

Fiscal Estimate Narratives
DOT 2/4/2003

LRB Number 03-1433/1	Introduction Number SB-13	Estimate Type Original
Subject Ethanol in gasoline		

Assumptions Used in Arriving at Fiscal Estimate

Fiscal estimate is based on the assumption that the current federal tax structure for ethanol fuels authorized through 2007 will continue beyond that and state fuel consumption estimates through 2013 generated by the Wisconsin DOT Revenue Model.

The currently authorized federal ethanol fuel tax structure for 2007 is:

- 0 - 5.7% Ethanol \$0.18400 per gallon
- 5.7 - 7.7% Ethanol \$0.15493 per gallon
- 7.7 - 10% Ethanol \$0.14473 per gallon
- 10% and higher Ethanol \$0.13300 per gallon.

In addition of the federal tax collected on ethanol fuels above 5.7% ethanol content, \$0.025 per gallon is directed to the general fund. Therefore, the loss of federal transportation revenues due to the use of ethanol fuel with an ethanol content greater than 5.7% is:

- 5.7 - 7.7% Ethanol \$0.05407 per gallon
- 7.7 - 10% Ethanol \$0.06427 per gallon
- 10% and higher Ethanol \$0.07600 per gallon.

Based on the phasing in of the ethanol content requirements in Section 2 of the bill and the assumed federal tax structure above, the bill would not create a negative revenue impact until Fiscal Year 2007 when the requirement is a 6% ethanol content.

The annualized fiscal impact of the bill is a loss of federal transportation funding of \$102,750,000.

This annualized loss of federal transportation funding only addresses the increase in ethanol fuel use created by the bill. It does not include the impacts of ethanol fuel from current ethanol use projected out or required air quality non-attainment area use. When the full impact of the use of ethanol fuel in the state is included with the effects of the bill, the annualized loss of federal transportation funding due to ethanol fuel use is \$213,160,000.

Long-Range Fiscal Implications

Based on the current federal fuel tax structure and assumptions listed above, the bill will result in losses of federal transportation funding in excess of \$115 million per year by 2013. The total loss of federal transportation funding to the state by 2013 will be in excess of \$227 million per year.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-1433/1		Introduction Number SB-13	
Subject			
Ethanol in gasoline			
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, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		-102,750,000
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	-\$102,750,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-102,750,000	\$
Agency/Prepared By		Authorized Signature	
		Date	

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