

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-3258/1		Introduction Number SB-208	
Subject			
Sales and use tax exemption for energy-efficient cars			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<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"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input checked="" type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village	
<input checked="" type="checkbox"/> Counties		<input type="checkbox"/> Cities	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
<input type="checkbox"/> Others		<input type="checkbox"/> Ballpark and stadium districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	Date
DOR/ Blair Kruger (608) 266-1310		Dennis Collier (608) 266-5773	7/9/01

Fiscal Estimate Narratives

DOR 7/9/01

LRB Number	01-3258/1	Introduction Number	SB-208	Estimate Type	Original
Subject					
Sales and use tax exemption for energy-efficient cars					

Assumptions Used in Arriving at Fiscal Estimate

The bill exempts from sales and use tax motor vehicles, licensed for highway use, that use any of the following as a fuel: a mixture of 85% ethanol and 15% gasoline, electricity, compressed natural gas, or propane.

The US Department of Energy (USDOE) estimated the total number of alternative fuel vehicles (AFVs) in use in each state in 1999 by fuel type. In addition, the USDOE estimated the number of AFVs in public and in private use in 1999 and in 2001 nationwide by fuel type. Up to about half of the AFVs of certain fuel types are publicly owned and so are not subject to sales and use tax. Therefore, the number of AFVs in private use in Wisconsin was estimated by assuming that the percentage of AFVs in private use in Wisconsin is the same as the nationwide percentage, and that the number of AFVs in Wisconsin from 1999 to 2001 increased at the same rate as the number of AFVs nationally. The estimated numbers of AFVs in private use in Wisconsin in 2001 by fuel type are shown in the attached table.

According to the USDOE, 75% of cars are in use for at least 10 years. Therefore, it is assumed that AFVs have a 10-year life cycle and that 10% of the number of AFVs in private use in Wisconsin in 2001 would be purchased each year. Also shown in the table is the average price of an AFV by fuel type, according to the USDOE. Summing the estimated number of AFVs in Wisconsin in private use by fuel-type times the estimated average price per AFV by fuel-type indicates a total change in sales subject to sales tax of \$8.9 million. Therefore, the annual reduction in state sales taxes would be about \$0.45 million (\$8.9 million x 5%) under the bill.

County, ballpark and stadium sales taxes are expected to be 7.064% of the state sales taxes in 2001 and so these local sales taxes would decrease by about \$31,000 (\$0.45 million x 7.064%) per year under the bill.

DOR's administrative costs are minimal under the bill and could be absorbed.

Long-Range Fiscal Implications

Alternative Fuel Vehicles in Private Use in WI and Sales Tax Effects, 2001

	Alternative Fuel Type				TOTAL
	Propane (LPG)	Compressed Natural Gas (CNG)	Ethanol (E85)	Electricity	
(1) Estimated No. Alternative-Fuel Vehicles in Private Use in WI, 2001	526	1,036	1,704	22	
(2) No. Alternative-Fuel Vehicles Purchased Annually (1) x 10%	53	104	170	2	
(3) Average Total Price per AFV	\$27,980	\$29,230	\$25,480	\$27,500	
(4) Annual Change in Taxable Revenue (2) x (3)	\$1,482,940	\$3,039,920	\$4,331,600	\$55,000	\$8,909,460
(5) State Sales and Use Tax Rate					5%
(6) Change in State Sales Tax Revenue					\$445,046
(7) Change in County, Ballpark and Stadium Sales Taxes (7.064%)					\$31,438

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Sales and use tax exemption for energy-efficient cars			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
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		\$	\$-450,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-450,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-450,000	\$-31,000
Agency/Prepared By		Authorized Signature	Date
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