



# Economic Affairs Interim Committee

## Taxes vs. Fee Financing

By Terry Johnson

# Financial Legal Requirements

## Montana's Financial Structure

- **Montana Constitution Article VIII, section 12**
  - **Strict Accountability**
    - Revenue Received
    - Money Expended
- **MCA 17-2-101**
  - Treasury Fund Structure Act**
  - Generally Accepted Accounting Principles (GAAP)**
- **MCA 17-2-102 –**
  - Fund Structure**

# Montana's Fund Structure

## MCA 17-2-102

General Fund  
State Special  
Federal Special  
Capital Projects

Debt Service  
Proprietary  
Permanent  
Fiduciary

# Administrative Procedure Policies (MOM)

## Montana Department of Administration

- **MOM 302 Governmental Accounting**
  - Applies to all state agencies and institutions
  - Establishes GAAP (Generally Accepted Accounting Principals) to be applied in accordance with 17-2-101 (e)
  - Authoritative source
    - Governmental Accounting Standards Board (GASB)
  - State's Central Accounting System
    - SABHRS (Statewide Accounting, Budgeting, and Human Resource System (SABHRS))
    - Chart of Accounts

# State Accounting Policies

## Montana Operations Manual MOM 300

- **MOM 302 Fund Structure & Revenue Accounts**
  - **Special Revenue Fund**
    - Used to account for proceeds of revenue restricted for specific purposes (Ex. Livestock - Per Capita Fee)
  - **Revenue Accounts (MOM 321)**
    - **Licenses and Permits**
      - Payments to the state are made with a direct benefit received by the taxpayer
    - **Taxes**
      - A tax is payment made to the state without any direct benefit received by the taxpayer
    - 20 additional accounts delineated

# Montana Fees vs. Taxes

## Some Examples

### Fees

Gasoline Dealer  
Nursery Operator  
Video Machine  
Portfolio Registration

### Taxes

Individual Income  
Corporate Income  
Oil Production  
Beer/Liquor/Wine

# Summarization

- **Legal Reference**
  - **Montana Constitution Article VIII, section 12**
  - **MCA (Funds & GAAP)**
- **Administrative**
  - **Governmental Accounting Standards Board**
  - **Montana Operations Manual**
  - **Statewide Accounting, Budgeting, & Human Resource System**

# Questions

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