

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number **05-3340/1** Introduction Number **SB-330**

Subject
 The annual adjustment of the motor vehicle fuel tax rate and depositing motor vehicle sales and use taxes into the transportation fund

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues
 Yes No
 Create New Appropriations
 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. Increase Costs 3. Increase Revenue
 Permissive Mandatory
 Permissive Mandatory
 2. Decrease Costs 4. Decrease Revenue
 Permissive Mandatory
 Permissive Mandatory

5. Types of Local Government Units Affected

Towns Village Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG SEGS

Agency/Prepared By	Authorized Signature	Date
DOT/ Joshua Peacock (608) 264-8715	Julie Johnson (608) 267-3703	9/27/2005

Fiscal Estimate Narratives

DOT 9/27/2005

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 2005 SB 330, if the motor fuel tax is no longer annually adjusted, then annually, beginning in 2007, an amount from the sales and use taxes imposed on the sale of motor vehicles and motor vehicle parts and services 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 in the current fiscal year.

Based on changes to the motor fuel tax rate forecast in the 2005-07 biennial budget (Act 25), if the annual indexing adjustment of the motor fuel tax rate were eliminated starting with the April 1, 2007 adjustment, increases of \$.006, \$.006, and \$.007 for FY 2007, FY 2008, and FY 2009 would not occur. Estimated lost revenue to the Transportation Fund due to the elimination of indexing would amount to \$5.1 million, 26.0 million, and \$49.1 million in FY 2007, FY 2008, and FY 2009. 2005 SB 330 provides for the transfer of sales and use tax collections from the General Fund to the Transportation Fund to replace lost revenues from the elimination of the annual adjust of the motor fuel tax rate.

Long-Range Fiscal Implications

2005 SB 330 provides for the transfer of General Fund revenues (sales and use tax collections from motor vehicle sales and motor vehicle parts and services) to the Transportation Fund, if indexing of the motor fuel excise tax rate is eliminated. Starting in the 2007-09 biennium, lost revenues from the elimination of indexing will amount to \$75.1 million. By the 2014-15 biennium (ten years hence), the cumulative impact of eliminating indexing will represent \$517.5 million in lost motor fuel revenues. Current annual collections of state sales tax revenues from the sale of new and used vehicles represents approximately \$470 to \$480 million. Due to the growth in existing state programs funded out of the General Fund compared to growth in revenues, it is estimated (LFB letter from Bob Lang to Senator Michael Ellis dated August 15, 2005) that the General Fund will be \$1.4 billion short (expenditures exceed revenues) for the 2007-09 biennia. This "structural deficit" has been solved as part of budget deliberations for the past two biennium (and has existed at some level for the past 10 to 12 years). In the current budgeting environment, it is not likely that there will be sufficient revenues in the General Fund to both maintain existing or growing program levels and to make significant transfers to the Transportation Fund.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3340/1		Introduction Number SB-330	
Subject			
The annual adjustment of the motor vehicle fuel tax rate and depositing motor vehicle sales and use taxes into the transportation fund			
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	5,100,000		
TOTAL State Revenues	\$5,100,000	\$	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$5,100,000	\$	
Agency/Prepared By		Authorized Signature	Date
DOT/ Joshua Peacock (608) 264-8715		Julie Johnson (608) 267-3703	9/27/2005