

Fiscal Estimate Narratives
DOR 10/17/2005

LRB Number 05-3340/1	Introduction Number SB-330	Estimate Type Original
Subject The annual adjustment of the motor vehicle fuel tax rate and depositing motor vehicle sales and use taxes into the transportation fund		

Assumptions Used in Arriving at Fiscal Estimate

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

Under this bill, if the motor vehicle fuel tax is no longer annually adjusted, each fiscal year, beginning in 2007, an amount from the sales and use taxes imposed on the sale of motor vehicles and motor vehicle parts and service will be deposited into the transportation fund. That amount is equal to the difference between the amount of motor vehicle fuel taxes that would have been generated in the current fiscal year if the annual adjustment of the motor vehicle fuel tax was in effect and the amount of the motor vehicle fuel taxes actually generated.

The estimated fiscal impact of not adjusting the motor fuel tax for inflation and instead backfilling the foregone motor fuel tax revenue with sales tax collections creates a loss of \$5.1 million GPR revenues in FY07 and \$26.0 million GPR revenues in FY08. These amounts would be transferred from the general fund to the transportation fund.

The bill's GPR revenue reduction would increase annually as the gap grows between the motor fuel tax rate that would have occurred with the annual inflation adjustments and the rate that will remain in place without the inflation adjustment. For FY09, the GPR revenue reduction is expected to increase to \$41.9 million.

Department of Revenue would incur minimal costs that would be absorbed in the department's budget.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
For the portion of FY07 impacted by the bill, GPR revenues would decline by \$5.1 million and the transportation fund, SEG revenues, would increase by the same amount.			
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		\$	\$-26,000,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S (78.01)		26,000,000	
TOTAL State Revenues		\$26,000,000	\$-26,000,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$0	\$
Agency/Prepared By		Authorized Signature	Date

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10/14/2005