

Fiscal Estimate Narratives

DOR 5/15/01

LRB Number 01-3029/1	Introduction Number AB-399	Estimate Type Original
Subject Gasoline tax exemption for municipalities		

Assumptions Used in Arriving at Fiscal Estimate

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

This bill exempts any city, village, town, or county in this state, that purchases and uses gasoline or diesel fuel, from paying the excise tax imposed on gasoline and diesel fuel.

A Department of Transportation Cost Allocation Study indicated that vehicles owned by counties and municipalities consumed 36.6 million gallons of fuel in 1989. Adjusting for statewide growth in fuel consumption between 1989 and FY02, it is estimated that vehicles owned by counties and municipalities will consume 47.84 million gallons of fuel in FY02. Applying the 27.3 cents per gallon motor vehicle fuel tax rate to this consumption yields tax of \$13 million, which would be the revenue loss from an exemption for county and municipal fuel consumption under this bill.

The Department of Revenue would one-time costs of \$61,000 to develop and mail new forms and revise computer applications and ongoing costs of \$2,500. The bill does not provide funding for these costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Gasoline tax exemption for municipalities			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$61,000			
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		2,500	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$2,500	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S		2,500	
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 (Transportation)			-13,000,000
TOTAL State Revenues		\$	-\$13,000,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$2,500	\$
NET CHANGE IN REVENUE		\$-13,000,000	\$
Agency/Prepared By		Authorized Signature	
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		Date	
		5/4/01	