

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-0432/1	Introduction Number AB-303
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Subject
 Annual adjustment of motor vehicle fuel tax rate

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Towns Village Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS Transportation Fund	

Agency/Prepared By DOR/ Jacek Cianciara (608) 266-8133	Authorized Signature Rebecca Boldt (608) 266-6785	Date 4/22/2005
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Fiscal Estimate Narratives

DOR 4/22/2005

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Subject Annual adjustment of motor vehicle fuel tax rate		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the rate of the motor vehicle fuel tax is annually adjusted on April 1 by multiplying the tax rate by the percentage change in the annual average U.S. Consumer Price Index.

The bill would eliminate the annual adjustment on April 1 of each year in the motor vehicle fuel tax rate, beginning in April 1, 2006. On April 1, 2005, the motor vehicle fuel tax rate was raised from 29.1 cents to 29.9 cents per gallon. The fuel tax rate adjusted for inflation was estimated by the department to increase to 30.5 cents on April 1, 2006. In addition, the department developed a forecast of future fuel consumption in the state.

Eliminating the motor vehicle fuel tax rate adjustment that would occur on April 1, 2006, would reduce tax revenues by \$5.1 million in the remaining 3 months of FY06. Furthermore, tax revenues would be reduced by \$14.2 million in FY07. These estimates do not include the impact of a potential increase in fuel consumption due to the lower tax rate.

This bill does not have any impact on administrative expenses of the department.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Annual adjustment of motor vehicle fuel tax rate			
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	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-14,200,000
TOTAL State Revenues	\$		\$-14,200,000
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-14,200,000		\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Jacek Cianciara (608) 266-8133		Rebecca Boldt (608) 266-6785	4/22/2005