

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3645/3	Introduction Number AB-729
Subject Temporary reduction in motor vehicle fuel tax rate	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input 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 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 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 <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Agency/Prepared By DOT/ Joshua Peacock (608) 264-8715	Authorized Signature Julie Johnson (608) 267-3703
Date 10/18/2005	

Fiscal Estimate Narratives
DOT 10/18/2005

LRB Number 05-3645/3	Introduction Number AB-729	Estimate Type Original
Subject Temporary reduction in motor vehicle fuel tax rate		

Assumptions Used in Arriving at Fiscal Estimate

AB 729 reduces the rate of the motor fuel tax by 15 cents per gallon (cpg) for the 120 day period beginning on the fourteenth day after the bill's effective date. The bill also transfers from the general fund to the transportation fund in fiscal year 2005-06 the approximate additional amount of the motor vehicle fuel tax that would have been collected. For purposes of this fiscal estimate, it is assumed that the proposal applies to taxable gasoline, gasohol and diesel fuels only.

If AB 729 were implemented effective November 2005 through February 2006, lost revenues to the transportation fund due to lowering the motor fuel tax rate by 15 cpg would amount to \$157.5 million. Because AB 729 proposes transferring estimated lost revenues from the general fund to the transportation fund, during FY 2006, the net effect on the transportation fund is zero. However, general fund revenues would be lower by the estimated \$157.5 million transferred.

Long-Range Fiscal Implications

Included in Act 25 (the 2005-07 biennial budget) the transportation fund will transfer \$338,449,000 in FY 2006 to the general fund. This transfer was intended to provide sufficient funding for K-12 education programs and sufficient Medical Assistance program payments and fund economic development programs. The need for the transfer to the general fund was because of insufficient funding created by the "structural deficit" in the general fund. If passed as proposed, AB 729 would create a \$157.5 million hole in the general fund. The legislature and the administration would have to determine what programs funded in the general fund would have to be reduced or eliminated in order to make up for the lost revenue.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 05-3645/3		Introduction Number AB-729	
Subject			
Temporary reduction in 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	157,500,000		-157,500,000
TOTAL State Revenues	\$157,500,000		\$-157,500,000
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$0		\$
Agency/Prepared By		Authorized Signature	Date
DOT/ Joshua Peacock (608) 264-8715		Julie Johnson (608) 267-3703	10/18/2005