

Fiscal Estimate Narratives

DOR 5/5/2003

LRB Number 03-1409/1	Introduction Number AB-242	Estimate Type Original
Subject Annual adjustment of motor vehicle fuel tax rate		

Assumptions Used in Arriving at Fiscal Estimate

The bill would eliminate the annual adjustment on April 1 in the motor vehicle fuel tax rate for the rate of inflation during the prior year. On April 1, 2003, the motor vehicle fuel tax rate was raised from 28.1 cents to 28.5 cents per gallon.

Eliminating the motor vehicle fuel tax rate adjustment that occurred on April 1, 2003 and would occur on April 1 in the subsequent years, would reduce tax revenues by \$4.2 million in the remaining period of FY03, \$20.6 million in FY04, and \$40.7 million in FY05.

Restoring the rate in effect prior to April 1, 2003 would result in additional one-time expenses for the Department. Assuming that the bill is fully implemented by July 1, 2003, the Department would incur one-time administrative costs of \$304,200 to process refunds for tax paid at the higher rate since April 1, 2003, and pay interest expense on floor tax and motor fuel tax.

Long-Range Fiscal Implications

Revenue losses are projected to be \$59.1 million for FY06 and \$82.5 million for FY07. Cumulative revenue loss between FY03 and FY07 is estimated to be \$207.1 million.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Annual adjustment of 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):			
\$304,200			
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			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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