environmental funds (e.g., litter control, landfill closure, recycling, and hazardous waste cleanup)
Pennsylvania	Capital stock and franchise	3.8	Hazardous sites cleanup fund
Great Lakes			
Illinois	Motor fuel	1.7	Underground storage tank cleanup
Indiana	Hazardous waste	76.0	Hazardous response
Ohio	Corporate franchise	1.2	Litter control and recycling
	Severance	100.0	Reclamation
Wisconsin	Temporary recycling surcharge	100.0	State recycling programs
Plains			
Kansas	New tires	100.0	Waste tire management
Minnesota	Hazardous waste generator	100.0	Environmental response, compensation, and compliance account
	Litter	100.0	Litter reduction/recycling
Nebraska	Petroleum wholesalers	100.0	Underground storage tanks
	New tires and landfill tipping	100.0	Waste reduction/recycling
Southeast			
Tennessee	Special petroleum products	28.6	Underground storage tank fund
Florida	Sales and use	0.2	Solid waste management trust fund
	Pollutant excise	11.3	Water quality assurance trust fund
	Solid mineral severance	25.7	Nonmandatory land reclamation trust fund
		0.9	Reclamation trust fund
Southwest			
Arizona	Water use	100.0	Water quality assurance revolving fund
	Underground storage tanks	100.0	Underground storage tank revolving fund
	Personal and corporate income	0.2	Water quality assurance revolving fund

Table 6, continued

State	Type of Tax	Percent Dedicated	Recipient
Oklahoma	Motor fuel special assessment fee	36.2%	Storage tank indemnity fund
	Waste tire recycling fee	92.0	Waste tire recycling indem. fund
	Petroleum excise on gas	10.7	Corp. commission plugging fund
		88.1	Oil conservation fund
	Petroleum excise on oil	10.5	Corp. commission plugging fund
		84.9	Oil conservation fund
Rocky Mountain			
Idaho	General sales	1.0	Water pollution
	Cigarette	6.7	Water pollution
Far West			
Nevada	Gasoline	3.8	Petroleum cleanup
Oregon	Tire excise	100.0	Waste toxic programs
	Amusement device	32.3	Youth conservation corps
	Hazardous substance	100.0	Hazardous waste programs
Washington	Cigarette	23.5	Water pollution control
	Hazardous substance	100.0	Toxics control
	Hazardous waste	100.0	Hazardous waste disposal and education
	Generators fee		
	Hazardous waste	100.0	Hazardous waste disposal and education
	Generators planning		
	Litter	100.0	Waste reduction, recycling and litter control
	Motor vehicle excise	1.9	Air pollution control
	Oil spill administration	100.0	Oil spill administration
	Oil spill response	100.0	Oil spill response
	Petroleum products	100.0	Pollution liability insurance program
	Replacement tire fee (expired 10/1/94)	100.0	Vehicle tire recycling
	Sales and use	0.1	Water pollution control
	Solid waste (expires 7/1/95)	100.0	Solid waste management
	Tobacco products	29.2	Water pollution control
	Travel trailer/camper excise	5.4	Air pollution control
	Wood stove fee	100.0	Wood stove education and enforcement

Table 7
States That Earmark Specific Taxes, FY 1993

Personal Income (17 states)		Corporation Income (17 states)		General Sales & Gross Receipts (33 states)	
	Percent Dedicated		Percent Dedicated		Percent Dedicated
Alabama	97.4	Alaska	19.8	Alabama	100.0
Arizona	11.4	Alabama	23.0	Arizona	22.9
Hawaii	0.1	Arkansas	5.9	Arkansas	13.3
Idaho	0.8	Idaho	0.4	California	9.5
Illinois	12.0	Illinois	12.0	Colorado	4.5
Kansas	5.0	Indiana	8.9	Connecticut	0.2
Maine	5.1	Iowa	27.0	Florida	11.1
Massachusetts	40.0	Maryland	37.2	Hawaii	0.4
Michigan	9.8	Massachusetts	40.0	Idaho	16.1
Missouri	0.1	Michigan	15.2	Illinois	36.6
Montana	37.3	Montana	39.7	Indiana	41.2
New Jersey	99.5	New York	4.1	Kansas	26.8
New Mexico	0.6	North Carolina	46.1	Louisiana	5.1
Ohio	4.7	Ohio	4.9	Maine	5.1
Rhode Island	0.5	Pennsylvania	4.6	Massachusetts	41.0
Tennessee	35.3	Tennessee	19.3	Michigan	77.0
Utah	100.0	Utah	100.0	Minnesota	30.8
				Mississippi	28.2
				Missouri	31.9
				New Mexico	39.6
				New York	28.0
				Nevada	80.3
				North Carolina	0.2
				North Dakota	5.7
				Ohio	4.7
				Pennsylvania	0.4
				Rhode Island	0.5
				South Carolina	20.1
				South Dakota	56.3
				Tennessee	72.3
				Virginia	42.8
				Washington	3.9
				Wyoming	35.0

Table 7, continued

Motor Fuel (50 states)			Motor Vehicle Registration (32 states)		Tobacco (27 states)	
Alabama	Louisiana	Ohio	Alabama	Montana	Alaska	New Mexico
Alaska	Maine	Oklahoma	Arizona	Nebraska	Alabama	Nevada
Arizona	Maryland	Oregon	Arkansas	New Jersey	Arizona	North Dakota
Arkansas	Massachusetts	Pennsylvania	California	New Mexico	Arkansas	Oklahoma
California	Michigan	Rhode Island	Colorado	Nevada	California	Oregon
Colorado	Minnesota	South Carolina	Connecticut	North Carolina	Colorado	Pennsylvania
Connecticut	Mississippi	South Dakota	Hawaii	Oklahoma	Florida	Tennessee
Delaware	Missouri	Tennessee	Idaho	Oregon	Idaho	Texas
Florida	Montana	Texas	Iowa	South Dakota	Illinois	Washington
Georgia	Nebraska	Utah	Kansas	Tennessee	Indiana	Wyoming
Hawaii	Nevada	Vermont	Louisiana	Texas	Kentucky	
Idaho	New Hampshire	Virginia	Maine	Utah	Massachusetts	
Illinois	New Jersey	Washington	Maryland	Virginia	Michigan	
Indiana	New Mexico	West Virginia	Michigan	Washington	Minnesota	
Iowa	New York	Wisconsin	Minnesota	West Virginia	Missouri	
Kansas	North Carolina	Wyoming	Mississippi		Montana	
Kentucky	North Dakota		Missouri		Nebraska	

Insurance (24 states)	Severance (24 states)	Alcoholic Beverage (24 states)	Property (14 states)	Public Utilities (12 states)	Pari-mutuel (10 states)
Alabama	Alabama	Alabama	Alabama	Alaska	Arizona
Arizona	Arizona	Arizona	Arizona	Alabama	Arkansas
Arkansas	Arkansas	Arkansas	Indiana	Arizona	California
Colorado	Colorado	Colorado	Kansas	Idaho	Florida
Delaware	Florida	Florida	Maryland	Illinois	Illinois
Florida	Kansas	Idaho	Missouri	Montana	Kansas
Idaho	Kentucky	Indiana	Montana	New Jersey	Minnesota
Illinois	Louisiana	Kansas	Nevada	North Carolina	New Jersey
Indiana	Mississippi	Michigan	North Carolina	Ohio	Ohio
Kansas	Montana	Mississippi	North Dakota	Pennsylvania	Washington
Louisiana	Nebraska	Montana	Ohio	Texas	
Maine	New Mexico	New Jersey	Oregon	Washington	
Mississippi	Nevada	New Mexico	Washington		
Montana	North Dakota	Nevada	Wisconsin		
Nebraska	Ohio	North Carolina			
New Jersey	Oklahoma	Ohio			
New Mexico	Oregon	Oklahoma			
New York	South Dakota	Oregon			
North Dakota	Tennessee	South Dakota			
Oregon	Texas	Tennessee			
South Carolina	Utah	Texas			
Texas	West Virginia	Virginia			
Washington	Wisconsin	Washington			
West Virginia	Wyoming	West Virginia			

Table 8
Earmarking of Personal and Corporation Income Taxes, FY 1993

State	Type of Tax	Percent Dedicated	Recipient
New England			
Maine	Personal income	5.1%	Cities and towns
Massachusetts	Corporate income	40.0	Local aid fund
	Personal income	40.0	Local aid fund
Rhode Island	Personal income	(a)	Cities and towns
Mid-Atlantic			
Maryland	Corporate income (b)	37.2	Transportation trust fund
New Jersey	Gross income	82.0	K-12 schools
		7.5	Homeowner and tenant rebates
		10.0	Municipal aid
		4.1	Mass transportation operating assistance fund
New York	Corporation and utilities	4.1	Mass transportation operating assistance fund
	Corporation franchise surcharge	10.4	Mass transportation operating assistance fund
Pennsylvania	Corporate net income	4.6	Industrial development fund
Great Lakes			
Illinois	Personal and corporate income	12.0	Cities and counties
		7.3	K-12; higher education
Indiana	Corporate income	8.9	Property tax relief
Michigan	Personal income	9.8	Local governments
	Single business	15.2	Local governments
Ohio	Personal income	4.7	Local government fund and revenue assistance fund
		5.7	Library and local government support fund
	Corporate franchise	4.9	Local government fund and revenue assistance fund
		1.2	Litter control and recycling
Plains			
Iowa	Franchise (c)	27.0	Cities
		18.0	Counties
Kansas	Individual income	4.9	K-12 education
		0.1	Worker training
Missouri	Individual income	0.1	Missouri Community College job training program fund
Southeast			
Alabama	Personal income	97.4	K-12 education
	Corporation income	100.0	K-12 education
Arkansas	Corporate income estimates	5.9	Technical colleges; lifelong learning centers; community colleges; technical institutes
North Carolina	Income corporations	33.6	Reimbursement for state tax mandates
		12.5	County school facilities capital
Tennessee	Personal income	26.0	Cities
		9.3	Counties
	Excise	16.4	Sinking fund
		1.9	Cities
		1.0	Counties

Table 8, continued

State	Type of Tax	Percent Dedicated	Recipient
Southwest			
Arizona	Personal and corporate income	11.4%	Cities
		0.2	Water quality assurance revolving fund
		0.1	Tourism fund
New Mexico	Personal income	0.6	Retiree health care fund
Rocky Mountain			
Idaho	Personal income	0.8	State building
	Corporation	0.4	State building
Montana	Individual income	28.4	K-12 education
		8.7	Building fund
	Corporation income	22.0	K-12 education
		9.6	Local government
		8.1	Building fund
Utah	Individual income	100.0	Public education
	Corporate franchise	100.0	Public education
Far West			
Alaska	Corporation income	19.8	Municipal assistance
Hawaii	Personal income	0.1	State election campaign fund

Notes:

- a. General revenue sharing of 6.1% combined sales and income tax revenue was delayed until FY 1994.
- b. Thirty percent of the earmarked amounts, \$278.6 million, is shared with local government.
- c. Amount earmarked will not fall below 45.0% but is capped at \$9.8 million.

Table 9
Earmarking of Sales and Use Taxes, FY 1993

State	Type of Tax	Percent Dedicated	Recipient
New England			
Connecticut	Sales	4.8%	Local convention and tourism districts
Maine	Sales	5.1	Cities and towns
Massachusetts	Sales	40.0	Local aid fund
Rhode Island	Sales	(a)	Cities and towns
Mid-Atlantic			
New York	Sales and use	24.1	Local government assistance corporation
		3.9	Mass transportation operating assistance fund
Pennsylvania	Sales and use	0.4	Public transportation assistance fund
Great Lakes			
Illinois	Sales	21.6	K-12 education
		5.3	Build Illinois program
		0.4	Metropolitan pier program
		3.0	Cities and counties
		4.1	Counties and mass transit
		0.4	Downstate public transportation
		0.2	Metro-East transportation
		1.6	Motor fuel tax fund
Indiana	Sales	40.4	Property tax relief
		0.8	Mass transit
		0.04	Railroads
Michigan	Sales	60.0	School aid fund
		15.0	Local governments
		1.7	Public transportation
		0.3	Health
Ohio	Sales and use	4.7	Local government fund and local government revenue assistance fund
Plains			
Kansas	Sales and use	11.4	State highways
		9.6	K-12 education
		3.3	Local government
		2.5	Cities and counties
Minnesota	Sales and use	30.8	Local government trust fund
Missouri	Sales, use, and motor vehicles	2.9	Conservation commission fund
		22.0	Public schools
		3.8	Motor fuel tax fund
		1.7	Highways
		1.2	State parks fund
		1.2	Soil and water conservation fund
		1.2	
Nebraska	Motor vehicle sales	53.3	State highways
		23.3	County roads
		23.3	City roads

Table 9, continued

State	Type of Tax	Percent Dedicated	Recipient
North Dakota	Sales	1.8%	Capital construction fund
		1.7	Cities
		0.3	Park districts
		0.1	Townships
		2.6	Counties
South Dakota	Sales and use	56.3	K-12 education
Southeast			
Alabama	Sales	94.7	Education
Arkansas	Sales	5.3	Other
		9.7	K-12 education
		0.1	Department of Education
		0.2	Vo-tech administration
		0.6	Department of Higher Education grants
		2.7	Four-year and community colleges
Florida	Aviation sales	100.0	Aeronautic division
	Sales and use	8.5	Local governments
		2.4	Hurricane Andrew recovery and rebuilding trust fund
Louisiana	Sales, use and motor vehicles	0.2	Solid waste management trust fund
		0.3	Airports
		0.8	Economic development
		0.8	Statewide tourism advertising/promotion
		3.1	Debt service (special)
Mississippi	Sales	0.1	Local tourism development
		15.0	Municipalities
		1.6	Public school building fund
		0.2	State four-lane construction project
		2.3	Local school districts
		32.0	Higher education enhancement fund
		68.0	K-12 education enhancement fund
North Carolina	Sales	0.2	Wildlife resources fund
South Carolina	Sales	20.1	Education
Tennessee	Sales	67.2	Education
		0.8	Sinking fund
		4.3	Cities
Virginia	Sales and use	28.6	K-12 education
		14.2	Highways
Southwest			
Arizona	Sales	13.7	Counties
New Mexico	Gross receipts	9.0	Cities
		0.2	Disease control
		35.9	Counties and municipalities
		0.05	Aviation board
		Compensating	10.0
		10.0	Small counties assistance fund

Table 9, continued

State	Type of Tax	Percent Dedicated	Recipient
Rocky Mountain			
Colorado	Sales	4.5%	Old age pension fund
Idaho	Sales	3.9	Cities
		9.9	Counties
		1.0	Water pollution
		0.1	State buildings
		1.2	Property tax relief
Wyoming	Sales and use	35.0	Cities, towns and counties
Far West			
California	Sales and use	8.4	County health and social service programs
		1.1	Mass transit and transit planning
Hawaii	General excise	0.4	Bond reserve fund
Nevada	Sales	33.6	Local school districts
		3.0	State distributive school account
		23.4	Counties
		14.0	Cities
		6.3	Special districts
Washington	Sales and use	0.1	Water pollution control
		0.2	Cities
		0.2	Counties
		3.4	State general obligation bond retirement

Note:

- a. General Revenue Sharing of 6.1% combined sales and income tax revenue was delayed until FY 1994.

Appendix A

Earmarked Taxes in Each State, by State

Alabama
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$1,188.3	\$1,125.7	94.7 %	Education
		62.6	5.3	Other
Public utilities	293.6	211.7	72.0	Education
		71.8	24.5	Mental health
Tobacco	68.6	21.8	31.7	Education
		4.1	6.0	Welfare
		18.3	26.7	Other
Insurance	190.6	37.0	19.5	Education
		7.3	3.8	Mental health
Alcoholic beverage ^a	122.4	9.4	7.7	Mental health
		30.8	25.2	Human resources
		17.8	14.5	Education
		5.0	4.0	Counties
		1.1	0.9	Cities
Lodging	17.4	4.3	25.0	Tourism
Contractors gross receipts	18.0	15.3	85.0	Mental health
		2.7	15.0	Welfare
Rental	40.3	16.1	40.0	Education
Income				
Personal income	1,545.1	1,505.1	97.4	K-12 education
Corporation income	182.8	182.8	100.0	K-12 education
Corporate franchise	122.1	20.0	16.4	Welfare
		8.1	6.6	Counties
Financial institution excise	33.2	16.4	50.0	Cities
		8.3	25.0	Counties
Highway User				
Motor fuel	442.0	252.0	57.0	State highways
		189.5	42.9	Counties and cities
		0.5	0.1	Other
Motor vehicle registration	115.1	59.9	52.0	State highways
		23.3	20.2	Counties and cities
Petroleum inspection	59.7	49.0	82.0	State highways
		9.6	16.0	Counties and cities
		2.1	0.4	Agriculture
Miscellaneous				
Property	122.7	56.6	46.0	Education
		18.9	16.0	Pensions
Severance ^b	65.4	13.2	20.1	Counties and cities
		5.9	9.0	Forestry
Mortgage/deed record	17.9	5.9	33.0	Counties
Total Tax Revenue:	\$4,703.3			
Total Dedicated Revenue:	\$4,090.1			
Proportion Earmarked to Total:	87.0%			

Notes:

- a. The alcoholic beverage tax includes state liquor store net income and alcohol beverage license fees.
b. The severance tax includes petroleum and forest products.

Alaska
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Public utilities	\$2.2	\$2.2	100.0 %	Borough/city
Tobacco	16.7	2.7	16.2	School construction
Fuel (aviation)	6.4	3.8	59.4	Municipal gov't where collected
Fuel (marine)	8.8	8.8	100.0	Water/harbor facilities
Fuel (highway)	25.6	25.6	100.0	Highway projects
Income				
Corporation income	216.2	42.9	19.8	Municipal assistance
Miscellaneous				
Fisheries business	42.2	21.6	51.2	Municipal gov't where collected
Salmon enhancement	6.7	6.7	100.0	Qualified regional aquaculture association
Seafood marketing	3.6	3.6	100.0	Alaska Seafood Mktg. Institute
Alaska public utilities	2.4	2.4	100.0	Public utilities
Regulatory cost charge				
Total Tax Revenue:	\$1,451.3			
Total Dedicated Revenue:	\$120.3			
Proportion Earmarked to Total:	8.3%			

Note:

The Alaska Constitution prohibits dedicated taxes. With the exception of the portion of tobacco tax going to the school fund, the earmarking of revenues is contingent upon legislative appropriation.

Arizona
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$1,974.1	\$271.0	13.7 %	Counties
		178.0	9.0	Cities
		3.0	0.2	Disease control
Insurance premiums	115.2	7.4	6.4	Public safety
		4.8	4.2	Fire districts
Pari-mutuel	8.1	1.8	22.2	Racing and breeding
		1.0	12.3	Livestock and agriculture
		0.4	4.9	Coliseum and exposition
Liquor	40.9	15.2	37.2	Corrections fund
Tobacco	53.6	6.3	11.8	Corrections fund
Income				
Personal and corporate	1,606.9	183.7	11.4	Cities
Income		2.9	0.2	Water quality assurance revolving fund
		2.0	0.1	Tourism fund
Highway User				
Motor fuel	322.6	7.3	2.3	Miscellaneous funds ^a
		113.8	35.3	State highway Fund
		68.3	21.2	Cities' highways
		45.5	14.1	Counties' highways
		33.6	10.4	State highway fund
		7.4	2.3	Maricopa County/cities' highways
		4.5	1.4	Pima County/cities' highways
		4.2	1.3	Rural counties' highways
		2.9	0.9	Rural cities' highways
Motor vehicle license	333.7	105.0	31.5	Highway user revenue fund
		57.2	17.1	Counties
		57.2	17.1	Cities
		57.2	17.1	Schools
		11.4	3.4	County assessors—administration
Motor carrier	120.3	120.3	100.0	Highway user revenue fund
Use fuel	72.0	72.0	100.0	Highway user revenue fund

Arizona (continued)
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Miscellaneous				
Airline flight property	\$11.3	\$11.3	100.0 %	Aviation fund
Aircraft licenses	1.4	1.4	100.0	Aviation fund
Jet fuel excise	6.9	1.1	15.9	Counties
		0.7	10.1	Cities
Telecom excise	8.1	5.0	61.7	911
		3.1	38.3	Telecom for the deaf
Watercraft license	1.6	0.5	31.3	Watercraft licensing
		0.1	6.3	State lake improvement
		1.0	62.5	Boating safety fund
Water use	1.5	1.5	100.0	Water quality assurance revolving fund
Severance	28.3	8.6	30.4	Counties
		5.7	20.1	Cities
Intrastate utilities	6.5	5.7	87.7	Utilities regulation revolving fund
		0.8	12.3	Residential utilities consumer office revolving fund
Underground storage tanks	21.1	21.1	100.0	Underground storage tank revolving fund
Liquor licenses	3.1	0.8	25.8	Counties
		0.3	9.7	Other earmarked
Boulder Canyon projects	0.3	0.1	33.3	County special fund
Salt River Project—municipalities	0.1	0.1	100.0	Urban in-lieu fund
Rental occupancy	0.1	0.0	22.2	Counties
		0.0	11.1	Cities
Controlled substances	0.0	0.0	100.0	RICO fund
Total Tax Revenue:	\$5,084.5			
Total Dedicated Revenue:	\$1,514.2			
Proportion Earmarked to Total:	29.8%			

Note:

- a. Miscellaneous funds in this case cover aviation and boating, and the distributions are intended to represent taxes on motor fuel for aircraft and watercraft.

**Arkansas
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$1,120.7	\$109.2	9.7 %	K-12 education
		0.7	0.1	Department of education
		2.0	0.2	Vo-tech administration
		7.0	0.6	Department of Higher Education grants
		30.0	2.7	Four-year and community colleges
Tourism	5.8	5.8	100.0	Parks and tourism
Aviation sales	3.2	3.2	100.0	Aeronautic division
Cigarette	69.5	2.5	3.6	Aging and adult services
Insurance	78.9	7.4	9.4	Counties
		6.9	8.7	Firemen's relief pension
		7.8	9.9	Policemen's relief pension
Income				
Corporate income tax estimates	145.8	8.6	5.9	Technical colleges; lifelong learning centers; community colleges; Technical institutes
Pari-mutuel	17.6	0.6	3.4	Mental retardation/indigent patients
Native wine	a	a		Wine production research
Mixed drink	4.2	1.1	26.2	Univ. of Arkansas Med. Center
Highway User				
Motor vehicle registration	79.8	11.9	14.9	County aid road fund
		11.9	14.9	Municipal aid road fund
Motor fuel	293.3	205.3	70.0	State highways
		44.0	15.0	County roads
		44.0	15.0	Municipal roads
Motor fuel	16.1	13.0	80.7	State aid road fund
Miscellaneous				
Real estate transfer	10.0	7.3	73.0	County and circuit court; continuing education; county aid; natural and cultural resources; grants fund and historic preservation fund; parks and tourism
Severance	10.6	3.6	34.0	County aid; Oil Museum fund
Timber severance	3.6	3.6	100.0	Forestry Commission
Total Tax Revenue:	\$3,122.7			
Total Dedicated Revenue:	\$399.2			
Proportion Earmarked to Total:	12.8%			

Note:

a. The amount is negligible.

California
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales and use	\$16,612.0	\$1,391.0	8.4 %	County health and social service programs
		176.0	1.1	Mass transit and transit planning
Cigarette and tobacco	691.0	462.0	66.8	Health programs
		37.0	5.4	Natural resources programs
		3.0	0.5	Cities
Pari-mutuel horse racing	114.0	39.0	34.2	Local fairs
Highway User				
Vehicle license	2,963.0	1,276.0	43.1	County general purpose
		872.0	29.4	City general purpose
		730.0	24.6	County health and social service programs
		58.0	2.0	State collection costs
Vehicle registration	1,495.0	967.0	64.7	Vehicle regulation and law enforcement (highway patrol)
		528.0	35.3	State highway account
Motor fuel	2,468.0	1,428.0	57.9	State highway account
		840.0	34.0	City streets/county roads
		53.0	2.2	Parks/boating facilities
Total Tax Revenue:	\$48,300.0			
Total Dedicated Revenue:	\$9,086.0			
Proportion Earmarked to Total:	18.8%			

Notes:

- The state constitution requires the state's General Fund to provide at least \$16,326 million to K-12 and community colleges in 1992-93. This is a spending requirement, not a revenue dedication.
- Earmarking by initiative generally requires a vote of the people to eliminate.

Colorado
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$998.0			
Tobacco	4.6			
Liquor	23.2			
Inheritance	19.7			
Subtotal to Old Age Pension Fund	1,045.5	\$47.0	4.5 %	Old Age Pension Fund^a
Cigarette	56.6	15.9	28.1	Local government ^b
Insurance	92.1	21.1	22.9	Fire and police pensions ^c
Highway User				
Motor fuel	379.8	379.8	100.0	Highway users tax fund ^d
Gross ton/mile	0.5	0.5	100.0	Highway users tax fund ^d
Motor vehicle registration	103.0	103.0	100.0	Highway users tax fund ^d
Motor vehicle penalty	4.3	4.3	100.0	Highway users tax fund ^d
Miscellaneous	30.0	30.0	100.0	Highway users tax fund ^d
Miscellaneous				
Tourism promotion	11.0	11.0	100.0	Tourism promotion fund ^e
Severance	24.0	12.0	50.0	State government impact fund
		12.0	50.0	Local government impact fund
Total Tax Revenue:	\$3,122.7			
Total Dedicated Revenue:	\$636.6			
Proportion Earmarked to Total:	20.4%			

Notes:

- The Colorado Constitution requires that 85% of all sales, use, excise taxes, liquor taxes, tobacco products taxes, and inheritance taxes are credited to the Old Age Pension Fund. After satisfying the requirements of the OAP Fund, all remaining monies are credited to the general fund.
- Statutorily, local governments are apportioned an amount equal to 27% of the proceeds. The funds are distributed to cities and towns in proportion to the amount of state sales tax collected in a jurisdiction relative to all state sales taxes collected. Funds are distributed to counties based on the percentage that collections in the unincorporated area of the county contributes to sales tax revenues statewide.
- Statutorily, monies are credited to the General Fund, except for substantial amounts that have been transferred to the fire and police members' benefit fund, for death and disability insurance and for volunteer firemen.
- Statutorily, both state and local highways share in the fund.
- July 1, 1993, was the sunset date for this tax.

**Connecticut
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$2,056.2	\$4.8	0.2 %	Local convention and tourism districts
Highway User				
Motor fuels	397.8	397.8	100.0	Transportation fund
Motor vehicle registration and other	242.9	242.9	100.0	Transportation fund
Miscellaneous				
Rental car	3.0	3.0	100.0	Tourism fund
Hazardous waste	4.4	4.4	100.0	Emergency spill response fund
Solid waste	2.1	2.1	100.0	Solid waste fund
Resource recovery/landfill	0.9	0.9	100.0	Municipal solid waste recycling trust fund
Total Tax Revenue:	\$6,486.5			
Total Dedicated Revenue:	\$655.9			
Proportion Earmarked to Total:	10.1%			

**Delaware
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Insurance	\$21.4	\$14.5	67.0 %	Volunteer fire companies, police departments, and nonprofit ambulance and rescue
Gross receipts	102.0	2.9	2.9	Hazardous waste cleanup fund
Public accomodation	6.5	0.8	12.5	Beach preservation program
		0.8	12.5	County tourism bureaus
Highway User				
Motor fuel	75.9	75.9	100.0	Transportation trust fund
Motor fuel decal	2.9	2.9	100.0	Transportation trust fund
Miscellaneous				
Realty transfer	34.4	3.1	9.0	Land and water conservation trust fund
Total Tax Revenue:	\$1,560.8			
Total Dedicated Revenue:	\$100.9			
Proportion Earmarked to Total:	6.5%			

Florida
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales and use	\$9,426.0	\$798.5	8.5 %	Local governments
		228.8	2.4	Hurricane Andrew recovery and rebuilding trust fund
		18.8	0.2	Solid waste management trust fund
Gross receipts utilities	447.9	447.9	100.0	Public education capital outlay and debt service
Pari-mutuel	105.5	29.9	28.3	Counties
		17.0	16.1	Dept. of Business and Professional Regulation administration
Tobacco	449.0	11.6	2.6	County revenue sharing
		151.3	33.7	Municipal revenue sharing
		116.1	25.9	Public medical assistance
		36.3	8.1	Dept. of Business Professional Regulation administration
Alcoholic beverages	539.2	8.8	1.6	Child and adolescent substance abuse
		19.9	3.7	Alcoholic beverage and tobacco trust fund
Insurance premium	288.4	45.9	15.9	Local firefighters and police pensions
		11.0	3.8	Dept. of Insurance operating
Highway User				
Highway fuel	132.8	66.4	50.0	County highways
		66.4	50.0	City highways
Constitutional gas	134.0	134.0	100.0	County highways
State fuel	921.9	921.9	100.0	State highways
Constitutional gas	1.4	1.4	100.0	Counties
Miscellaneous				
Solid mineral severance	56.0	5.3	9.5	Counties where mined
		10.0	17.9	Conservation and recreation lands
		14.4	25.7	Nonmandatory land reclamation
		6.9	12.3	Phosphate research
		0.5	0.9	Reclamation
Dept. of Insurance and state treasurer fees, licenses, and taxes	12.7	12.7	100.0	Insurance commissioners regulatory trust fund
Educational fees, licenses and taxes	0.0	0.0		Racing scholarships
Oil and gas severance	8.5	1.0	11.8	Counties
Citrus taxes	60.4	60.4	100.0	Citrus advertising
Intangibles	783.4	255.9	32.7	Counties
		1.4	0.2	Local school boards

Florida (continued)
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Documentary stamp	\$639.0	\$54.3	8.5 %	Preservation 2000
		19.1	3.0	State housing
		19.1	3.0	Local government housing
		54.1	8.5	Land acquisition
		34.9	5.5	Conservation and recreation lands
		32.8	5.1	Water management lands
		5.0	0.8	Dept. of Revenue administration
Dept. of Agriculture	1.7	1.7	100.0	Agriculture
Dept. of Banking & Finance	3.8	3.8	100.0	Citrus canker compensation
Dept. of Business & Professional Regulation	0.3	0.3	100.0	Alcoholic beverage and tobacco & state athletic commission
Public Service Commission	22.8	22.8	100.0	Regulation
Dept. of Revenue	2.0	2.0	100.0	District school boards
Pollutant excise	193.0	5.7	3.0	Florida coastal protection
		150.0	77.7	Inland protection
		21.9	11.3	Water quality assurance
Dept. of Highway Safety & Motor Vehicles	8.9	5.8	65.2	State transportation
		1.3	14.6	County debt service
		0.6	6.7	Revenue sharing for municipalities
		0.6	6.7	Fuel tax refund for counties
Total Tax Revenue:	\$14,238.6			
Total Dedicated Revenue:	\$3,936.2			
Proportion Earmarked to Total:	27.6%			

Georgia
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Highway User				
Motor fuel	\$342.1	\$342.1	100.0 %	Dept. of Transportation
Motor fuel (sales tax)	119.5	119.5	100.0	Dept. of Transportation
Interest on highway trust fund	38.0	38.0	100.0	Dept. of Transportation
Guaranteed revenue Debt/common reserve fund	0.4	0.4	100.0	Dept. of Transportation
Total Tax Revenue:	\$8,346.4			
Total Dedicated Revenue:	\$500.0			
Proportion Earmarked to Total:	6.0%			

Hawaii
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Excise	\$1,302.9	\$5.0	0.4 %	Bond reserve fund
Transient accommodation	80.3	76.1	95.0	Counties
Income				
Personal income	922.9	0.4	0.1	State election campaign fund
Highway User				
Motor fuel	130.4	66.1	50.7	State highway special fund
		56.5	43.3	Counties
		6.6	5.1	State airport special fund
		1.2	0.9	State boating special fund
Motor vehicle registration	59.5 ^a	59.5	100.0	State highway special fund
Total Tax Revenue:	\$1,359.9			
Total Dedicated Revenue:	\$69.1			
Proportion Earmarked to Total:	5.1%			

Note:

- a. Motor vehicle weight tax, motor vehicle registration fees, commercial drivers' license, periodic motor vehicle inspection fees, rental vehicle registration fees, and rental vehicle surcharge fees.

Idaho
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$481.4	\$18.6	3.9 %	Cities
		47.0	9.9	Counties
		4.8	1.0	Water pollution
		0.5	0.1	State buildings
		6.0	1.2	Property tax relief
Public utilities	2.5	2.5	100.0	Public Utilities commission
Cigarette	15.0	1.0	6.7	Water pollution
		6.5	43.3	State building
		0.4	2.7	Cancer control
		0.1	0.7	Tumor registry
Insurance	34.6	2.3	6.6	Firemen's retirement
Alcoholic beverage	12.8	1.8	14.1	Counties
		2.7	21.1	Cities
		1.2	9.4	Alcohol programs
		1.2	9.4	K-12 education
		0.3	2.3	Community colleges
		0.7	5.5	Welfare
Income				
Personal income	609.4	5.0	0.8	State building
Corporation	83.6	0.3	0.4	State building
Highway User				
Motor fuels	134.4			
Motor vehicle registration	37.5			
Operators license	2.1			
Gross weight	25.6			
Highway User Subtotal	199.6	116.9	58.8	State highways
		71.0	35.8	Local highways
		10.7	5.4	Law enforcement
Miscellaneous				
All other	12.1	0.7	5.8	Other
		0.1	0.8	Public schools
Total Tax Revenue:	\$1,451.0			
Total Dedicated Revenue:	\$302.3			
Proportion Earmarked to Total:	20.8%			

Illinois
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$4,707.0	\$1,018.8	21.6 %	K-12 education
		251.5	5.3	Build Illinois program
		17.1	0.4	Metropolitan Pier program
		139.7	3.0	Cities and counties
		191.6	4.1	Counties and mass transit
		16.8	0.4	Downstate public transportation
		9.8	0.2	Metro-East transportation
		74.5	1.6	Motor fuel tax fund
Public utilities	735.0	12.0	1.6	K-12 education
		4.8	0.7	Coal technology development
Cigarette	318.0	66.1	20.8	K-12 education
		4.8	1.5	McCormick place
Insurance	192.0	8.6	4.5	Fire prevention
Income				
Personal and corporate income	5,495.0	658.0	12.0	Cities and counties
		401.0	7.3	K-12; higher education
Highway User				
Motor fuel	1,088.0	623.3	57.3	State highways
		209.2	19.2	Cities
		149.2	13.7	Counties
		67.7	6.2	Townships and road districts
		18.0	1.7	Grade crossing construction
		18.0	1.7	Underground storage tank cleanup
		5.0	0.5	Boating safety
Vehicle use	43.0	5.0	11.6	Build Illinois program

Illinois (continued)
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Miscellaneous				
Inheritance	\$169.0	\$9.8	5.8 %	Counties
Horse racing privilege	29.0	14.7	50.7	Agriculture programs
		10.1	34.8	Metropolitan exposition, auditorium, office bldg.
		0.4	1.4	Fair and Expo
		2.5	8.6	Breeders
		1.6	5.5	Build Illinois program
Horse racing breakage	8.0	4.0	50.0	Race track improvement
Intertrack/OTB wagering	5.0	0.7	14.0	Racing promotion
		0.7	14.0	County fair premiums and rehab.
		2.6	52.0	Park districts
		0.7	14.0	Ag. premium for home econ. extension councils
Uncashed pari-mutuel tickets	3.0	3.1	103.3	Veterans rehab.
Riverboat gambling tickets	72.0	18.1	25.1	Cities and counties
		54.0	75.0	K-12 education
Hotel	123.0	46.3	37.6	Build Illinois program
		26.6	21.6	Sports facilities
		9.6	7.8	Metropolitan Pier program
		9.1	7.4	Tourism promotion
		6.9	5.6	Tourism tax
Charitable games	0.5	0.5	100.0	Gaming law enforcement
Pull tabs and jar games	5.0	2.6	50.0	Gaming law enforcement
		2.6	50.0	K-12 education
Bingo	7.0	3.4	48.6	Mental health
		3.4	48.6	K-12 education
Total Tax Revenue:	\$12,999.0			
Total Dedicated Revenue:	\$4,204.0			
Proportion Earmarked to Total:	32.3%			

**Indiana
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$2,388.0	\$965.9	40.4 %	Property tax relief
		18.3	0.8	Mass transit
		1.0	0.04	Railroads
Alcoholic beverage	33.2	13.8	41.6	Prison construction
		1.8	5.4	Enforcement and administration
		2.3	6.9	Pension-local police
		2.8	8.4	Addiction services
		8.3	25.0	Cities and towns
Tobacco	110.3	32.4	29.4	Pension—local police
		8.5	7.7	Natural resources
		17.0	15.4	Cities and towns
Fire insurance	1.5	1.5	100.0	State fire marshal
Income				
Corporate income: gross				
Income, adjusted gross				
Income, supplemental net				
Income				
	669.8	59.6	8.9	Property tax relief
Financial institutions	110.0	48.3	43.9	Local units
Highway User				
Fuel	600.0	351.5	58.6	Motor vehicle highway
		112.2	18.7	State highway
		53.0	8.8	Local road and street
		50.0	8.3	Special distribution
		26.7	4.5	Bonding
		6.5	1.1	Motor carrier regulation
Miscellaneous				
Hazardous waste	2.5	1.9	76.0	Hazardous response
		0.6	24.0	Counties
State property	4.7	1.6	34.0	State fair
		3.0	63.8	State forestry
Total Tax Revenue:	\$6,783.5			
Total Dedicated Revenue:	\$1,788.5			
Proportion Earmarked to Total:	26.4%			

Iowa
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Highway User				
Motor fuel	\$327.2	\$327.2	100.0 %	Highways
Motor vehicle	247.1	247.1	100.0	Highways
Registration/title				
Motor vehicle use ^a	151.9	124.0	80.0	Highways
		27.9	20.0	Cash reserve fund
Miscellaneous				
Real estate transfer	6.4	1.4	17.3	Counties
Franchise ^b	31.7	5.9	27.0	Cities
		3.9	18.0	Counties
Total Tax Revenue:	\$3,427.0			
Total Dedicated Revenue:	\$748.1			
Proportion Earmarked to Total:	21.8%			

Notes:

- a. Amounts earmarked do not match percentages due to the implementation period of the law. Future amounts will match percentages.
- b. Amount earmarked will not fall below 45.0%, but is capped at \$9.8 million.

**Kansas
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales and use	\$1,191.5	\$136.3	11.4 %	State highways
		114.3	9.6	K-12 education ^b
		39.3	3.3	Local government
		30.2	2.5	Cities and counties
Liquor and beer	57.7	12.2	21.2	City or county of origin
		1.5	2.6	Alcoholism treatment and prevention
Insurance premiums	82.2	1.4	1.7	Economic development
		6.2	7.5	Firefighters' relief, state fire association, fire marshal
Income				
Individual income	1,145.4	55.6	4.9	K-12 education ^b
		1.2	0.1	Worker training
Highway User				
Motor fuel	268.0	158.0	58.9	State highways
		107.5	40.1	City and county highways
		2.5	0.9	Gasohol subsidy
Motor vehicle registration	108.4	107.8	99.4	State highways
		0.6	0.6	Motor vehicle licensing and administration
Motor carrier property	9.8	9.8	100.0	City and county highways
Miscellaneous				
Pari-mutuel	7.8	5.2	67.1	Economic development
		0.6	7.5	State building funds
New tires	1.2	1.2	100.0	Waste tire management
Motor vehicle rental	1.4	1.4	100.0	All property tax-levying units
Severance	98.7	3.5	3.5	K-12 education in producing area
		3.5	3.5	Counties in producing area
Wheat	2.0	1.9	96.6	Wheat commission
Property	21.9	21.9	100.0	State building funds
Motor vehicle property	3.1	3.1	100.0	State building funds
Other	3.4	1.9	56.6	Various
Total Tax Revenue:	\$3,359.5			
Total Dedicated Revenue:	\$828.7			
Proportion Earmarked to Total:	24.7%			

Notes:

- a. Revenues do not include uniform school district general fund property tax levies mandated by state law.
b. Repealed since FY 1993.

Kentucky
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Cigarette	\$16.8	\$2.8	16.7 %	U. of K. Tobacco and Health Research Institute
Highway User				
Motor fuels	353.7	78.5	22.2	Construction, reconstruction, and maintenance of secondary and rural roads
		64.7	18.3	Construction, reconstruction and maintenance of county roads and bridges
		27.2	7.7	Construction, reconstruction and maintenance of urban roads and streets
		0.4	0.1	Kentucky Transportation Center at the Univ. of Kentucky
Miscellaneous				
Coal severance	180.4	5.4	3.0	Local government economic development fund
		21.6	12.0	Local government economic assistance fund
Minerals, natural gas, oil production	15.5	7.7	49.7	Local government economic assistance fund
Total Tax Revenue:	\$5,332.1			
Total Dedicated Revenue:	\$208.3			
Proportion Earmarked to Total:	3.9%			

Louisiana
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales, use and motor vehicles	\$1,716.5	\$5.0	0.3 %	Airports
		13.4	0.8	Economic development
		13.3	0.8	Statewide tourism
				Advertising/promotion
		53.4	3.1	Debt service (special)
		2.0	0.1	Local tourism development
Insurance	176.8	6.7	3.8	Local fire departments
		5.9	3.3	State fire marshal and training
		8.9	5.0	Local retirement systems
Highway User				
Motor fuel	472.0	40.0	8.5	Local highways
		10.0	2.1	Statewide flood control
		15.0	3.2	Ports
		407.0	86.2	State highways
Vehicle licenses	66.8	22.8	34.1	State police traffic enforcement
		8.4	12.6	Causeway/Mississippi River Bridge Authority
Miscellaneous				
Severance	437.5			
Royalty	267.5			
Other mineral revenue	26.3			
Subtotal Severance & Royalties	731.3	25.5	3.5	Parish governments
		26.4	3.6	Parish governments
		8.0	1.1	Justice Department
		25.0	3.4	Wetlands reclamation
Royalties from offshore properties	57.3	57.3	50.0	K-12 education
			50.0	Higher education
Hazardous waste	27.9	7.0	25.1	Department of Environmental Quality
Video poker	54.7	13.7	25.0	Local governments
		6.4	11.7	State police enforcement
Total Tax Revenue:	\$5,077.2			
Total Dedicated Revenue:	\$781.1			
Proportion Earmarked to Total:	15.4%			

**Maine
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$625.4	\$31.9	5.1 %	Cities and towns
Insurance	50.8	0.5	1.0	Fire investigation
Income				
Personal income	689.9	35.2	5.1	Cities and towns
Highway User				
Motor fuel tax	137.7	137.7	100.0	State and local highways
Motor vehicle fees and licenses	53.5	53.5	100.0	State and local highways
Total Tax Revenue:	\$1,762.2			
Total Dedicated Revenue:	\$205.3			
Proportion Earmarked to Total:	11.7%			

Maryland
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Income				
Corporate income ^a	\$204.9	\$76.2	37.2 %	Transportation trust fund
Highway User				
Titling (motor vehicle) ^a	310.4	310.4	100.0	Transportation trust fund
Gasoline and related ^a	564.8	541.9	95.9	Transportation trust fund
Miscellaneous				
State property	205.9	205.9	100.0	Annuity bond fund (G.O. debt service)
Property transfer	62.6	8.3	13.3	Open space/local govt./agriculture land preservation
Boat titling	8.7	8.4	96.6	Waterway improvement
Electrical energy surcharge	7.0	7.0	100.0	Environmental fund
Emergency telephone 911 charges	18.0	18.0	100.0	Local system development
Total Tax Revenue:	\$6,775.3			
Total Dedicated Revenue:	\$1,176.1			
Proportion Earmarked to Total:	17.4%			

Note:

a. Thirty percent of the earmarked amounts, \$278.6 million, is shared with local government.

**Massachusetts
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$2,124.2	\$849.7	40.0 %	Local aid fund
Room	59.3	20.8	35.0	Tourism fund
Cigarette	65.0	65.0	100.0	Health protection/health care access
Income				
Corporate income	737.4	295.0	40.0	Local aid fund
Personal income	5,374.9	2,150.0	40.0	Local aid fund
Highway User				
Gas	557.2	501.5	90.0	State and local highways, mass transit, administration
		0.1	0.015	Inland fish and game
		0.2	0.030	Environmental law enforcement
		0.1	0.015	Public access fund
		0.3	0.050	Harbors and inland waterways
		0.2	0.030	Marine fisheries
Total Tax Revenue:	\$9,929.8			
Total Dedicated Revenue:	\$3,882.6			
Proportion Earmarked to Total:	39.1%			

Michigan
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$2,905.7	\$1,743.4	60.0 %	School aid fund
		435.8	15.0	Local governments
		48.9	1.7	Public transportation
		9.0	0.3	Health
Cigarette	243.6	39.0	16.0	Health and safety fund
		19.5	8.0	School aid fund
Liquor	74.5	21.9	29.4	School aid fund
		21.9	29.4	Convention promotion
		8.0	10.7	Liquor purchase revolving fund
Income				
Personal income	3,790.0	370.3	9.8	Local governments
Single business	1,808.9	274.7	15.2	Local governments
Highway User				
Motor fuel	729.1	729.1	100.0	Transportation
Motor vehicle registration	462.4	462.4	100.0	Transportation
Miscellaneous				
Industrial facilities	52.0	52.0	100.0	School aid fund
Horse wagering	18.9	15.7	83.1	Cities w/ tracks, purses
Total Tax Revenue:	\$12,866.3			
Total Dedicated Revenue:	\$5,078.1			
Proportion Earmarked to Total:	39.5%			

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

Michigan
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$2,905.7	\$1,743.4	60.0 %	School aid fund
		435.8	15.0	Local governments
		48.9	1.7	Public transportation
		9.0	0.3	Health
Cigarette	243.6	39.0	16.0	Health and safety fund
		19.5	8.0	School aid fund
Liquor	74.5	21.9	29.4	School aid fund
		21.9	29.4	Convention promotion
		8.0	10.7	Liquor purchase revolving fund
Income				
Personal income	3,790.0	370.3	9.8	Local governments
Single business	1,808.9	274.7	15.2	Local governments
Highway User				
Motor fuel	729.1	729.1	100.0	Transportation
Motor vehicle registration	462.4	462.4	100.0	Transportation
Miscellaneous				
Industrial facilities	52.0	52.0	100.0	School aid fund
Horse wagering	18.9	15.7	83.1	Cities w/ tracks, purses
Total Tax Revenue:	\$12,866.3			
Total Dedicated Revenue:	\$5,078.1			
Proportion Earmarked to Total:	39.5%			

Minnesota
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales and use	\$2,378.5	\$731.8	30.8 %	Local government trust fund
Cigarette	175.8	18.3	10.4	Health care access fund
		7.3	4.2	Minnesota future resources fund
Pari-mutuel	0.9	0.3	33.6	Breeder's Fund
Highway User				
Highway fuels	467.8	5.8	1.2	Marine account
		2.9	0.6	Snowmobile account
		0.6	0.1	All-terrain vehicle account
		458.5	98.0	Highway user tax distribution fund
Miscellaneous				
Motor vehicle excise	296.0	91.1	30.8	Local government trust fund
Aviation fuel	2.8	2.8	98.5	State airports fund
Mortgage registry	48.0	1.4	3.0	County revenue fund
Deed transfer	32.7	1.0	3.0	County revenue fund
Hazardous waste generator	0.4	0.4	100.0	Environmental response, compensation and compliance account
Mining occupation	3.0	1.2	40.2	Elementary and secondary schools
		0.3	10.0	University of Minnesota
Health care	11.9	11.9	100.0	Health care access fund
Total Tax Revenue:	\$8,353.1			
Total Dedicated Revenue:	\$1,335.7			
Proportion Earmarked to Total:	16.0%			

**Mississippi
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$1,259.8	\$189.1	15.0 %	Municipalities
		20.0	1.6	Public school building fund
		2.9	0.2	State four-lane construction project
		28.5	2.3	Local school districts
		36.5	2.9	Higher education enhancement fund
		77.5	6.2	K-12 education enhancement fund
Insurance premium	91.8	5.4	5.9	Municipal fire protection
		5.4	5.9	County fire protection
		1.7	1.9	State fire academy
Alcoholic beverage	38.1	3.1	8.1	Dept. of Mental Health
		1.0	2.6	Municipalities
Highway User				
Petroleum	319.0	220.4	69.1	Highway dept. and highway bonds
		45.0	14.1	State aid road fund for counties
		36.8	11.5	Counties on Gulf Coast
Auto privilege	73.8	46.0	62.3	Highway Department
		13.4	18.2	Counties
		4.5	6.1	Public Service Commission
Miscellaneous				
Oil severance	23.7	5.7	24.1	Counties
Gas severance	13.4	4.4	32.8	Counties
Nuclear plant in lieu	20.0	18.8	94.0	Cities and counties served by the nuclear plant
Miscellaneous	25.2	24.3	96.4	Miscellaneous
Total Tax Revenue:	\$3,048.4			
Total Dedicated Revenue:	\$790.4			
Proportion Earmarked to Total:	25.9%			

Missouri
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales, use, and motor vehicles	\$2,007.1	\$58.9	2.9 %	Conservation Commission fund
		440.6	22.0	Public schools
		75.3	3.8	Motor fuel tax fund
		34.7	1.7	Highways
		23.5	1.2	State parks fund
		23.5	1.2	Soil and water conservation fund
Cigarette	79.1	54.7	69.2	State school money fund
		24.4	30.8	Fair share fund (K-12 education)
County foreign insurance	\$126.4	63.2	50.0	K-12 education
Income				
Financial institution	26.5	26.0	98.0	Home political subdivisions
Individual income	2,321.0	1.8	0.1	Missouri community college job training program fund
Highway User				
Motor fuel	351.0	351.0	100.0	Motor fuel tax fund
Special fuel	107.3	107.3	100.0	Motor fuel tax fund
Motor vehicle registration	153.9	153.9	100.0	State highway department fund
Miscellaneous				
Aviation	0.5	0.5	100.0	Aviation trust fund
Property	13.3	13.3	100.0	Blind pension fund
Total Tax Revenue:	\$5,481.4			
Total Dedicated Revenue:	\$1,452.6			
Proportion Earmarked to Total:	26.5%			

Montana
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Public utilities	\$11.8	\$0.7	5.9 %	Consumer counsel
		0.5	4.2	Public service regulation
Tobacco products	14.0	14.0	100.0	Building fund
Insurance	29.6	8.0	27.0	City police, firemen retirement
Alcoholic beverages	15.4	3.7	24.0	Alcohol treatment/rehab
		2.6	16.9	Local government
Accommodations	8.0	7.6	95.0	Tourism promotion
Video gaming	28.7	18.0	62.7	Local government
Income				
Individual income	357.0	101.5	28.4	K-12 education
		31.0	8.7	Building fund
Corporation income	85.1	18.7	22.0	K-12 education
		8.2	9.6	Local government
		6.9	8.1	Building fund
Highway User				
Motor fuel	115.9	70.2	60.6	State highways
		14.0	12.1	Local highways
		0.1	0.1	Highway safety
		21.4	18.5	Debt service/long-range building
		12.6	10.9	Highway patrol
Motor vehicle registration	42.2	28.6	67.8	State highways/highway safety
		2.2	5.2	Other (junk veh./nox. weed)
Operator license	3.0	0.5	20.0	Highway safety
		0.7	23.3	Highway patrol retirement
Miscellaneous				
Vehicle weed tax	1.8	1.3	72.2	Noxious weed control
Severance	99.4	22.5	22.6	Trust fund—economic develop.
		4.0	4.0	K-12 education
		35.5	35.7	Local government
		0.3	0.3	Debt service
		0.4	0.4	State parks
		2.2	2.2	Other
Property	231.8	207.7	89.6	K-12 education
		14.0	6.0	Higher education/vo-tech
		0.9	0.4	Vocational education
		9.2	4.0	Welfare/Medicaid
Agriculture	4.9	4.9	100.0	Agriculture
Other	2.4	1.6	66.7	Fire protection
Total Tax Revenue:	\$1,051.0			
Total Dedicated Revenue:	\$676.3			
Proportion Earmarked to Total:	64.3%			

**Nebraska
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Tobacco ^a	\$38.6	\$19.5	50.5 %	Municipal infrastructure, cancer research, state parks, univ. and college construction, general capital construction
Insurance	38.6	23.2	60.0	K-12 education, counties and cities
Lodging	1.5	1.5	100.0	Tourism promotion
Train/mile	2.3	2.3	100.0	RR crossing improvement
Highway User				
Motor fuel ^b	214.7	155.3	70.9	State highways
		29.7	14.5	County highways
		29.7	14.5	City highways
Motor vehicle registration	43.4	23.2	53.5	State highways
		10.1	23.3	County roads
		10.1	23.3	City roads
Motor vehicle sales	71.8	38.3	53.3	State highways
		16.7	23.3	County roads
		16.7	23.3	City roads
Miscellaneous				
Agriculture	5.0	5.0	100.0	Commodity promotion
Litter	0.8	0.8	100.0	Litter reduction/recycling
Aviation fuel	1.2	1.2	100.0	Agency operations and aid to local airports
Severance	2.3	2.1	89.6	Permanent school fund
		0.3	11.1	State energy office
		0.0	1.0	Severance administrative fund
Petroleum wholesalers	5.6	5.6	100.0	Underground storage tanks
New tires and landfill tipping	2.8	2.8	100.0	Waste reduction/recycling
Total Tax Revenue:	\$1,862.4			
Total Dedicated Revenue:	\$394.0			
Proportion Earmarked to Total:	21.2%			

Notes:

- No collections from tax imposed on tobacco products other than cigarettes were dedicated.
- The tax rate per gallon averaged 23.7 cents/gallon. This rate has three components—the base rate of 10.5 cents is split 53.3% state highways, 23.3% cities, 23.3% counties; the variable rate portion, averaging 11.2 cents per gallon, goes exclusively to State Department of Roads; and the remaining 2 cents per gallon goes one-half to cities, one-half to counties (city/county road fund).

Nevada
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$942.9	\$316.5	33.6 %	Local school districts
		27.9	3.0	State distributive school account
		220.7	23.4	Counties
		132.0	14.0	Cities
		59.1	6.3	Special districts
Cigarette	46.3	11.2	24.2	Cities
		1.5	3.2	Counties
		0.4	0.9	Administration
Liquor	14.6	1.8	12.3	Cities
		0.2	1.4	Counties
		0.6	4.1	Alcohol/drug abuse programs
Lodging	13.5	5.1	37.8	State tourism promotion
		8.4	62.2	Local tourism promotion
Annual slot	40.1	8.0	20.0	Special higher education capital construction fund
Annual fee on games (Gaming)	2.4	2.3	95.8	Counties
Highway User				
Gasoline	198.9	110.7	55.7	State highway fund
		76.0	38.2	County, city, town roads
		7.5	3.8	Petroleum cleanup
		4.7	2.4	Miscellaneous
Special fuel	35.6	35.6	100.0	State highway fund
Motor vehicle registration	55.8	49.3	88.4	State highway fund
		6.5	11.6	Highway patrol
Motor carrier	56.6	54.3	95.9	State highway fund
		2.3	4.1	Highway patrol
Miscellaneous				
Property	34.0	34.0	100.0	State bond interest & redemption
Net proceeds of minerals	34.7	15.9	45.8	Counties and other local governments
Estate	18.2	8.6	47.3	K-12 education
		8.6	47.3	University system
		1.0	5.5	Administration and reserves
Controlled substances	0.1	0.1	100.0	Local law enforcement
Jet fuel	7.1	7.1	100.0	Counties
Total Tax Revenue:	\$2,138.8			
Total Dedicated Revenue:	\$1,217.9			
Proportion Earmarked to Total:	56.9%			

New Hampshire
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Highway User				
Gasoline, road toll, other users of fuel, and motor vehicle fees	\$151.6	\$18.9 132.7	12.5 % 87.5	Local government State highway fund
Total Tax Revenue:	\$1,066.1			
Total Dedicated Revenue:	\$151.6			
Proportion Earmarked to Total:	14.2%			

**New Jersey
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Casino gross receipts	\$260.0	\$260.0	100.0 %	Senior and disabled citizens services and tax or utility reductions
Pari-mutuel	14.0	6.0	42.9	Horse breeding and racing industry
Alcoholic beverage excise	88.0	11.0	12.5	Alcohol education, rehabilitation and enforcement
Public utility	1,496.0	792.0	52.9	Municipal tax replacement
Insurance premiums	252.0	3.0	1.2	Counties
		24.0	9.5	Municipalities
		5.0	2.0	Firemen's home and association
Income				
Gross income	4,350	3,568.0	82.0	K-12 schools
		325.0	7.5	Homeowner and tenant rebates
		434.0	10.0	Municipal aid
Highway User				
Motor vehicle fees	486.0	140.0	28.8	Automobile insurance guaranty Fund (state-run insurance pool)
Motor fuels ^a	412.0	155.0	37.6	Transportation purposes
Miscellaneous				
Casino licensing fees	56.0	56.0	100.0	Casino regulation
Realty transfer	51.0	14.0	27.5	Municipalities for neighborhood Preservation and affordable housing grants
Environmental	55.0	55.0	100.0	Various environmental funds (e.g., litter control, landfill closure, recycling and hazardous waste cleanup)
Employer payroll	5.0	5.0	100.0	Relief fund for children with catastrophic illnesses
Hospital assessments	32.0	32.0	100.0	Various health care institutions
Total Tax Revenue:	\$15,203.0			
Total Dedicated Revenue:	\$5,885.0			
Proportion Earmarked to Total:	38.7%			

Note:

- a. Motor fuel tax receipts are deposited in General Fund and then appropriated for transportation purposes—an "on budget" earmarking.

**New Mexico
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Gross receipts	\$1,289.3	\$463.3	39.1 %	Counties and municipalities
		0.6	0.05	Aviation board
Compensating	29.8	3.0	10.0	Small cities assistance fund
		3.0	10.0	Small counties assistance fund
Miscellaneous	17.0	1.7	9.8	State road fund
		1.0	5.9	Local government road fund
Liquor excise	17.6	9.1	52.0	Community alcoholism and detoxification fund
Cigarette	15.7	3.1	19.8	Dedicated health research fund
		1.0	6.6	County and municipal recreation fund
		2.1	13.2	County and municipal cigarette fund
Insurance premium	30.0	11.0	36.6	Local fire districts
		1.0	3.3	State fire academy
		1.0	3.3	State fire marshal
		.5	1.6	Volunteer fire pensions
Income				
Personal income	526.9	3.2	0.6	Retiree health care fund
Highway User				
Gasoline	146.8	100.9	68.7	State road fund
		14.9	10.1	Counties and municipalities
		8.3	5.6	County government road fund
		8.3	5.6	Municipal road fund
		2.1	1.4	Municipal arterial fund
		0.4	0.2	Aviation board
		0.2	0.1	Motor boat fuel tax fund
		11.7	8.0	Corrective action fund
Special fuels	53.6	53.6	100.0	State road fund
Trip (mileage)	5.4	5.4	100.0	State road fund
Use (weight/distance)	34.3	33.5	97.5	State road fund
Motor vehicle excise	59.0	14.8	25.0	Local government road fund
Motor vehicle registration	54.0	33.9	62.8	State road fund
		10.2	18.9	County road fund
		6.8	12.6	Counties and municipalities
		0.1	0.1	Motorcycle training fund
Vehicle transaction	1.7	0.9	50.0	State road fund
		0.9	50.0	County road fund

New Mexico (continued)
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Miscellaneous				
Enhanced 911 assessment	\$1.9	\$1.9	100.0 %	Local gov't. E-911 fund
Oil and gas state royalty	114.5	114.9	100.4	State permanent fund
Oil and gas severance	121.1	121.1	100.0	Severance tax bonding fund
Severance	30.2	30.2	100.0	Severance tax bonding fund
Ad valorem production (oil, gas, copper)	42.5	39.7	93.4	County treasurers
		2.8	6.7	General obligation bond fund
Boat registration	0.5	0.5	99.8	State park and recreation fund
Boat excise	0.7	0.4	49.9	State park and recreation division
Total Tax Revenue:	\$2,834.2			
Total Dedicated Revenue:	\$1,122.7			
Proportion Earmarked to Total:	39.6%			

New York
Fiscal Year 1993

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales and use tax	\$6,232.0	\$1,504.0	24.1 %	Local government assistance corporation
		242.0	3.9	Mass transportation operating assistance fund
Petroleum business	1,156.0	100.0	8.7	Mass transportation operating assistance fund
Corporation and utilities	1,748.0	66.0	4.1	Mass transportation operating assistance fund
Insurance tax surcharge	620.0	55.0 ^a	8.9	Mass transportation operating assistance fund
Corporation and utilities tax surcharge	1,748.0	138.0 ^a	7.9	Mass transportation operating assistance fund
Income				
Corporation franchise tax surcharge	1,881.0	195.0 ^a	10.4	Mass transportation operating assistance fund
Bank tax surcharge	755.0	85.0 ^a	11.3	Mass transportation operating assistance fund
Highway User				
Motor fuel excise	516.0	103.0	20.0	Emergency highway reconditioning and preservation fund and emergency highway construction and reconstruction fund
Total Tax Revenue:	\$29,815.5			
Total Dedicated Revenue:	\$2,488.0			
Proportion Earmarked to Total:	8.3%			

Note:

a. Dedicated amounts are equal to a 17% surcharge on the total tax collected in 12 metropolitan counties.

**North Carolina
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$2,065.3	\$3.7	0.2 %	Wildlife resources fund
Public utilities	278.9	121.6	43.6	Cities-state tax sharing
Beer and wine	78.4	21.0	26.8	Local-state tax sharing
Liquor	77.7	2.1	2.7	County, rehabilitation contribution
		3.4	4.4	County, law enforcement
		2.9	3.7	County, alcohol education
		27.1	34.9	County/city districts
Income				
Income corporations	710.6	42.3	12.5	County school facilities capital
		238.5	33.6	Reimbursement for state tax— mandates
Highway User				
Highway user motor fuel	863.1	650.6	75.0	Transportation dept. operating fund
		212.4	25.0	Highway construction fund
Motor vehicle registration	251.2	189.1	75.0	Transportation dept. operating fund
		62.1	25.0	Highway construction fund
Miscellaneous				
Property—Intangibles	122.3	94.3	77.1	Local-state tax sharing
Total Tax Revenue:	\$9,013.0			
Total Dedicated Revenue:	\$1,671.1			
Proportion Earmarked to Total:	18.5%			

**North Dakota
Fiscal Year 1993**

State Tax	Total Collections (millions)	Amount Earmarked (millions)	Percent Earmarked	Recipient
Sales or Gross Receipts				
Sales	\$288.4	\$5.2	1.8 %	Capital construction fund
		10.5	1.7	Cities
		1.8	0.3	Park districts
		0.5	0.1	Townships
		16.6	2.6	Counties
Cigarette and tobacco	16.7	1.6	9.6	Cities
Insurance premium	19.4	2.6	13.4	Local fire departments
Gaming	3.8	0.1	2.6	Attorney general
Highway User				
Motor vehicle fuel and Special fuels	79.0	46.8	59.2	State highways
		17.1	21.6	County roads
		10.4	13.2	City streets
		4.7	5.9	Township roads
Miscellaneous				
Oil and gas gross production	29.8	11.8	39.6	Counties
		1.9	6.4	Oil and gas impact grant fund
Oil extraction	26.7	2.6	9.7	Resources trust fund
Coal severance	24.4	3.6	14.8	Coal development trust fund
		0.6	2.5	Lignite research fund
		8.3	34.0	Counties
Coal severance	12.7	2.9	22.8	Counties
One-mill statewide property levy	1.0	1.0	100.0	University Medical Center
Aviation fuel	0.5	0.5	100.0	Aeronautics Commission
Total Tax Revenue:	\$688.4			
Total Dedicated Revenue:	\$151.1			
Proportion Earmarked to Total:	21.9%			