

Fiscal Estimate Narratives

DOT 2/22/2006

LRB Number	05-4282/2	Introduction Number	AB-950	Estimate Type	Original
Description Depositing sales and use tax revenues from the sale or use of motor vehicle parts into the transportation fund and general transportation aids to local governments					

Assumptions Used in Arriving at Fiscal Estimate

2005 AB 950 would transfer collections of sales and use taxes on motor vehicle parts from the General Fund to the Transportation Fund starting in FY 2008. The Department of Revenue's current estimate of sales and use tax collections on motor vehicle parts is approximately \$68.5 million per year. In addition, the bill precludes the Department from adjusting or reducing aids payments to local governments, except for reasons already allowed under current law. The Department has never proposed reducing local aid payments as part of the Department's biennial budget proposal.

If passed as currently drafted the bill would eliminate the Department's ability to recover the local share of project costs through off-sets to quarterly aids payments. At a minimum, this would mean that the Department could experience more cash flow problems (payments from local received in an untimely fashion) or lost revenues from certain costs not being reimbursed.

In the past, at least one local unit of government has specifically requested that the Department adjust their quarterly aids payments for their local share of project costs, rather than have to issue a check to the Department. This bill would eliminate the Department's ability to adjust quarterly aids payments by mutual agreement with a local unit of government.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-4282/2	Introduction Number AB-950	
Description Depositing sales and use tax revenues from the sale or use of motor vehicle parts into the transportation fund and general transportation aids to local governments		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
2005 AB 950 would transfer collections of sales and use taxes on motor vehicle parts from the General Fund to the Transportation Fund starting in FY 2008. The Department of Revenue's current estimate of sales and use tax collections on motor vehicle parts is approximately \$68.5 million per year. In addition, the bill precludes the Department of Transportation from adjusting or reducing aids payments to local governments, except for reasons already allowed under current law. If passed as currently drafted the bill would eliminate the Department's ability to recover the local share of project costs through off-sets to quarterly aids payments. It is unknown how much cost would not be reimbursed to the Department from local units of government.		
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	\$	\$-68,500,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S	68,500,000	
TOTAL State Revenues	\$68,500,000	\$-68,500,000
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$0	\$

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Date

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