

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07s0122/1	Introduction Number ASA1-AB371
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Description
 Highway specific information signs and creating income and franchise tax credits for certain electric motor vehicles and for motor vehicles that use biodiesel or gasoline and ethanol mixtures as fuel

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input checked="" type="checkbox"/> No Local Government Costs		5. Types of Local Government Units Affected
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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 Transportation Fund	

Agency/Prepared By DOR/ Blair Kruger (608) 266-1310	Authorized Signature Paul Ziegler (608) 266-5773	Date 12/17/2007
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Fiscal Estimate Narratives

DOR 12/17/2007

LRB Number	07s0122/1	Introduction Number	ASA1- AB371	Estimate Type	Supplemental
Description Highway specific information signs and creating income and franchise tax credits for certain electric motor vehicles and for motor vehicles that use biodiesel or gasoline and ethanol mixtures as fuel					

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, a person may claim an income or franchise tax credit for certain amounts based on the vehicle's purchase price for any of the following vehicles, if the vehicle was purchased or leased in the taxable year as a new motor vehicle, assembled in this state, and licensed for highway use:

- A motor vehicle ("flexible fuel" or "flex fuel" vehicles) that is capable of using both gasoline and a mixture consisting of gasoline and at least 85% ethanol (E85) as fuel.
- A vehicle ("hybrids" such the Toyota Prius) that has a chemically fueled internal combustion engine which is capable of operating on gasoline, one or more alternative fuels, or diesel fuel, or by means of a gas turbine, and is also equipped with an electric motor and an energy storage device.
- A vehicle that satisfies the requirements of the neighborhood electric vehicle test program conducted by the federal Department of Energy.
- A plug-in hybrid-electric vehicle.
- A motor vehicle that is capable of using biodiesel fuel as a fuel to propel the vehicle.

The amount of the credit under the bill varies depending on the purchase price: The credit ranges from \$500 (\$100 for a leased vehicle) if the vehicle's purchase price is \$18,000 or more to \$100 (\$20 for a leased vehicle) if the vehicle's purchase price is between \$10,000 and \$11,000. Also, under the bill, a person may claim an income or franchise tax credit of \$50 for the purchase and installation of an engine modification kit that converts the person's motor vehicle into any of the vehicles described above.

The credits may only be claimed by the first person who takes title of the eligible vehicle, other than for resale, or the first person who leases an eligible vehicle.

The Department of Revenue may require a claimant to submit documentation with the tax return that indicates the claimant paid at least \$500 on the purchase of biodiesel fuel or motor vehicle fuel sold as 85 percent ethanol during the period beginning on the date that the claimant purchased the motor vehicle or on the first day of the lease period and ending on December 31 of the calendar year following the calendar year in which the claimant purchased or began leasing the motor vehicle.

The new credits may be claimed for taxable years 2008 and 2009 except that the Joint Finance Committee by a two-thirds majority vote, may extend the credits through tax year 2010. The credits are nonrefundable but any unused balance may be carried forward for up to 15 years.

The Wisconsin Department of Transportation (DOT) charges an annual \$40 inspection and maintenance fee for each business mentioned on an informational sign. Informational signs are located on state highways indicating the availability of motorist services. Under the bill, a person who offers gasoline consisting of at least 85 percent ethanol may include the symbol "E85" on the sign and, if the symbol "E85" is included on the sign, the person is not required to pay DOT the \$40 annual permit fee.

In addition, the Department of Transportation is required to prepare and make public each year a list of motor vehicles, identified by vehicle make and model, that are eligible for the new credit under the bill.

FISCAL EFFECTS

TAX REVENUES

The requirement that eligible vehicles are assembled in Wisconsin reduces the potential decrease in taxes under the bill. The department is aware of only two plants in the state where eligible vehicles might be assembled -- a General Motors plant in Janesville and an electric vehicle manufacturer in Reedsburg. Data are not available to make a reliable estimate of the number of eligible vehicles that might be sold in

Wisconsin and the amount of new credits that might be claimed under the bill.

DEPARTMENT OF TRANSPORTATION

According to Wisconsin Department of Transportation (DOT), gas stations, hotels, restaurants and other businesses lease informational signs from a vendor that erects and maintains the signs, and pays DOT the \$40 annual inspection and maintenance fee per sign. Of the 9,200 informational signs in the state in 2006, 20 advertised E85. A reliable estimate of the number of additional E85 signs that would be installed and the decrease in transportation fund revenues due to the bill's waiver of the \$40 fee is not feasible. However, the decrease is likely to be minimal.

Data are not available regarding the DOT's cost of preparing an annual list of eligible vehicles.

The Department of Revenue's administrative costs would be absorbed.

Long-Range Fiscal Implications