



## Fiscal Estimate Narratives

DOR 4/22/2005

LRB Number	<b>05-0232/1</b>	Introduction Number	<b>SB-156</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Eliminate the annual adjustment of the motor vehicle fuel tax					

### 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 multiplying the tax rate by the percentage change in the annual average U.S. Consumer Price Index.

The bill would eliminate the annual adjustment in the motor vehicle fuel tax rate on April 1, 2005 and in each subsequent year. Beginning on April 1, 2005, the motor vehicle fuel tax rate was raised from 29.1 cents to 29.9 cents per gallon. The fuel tax rate adjusted for inflation was estimated by the department to increase to 30.5 cents on April 1, 2006. In addition, the department developed a forecast of future fuel consumption in the state.

Eliminating the motor vehicle fuel tax rate adjustment that occurred on April 1, 2005, would result in refunds reducing tax revenues by \$6.5 million in the remaining 3 months of FY05. In addition, tax revenues would be reduced by \$28.1 million in FY06 and by \$41.6 million in FY07. These estimates do not include the impact of a potential increase in fuel consumption due to lower tax rate.

This bill does not have any impact on administrative expenses of the department.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>05-0232/1</b>		Introduction Number <b>SB-156</b>	
<b>Subject</b>			
Eliminate the annual adjustment of the motor vehicle fuel tax			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-28,100,000
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$-28,100,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-28,100,000		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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