

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3550/1	Introduction Number AB-726				
Subject					
Refunds for motor vehicle fuel tax paid by certain entities					
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 checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <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 checked="" type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" 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 5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts					
<table style="width: 100%;"> <tr> <th style="width: 50%; text-align: left;">Fund Sources Affected</th> <th style="width: 50%; text-align: right;">Affected Ch. 20 Appropriations</th> </tr> <tr> <td> <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 </td> <td style="text-align: right;">20.566(1)(u)</td> </tr> </table>		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	20.566(1)(u)
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Agency/Prepared By	Authorized Signature	Date			
DOR/ Jacek Cianciara (608) 266-8133	Paul Ziegler (608) 266-5773	10/14/2005			

Fiscal Estimate Narratives
DOR 10/17/2005

LRB Number	05-3550/1	Introduction Number	AB-726	Estimate Type	Original
Subject					
Refunds for motor vehicle fuel tax paid by certain entities					

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, a city, village, town, county, school district, or technical college district that has purchased motor vehicle fuel for its own use may file a claim with the Department of Revenue (DOR) and receive a refund for the amount of the motor fuel tax paid by the local government. In addition, a person who transports students to and from school activities pursuant to a contract with a school district may file a claim with DOR and receive a refund for the amount of the tax paid on the purchase of motor vehicle fuel that the person used for such transportation.

This fiscal estimate uses projections of fuel consumption and inflation consistent with those used for AB 236, a similar bill. The motor fuel tax rate (adjusted annually for inflation) is 29.9 cents per gallon in FY06 and is anticipated to be 30.5 cents in FY07.

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. Assuming county and municipality fuel consumption grew at the same rate as statewide fuel consumption between 1989 and 2005, it is estimated that vehicles owned by counties and municipalities will consume 48.9 million gallons of fuel in FY06 and 49.6 million gallons in FY07. The revenue loss from exempting counties and municipalities is estimated to be \$14.6 million in FY06 and \$15.1 million in FY07.

School Districts Fiscal Effect

According to the Department of Public Instruction, in 2003 school districts spent \$9.07 million on motor fuel, which is equivalent to the consumption of 5.56 million gallons of fuel, based on the average price of fuel of \$1.63 per gallon. Based on statewide growth in fuel consumption, fuel consumption by school districts in Wisconsin was estimated at 5.87 million gallons in FY06 and at 5.94 million gallons in FY07. Based on the estimated future consumption of fuel by school districts and the estimated fuel tax rate, the tax revenue loss is projected at \$1.75 million in FY06 and \$1.81 million in FY07. This estimate does not include fuel taxes paid by companies that transport students under contract with a school district, such as Milwaukee and Madison, the largest districts in the state. Data is unavailable to estimate the revenue loss from exempting fuel used by companies that contract with these school districts to transport students.

Technical College Districts

According to 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 \$70,000 in FY06 and \$71,000 in FY07.

Overall State Fiscal Effect

The combined loss of fuel tax revenues to the transportation fund from exempting counties, municipalities, technical colleges, and school districts is estimated to be \$16.4 million SEG in FY06 and \$17.0 million SEG in FY07.

Department of Revenue Operating Costs

The Department estimates \$24,000 of contracted programming costs to add new lines on two different forms. Other additional costs will be absorbed within the Department's budget.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Refunds for motor vehicle fuel tax paid by certain entities			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The Department would incur one-time costs of \$24,000 to develop and revise computer applications. Other additional costs will be absorbed within the Department's budget.			
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			
PRO/PRS			
SEG/SEG-S			-16,400,000
TOTAL State Revenues		\$	-\$16,400,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-16,400,000	\$
Agency/Prepared By		Authorized Signature	Date

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10/14/2005