Fiscal Estimate - 2005 Session

☑ Original ☐ Up	pdated	ected	Supplemental	
LRB Number 05-3340/1	Introducti	on Number SI	B-330	
Subject The annual adjustment of the motor verthe transportation fund	hicle fuel tax rate and depositin	ng motor vehicle sales	s and use taxes into	
Fiscal Effect				
State: No State Fiscal Effect Indeterminate Increase Existing Appropriations Decrease Existing Appropriations Increase Existing Appropriations Increase Existing Appropriations Increase New Appropriations	Increase Existing Revenues Decrease Existing Revenues	☐ Increase Costs - Increase Costs - Increase Costs ☐ Decrease Costs		
Permissive Mandatory 2. Decrease Costs 4	B. Increase Revenue Permissive Mandatory B. Decrease Revenue Permissive Mandatory	5.Types of Local Go Units Affected Towns Counties School Districts	vernment Village Cities Others WTCS Districts	
Fund Sources Affected	<i>,</i>	Affected Ch. 20 Appr	opriations	
GPR FED PRO F	PRS SEG SEGS			
Agency/Prepared By	Authorized Signat	ure	Date	
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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
ļ	3 Number	05-3340/	1	Intro	duction Nu	umber	SB-330
Subje	ect						
The a into th	annual adjustn he transportat	nent of the mot tion fund	or vehicle fue	el tax rate and	depositing me	otor vehicle	sales and use taxes
I. One	e-time Costs	or Revenue In	npacts for S	state and/or Lo	ocal Governr	ment (do no	ot include in
	alized fiscal	•					
For th	ie portion of F	FY07 impacted d, SEG revenue	by the bill, G	PR revenues v	would decline	by \$5.1 mil	lion and the
	nualized Cos		S, Would hior	ease by the se		d Fieral In	npact on funds from:
111, 7	nuanzos	313.			Increased C		Decreased Costs
A. Sta	ate Costs by	Category				00.0	
		s - Salaries and	Fringes			\$	
	ΓE Position Ch					-	
 ` 		s - Other Costs	<u>i</u>				
	cal Assistance						
Aid	s to Individua	als or Organizat	ions				
		Costs by Cate		(F.)		\$	\$
B. Sta	ate Costs by	Source of Fur	nds				
GP							
FE	D		11317				
PR	O/PRS						
SEC	G/SEG-S						
III. Sta (e.g.,	ate Revenue tax increase	es - Complete ti e, decrease in l	his only whe	en proposal wets.)	/ill increase o	or decrease	e state revenues
					Increased	Rev	Decreased Rev
GP	R Taxes					\$	\$-26,000,000
	R Earned						
FED							
PRO	O/PRS						
	G/SEG-S (78.				26,000,	,000	
Т	TOTAL State	Revenues			\$26,000,	,000	\$-26,000,000
			NET ANNU/	ALIZED FISCA			
					<u>S</u>	state	Local
	CHANGE IN C					\$	\$
NET C	CHANGE IN F	REVENUE				\$0	\$
Agend	cy/Prepared	Ву		Authorized S	Signature		Date

10/14/2005