

Fiscal Estimate Narratives

DOR 3/3/2005

LRB Number 05-0216/2	Introduction Number AB-121	Estimate Type Original
Subject Motor vehicle fuel tax exemption for school districts		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, an excise tax is imposed on gasoline and diesel fuel sold in the state. This bill creates an excise tax exemption for gasoline or diesel fuel sold to and used by a school district in Wisconsin to transport students to and from school activities, and an exemption for gasoline and diesel fuel sold to a person who transports students to and from school activities, pursuant to a contract with a school district.

Based on the information received from the Department of Public Instruction, in 2003 school districts spent \$9.07 million on motor fuel, which is equivalent to the consumption of 5.57 million gallons of fuel, based on the average price of fuel of \$1.63 per gallon. Based on statewide growth in fuel consumption, fuel consumption by school districts in Wisconsin was estimated at 5.87 million gallons in FY2005-06 and at 5.94 million gallons in FY2006-07. Furthermore, the fuel tax rate, which is adjusted annually for inflation, was estimated by the Department at 29.9 cents per gallon for FY2005-06 and at 30.5 cents for FY2006-07, based on the projected U.S. consumer price index. Based on the estimated future consumption of fuel by school districts and the estimated fuel tax rate, the tax revenue loss is projected at \$1.75 million in FY05-06 and \$1.81 million in FY06-07.

Data are not available on which to base an estimate of excise taxes on gasoline and diesel fuel paid by persons who transport students to and from school activities, pursuant to a contract with a school district.

The Department of Revenue would incur one-time costs of \$28,100 to develop and revise computer applications. The bill does not provide funding for these costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Motor vehicle fuel tax exemption for school districts			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The Department of Revenue would incur one-time costs of \$28,100 to develop and revise computer applications.			
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		-1,750,000	
TOTAL State Revenues	\$	\$-1,750,000	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-1,750,000	\$	
Agency/Prepared By		Authorized Signature	
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		Date	
		3/2/2005	