The Commission is not aware of any significant category of public enterprise receipts now netted against expenditures which should be treated gross according to its criterion. However, if closer study should reveal such circumstances, the Commission would recommend that such receipts be treated as receipts rather than negative expenditures in arriving at overall budget totals.

IMPLEMENTATION

To prepare budget totals consistently, based on the character of the transactions, it is necessary to depart from the present rule of offsetting receipts against related expenditures only where the receipts are legally available to finance those expenditures.

However, the Commission opposes making new *ad hoc* determinations of which receipts are governmental and which are market-oriented every year. On the contrary, its recommendation is for a one-time change in principle involving budget totals for past as well as current periods. Prospectively, the Commission recommends continued adherence to the new rules.

The Commission had little difficulty in preparing the lists of present miscellaneous receipts accounts which are governmental and those which are market-oriented, once it agreed on the criterion it wished to recommend. Thus, it does not foresee any difficulties or ambiguities in trying to implement its recommendation.

The question to be asked in any borderline case is whether the fee or levy or price charged has the primary purpose of channeling the private demand for, and use of, valuable resources or materials which happen to be owned by the Government. If the receipts are market-oriented or result from the operation of business-type enterprises, and are therefore not peculiarly governmental in character, such receipts should be netted against related expenditures—and should not be shown as receipts in summary budget totals.

By contrast, taxes designed to raise revenues for the Government, or fees which are only incidental to Government regulatory activities, are governmental in character and should be treated gross. Similarly, even though the Government may charge a fee or excise payment in certain cases in which the proceeds are earmarked for specific purposes, a gross treatment of such receipts in the budget summaries may nonetheless be appropriate if the Government retains total allocative authority over the expenditures made from the earmarked collections.

Some contrasting examples will explain the Commission's criteria more fully:

In the case of the Post Office Department, a price is charged for stamps. Each user of stamps determines how many he will buy and for what purposes. The taxpayer pays for the services on a product-by-product basis. It seems