

Fiscal Estimate Narratives

DOR 3/8/2004

LRB Number	03-1407/1	Introduction Number	AB-826	Estimate Type	Original
Subject					
Exempting local governments from paying the motor vehicle fuel tax					

Assumptions Used in Arriving at Fiscal Estimate

This bill exempts any University of Wisconsin System institution, city, village, town, county, school district, or technical college district in this state, which 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, 2003. The tax rate per gallon for motor vehicle fuel is currently \$0.285 and is adjusted annually on April 1 for inflation. The rate is projected to be \$0.290 in 2004 and \$0.295 in 2005.

City, Village, Town and County Fiscal Effect

According to the Department of Transportation Cost Allocation Study, in 1989 vehicles owned by counties and municipalities (towns, villages, and cities), consumed 36.6 million gallons of fuel. A more recent study is not available. After adjusting for statewide growth in fuel consumption between 1989 and 2003, it is estimated that vehicles owned by counties and municipalities consumed 46.7 million gallons of fuel in 2003 and will consume 48.6 million gallons in 2004 and 50.2 million gallons in 2005. The revenue loss from the exemption of counties, and municipalities is estimated to be \$13.6 million in FY04 and \$14.5 million in FY05.

School Districts Fiscal Effect

Based on the information received from the Department of Public Instructions, in 2003 school districts spent \$ 9.07 million on motor fuel, which is equivalent to the consumption of 5.57 million gallons of fuel, based on the average price of fuel of \$1.63 per gallon. Based on statewide growth in fuel consumption it is estimated that fuel consumption by school districts will amount to 5.79 million gallons in 2004 and 5.99 million gallons in 2005, and the estimated tax revenue loss will amount to \$1.63 million in FY04 and \$1.72 million in FY05

Technical College Districts

According to the information provided by the Wisconsin Technical College system, in 2002-03 the colleges used 233,600 gallons of fuel. The Wisconsin Technical College System staff believes that this amount will remain relatively unchanged during the next five years, so the estimated revenue loss will amount to \$67,000 in FY04 and \$68,300 in FY05.

University of Wisconsin System

The UW System used approximately 832,000 gallons of motor fuel in 2003. Applying the projected growth rate in fuel consumption, the estimated fuel consumption is expected to increase to 866,500 gallons in 2004 and 895,300 gallons in 2005. The revenue loss is estimated to be \$243,900 in FY04 and \$257,800 in FY05.

Overall State Fiscal Effect

The combined loss of fuel tax revenues from exempting the UW system, counties, municipalities, and school districts is estimated to be \$15.5 million in FY04 and \$16.6 million in FY05.

Department of Revenue Operating Costs

The Department of Revenue would incur one-time costs of \$64,000 to develop and mail new forms and revise computer applications. In addition, the Department would incur \$70,000 in form revisions, mailing and processing costs to account for the retroactive effective date of this bill. The total estimated costs would be \$134,000. The bill does not provide funding for these costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Exempting local governments from paying 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):			
\$134,000, including \$64,000 to develop and mail new forms and revise computer applications and \$70,000 to create forms, mailings and in processing costs to account for the retroactive effective date of this bill.			
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		-15,500,000
	TOTAL State Revenues	\$	-\$15,500,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	-\$15,500,000	\$
Agency/Prepared By		Authorized Signature	Date
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