

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # -2590/3
INTRODUCTION # AB 405
Admin. Rule #

Subject
Exempt Local Governments from the Motor Vehicle Fuel Tax

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation	<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"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriation	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation		

Local: No Local Government Costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input checked="" type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations 20.566 (1) (u)
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Assumptions Used in Arriving at Fiscal Estimate:

This bill creates a tax exemption for the motor vehicle fuel sold to counties, municipalities, and school districts.

County and Municipality Fiscal Effect

According to a 1989 Department of Transportation Cost Allocation Study, vehicles owned by counties and municipalities (towns, villages, and cities) consumed 36,625,210 gallons of fuel. After adjusting for statewide growth in fuel consumption between 1989 and 1999, it is estimated that vehicles owned by counties and municipalities will consume 44,773,220 gallons of fuel in 1999. Using the current tax rate of 25.8 cents per gallon for motor vehicle fuels, the total loss of fuel tax revenue from exempting counties and municipalities is estimated to be \$11.6 million (44,773,220 x .258) annually.

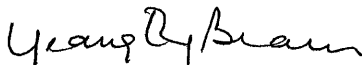
School District Fiscal Effect

In 1997, the Wisconsin School Bus Association and the Department of Public Instruction estimated that 28% of school districts own their buses, and that the total number of buses owned by school districts is approximately 2,000. About 80% of these buses are diesel-powered, and the remaining 20% are gasoline-powered. Diesel-powered buses have a fuel efficiency of about 6 miles per gallon, while gasoline-powered buses average about 3 miles per gallon. On average, school buses travel about 18,000 miles per year.

Based on this information, it is estimated that the number of diesel-powered buses owned by school districts is 1,600 (2,000 x .8). Assuming that each bus travels 18,000 miles per year and has a fuel efficiency of

(continued on page two)

Long-Range Fiscal Implications:

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6 miles per gallon, the estimated diesel fuel consumption for district-owned buses is 4.8 million gallons $[(18,000/6) \times 1,600]$. Applying the current tax rate of 25.8 cents per gallon to this consumption, the estimated revenue loss from diesel-powered buses is \$1.24 million $(4.8 \text{ million} \times .258)$.

The remaining 400 buses owned by school districts are assumed to be gasoline-powered. With a fuel efficiency of 3 miles per gallon, the estimated gasoline consumption for district-owned gasoline-powered buses is 2.4 million gallons $[(18,000/3) \times 400]$. Therefore, the estimated revenue loss from gasoline-powered buses is \$0.62 million $(2.4 \text{ million} \times .258)$.

The total loss of fuel tax revenue from exempting school districts is estimated to be \$1.9 million annually; however, this estimate is understated because school districts would be able to claim refunds for fuel consumed in other district-owned vehicles. This estimate does not consider these vehicles because information regarding the quantity of the vehicles and their fuel consumption is not readily available.

State Fiscal Effect

The combined loss of fuel tax revenue from exempting counties, municipalities, and school districts is estimated to be \$13.5 million annually. Local government costs would decrease by the same amount.

YCB 8/16/99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

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INTRODUCTION # AB 405

Subject
Exempt Local Governments from the Motor Vehicle Fuel Tax

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

\$46,000 for computer programming and forms


II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
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		- 13,500,000
TOTAL State Revenues	\$	\$ - 13,500,000

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS	\$ _____	\$ - 13,500,000
NET CHANGE IN REVENUES	\$ - 13,500,000	\$ _____

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