

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3656/1	Introduction Number AB-797
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Description
 A temporary suspension of the motor vehicle fuel tax and eliminating the automatic annual increase in the motor vehicle fuel tax rate

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		5. Types of Local Government Units Affected
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.566(1)(a)	

Agency/Prepared By DOR/ Jacek Cianciara (608) 266-8133	Authorized Signature Paul Ziegler (608) 266-5773	Date 11/28/2005
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Fiscal Estimate Narratives

DOR 11/29/2005

LRB Number	05-3656/1	Introduction Number	AB-797	Estimate Type	Original
Description A temporary suspension of the motor vehicle fuel tax and eliminating the automatic annual increase in the motor vehicle fuel tax rate					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the rate of the motor vehicle fuel tax is annually adjusted on April 1 by increasing the tax rate by the percentage change in the annual average U.S. Consumer Price Index. Under the bill, the tax rate on motor vehicle fuel is not annually adjusted.

Furthermore, the bill eliminates the tax on motor vehicle fuel for a 30 - day period. The 30 - day period may be extended for an additional 30 consecutive days by the Governor by executive order. The bill specifies that beginning with the day after the last day of the suspension period, the sale of motor vehicle fuel will become again subject to taxation. The bill establishes a rule for successive increases in the tax rates for specific periods, until the tax rate equals the rate that was in effect on the effective date of the bill.

Assuming the fuel tax suspension is implemented in January 2006, the tax revenue loss to the transportation fund in FY06 is estimated as \$160.3 million SEG, assuming the extension for an additional 30 consecutive days by the Governor, including a \$5.0 million SEG loss from elimination of indexing.

Loss of revenue to the transportation fund from elimination of indexing in FY07 is estimated at \$24.4 million SEG. In FY08, this revenue loss would increase to an estimated \$43.1 million SEG and would be expected to increase to higher amounts in each subsequent year.

The department estimates the bill will require one-time costs of \$75,000 for computer programming and additional mailings, with other costs absorbed within the budget of the department.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Description A temporary suspension of the motor vehicle fuel tax and eliminating the automatic annual increase in the 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): \$160 million FY06 revenue loss to the Transportation Fund. The department estimates one-time costs of \$75,000 to develop and revise computer applications and additional mailings, with other costs absorbed within the budget of the department.			
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, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-24,400,000
TOTAL State Revenues		\$	\$-24,400,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-24,400,000	\$
Agency/Prepared By		Authorized Signature	Date
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