

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3966/1	Introduction Number SB-421
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Description
 Eliminating the annual adjustment of 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Create New Appropriations		

Local:

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

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

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Fiscal Estimate Narratives

DOR 11/29/2005

LRB Number	05-3966/1	Introduction Number	SB-421	Estimate Type	Original
Description Eliminating the annual adjustment of 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. Also under current law, the petroleum inspection fee imposed on all petroleum products that are received by a supplier for sale in this state or for sale or export to this state is scheduled to decrease from 3 to 2 cents per gallon beginning May 1, 2006.

Under this bill, beginning in 2007, the rate of the motor vehicle fuel tax is no longer annually adjusted for inflation. Also, under the bill, the rate of the petroleum inspection fee is reduced to 2 cents per gallon effective April 1, 2006 rather than May 1, 2006.

Based on projections by the Department of Transportation, the estimated fiscal impact of not adjusting the motor fuel tax for inflation creates a loss for the transportation fund of \$5.1 million SEG revenues in FY07 and \$26.0 million SEG revenues in FY08.

The bill's motor fuel revenue reduction would increase annually as the gap grows between the motor fuel tax rate that would have occurred with the annual inflation adjustments and the rate that will remain in place without the inflation adjustment. For FY09, the motor fuel revenue reduction is expected to increase to \$41.9 million.

The lost revenue to the Petroleum Inspection Fund due to the one month acceleration of the scheduled rate reduction is estimated at \$2.8 million SEG in FY06.

Department of Revenue would incur minimal costs that would be absorbed in the department's budget.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Description Eliminating the annual adjustment of 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): \$2.8 million FY06 Petroleum Inspection Fee reduction.			
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			-26,000,000
TOTAL State Revenues		\$	-\$26,000,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		-\$26,000,000	\$
Agency/Prepared By		Authorized Signature	Date
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