

**2001 DRAFTING REQUEST**

**Bill**

Received: 01/12/2001

Received By: jkreye

Wanted: As time permits

Identical to LRB: 99 AB 405

For: Lee Meyerhofer (608) 266-2418

By/Representing: lori

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - fuel

Extra Copies:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Fuel tax paid by local governments

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 01/16/2001	jdye 01/16/2001		_____			State Tax
/1			rschluet 01/29/2001	_____	lrb_docadmin 01/29/2001	lrb_docadmin 02/12/2001	

FE Sent For:

<END>

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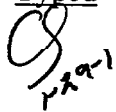
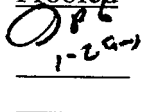
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1?	jkreye	1/16 jld					

FE Sent For:

<END>

1-12-01

Asci — meyerhofer

AB 405 — fuel tax × local governments

add-in technical colleges

(also VW, if applicable)

2590/3

**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

- Increase Existing Appropriation     Increase Existing Revenues  
 Decrease Existing Appropriation     Decrease Existing Revenues  
 Create New Appropriation

Increase Costs - May be Possible to Absorb Within Agency's Budget  Yes  No

Decrease Costs

Local:  No Local Government Costs

1.  Increase Costs  
 Permissive  Mandatory  
 2.  Decrease Costs  
 Permissive  Mandatory

3.  Increase Revenues  
 Permissive  Mandatory  
 4.  Decrease Revenues  
 Permissive  Mandatory

5. Types of Local Governmental Units Affected:  
 Towns     Villages     Cities  
 Counties     Others \_\_\_\_\_  
 School Districts     WTCS Districts

**Fund Sources Affected**

- GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations**

20.566 (1) (u)

**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 26% 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:**

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue John T. Stott, (608) 266-9706	Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	8/16/99

FISCAL ESTIMATE FORM

LRB-2590/3

Page 2

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**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

**LRB # - 2590/3**  
**INTRODUCTION #**    ABS405

Admin. Rule #

**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		-
<b>TOTAL State Costs by Category</b>	\$	\$ -
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
<b>TOTAL State Revenues</b>	\$	\$ - 13,500,000

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ - 13,500,000
NET CHANGE IN REVENUES	\$ - 13,500,000	\$ _____

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue John T. Stott, (608) 266-9706	Yeang-Eng Braun (608) 266-2700	8/16/99

2019/11

~~1999 ASSEMBLY BILL 405~~

in 1-16-01

July 8, 1999 - Introduced by Representatives MEYERHOFER, STASKUNAS, MEYER, FREESE, MUSSER, AINSWORTH, BOCK, REYNOLDS, PETTIS, TURNER, HOVEN, HUBER, LASSA, M. LEHMAN, STONE, OLSEN, LA FAVE, PLALE, PLOUFF, SYKORA, BERCEAU, J. LEHMAN, F. LASEE, RYBA, HEBL, HAHN, TRAVIS, POCAN, TOWNSEND, JESKEWITZ, SCHOOFF, HANDRICK, SPELLNER, KESTELL, SERATTI, LEIBHAM, URBAN, HASENOHRL, UNDERHEIM, SCHNEIDER, SINICKI, MILLER, KAUFERT, MONTGOMERY, GRONEMUS, GUNDERSON, STEINBRINK, POWERS, WAUKAU and OTT, cosponsored by Senators BRESKE, SCHULTZ, GROBSCHMIDT, WIRCH, FARROW, BAUMGART, MOEN, A. LASEE, ROESSLER and HUELSMAN. Referred to Joint survey committee on Tax Exemptions.

Reger

1 AN ACT to create 78.01 (2) (bm) and 78.01 (2m) (bm) of the statutes; relating to:

2 exempting local governments from the motor vehicle fuel tax.

any University of Wisconsin system institutions,

**Analysis by the Legislative Reference Bureau**

Under current law, an excise tax is imposed, generally, on gasoline and diesel fuel received by a fuel supplier for sale in this state, for export to this state, or for sale for export to this state. Annually, the department of revenue adjusts the excise tax rate based on the U.S. consumer price index. The excise tax on gasoline and diesel fuel is passed on to the consumer of the gasoline or diesel fuel.

This bill exempts ~~city, village, town, county or school district~~ in this state, that purchases and uses gasoline or diesel fuel, from paying the excise tax imposed on gasoline and diesel fuel. This bill takes effect on July 1, 2001.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

**The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:**

3 SECTION 1. 78.01 (2) (bm) of the statutes is created to read:

4 78.01 (2) (bm) Gasoline sold to and used by any city, village, town, county ~~or~~,  
5 school district in this state.

for technical college district

see ~~for~~ 78.01 (2) (bm) ~~or~~  
78.01 (2) (bm) Gasoline sold to and used by any

University of Wisconsin system institutions.

\* or technical college district



ASSEMBLY BILL 405

SECTION 2

1 SECTION 2. 78.01 (2m) (bm) <sup>x</sup> of the statutes is created to read:

2 78.01 (2m) (bm) It is sold to and used by any city, village, town, county ~~or~~ school  
3 district in this state. <sup>or technical college district</sup>

4 SECTION 3. Effective date.

5 (1) This act takes effect on July 1, 2001.

6 (END)

Sec #, <sup>x</sup> ~~or~~ 78.01 (2m) (bm) <sup>x</sup>  
78.01 (2m) (bm) <sup>n</sup> It is sold to and used by any  
University of Wisconsin system institutions.



STEPHEN R. MILLER  
CHIEF

# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
5TH FLOOR  
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561  
LEGAL FAX: (608) 264-6948

January 29, 2001

### MEMORANDUM

To: Representative Meyerhofer

From: Joseph T. Kreye, Legislative Attorney

Re: LRB-2019 Fuel tax paid by local governments

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

JACKET FOR ASSEMBLY  JACKET FOR SENATE

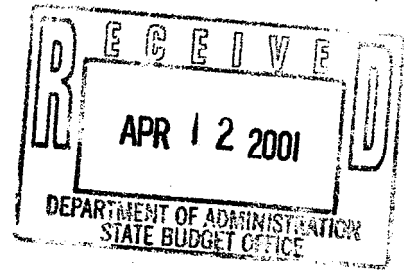
If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-2263 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.

MEMORANDUM

April 9, 2001



TO: Joseph Kreye  
Legislative Reference Bureau

FROM: Dennis Collier *Dennis Collier*  
Department of Revenue

SUBJECT: Technical Memorandum on Assembly Bill 161 – Exempt Local Governments and UW System Institutions from the Motor Fuels Tax

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
one-time	s. 20.566 (1) (a)	\$ 61,000	
annual	s. 20.566 (1) (a)	\$ 2,500	

If you have any questions regarding these administrative costs contact Jacek Cianciara at 266-8133.

DC:skr  
l:\fsn\dc\lab161.tec.doc