

Affected Ch. 20 Appropriations

20.395 (1) (ar), 20.395 (1) (as), 20.395 (1) (at), 20.395 (1) (br), 20.395 (1) (bs), 20.395 (1) (cq), 20.395 (1) (cr), 20.395 (1) (fq), 20.395 (1) (fs), 20.395 (1) (ft), 20.395 (1) (fu), 20.395 (1) (gq), 20.395 (1) (hq), 20.395 (1) (hr), 20.395 (1) (hs), 20.395 (1) (ht), 20.395 (1) (hu), 20.395 (2) (aq), 20.395 (2) (bq), 20.395 (2) (bu), 20.395 (2) (cq), 20.395 (2) (cr), 20.395 (2) (ct), 20.395 (2) (dq), 20.395 (2) (ds), 20.395 (2) (eq), 20.395 (2) (fr), 20.395 (2) (gj), 20.395 (2) (gq), 20.395 (2) (gr), 20.395 (2) (gs), 20.395 (2) (hq), 20.395 (2) (iq), 20.395 (2) (jq), 20.395 (3) (bq), 20.395 (3) (cq), 20.395 (3) (eq), 20.395 (3) (iq), 20.395 (3) (ir), 20.395 (4) (aq), 20.395 (4) (ar), 20.395 (4) (et), 20.395 (5) (cq), 20.395 (5) (dq), 20.395 (5) (hq), 20.395 (5) (jr), 20.395 (6) (aq), 20.395 (6) (ar)

Fiscal Estimate Narratives

DOT 05/07/2001

LRB Number	01-0220/1	Introduction Number	AB-344	Estimate Type	Original
Subject					
Motor vehicle fuel tax rate					

Assumptions Used in Arriving at Fiscal Estimate

For the purposes of this analysis, we assume that AB 344 refers to gasoline and diesel motor vehicle fuels only. The motor vehicle fuel tax rate is recomputed annually by the Department of Revenue on April 1 based upon the annual change in the Consumer Price Index – Urban (CPI).

Based upon recent changes in the CPI, the motor fuel tax rate is currently estimated to increase from \$0.273 per gallon to \$0.279 per gallon on April 1, 2002, and to \$0.284 per gallon on April 1, 2003. Total motor fuel tax revenues are currently estimated to be \$846.3 million in FY 2002 and \$881 million in FY 2003. These projected revenues are part of the Governor's recommended budget submittal.

Under AB 344, the motor vehicle fuel tax rate would not be adjusted, or indexed, each April 1 and remain at \$0.273 per gallon.

Long-Range Fiscal Implications

Eliminating the annual April 1 adjustment to the motor vehicle fuel tax would result in the permanent loss of a projected \$0.006 increase in the motor vehicle fuel tax rate for 2002 and a projected \$0.005 increase in the motor vehicle fuel tax rate for 2003. The transportation fund would experience a decline in projected revenues of \$4.7 million in FY 2002 (est. total revenue \$841.6 million) and \$23 million in FY 2003 (est. total revenue \$858 million). The total impact in the 2001 – 2003 biennium would be a loss of \$27.7 million. The FY 2003 amount represents a full fiscal year impact of suspending the adjustment to the motor fuel tax rate. An annualized loss of \$23 million would continue after 2003, plus any additional revenues that would otherwise have been collected as a result of future indexing. Estimated revenue from the projected rate increase was incorporated in the Department's most current revenue estimate for the 2001 – 2003 Biennial Budget. Changing the tax rate could leave an imbalance in budgeted revenues and expenditures.

A change in the motor fuel tax could result in decreased funding to local governments. Without motor vehicle fuel tax indexing, local programs such as general transportation aids and transit aids could experience a decrease in available funding. To maintain the current level of funding for these programs, the Department would need to backfill with funding from other programs, including highway projects, Division of Motor Vehicles services and Division of State Patrol services.

Prior to 1985, Wisconsin's motor fuel tax rate was adjusted only via direct changes by the Legislature. In 1985, the Legislature enacted an indexing formula to maintain the purchasing power of the transportation fund. The Department of Revenue has since indexed the motor vehicle fuel tax rate every April 1 to protect the Department of Transportation spending power against inflation.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-0220/1		Introduction Number AB-344	
Subject			
Motor vehicle fuel tax rate			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-23,000,000
TOTAL State Revenues	\$		\$-23,000,000
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$23,000,000		\$
Agency/Prepared By		Authorized Signature	Date
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