

with a strong interest in, say, education may press for earmarking to assure the continuity of the program without need for repeated pressure.

*3. Earmarking can contribute stability to the state's financial system.*

A related argument holds that since earmarking provides a floor to expenditures of a given nature, it may also reduce fluctuations in spending and hence impart a degree of stability to the state's financial structure.

*4. Earmarking assures continuity for specific projects.*

Earmarking provides assurance of the continuity of funds for specific projects. The confidence thus generated tends to make potential buyers of state bonds willing to accept lower rates of interest than they would demand in the absence of such assurances. The certainty of future funds also facilitates long-range planning, which is particularly helpful when a major part of the proposed spending is on construction. It is held that under these circumstances construction industries are more inclined to invest in specialized machinery and equipment needed for massive construction projects.

*5. Earmarking can induce the public to support new or increased taxes.*

Earmarking has been utilized frequently as sugar-coating which helps to overcome resistance to the introduction of a new and unpopular tax, or raising the rates on an existing tax. Some voters who might oppose the tax change can be swayed, it is felt, by associating the tax with a popular public service.

### *Recommendations of Selected State Tax Groups*

The consensus of writers who have discussed earmarking is that the practice is, on balance, undesirable.<sup>2</sup> Some major studies are silent on the subject, however, presumably accepting continuation of the practice. For instance, recent reports on taxation in Michigan (which in 1963 earmarked 57 percent of total tax collections) and in Minnesota (which earmarked 74 percent) devoted approximately 600 pages each to various problems without addressing the issue of earmarking.

<sup>2</sup> The literature on earmarking is surprisingly sparse. A careful check of standard references, as well as specialized taxation references, revealed only a few citations over the past decade.

When explicit recommendations for action have been made, they have been in the direction of abolition of earmarking. Some recommendations have been relatively mild, holding that it would be desirable to reduce the number of earmarked funds. Other study groups have taken a firmer stand, advocating the complete elimination of earmarking in their states.<sup>3</sup>

Figures given earlier show some decline in the relative importance of earmarking, but do not necessarily establish a predictable trend. What direction the states will decide to take in the next decade remains to be seen.

### *Tests of Earmarking Theories*

Although the arguments pro and con today differ little from those of 30 years ago, some recent work has undertaken to examine the relationship of earmarking to expenditures as "scientifically" as possible. One study, by Professors Case M. Sprenkle and William Habacivch, uses a statistical test of empirical data; the other, by Professor James M. Buchanan, takes the theoretical approach of a mathematical model.<sup>4</sup>

Professors Sprenkle and Habacivch tested the validity of the argument that earmarking reduces fluctuations in spending, and concluded that in the case of highways the argument is not substantiated. Professor Buchanan attempted to demonstrate that earmarking theoretically can lead to more efficient disposition of tax collections than does general-fund financing. He constructed a model which shows that, under certain conditions, general-fund financing results in the provision of relative proportions of various public goods differing from the proportions the public actually prefers, and the total public outlay on a particular function can be larger under general-fund financing than under earmarking.

Several tests of statistical significance were applied to the data gathered for this study, but none of the results provided conclusive evidence on which to judge the soundness of the opposing viewpoints about earmarking.

<sup>3</sup>Nebraska Legislative Council Committee Report No. 92, November, 1958, p. 10; *Legislative Control over State Expenditures*, Public Affairs Research Council of Louisiana, Inc., 1960, p. 5; Case M. Sprenkle and William Habacivch, "Earmarking" in *Report of the Commission on Revenue of the State of Illinois*, Springfield, 1963, pp. 822-824.

<sup>4</sup>Sprenkle and Habacivch, *op. cit.*, pp. 822-824; James M. Buchanan, "The Economics of Earmarked Taxes," *Journal of Political Economy*, Vol. 71, No. 5 (October 1963), pp. 457-469.

## Appendix Tables

### Explanatory Note

Appendix tables are based primarily on U.S. Bureau of Census material and state budget and other financial reports, as well as data supplied by state budget directors, comptrollers, other state officials, and state taxpayer organizations.

#### *Collections Figures*

Tax collection figures are taken from Bureau of the Census publications which, though based on official reports of the states, are not identical with these reports, since the Bureau of the Census adjusts individual state figures and classifications in ways designed to make the statistics consistent from state to state.

Two factors account primarily for the difference between figures as published by individual states and by the Census Bureau. One is a problem of identification and the other, of timing. The nature, rather than the name, of a tax determines its Census classification. Thus an "alcoholic beverages tax" in one state may fit the Census definition of a gross receipts tax; in another, a property tax; in a third, a flat rate license tax, and so on. The timing problem arises because individual states record financial data at different stages of completion, depending on the purposes for which the material is collected. States may keep accounts in terms of amounts assessed, collected, or deposited during a particular period. The Census Bureau attempts to report taxes as collected, making adjustments when state reports are on any other basis.

The broad tax classifications used in the appendix tables sometimes obscure detail on individual taxes. For instance, the category "motor vehicle license" includes licenses for passenger cars, common carriers, titles, transfers, inspection stickers, highway use, dealers, etc.

### *Earmarking Percentages*

The percentages earmarked in some cases are statutory, but also often are "derived" — that is to say, the law does not specify a percentage, but a definite dollar amount. In such a case, the percentage varies according to the size of total collections and probably will differ from year to year.

Relatively broad classifications of functions are used. Thus a disposition of collections to "highways" can include local roads, bridges, state police, driver education, administrative expenses, and other related purposes.

**Appendix Table 1**

**ALABAMA**

**Fiscal Year 1963**

State tax	Collection (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$105,489		91%, education; 1% welfare; 8%, local general purposes and other purposes
Tobacco	19,201		85%, education; 15%, welfare
Alcoholic beverages	20,859	29%	52%, welfare; 19%, local general purposes
Insurance company	9,409	100%	
Public utility	3,838	20%	80%, education
Lodgings excise	772		100%, education
Lubricating oil	490	100%	
<b>Income</b>			
Individual <sup>a</sup>	41,382		88%, education; 1%, welfare; 1%, local general purposes; 10%, property tax relief
Corporation	(b)		(b)
<b>Highway-user</b>			
Motor fuel	79,393		100%, highways
Motor vehicle license	4,668		100%, highways
Operator licenses	1,566	100%	
<b>Other</b>			
Property	16,118	38%	47%, education; 15%, pensions
Severance	1,862	64%	21%, conservation; 3%, education; 12%, local general purposes
Corporation license	12,155	73%	19%, welfare; 8%, local general purposes
Death and gift	992	100%	
Poll tax	290		100%, education
Documentary and stock transfer	1,485	100%	
Chain stores	125		100%, education
Privilege license	1,638	100%	
Hunting and fishing licenses	1,583		100%, conservation
Miscellaneous	4,084		
<b>Total</b>	<b>\$327,399</b>	<b>13%</b>	<b>87%</b>

a. Includes corporation income tax and financial institutions excise tax.  
b. Included in individual income.

Source: See explanatory note, p. 29.

**Appendix Table 2**

**ALASKA**

**Fiscal Year 1963**

State tax	Collection (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
Tobacco	\$ 2,081	38%	62%, education
Alcoholic beverages	2,751	100%	
Insurance utility	1,135	100%	
Public utility	154	100% <sup>a</sup>	(a)
<b>Income</b>			
Individual	13,006	100%	
Corporation	2,207	100%	
<b>Highway-user</b>			
Motor fuel	6,086	100% <sup>b</sup>	(b)
Motor vehicle license	2,793	100%	
Operator license	184	100%	
<b>Other</b>			
Corporation license	86	100%	
Death and gift	58	100%	
Alcoholic beverage			
Amusements	105	100% <sup>c</sup>	(c)
Alcoholic beverage license	384	100% <sup>d</sup>	(d)
Business license <sup>e</sup>	2,336	100% <sup>f</sup>	(f)
Severance	3,135	98%	2%, conservation
Poll tax	733	100%	
Hunting and fishing license	1,561	44%	46%, conservation; 10%, sick and disabled fisherman
<b>Miscellaneous</b>	<b>336</b>		
<b>Total</b>	<b>\$ 39,131</b>	<b>94%</b>	<b>6%<sup>g</sup></b>

- a. After deposit in general fund, proceeds less collection costs are refunded to local taxing authority by appropriation of legislature in proportion that such revenue was derived within boundaries of taxing areas.
- b. 60% of aviation fuel tax collected at a municipal airport is refunded to that municipality by appropriation of the legislature.
- c. After deposit in general fund, 50% of proceeds less collection costs is refunded to the municipality where collected by appropriation of legislature.
- d. After deposit in general fund, all proceeds except those from certain wholesale licenses are returned to local areas by appropriation of the legislature.
- e. Nominal rate only.
- f. After deposit in general fund, 60% of proceeds are refunded to district by appropriation of the legislature.
- g. Percentages based on actual disposition rather than amounts deposited in general fund prior to legislative appropriation.

Source: See explanatory note, p. 29.

**Appendix Table 3**

**ARIZONA**

**Fiscal Year 1963**

State tax	Collection (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General <sup>a</sup>	\$ 82,203	27%	39% local general purposes; 34% education
Tobacco	4,102	100%	
Alcoholic beverages	4,981 <sup>b</sup>	100%	
Insurance company	3,989	100% <sup>c</sup>	(c)
Public utility	3,902		100%, highways <sup>d</sup>
Pari-mutuel	2,926	80%	12%, fairs; 3%, agriculture fund
<b>Income</b>			
Individual	13,540	100%	
Corporation	7,000	100%	
<b>Highway-user</b>			
Motor fuel	29,595		70%, highways; 30%, local general purposes
Motor vehicle license	11,018	20%	45%, local general purposes; 20%, education; 15%, highways
Operator license	835		100%, highways
<b>Other</b>			
Property	37,617	100%	
Corporation license	663	100%	
Death and gift <sup>e</sup>	1,266	100%	
Alcoholic beverage license	533	100%	
Hunting and fishing licenses	1,627		100%, conservation
Miscellaneous	1,778		
<b>Total</b>	<b>\$207,575</b>	<b>49%</b>	<b>51%</b>

a. Includes educational excise tax.

b. Does not include portion retained by counties for Arizona children's colony.

c. Portions of tax on auto insurance premiums assigned to highway patrol retirement  
fund (exact figures unavailable); 100% of fire insurance premiums assigned to fire-  
men's retirement fund.

d. Principally motor carrier gross receipts tax, earmarked for highways.

e. Estate tax only.

Source: See explanatory note, p. 29.

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### Appendix Table 4

### ARKANSAS

### Fiscal Year 1963

State tax	Collection (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$ 66,722	100%	
Tobacco	10,698	100%	
Alcoholic beverages	6,633	100%	
Insurance company	4,746	83%	8%, firemens' pensions; 4%, workmens' compen- sation; 5%, adminis- trative local aid.
Pari-mutuel	2,263	77%	23%, higher education
<b>Income</b>			
Individual	14,046	100%	
Corporation	10,619	100%	
<b>Highway-user</b>			
Motor fuel	44,522		100%, highways
Motor vehicle license	15,833		100%, highways
Operator license	1,685		100%, highways
<b>Other</b>			
Property	395		100%, local general purposes
Severance	4,535	63%	17%, conservation; 20% local general purposes
Corporation license	1,075	100%	
Death and gift	372	100%	
Alcoholic beverage license	380	100%	
Hunting and fishing licenses	2,220		100%, conservation
Miscellaneous	2,914		
<b>Total</b>	<b>\$189,658<sup>a</sup></b>	<b>64%</b>	<b>36%</b>

a. A 3% deduction is made from all taxes collected by the Revenue Department for administrative expenses; 1½% is deducted from revenues collected by the Insurance Department, Game and Fish Commission and other agencies which collect their own revenue.

Source: See explanatory note, p. 29.

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**Appendix Table 5**

**CALIFORNIA**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$ 813,310	100%	
Alcoholic beverages	58,808	100%	
Tobacco	70,584	100%	
Insurance company	78,275	100%	
Public utility	13,972	35% <sup>a</sup>	65%, highways <sup>a</sup>
Pari-mutuel	41,450	77%	21%, conservation; 2%, local fairs <sup>b</sup>
<b>Income</b>			
Individual	321,921	100%	
Corporation	311,275	100%	
<b>Highway-user</b>			
Motor fuel	386,671		99%, highways; 1%, miscellaneous <sup>c</sup>
Motor vehicle license	144,515		100%, highways <sup>d</sup>
Operator license	9,205		100%, highways <sup>d</sup>
<b>Other</b>			
Property <sup>e</sup>	147,874	2%	95%, local general purposes; 3%, administration
Severance	1,194		100%, conservation
Corporation license	1,249	100%	
Death and gift	92,248	100%	
Hunting and fishing licenses	10,575		100%, conservation
Alcoholic beverage license	14,181	32%	68%, local general purposes
<b>Miscellaneous</b>	<b>41,976</b>		
<b>Total</b>	<b>\$2,559,283</b>	<b>72%</b>	<b>28%</b>

a. Disposition reflects a non-recurring transfer payment of loan to the general fund. Usual disposition is 100% highways and administrative expenses. Tax applies to transportation companies other than air and rail.

b. After transfer of funds from fair and exposition fund to general fund. Law provides that revenues in excess of amounts appropriated shall be transferred to the general fund at end of each calendar month.

c. Consists of allocations from "feeder" funds to airport assistance fund and small craft harbor revolving fund.

d. 50% is earmarked for State Department of Motor Vehicles and California Highway Patrol, 40% for state roads, and 10% for local roads.

e. Includes collections of \$1.8 million from private railway car tax deposited in general fund and rest from (in lieu of property tax) motor vehicle license tax allotted mainly to local general assistance.

Source: See explanatory note, p. 29.

**Appendix Table 6**

**COLORADO**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$ 57,926	40%	60%, welfare <sup>a</sup>
Alcoholic beverages	7,275	40%	60%, welfare
Insurance company	7,267	81%	19%, local police and firemens' pension
Pari-mutuel	2,724	90%	10%, retained by racing associations <sup>b</sup>
<b>Income</b>			
Individual	46,450	100%	
Corporation	21,036	100%	
<b>Highway-user</b>			
Motor fuel	41,931		100%, highways <sup>c</sup>
Motor vehicle license	19,218		100%, highways <sup>c</sup>
Operator license	609		100%, highways <sup>c</sup>
<b>Other</b>			
Property	6,855		100%, state building con- struction, education, casual revenue defi- ciencies
Severance	1,804		100%, conservation
Corporation license	757	100%	
Alcoholic beverage license	705	15%	85%, old age pension fund
Hunting and fishing licenses	5,437		100%, conservation
Miscellaneous	3,810	95%	5%, capital construction
<b>Total</b>	<b>\$231,934</b>	<b>49%</b>	<b>51%</b>

a. The constitution provides that 85% of receipts be earmarked for deposit in the old age pension fund. When adequate monies are available to fund Old Age Pension and Medicare program, remainder spills over into general fund.

b. Provision subsequently repealed.

c. Funds provided for local assistance to cities and towns on the basis of 5% of net high-way-users tax from July 1, 1962 to December 31, 1962 and 9% from January 1, 1963 to June 30, 1963. Counties received 30% of net, July 1962 - Dec. 1962; 26%, Jan. 1963 to June 1963.

Source: See explanatory note p. 29.

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**Appendix Table 7**

**CONNECTICUT**

**Fiscal Year 1963**

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State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$101,861	100% <sup>a</sup>	
Tobacco	19,426	100%	
Alcoholic beverages	14,789	100%	
Insurance company	17,592	100%	
Public utility	21,178	100%	
<b>Income</b>			
Corporation	47,064	100%	
<b>Highway-user</b>			
Motor fuel	52,165	100%, highways	
Motor vehicle license	20,247	100%, highways	
Operator license	4,483	100%, highways	
<b>Other</b>			
Property	10	100%	
Corporation license	1,261	100%	
Death and gift	25,984	100%	
Gross income of unincorporated business	3,334	100%	
Miscellaneous <sup>b</sup>	7,147		
<b>Total</b>	<b>\$336,541</b>	<b>77%</b>	<b>23%</b>

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a. Subject to following broad statutory constraint: "All proceeds...shall be allocated to and expended for public health, welfare and education purposes only."

b. Various provisions for earmarking of minor taxes (such as the hotel occupancy tax) exist.

Source: See explanatory note, p. 29.

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**Appendix Table 8**

**DELAWARE**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
Tobacco	\$ 3,772	100%	
Alcoholic beverages	1,945	100%	
Insurance company	2,147	100%	
Public utility	35	100%	
Pari-mutuel	4,447	100%	
<b>Income</b>			
Individual	36,641	91%	9%, capital investment fund <sup>a</sup>
Corporation	8,890	100%	
<b>Highway-user</b>			
Motor fuel	11,911	100%	
Motor vehicle license	4,947	100%	
Operator license	404	100%	
<b>Other</b>			
Property	215	100%	
Corporation license	13,977	100%	
Death and gift	5,482	100%	
Public utility license	386	100%	
Alcoholic beverage license	288	100%	
Hunting and fishing licenses	103		100%, conservation
Miscellaneous	2,134		
<b>Total</b>	<b>\$ 97,724</b>	<b>97%</b>	<b>3%</b>

a. Revenue received from income taxation of a distribution of divested stock. Normally 100% of tax goes to general fund.

Source: See explanatory note, p. 29.

**Appendix Table 9**

**FLORIDA**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$191,339	87%	13%, education
Tobacco	10,697	100%	
Alcoholic beverages	51,697	99%	1%, welfare <sup>a</sup>
Insurance	13,838	90%	10%, workmen's com- pensation program
Public utility	10,140	100% <sup>b</sup>	
Pari-mutuel	27,681	48%	48%, local general purposes; 4%, racing commission and program
<b>Highway-user</b>			
Motor fuel	139,356	2%	95%, highways; 3%, local general purposes
Motor vehicle license	61,020	68%	32%, education
Operator license	5,880	93%	7%, highways
<b>Other</b>			
Property	22,265 <sup>c</sup>	48%	52%, employees' retirement
Corporation license	2,713	100%	
Death and gift	5,802	100%	
General inspection fees	7,262	3% <sup>d</sup>	97%, industry regulation
Documents & stock transfer	13,161 <sup>e</sup>	100%	
Alcoholic beverage license	1,890	100%	
Hunting and fishing licenses	2,206	3%	97%, conservation
Citrus advertising	9,791		100%, citrus commission
Miscellaneous	15,448		
<b>Total</b>	<b>\$592,180</b>	<b>61%</b>	<b>39%</b>

a. Alcoholic rehabilitation program

b. Subsequently earmarked for bond issues for capital outlay on universities.

c. Includes Class C tax on intangibles.

d. Subsequently increased to 4%.

e. Excludes Class C tax on intangibles.

Source: See explanatory note, p. 29.

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### Appendix Table 10

## GEORGIA

### Fiscal Year 1963

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$171,965	100%	
Tobacco	22,251	100%	
Alcoholic	22,875	100%	
Insurance	12,670	100%	
<b>Income</b>			
Individual	49,368	100%	
Corporation	35,953	100%	
<b>Highway-user</b>			
Motor fuel	94,296	(a)	100% <sup>a</sup>
Motor vehicle license	19,458	100%	
Operator license	1,298	100%	
<b>Other</b>			
Property	1,535	100%	
Corporation license	2,326	100%	
Death and gift	2,226	100%	
Hunting and fishing licenses	962	100%	
Miscellaneous	5,413	100%	
<b>Total</b>	<b>\$442,596</b>	<b>88%</b>	<b>22%</b>

a. Gasoline taxes are paid into general fund and during year of their collection are available to meet all state obligations. However, a constitutional provision uses the rate of collections as a device for setting the subsequent year's appropriation for highways. This is an amount no less than the motor fuel tax collections figure. This is a self executing process and does not depend on the legislative appropriation process.

Source: See explanatory note, p. 29.

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### Appendix Table 11

## HAWAII

### Fiscal Year 1963

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$ 67,648	100% <sup>a</sup>	(a)
Alcoholic beverages	3,644	100%	
Tobacco	2,370	100%	
Insurance company	2,674	100%	
Public utilities	5,708	100%	
<b>Income</b>			
Individual	31,570	100%	
Corporation	6,102	100%	
<b>Highway-user</b>			
Motor fuel	9,705	(b)	88%, highways; 12%, airports
<b>Other</b>			
Corporation license	169	100%	
Death and gift	1,730	100%	
Hunting and fishing licenses	55	100%	
Miscellaneous	1,769		
<b>Total</b>	<b>\$133,144</b>	<b>93%</b>	<b>7%</b>

a. Hawaii employs centralized tax administration; 93% of full amount deposited in general fund. The state's share is 71%, and the counties, 29%.

b. Less than .5% representing collections from small boat users goes into general fund.

Source: See explanatory note, p. 29.

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**Appendix Table 12**

**IDAHO**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
Tobacco	\$ 3,955	84%	16%, building fund <sup>a</sup>
Alcoholic beverages	2,406	56%	18%, building fund; 26%, local general purposes
Insurance company	2,880	97%	3%, firemens' pensions
Public utility	1,037	100%	
Oleomargarine	527	100%	
<b>Income</b>			
Individual	21,605	91%	9%, building fund
Corporation	5,410	100%	
<b>Highway-user</b>			
Motor fuel	15,543		100%, highways
Motor vehicle license	11,171		100%, highways
Operator license	559		100%, highways
<b>Other</b>			
Property <sup>b</sup>	4,041	100%	
Severance	116	100%	
Corporation license	400	100%	
Death and gift	590	100%	
Alcoholic beverage license	538	100%	
Hunting and fishing licenses	2,442		100%, conservation
Miscellaneous	2,861		
<b>Total</b>	<b>\$ 76,081</b>	<b>56%</b>	<b>44%</b>

a. State building fund monies appropriated mainly for education and health purposes.

b. General property only.

Source: See explanatory note, p. 29.

**Appendix Table 13**

**ILLINOIS**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$ 545,076	71%	29%, education
Tobacco	56,002	75%	25%, debt service
Alcoholic beverages	42,376	100%	
Insurance company	30,471	100% <sup>a</sup>	
Public utility	55,764	100%	
Pari-mutuel	22,038	6%	94% <sup>b</sup>
<b>Highway-user</b>			
Motor fuel	155,786		100%, highways <sup>c</sup>
Motor vehicle license	110,583		100%, highways
Operator license	5,303		67%, driver education; 33%, highways
<b>Other</b>			
Property	1,612	100%	
Corporation license	5,952	100%	
Death and gift	31,981	100%	
Hunting and fishing licenses	3,190		100%, conservation
Miscellaneous	13,770		
<b>Total</b>	<b>\$1,079,904</b>	<b>57%</b>	<b>43%</b>

a. Excludes fire insurance premiums tax earmarked for fire prevention.

b. Divided 33% for agriculture, 51% for debt service and retirement, 1% for veterans, 10% for state fairs, and 5% for racing.

c. Receipts from tax on motor fuel used in boats earmarked for conservation.

Source: See explanatory note, p. 29.

**Appendix Table 14**

**INDIANA**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$215,002	100%	
Tobacco	19,101	100%	
Alcoholic beverages	15,209	39%	61%, local general purposes
Insurance company	10,343	98%	2%, state fire marshall
<b>Highway-user</b>			
Motor fuel	108,175		100%, highways
Motor vehicle license	41,034		100%, highways
Operator license	1,136		100%, highways
<b>Other</b>			
Property	9,883	10%	90%, local school and general purposes
Severance	347		100%, conservation
Corporation license	723	100%	
Death and gift	8,861	100%	
Alcoholic beverage license	4,148	39%	61%, local general purposes
Poll tax	546	100%	
Hunting and fishing license	1,944		100%, conservation
Miscellaneous	5,020		
<b>Total</b>	<b>\$441,472</b>	<b>61%</b>	<b>39%</b>

Source: See explanatory note, p. 29.

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### Appendix Table 15

#### IOWA

#### Fiscal Year 1963

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General <sup>a</sup>	\$ 88,133	84%	16%, highways
Tobacco	12,143	100%	
Alcoholic beverages	3,301	100%	
Insurance company	8,777	100%	
<b>Income</b>			
Individual	45,523	100%	
Corporation	4,664	100%	
<b>Highway-user</b>			
Motor fuel	61,565		100%, highways
Motor vehicle license	45,266	3%	97%, highways
Operator license	2,788	100%	
<b>Other</b>			
Property	4,142		100%, veterans bonus bonds
Corporation license	231	100%	
Death and gift	8,313	100%	
Hunting and fishing licenses	2,021		100%, conservation
Miscellaneous	3,452		
<b>Total</b>	<b>\$290,319</b>	<b>57%</b>	<b>43%</b>

a. Includes general sales tax (10% to highways, 90% to general fund) and use tax (60% to highways, 40% to general fund). Actual distribution formula states that 10% of sales tax is to be earmarked for highways, but of the use tax that amount collected on sale of new motor vehicles is earmarked for highways.

Source: See explanatory note, p. 29.

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**Appendix Table 16**  
**KANSAS**  
**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$ 84,333	20%	80%, retail sales tax fund <sup>a</sup>
Tobacco <sup>b</sup>	9,762	37%	38%, local general purposes, 24%, retail sales tax fund, <sup>a</sup> 1%, refunds
Alcoholic beverages <sup>c</sup>	5,611	50%	32%, retail sales tax fund, <sup>a</sup> 18%, local general purposes
Insurance company	7,135	92%	6%, firemens' relief, 2%, fire marshall
Public utility	275	100%	
<b>Income</b>			
Individual	28,281	100%	
Corporation	10,934	100%	
<b>Highway-user</b>			
Motor fuel	44,341	2%	98%, highways
Motor vehicle license	25,169		100%, highways
Operator license	1,551		100%, highways
<b>Other</b>			
Property	7,922		57%, higher education construction; 43%, charitable institutions and mental hospital construction
Intangible <sup>c</sup>	681	100%	
Motor carriers	659		100%, education
Severance	519		100%, industry regulation
Corporation license	923	100%	
Hunting and fishing licenses	1,964		100%, conservation
Death and gift	4,094	95%	5%, local general purposes
Miscellaneous	4,877		
<b>Total</b>	<b>\$239,031</b>	<b>34%</b>	<b>66%</b>

a. Receipts are allocated for public welfare, local public schools, teacher retirement, aid for local government. Fund abolished as of July, 1965.

b. After July 1965 the apportionment is changed to 75% to general fund, 25% local general purposes.

c. After July 1965 the apportionment is changed to 40% to general fund, 60% to local general purposes.

Source: See explanatory note, p. 29.

**Appendix Table 17**

**KENTUCKY**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$102,370	100%	
Tobacco	15,009	100%	
Alcoholic beverage	9,183	100%	
Insurance company	8,407	81%	19%, workmens' compensation
Pari-mutuel	2,790	100%	
Motor vehicle use	9,703		100%, highways
<b>Income</b>			
Individual	47,163	100%	
Corporation	21,710	100%	
<b>Highway-user</b>			
Motor fuel	69,398		100%, highways
Motor vehicle license	13,459		100%, highways
Operator license	833		100%, highways
<b>Other</b>			
Property	18,945	100%	
Severance	286	100%	
Corporation license	3,340	100%	
Death and gift	7,150	100%	
Stock and documentary transfer	856	100%	
Hunting and fishing licenses	1,845		100%, conservation
Miscellaneous	4,225		
<b>Total</b>	<b>\$336,672</b>	<b>71%</b>	<b>29%</b>

Source: See explanatory note, p. 29.

**Appendix Table 18**  
**LOUISIANA**  
**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked <sup>a</sup>
<b>Sales or gross receipts</b>			
General	\$ 96,900		63%, welfare; 36%, education; 1% debt service <sup>b</sup>
Alcoholic beverages	21,824		69%, veterans bonus; <sup>c</sup> 31%, homestead exemptions <sup>c</sup>
Tobacco	29,039	61%	36%, local general assistance; 3% higher education
Insurance company	11,105	86%	10%, higher education; 4%, fire marshal
Public utility	7,487	53%	47%, homestead exemptions <sup>c</sup>
Pari-mutuel	2,612		100%, La. Racing Commission <sup>d</sup>
Soft drinks	1,357	100%	
Power use	2,077	100%	
<b>Income</b>			
Individual	18,530		100%, homestead exemptions <sup>c</sup>
Corporation	17,516		100%, homestead exemptions <sup>c</sup>
<b>Highway-user</b>			
Motor fuel	69,220		98%, highways; 2%, ports
Motor vehicle license	12,597		100%, highways
Operator license	2,426		100%, Police Pension Fund
Lubricating oil	2,290		100%, highways
<b>Other</b>			
Property	16,577	13%	43%, education; 25%, debt service; 5%, higher education; 14%, Confed- erate veterans' pensions <sup>e</sup>
Severance	164,268		94%, education; 5%, local general purposes; 1%, conservation
Corporation license	15,663	85%	5%, welfare; 10%, higher education
Death and gift	5,668	100%	
Occupations <sup>d</sup>	5,689	100%	
Alcoholic beverage license	1,273	64%	27%, enforcement; 9%, veterans' bonus
Chain stores	400		100%, local general purposes
Hunting and fishing licenses	1,169		100%, conservation
Miscellaneous	3,575		
<b>Total</b>	<b>\$509,262</b>	<b>13%</b>	<b>87%</b>

a. In cases where revenue is dedicated initially to bond security redemption fund, only the subsequent transfers are noted, the bond fund being essentially a "feeder" fund.  
 b. To be subsequently partially redistributed for welfare.  
 c. To be subsequently partially redistributed to the general fund.  
 d. To be subsequently partially redistributed for local general assistance, educational purposes, and the Louisiana Legislative Council.  
 e. To be subsequently partially redistributed for public works and debt service.

Source: See explanatory note, p. 29.

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**Appendix Table 19**

**MAINE**

**Fiscal Year 1963**

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State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$30,137	100%	
Tobacco	8,043	100%	
Alcoholic beverages	3,338	100%	
Insurance company	2,736	96%	4%, industry regulation
Public utility	4,212	100%	
Pari-mutuel	1,090	100%	
<b>Highway-user</b>			
Motor fuel	24,531		100%, highways <sup>a</sup>
Motor vehicle license	9,427		100%, highways
Operator license	974		100%, highways
<b>Other</b>			
Property	2,291	65%	32%, conservation; 3%, industry regulation
Corporation license	507	100%	
Alcoholic beverage license	526	100%	
Death and gift	4,772	100%	
Hunting and fishing licenses	1,894		100%, conservation
Miscellaneous	3,296		
<b>Total</b>	<b>\$97,774</b>	<b>61%</b>	<b>39%</b>

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a. Less than .5% to aeronautics commission and conservation.

Source: See explanatory note, p. 29.

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**Appendix Table 20**

**MARYLAND**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$ 96,780	100%	
Tobacco	22,317	50%	50%, local general purposes
Alcoholic beverages	10,153	74%	26%, local general purposes
Insurance company	10,151	100%	
Public utility	11,522	100%	
Pari-mutuel	9,136	65%	35%, local general purposes
Amusements	1,046		100%, local general purposes
<b>Income</b>			
Individual	111,031	75%	25%, local general purposes
Corporation	22,544	90%	10%, debt service
<b>Highway-user</b>			
Motor fuel	61,657		100%, highways
Motor vehicle license	28,212 <sup>a</sup>		70%, highways; 30% local general purposes
Operator license	2,405		100%, highways
Motor vehicle titling	13,884		100%, highways
<b>Other</b>			
Property	16,359		100%, debt service
Corporation license	931	50%	50%, local general purposes
Death and gift	6,678	100%	
Hunting and fishing licenses	1,082		100%, conservation
Miscellaneous	5,881		
<b>Total</b>	<b>\$431,769</b>	<b>60%</b>	<b>40%</b>

a. Includes \$8.3 million from additional in lieu tax earmarked 100% for local general purposes.

Source: See explanatory note, p. 29.

**Appendix Table 21**

**MASSACHUSETTS**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
Tobacco	\$ 43,124		100%, debt service
Alcoholic beverages	28,625	100%	
Insurance company	14,083	100%	
Pari-mutuel	14,159	97%	3%, agricultural purposes
Meal tax	10,491	67%	33%, local general purposes
<b>Income</b>			
Individual	186,283	51%	49%, local general purposes <sup>a</sup>
Corporation	35,882	73%	27%, local general purposes
<b>Highway-user</b>			
Motor fuel	83,377		100%, highways <sup>b</sup>
Motor vehicle license	20,031		100%, highways
Operator license	8,499		100%, highways
<b>Other</b>			
Corporation license	79,987	32%	68%, local general purposes
Death and gift	27,730	100%	
Public service corporation income tax	9,088	100%	
Hunting and fishing licenses	1,189		100%, conservation
Stock transfer (real estate)	1,494	100%	
Life insurance excise	7,505	100%	
Miscellaneous	8,866		
<b>Total</b>	<b>\$580,414</b>	<b>46%</b>	<b>54%</b>

a. Of these percentages 69% is apportioned on the basis of education measures.

b. Gross collections of \$84,272,000 include a 1% apportionment for conservation, recreation and marine fisheries.

Source: See explanatory note, p. 29.

**Appendix Table 22**

**MICHIGAN**

**Fiscal Year 1963**

State tax	Collections (thousands)	Disposition	
		To general fund	Earmarked
<b>Sales or gross receipts</b>			
General	\$ 499,884	43%	46%, education; 11%, local general purposes <sup>a</sup>
Tobacco	68,514	71%	29%, education
Alcoholic beverages	48,564	85%	15%, education
Insurance company	23,787		100%, education <sup>b</sup>
Pari-mutuel	9,578	80%	20%, local general purposes
<b>Highway-user</b>			
Motor fuel	158,328		99%, highways <sup>c</sup>
Motor vehicle license	75,854		100%, highways
Operator license	4,777	7%	93%, local general purposes
<b>Other</b>			
Property (public utility)	26,209	(d)	100%, education <sup>b,d</sup>
Property (intangible)	33,828	60%	28%, local general purposes; 12%, debt redemption
Severance	1,109	100%	
Corporation license	75,963	100%	
Death and gift	16,898		100%, education <sup>b</sup>
Business activities	77,882	100%	
Chain store license	557	100%	
Hunting and fishing licenses	7,146		100%, conservation
Alcoholic beverage license (retail)	4,477	11%	89%, local general purposes
Miscellaneous	9,413		
<b>Total</b>	<b>\$1,142,738</b>	<b>43%</b>	<b>57%</b>

a. Only sales tax is earmarked; entire use tax is distributed to general fund.

b. No longer earmarked beginning with 1965 fiscal year.

c. Approximately 1% earmarked for waterways and aeronautics funds.

d. Less than 1% to general fund.

Source: See explanatory note, p. 29.